Avaplas Ltd
2006 annual report

Expanding **Capabilities,**

Sustaining **Growth**

Avaplas Ltd

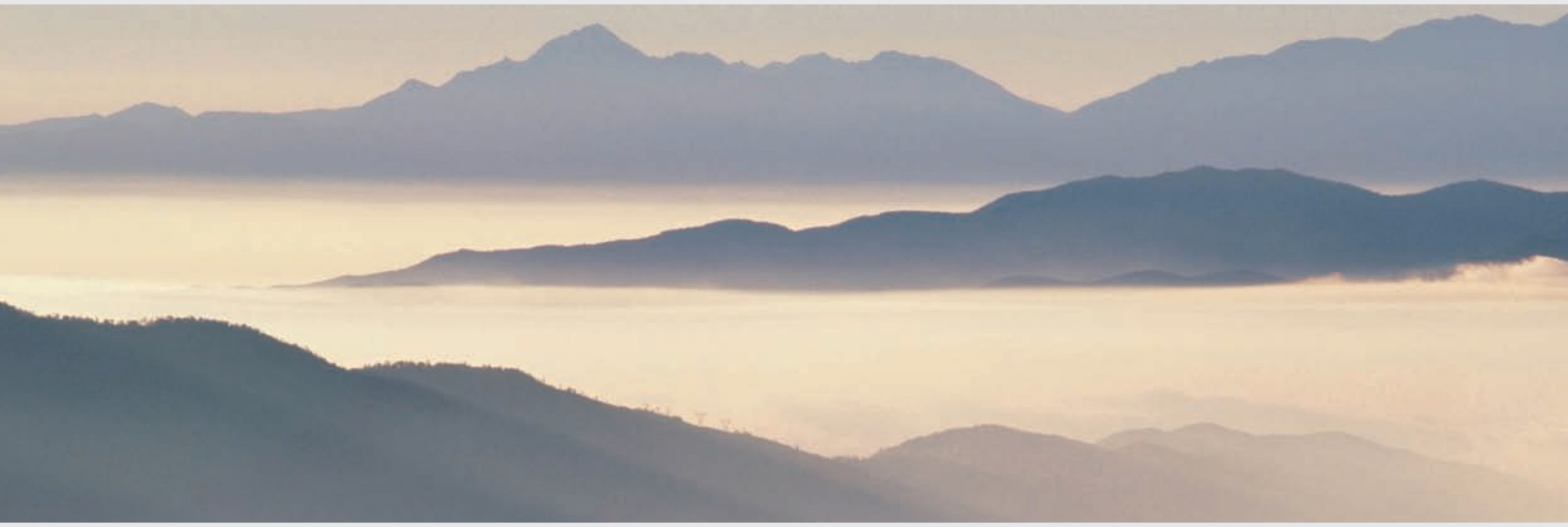
19 Changi South Street 1
Changi South Industrial Estate
Singapore 486779
Tel: (65) 6546 2655 Fax: (65) 6546 2455
E-mail: avaplas@pacific.net.sg
Website: **www.avaplas.com.sg**
Company Registration No. 199301788C

Designed & Produced by Xpress Media Pte Ltd • tel: (65) 6880 2838

CONTENTS

Corporate Profile

AVAPLAS LTD



Established in March 1993, **Avaplas Ltd**. has grown to become a specialist manufacturer of high volume precision engineering plastic components and its related manufacturing services.

Combining the latest in molding technology and precision injection molding, robotics, process automation, secondary operations, assembly and innovative plant design, Avaplas is dedicated to providing manufacturing solutions for our global customers' manufacturing requirements in the printing and imaging, electronics/telecommunication, healthcare, consumer/industrial industries.

Milestones

AVAPLAS LTD

Mar	**1993**	Commencement of operations in a 5,000 sq. ft. factory at Techplace 1 in Ang Mo Kio.
Sept	**1995**	Awarded ISO 9002 Certification by Underwriters Laboratories Inc.
Jan	**1996**	Awarded ISO 9002 Certification by Productivity Standards Board.
Nov	**1996**	Moved to a 32,000 sq. ft. leasehold factory in Changi South Industrial Estate.
Dec	**1997**	Expansion of factory space from 32,000 sq. ft. to 48,000 sq. ft.
Apr	**1999**	Successful implementation of first stack mold project.
Aug	**1999**	Expanded to China through a 20% equity interest in a joint venture company, Univac Design & Engineering Pte Ltd.
Nov	**1999**	Ranked 27th for the first time in the 1999 Enterprise 50 Award.
May	**2000**	Listed on the SGX-SESDAQ.
Mar	**2001**	Awarded QS 9000 Certification by Underwriters Laboratories Inc.
Sept	**2001**	Expansion of factory space in Singapore from 48,000 sq. ft. to 80,000 sq. ft.
Oct	**2001**	Awarded Certified MuCell Processor by Trexel Inc.
Jan	**2002**	Incorporation of wholly-owned subsidiary, Avaplas (Thailand) Limited.
June	**2002**	Received Technology Innovation Award by Trexel Inc.
Jul	**2002**	Awarded ISO 14001 Certification by Underwriters Laboratories Inc.
Nov	**2002**	Incorporation of wholly-owned subsidiary, Avaplas Precision Plastics (Shanghai) Co., Ltd.
Jan	**2003**	Avaplas (Thailand) Limited renamed as Avaplas Nypro (Thailand) Limited after it became a 50% jointly controlled entity of the Company.
Jun	**2003**	Increased equity interest in Univac Design & Engineering Pte Ltd from 20.76% to 28.54%.
Dec	**2003**	Increased equity interest in Univac Design & Engineering Pte Ltd from 28.54%.to 30.19%.
Apr	**2004**	Voluntary conditional cash offer by ARRK Corporation for all the issued ordinary shares of S$0.05 each in the capital of the Company at the offer price of S$0.28 per share.
		Divestment of entire 30.19% equity interest in Univac Design & Engineering Pte Ltd.
May	**2004**	ARRK Corporation becomes a major shareholder of the Company.
June	**2004**	Incorporation of wholly-owned subsidiary, Avaplas Sdn Bhd.
June	**2005**	Acquisition of remaining 50% of the issued and paid up capital it does not already own in Avaplas Nypro (Thailand) Limited.
March	**2006**	Sale & leaseback of factory building at 19 Changi South Street 1.
April	**2006**	Acquired 20% equity interest in Daviscomms (S) Pte Ltd.

Asian Presence

Corporate Information

AVAPLAS LTD

Board of Directors

Executive Directors

Boone Quek Howe Sear *[Chairman and Chief Executive Officer]*
Wong Vee Tong *[Chief Operating Officer]*

Non-Executive Director

Yoshiteru Miura

Non-Executive Independent Directors

Chia Tian Bin, David
Ng Jwee Phuan @ Frederick (Eric)
Gay Chee Cheong

Audit Committee

Chia Tian Bin, David *[Chairman]*
Ng Jwee Phuan @ Frederick (Eric)
Gay Chee Cheong

Remuneration Committee

Ng Jwee Phuan @ Frederick (Eric) *[Chairman]*
Chia Tian Bin, David
Wong Vee Tong

Nominating Committee

Gay Chee Cheong *[Chairman]*
Ng Jwee Phuan @ Frederick (Eric)
Chia Tian Bin, David

Secretaries

Chuang Sheue Ling
Tan Ching Chek

Registered Office

19 Changi South Street 1
Changi South Industrial Estate
Singapore 486779

Registrar

Lim Associates (Pte) Ltd
10 Collyer Quay #19-08
Ocean Building
Singapore 049315

Auditors

Deloitte & Touche
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809
Audit Partner: Ho Kok Yong
(Appointed as auditors on 22 August 2005)

Principal Bankers

The Bank of Tokyo-Mitsubishi UFJ, Ltd - Singapore Branch
The Development Bank of Singapore Ltd
Overseas Chinese Banking Corporation Limited
RHB Bank Bhd

Message from the CEO

AVAPLAS LTD

"In FY 2006, we continued with our restructuring to build a solid foundation for the long term growth of the Group."

Boone Quek Howe Sear
Chairman and Chief Executive Officer

Dear Fellow Shareholders,

On behalf of the Board, I am pleased to present to you the annual report of the Group for the financial year ended 31 March 2006.

Building a Solid Foundation

The Group experienced another challenging year in FY2006. Keen competition and rising costs have had an impact on turnover and profitability. As we persevered to overcome the challenges of the past year, we remained focused on our strategy of building a solid foundation for the long term growth of the Group.

Building this foundation started a few years ago, and to-date we have made good progress. From a single production facility in Singapore, we started to expand our manufacturing footprint in FY2003. Today, the Group's manufacturing operations extend from Singapore to Thailand, China and Malaysia. Our regional network of production facilities will enable us to offer quality and cost competitive manufacturing solutions to our existing and new customers.

Concurrent with our overseas expansion, we effected a strategic change in our shareholding structure in May 2004 when ARRK Corporation ("ARRK") of Japan became a major shareholder of the Group. As a member of the ARRK Group, the alliance provides Avaplas an opportunity to tap onto ARRK's extensive business network to address the needs of our existing and potential customers more effectively.

In FY2006, we continued with our restructuring efforts by turning our attention to streamlining our balance sheet. In March 2006, the Group sold its factory building in Singapore for $10 million (with a long term lease back) to channel resources to more productive assets. Following the reallocation of resources, our enhanced flexibility will enable us to cope better with changes in the business environment in order to remain competitive.

Expanding Capabilities

With the establishment of our cost-competitive overseas production facilities, we have proceeded to work on expanding our manufacturing capabilities at these sites. Proceeds from the sale of our Singapore factory have funded the purchase of new plastic injection molding machines to support the strong growth in business from our customers in Malaysia.

To remain competitive and to further strengthen our current position, it is important for us to enhance our overall design, engineering and manufacturing capabilities. To this end, we have reinvested a portion of the proceeds from the Singapore factory in a 20% stake in Daviscomms (S) Pte Ltd ("Daviscomms"). A contract design and manufacturing services provider catering to consumer, electronics and industrial wireless products, Daviscomms' strength in front-end engineering design complements our back-end manufacturing capabilities in plastic injection molded precision mechanical parts.

The acquisition of Daviscomms takes us a step closer to becoming a one-stop manufacturing services provider. We are also on the look out for opportunities to enhance our Group's manufacturing capabilities so as to offer our customers a more comprehensive range of manufacturing solutions.

Broadening the Customer Base

Rapid technological advancement and competition for market share have substantially shortened the life cycle of many products. To thrive in this environment, the Group has taken an active approach to broadening its customer base across different industrial sectors as well as within each industry it serves.

We will continue to work closely with ARRK and tap on its extensive business network for more opportunities in new sectors such as the automotive industry.

In addition to providing us with industrial design and engineering expertise, we will explore opportunities to supply precision molded plastic components to support the manufacturing and assembly operations of Daviscomms in Malaysia. Through the cross-selling of our capabilities to our respective customers, the Group and Daviscomms will be able to reap business synergies.

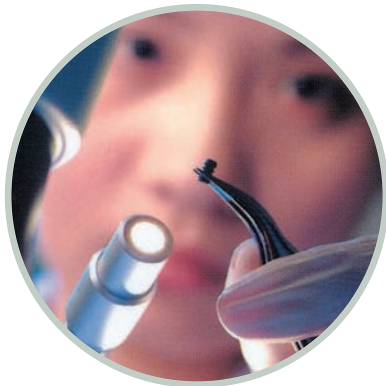
Prospects

The business environment is expected to remain competitive in the current financial year. We remain susceptible to high oil prices which could result in higher raw material prices and operating costs. We will continue to manage the pricing of new projects to alleviate the impact of higher costs on our profit margin.

In Singapore, we will focus on specific niche market segment that will enable revenue contributions from Singapore to maintain at a healthy level.

The growth in Malaysia is expected to continue in FY2007. Strong demand for our services from existing customers will increase capacity utilisation and thereby contribute to group profitability.

Going forward, we will continue to expand our range of manufacturing services in order to secure new contracts from existing and new customers. Barring unforeseen circumstances, the Group is cautiously optimistic of business prospects in FY2007.



Dividend

At the forthcoming Annual General Meeting, the directors will recommend a first and final tax-exempt dividend of 0.2 cent per share payable in cash for the year ended 31 March 2006.

Appreciation

We would like to place on record our sincere gratitude to Mr. Gay Chee Cheong, who has expressed his intention to retire at the forthcoming Annual General Meeting, for his invaluable advice and contributions as a Director of the Company.

During FY2006, our management and staff have contributed to the building of a strong foundation for our future. On behalf of my fellow directors, I wish to thank the management and staff for their hard work in a challenging year and I look forward to their continuing efforts to achieve a better performance in FY2007.

I would also like to record my thanks to my fellow directors for their wise counsel and guidance throughout the year. In addition, I am sincerely grateful to all our customers, shareholders, bankers, business associates and suppliers for their generous support.

Boone Quek Howe Sear
Chairman & Chief Executive Officer

Business Review

AVAPLAS LTD

The global outsourcing trend continued to underpin demand for the Group's manufacturing services. For the financial year ended 31 March 2006, group revenue rose 30.9% to $57.4 million as broad-based growth was recorded across all product segments. Printing, imaging and computer peripherals registered a 34.8% increase in revenue to $48.6 million while revenue from consumer electronics and medical disposables, industrial products and others collectively grew 12.7% to $8.8 million.

Geographically, all the Group's manufacturing locations, with the exception of China, posted strong revenue growth.

Singapore

Revenue from Singapore increased 51.4% to $35.1 million (before inter-company elimination) as a result of new programmes from existing customers.

New programmes and a decline in job relocations out of Singapore to lower cost centres in FY2006 contributed to the reversal in revenue decline registered in the previous two financial years. We will focus our efforts in targeting niche market segments and will continue to collaborate with member companies of ARRK to explore new business opportunities.

Thailand

Higher shipments of electrical components as well as printing and imaging products led to an 89.1% jump in revenue from Thailand to $11 million. The strong revenue growth is also partly attributable to the Group's successful acquisition of the remaining 50% interest in Avaplas (Thailand) Limited, which lifted revenue contributions from 1 July 2005.

With 100% ownership of Avaplas (Thailand) Limited, the Group is well-positioned to capitalise on ARRK's substantial business network and customer base in Thailand to accelerate growth.

Following the acquisition of a 20% interest in Daviscomms (S) Pte Ltd ("Daviscomms") in April 2006, a new project to supply Daviscomms with parts for wireless and electronics products is expected to commence in 2Q FY2007. This will enable the Group to improve its capacity utilisation in Thailand as well as expand into a new product sector.

Malaysia

The success of the Group's geographical expansion into Malaysia is evident from the strong performance of the Malaysian operations in FY2006. Revenue rose 401% to $9.9 million on account of new projects with printing and imaging customers as well as stronger orders for industrial products.

In the current financial year, a higher level of production is expected to meet the requirements of our existing customers. To cater to the rising demand, new machinery and equipment have been acquired for our Malaysia factory. In addition, the Group will lease another 30,000 square feet facility in the vicinity of our existing factory to expand its manufacturing operations. This new factory is expected to be ready in the second half of FY2007.

China

Established in November 2002, our Shanghai plant has played an important role of supporting our customers in northern Asia. However, a product which ended its production life in FY2006 resulted in a decline in revenue from China to $7.6 million.

The main priority for China in FY2007 is to step up marketing efforts so as to increase capacity utilisation and generate revenue growth. The Group will also reorganise its China operations to leverage on business opportunities and improve returns.

Profitability

Although Group revenue was higher in FY2006, gross profit declined marginally to $4.9 million. The sharp increase in oil price has raised general operating expenses as well as contributed to higher raw material prices. In addition, competitive market conditions continued to exert some pricing pressure on the Group's products. As a result, gross profit margin dipped to 8.5%.

To support business expansion, the Group incurred higher staff costs. Notwithstanding a higher level of manufacturing activities, other operating expenses declined marginally as higher capacity utilisation led to better economies of scale. Higher borrowings resulted in the increase in finance costs.

In March 2006, the Group sold its factory building in Singapore and booked a gain on disposal of $1.2 million. As a result of this gain and a tax write-back, the Group recorded a net profit of $1.0 million in FY2006.

Board of Directors

AVAPLAS LTD

Boone Quek Howe Sear

Wong Vee Tong

Yoshiteru Miura

Boone Quek Howe Sear

Chairman and Chief Executive Officer

Mr. Boone Quek Howe Sear is the founder and chief executive officer of the Company. He was appointed to the Board of Directors since 26 March 1993. He is responsible for planning the business and corporate development of the Group. Mr. Boone Quek has more than 20 years experience in the precision plastic injection molding industry.

Wong Vee Tong

Chief Operating Officer

Mr. Wong Vee Tong was appointed an executive director with effect from 1 October 1999. He assists our Chief Executive Officer, Mr. Boone Quek, and therefore also overseas our daily operations, including procurement of raw materials, production, sales and marketing, as well as finance. He travels regularly to our three overseas subsidiaries to provide similar management support to the operations there. He is overall responsible for our operations in the absence of Mr. Boone Quek while the latter is away from our office. Prior to joining Avaplas in 1997, he has more than 20 years' management experience in several large MNCs. His portfolio includes Division Manager of Micaltronics Singapore, General Manager of Elite Precision Products and Operations Manager of Microelectronics Packaging Singapore Ltd. Mr. Wong Vee Tong has more than 10 years' experience in the plastic injection molding industry.

Yoshiteru Miura

Non-Executive Director

Mr. Yoshiteru Miura was appointed as a non-executive director of the Company on 3 August 2004. He was elected as a Director of ARRK Corporation with effect from June 1997. He is currently overall responsible for the expansion of ARRK Corporation's product development services across Southeast Asia. He has been heading ARRK Corporation's operations in Thailand since 1989, and was appointed Managing Director of ARRK Corporation (Thailand) Ltd with effect from May 1998. Since 1989, he has spearheaded the creation of new businesses in the areas of RIM mould, tool design and tool production for ARRK Corporation.

David Chia Tian Bin

Ng Jwee Phuan @ Frederick (Eric)

Gay Chee Cheong

David Chia Tian Bin
Independent Director

Mr. David Chia Tian Bin was appointed as an independent non-executive director of the Company on 27 April 2000. He is the Chairman of the Audit Committee, a position he held since April 2000. He was appointed a member of the Remuneration Committee since 2000. He also sits on board of Excelpoint Technology Ltd, Daka Designs Ltd, AusGroup Limited and BH Global Marine Limited. He is currently an executive director of Enterprise Asean Fund Pte Ltd, and is involved in venture capital and private equity investments in Singapore and the region. Mr. David Chia holds a Bachelors of Accountancy degree from the University of Singapore (now known as the National University of Singapore) and is a Fellow of the Institute of Certified Public Accountants of Singapore.

Ng Jwee Phuan @ Frederick (Eric)
Independent Director

Mr. Ng Jwee Phuan @ Frederick (Eric) was appointed as an independent director of the Company since 27 April 2000. He is the Chairman of the Remuneration Committee, a position he has held since August 2000. He was appointed a member of the Audit Committee and Nominating Committee since 2000 and 2001 respectively. He is principal consultant of Chadway Management Services Pte Ltd since 1982. He provides operational management, strategic planning and corporate finance services to companies in Singapore and the region and also advises them on their business growth and globalisation strategies. He is also an independent director of Chasen Logistics Services Ltd.

Gay Chee Cheong
Independent Director

Mr. Gay Chee Cheong was appointed as an independent non-executive director of the Company on 25 August 2001. He is the Chairman of the Nominating Committee, a position he held since August 2001. He sits on the Boards of Hyflux Limited, Raffles Education Corporation, Midas Holdings Limited and Hartford Education Corporation Limited. He is currently the Deputy Chairman/Chief Executive Officer of 2G Capital Pte Ltd, a private investment company investing in equities and private nonlisted companies in the Asia Pacific economies.

Senior Management

AVAPLAS LTD

Ikeda Hiromasa

Ikeda Hiromasa joined the Company in 1998 and is currently the Engineering Director of the Company. Mr. Ikeda oversees the engineering process of injection molding. He is also responsible for tooling support of the production process and is the coordinator for new projects. Mr. Ikeda has been in the plastic injection molding industry since 1980 when he joined Minebea Co. Ltd Karuizawa Plant in Japan as a mold designer. During his 17 years stay in Minebea Group, he assumed different positions within the different units of Minebea Group. In particular, he worked as a process engineer, design engineer, research and development engineer and operation manager. Mr. Ikeda holds a Degree for Mechanical Engineering from National University of Shinshyuu.

Chan Kok Hock

Chan Kok Hock is presently the Senior Finance Manager of the Group. Mr. Chan joined Avaplas Ltd in 1999 and is responsible for all aspects of corporate finance, financial management and accounting funtions of the Group. Mr. Chan began his career at Ernst & Young, an international accounting firm, where he undertook various audit, corporate advisory and consultancy work. He spent six years in Ernst & Young and was a manager before joining the Group. Mr. Chan graduated from Nanyang Technological University in 1993 and holds a Bachelor in Accountancy.

Jacqueline Tan Fang Fang

Jacqueline Tan Fang Fang joined the Company in 1999 and is currently the Human Resource Manager. She is responsible for the Company's full spectrum of HR and its related activities, including that of our subsidiaries in Thailand, China and Malaysia. Jacqueline has been working in the HR field since 1992 and was with Sony Chemicals Singapore Pte Ltd for more than two years prior to joining us. She holds a Bachelor of Arts (Hons) from National University of Singapore and a Graduate Diploma in Personnel Management from Singapore Institute of Management.

Chan Hwa Chit

Chan Hwa Chit joined the Company in 1993 as a Production Manager. Mr. Chan's area of responsibility includes production, mold testing and training of technical staff. Prior to joining the Company, Mr. Chan was with NMB Singapore Ltd for eight years in the molding and tool maintenance departments. Mr. Chan holds a diploma in General Building from Technical Training Institute of Kuala Lumpur, Malaysia. He was previously seconded to our subsidiary in Thailand in the same capacity from 2002 - 2005.

Leslie Chang Pun Hong

Leslie Chang Pun Hong joined the Company in 1997 and is currently the Quality Manager. He is responsible for the performance of the Quality Department as well as the Quality & Environmental Management System of the Company and its subsidiaries in Thailand, China and Malaysia. Prior to joining the Company, he was working in the same field in Airpax Far East Components for seven years. Leslie holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic.

Abdul Rahim Bin Salleh

Abdul Rahim Bin Salleh is a Production Manager of the Company and his area of responsibility includes parts production and its effective and efficient operation to meet the customers' requirements. Rahim has been in the plastic injection molding industry since 1981 and was working in AMP Manufacturing (S) Pte Ltd for 11 years prior to joining us in 1999.

Adeline Tan Gek Heoh

Adeline Tan Gek Heoh is the Planning and Control Manager of the Company. She is responsible for the entire planning and purchasing functions for the Singapore operation and provides crucial support to similar functions in our overseas locations in Thailand, Shanghai and Malaysia. Adeline joined the Company since its inception and was the Executive Secretary to the CEO for more than six years before assuming her planning and purchasing portfolio in 1999.

Alice Oon Kway Nee

Alice Oon Kway Nee is the Accounting Manager of the Company. Ms. Oon joined the Company in 1999 and oversees the Group's accounting and reporting functions in our three overseas subsidiaries. She was a manager with a multinational company prior to joining the Group. She holds a professional qualification from the Chartered Association of Certified Accountants.

Ishak Bin Chemat

Ishak Bin Chemat joined our service in 1999 and is currently the Tooling Manager. He is responsible for the overall operation of the mold maintenance department locally and is equally responsible for the cost effectiveness of all toolings under the Group. Prior to joining us, he was the Workshop Manager with Showpla Asia Ltd and a Senior Supervisor with Philips Singapore Pte Ltd.

Victor Lo Khoon Wah

Victor Lo Khoon Wah joined the Company in 2005 to head the operation of our Thailand subsidiary. He has about 10 years of experience in both the production and procurement functions in our related industry before his one-year stint to manage an overseas operation in China. Prior to joining Avaplas, Victor was the Application Development Manager of Trexel Inc. He holds a Bachelor of Technology from the National University of Singapore.

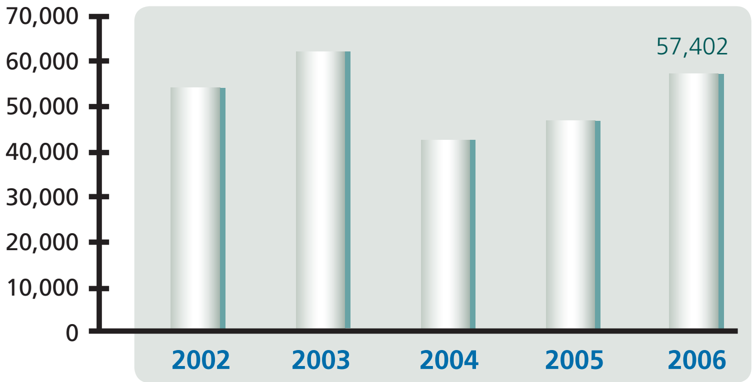
Chang Hai Suan

Chang Hai Suan joined the Company in 2005 as a Production Manager. He is currently heading the production department of our plant in Johore, Malaysia. Mr. Chang has several years of relevant experience in the molding industry and was a Production Manager with Sunningdale Precision Industries Ltd prior to joining Avaplas. He holds an Advanced Diploma in Plastics Technology from Singapore Polytechnic.

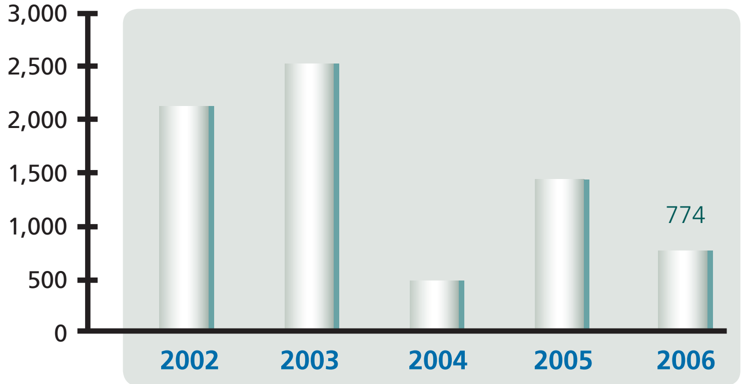
Financial Highlights

AVAPLAS LTD

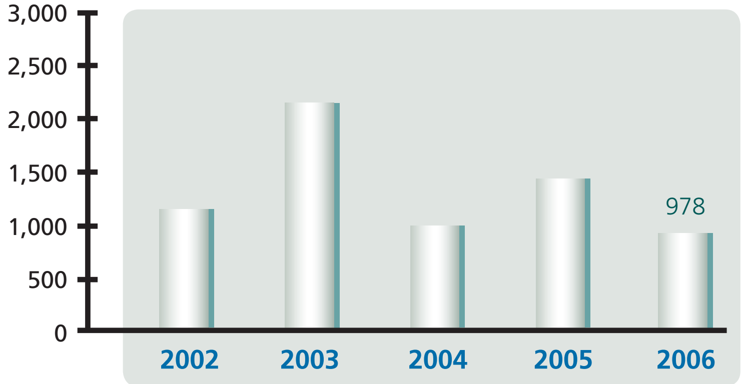
Operating results	FY 2006	FY 2005	% Increase/ (Decrease)
Revenue (S$'000)	57,402	43,853	30.90%
Profit before income tax (S$'000)	774	1,420	-45.49%
Profit for the year (S$'000)	978	1,412	-30.74%
Earnings per share (Cents)	0.40	0.57	-29.82%
Financial Position (S$'000)			
Total assets	58,661	51,999	12.81%
Cash and bank balances	14,628	2,595	463.70%
Amount due to bankers			
- Short term	7,015	2,149	226.43%
- Long term	3,380	1,615	109.29%
Equity	31,255	30,440	2.68%
Financial ratios			
Inventory turnover (days)	26.00	28.00	-7.14%
Accounts receivable turnover (days)	79.00	87.00	-9.20%
Accounts payable turnover (days)	71.00	102.00	-30.39%
Return on average equity	3.20%	4.80%	-33.33%
Return on average total assets	1.80%	2.80%	-35.71%
Current ratio	1.47	1.25	17.17%
Gearing ratio	0.33	0.12	175%
Interest coverage (times)	3	8	-62.50%
Short term debt/equity	22.40%	7.10%	215.49%
Long term debt/equity	10.80%	5.30%	103.77%



REVENUE (S$'000)



PROFIT BEFORE TAXATION
(S$'000)



NET PROFIT
(S$'000)

Financial Contents

The Company is committed to good standards of corporate governance in line with the recommendations of the Code of Corporate Governance ("Code") issued by the Corporate Governance Committee. Good corporate governance establishes and maintains a legal and ethical environment in the Company which strives to preserve the interests of all shareholders.

This statement outlines the main corporate governance practices that were in place throughout the financial year or which will be implemented and where appropriate, we have provided explanation for deviation from the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

The Board has six members comprising two executive Directors, one non-executive Director and three non-executive independent Directors.

The Company holds regular scheduled meetings throughout the year. Ad hoc meetings are convened when circumstances require. The Company's Articles of Association permit Directors to attend meetings through the use of audio-visual communication equipment. During the period from 1 April 2005 to 26 June 2006, a total of 7 Board meetings were held. The Directors attended 100% of the aggregate number of meetings of the Board.

In between Board meetings, important matters concerning the Company are also put to the Board for its decision by way of circulating resolutions in-writing for the Directors' approval together with supporting memoranda enabling the Directors to make informed decisions.

The Board oversees the business affairs of the Group, approves the financial objectives and the strategies to be implemented by management and monitors standards of performance and issues of policy directly. In addition to its statutory duties, the Board's principal functions are :-

1. Approving the Group's strategic plans, key operational initiatives, major investments and divestments and funding requirements;
2. Approving the budget, reviewing the performance of the business and approving the release of the financial results of the Group to shareholders;
3. Providing guidance in the overall management of the business and affairs of the Group;
4. Overseeing the processes for risk management, financial reporting and compliance;
5. Approving the recommended framework of remuneration for the Board and key executives.

Matters that are specifically reserved for the approval of the Board include, among others, any material acquisitions and disposals of assets, corporate or financial restructuring, share issuance and the proposing of dividends.

The Board has adopted a set of internal guidelines on the matters requiring Board approval. Certain functions have also been delegated to various Board committees, namely, the Audit Committee, the Remuneration Committee and the Nominating Committee.

Directors' Orientation and Access to Information

Changes to regulations and accounting standards are monitored closely by management. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or director's disclosure obligations, Directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals. Newly appointed Directors are briefed by the Chairman on the business activities of the Group and its strategic directions as well as their duties and responsibilities as Directors. Majority of Directors are members of the Singapore Institute of Directors and are kept informed of the latest and best practices relating to corporate governance.

In order to ensure that the Board is able to fulfill its responsibilities, prior to the Board meetings, the management provides the members of the Board with management accounts, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting.

The Directors are also regularly briefed on the business activities of the Group. Directors conduct routine inspections of the manufacturing facilities both in Singapore and abroad.

The Board has separate and independent access to the Company Secretary at all times and the Company Secretary attends all Board and Committee meetings and is responsible for ensuring that Board procedures are followed. The Board also has access to independent professional advice, where necessary, at the Company's expense.

Board Composition and Balance

The majority of Directors are non-executive and independent of management. The Board comprises six members of whom two are executive Directors, one is non-executive Director and three are non-executive independent Directors. Independent Directors comprise more than one third of the Board members.

The Board is able to exercise objective judgement independently from Management and no individual or small group of individuals dominate the decisions of the Board.

The Nominating Committee is of the view that the current Board size of six Directors is appropriate taking into account the nature and scope of the Group's operations, the core competencies of knowledge and the business experiences of the Directors to govern and meet the Group's objectives.

The Board has no dissenting view on the Chairman's statement for the year in review.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Boone Quek Howe Sear ("Mr. Quek") is currently the Chairman of the Board (the "Chairman") and the Chief Executive Officer("CEO")/Managing Director of the Company (the "Managing Director").

The Board has not adopted the recommendation of the Code to have separate Directors appointed as the Chairman and the Managing Director. This is because the Board is of the view that there is already a sufficiently strong independent element on the Board to enable the independent exercise of objective judgment on corporate affairs of the Group by members of the Board, taking into account factors such as the number of non-executive and independent Directors on the Board, as well as the size and scope of the affairs and operations of the Group. The Managing Director need not retire by rotation as provided in the Articles of Association of the Company.

As the Chairman, Mr. Quek is responsible for, among others, exercising control over quality, quantity and timeliness of the flow of information between the management of the Company (the "Management") and the Board, and assisting in ensuring compliance with the Company's guidelines on corporate governance.

BOARD COMMITTEES

Nominating Committee

The Nominating Committee ("NC"), comprises three non-executive independent Directors, is chaired by Mr Gay Chee Cheong who is a non-executive and independent Director. The other members of the Nominating Committee are Mr Ng Jwee Phuan @ Frederick (Eric) (non-executive and independent Director) and Mr David Chia Tian Bin (non-executive and independent Director). The NC has been established by the Board to recommend the appointment, nomination, re-appointment and assessment of all Directors to the Board.

The NC has adopted a set of Terms of Reference which, among others, include the following functions:-

(1) The appointment or re-appointment of members of the Board and of the various Board Committees
(2) Evaluating and assessing the effectiveness of the Board as a whole, and the contribution made by each individual Director to the effectiveness of the Board. The NC has considered a number of factors, including those set out in the Code, for the purpose of such evaluation and assessment
(3) Determining the independence of Directors

New Directors, if any, are appointed by way of a board resolution, after the NC has approved their nomination. Such new Directors submit themselves for re-election at the next Annual General Meeting ("AGM"). The Company's Articles of Association requires one-third of the Board to retire by rotation at every AGM.

The financial indicators set out in the Code as guides for the evaluation of Directors are, in the Company's opinion, not the only means in assessing Directors. In any case, such financial indicators provide only a snapshot of a Company's performance, and do not fully measure the sustainable long term wealth and value creation of the Company.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's business and that each Director, through his unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC is of the opinion that the Directors, who have been classified as independent under the Board Composition section, are indeed independent and the current size of the Board is adequate for the purposes of the Group.

During the period from 1 April 2005 to 26 June 2006, a total of 2 NC meetings were held. Majority of the Directors attended the meetings.

Remuneration Committee

The Remuneration Committee ("RC") comprises two non-executive independent Directors and one executive Director. The RC is chaired by Mr Ng Jwee Phuan @ Frederick (Eric) who is a non-executive and independent Director. The other members of the RC are Mr David Chia Tian Bin (non-executive and independent Director) and Mr Wong Vee Tong (Executive Director).

The RC has adopted a set of terms of reference which, among others, include the following functions:

(1) Preview and formalize the Company's overall compensation policy and structure and to be updated of any changes thereto;
(2) Recommend a framework of remuneration for Board members and key executives of the Group;
(3) Review and recommend for Board approval the terms of employment for CEO and terms of employment of executive Directors in accordance with the approved framework of remuneration;
(4) Review annually the actual compensation of employees to ensure compliance with approved compensation policies and corporate governance rule on disclosure;
(5) Prepare the Board's annual report on remuneration for Board's consideration whether or not to seek shareholders approval under corporate governance disclosure rules;
(6) Oversee work of external consultant engaged on project basis to advise Board on compensation issues;
(7) Oversee the administration of employees' share Option and Restricted Stock Plans

The Executive Directors have service contracts. The non-executive Directors do not have any service agreements with the Company and have remuneration packages consisting of a Director's fee and share options pursuant to the Company's Share Option Plan.

A breakdown of the level and mix of remuneration paid to Directors and key executives in remuneration bands of S$250,000 for financial year 2006 are as follows:

	Salary	Bonus	Share Option	Restricted Share	Benefits	Fee	Total
	%	%	%	%	%	%	%
Directors							
Above $500,000							
Boone Quek Howe Sear	68	5	-	-	22	5	100
Wong Vee Tong	72	15	-	-	6	7	100
Below $250,000							
Yoshiteru Miura	-	-	-	-	-	0*	0
David Chia Tian Bin	-	-	-	-	-	100	100
Ng Jwee Phuan@ Frederick (Eric)	-	-	-	-	-	100	100
Gay Chee Cheong	-	-	-	-	-	100	100

* *Mr Yoshiteru Miura has declined to accept his directors' fees for 2005 and 2006 as it is part of ARRK Corporation's policy not to accept directors' fees from its subsidiaries and affiliate companies for its nominee directors.*

A breakdown of the range of gross remuneration received by Directors and top 5 key executives of the Group are as follows:

Number of Directors in remuneration band	2006	2005
$500,000 and above	1	2
$250,000 to $499,999	1	0
Below $250,000	4	4
	6	6

Number of Executives in remuneration band	2006	2005
$500,000 and above	-	-
$250,000 to $499,999	-	-
Below $250,000	12	9

No employee of the company and its subsidiaries is an immediate family member of a Director or the CEO/Managing Director.

The details of Avaplas Ltd's Employees' Share Option and Restricted Stock Plans can be found in the Directors' Report.

ACCOUNTABILITY AND AUDIT

Accountability

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and Group's performance, position and prospects. Management will provide the Audit Committee and the Board with balanced and understandable management accounts of the Company's performance, position and prospects on a regular basis.

Audit Committee

The Audit Committee ("AC") comprises three non-executive independent Directors. The AC is chaired by Mr David Chia Tian Bin who is a non-executive and independent Director. The other members of the RC are Mr Ng Jwee Phuan @ Frederick (Eric) (non-executive and independent Director) and Mr Gay Chee Cheong (non-executive and independent Director).

As the members of the AC have many years of experience in accounting, banking and finance and related industries, the Board considers that the members are appropriately qualified to discharge the responsibilities of the AC.

The AC has adopted a set of Terms of Reference which, among others, include the following functions:

(1) Review the audit plans and the scope of examination of the external auditors of the Company and other Group companies;
(2) Review the annual and half-yearly financial statements of the Company as well as the external auditors' report thereon ;
(3) Review the effectiveness of the Company's system of accounting and internal financial controls ;
(4) Review interested person transactions to ensure that such transactions are conducted at arm's length and on normal commercial terms ;
(5) Review the independence and objectivity of the external auditors annually;
(6) Review the nature and extent of non-audit services performed by the external auditors;
(7) Consider the appointment or re-appointment of external auditors before recommending to the Board for approval ;
(8) Examine whatever aspects it deems appropriate of the Group's financial affairs, its external audits and its exposure to risks of a regulatory or legal nature; and
(9) Conduct investigations into any matter within its terms of reference.

The Audit Committee has full access to and the co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

In performing its functions, the AC meets with the external auditors without the presence of management at least annually. The Audit Committee reviews the findings of the auditors and the assistance given to them by management. Minutes of the Audit Committee meetings are regularly submitted to the Board for its information and review.

During the period from 1 April 2005 to 26 June 2006, a total of 5 AC meetings were held. The AC members attended 100% of the aggregate number of AC meetings held.

The AC has reviewed the amount of non-audit fees paid to the auditors and is of the view that the independence of the auditors has not been compromised.

The AC has recommended to the Board the re-appointment of Deloitte & Touche as the external auditors.

Internal controls

During the financial year, the Audit Committee has reviewed, with the assistance of the external and internal auditors, the effectiveness of the Company's material internal controls as well as considered risk management techniques to be applied to selected areas such as the Group's foreign exchange exposure.

Based on the review of the Audit Committee, the Board is satisfied that the internal controls of the Group are adequate to safeguard shareholders' investments and the Group's assets, and to ensure the integrity of its financial statements. The Board has appointed a professional firm of accountants to provide internal audit services in order to comprehensively review the internal controls within the Group.

Internal audit

As the Group's scale of operations is not large, the AC has outsourced the Group's internal audit function to Baker Tilly TFWLCL , a professional firm of accountants ("Internal Auditor"). The AC is of the view that the Internal Auditor is independent and will objectively review the adequacy or otherwise of the system of internal control within the Group. In this regard, the Internal Auditor will report directly to the AC. The AC has confirmed that the Internal Auditor is able to meet the standards set by internationally recognized professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC will ensure the adequacy of the internal audit function, and further ensure that it is adequately resourced and has appropriate standing within the Group.

COMMUNICATION WITH SHAREHOLDERS

The Board is mindful of the obligation to provide timely and fair disclosure of material information. The annual and half-yearly financial results and other price sensitive information and notices are announced through SGXNET. The Company does not practice selective disclosure. All shareholders of the Company receive the Annual Report and Notice of Annual General Meeting ("AGM"). At AGM, shareholders are given the opportunity to air their views and to ask the Directors questions regarding the Company and the Group.

DEALING IN SECURITIES

The Company has issued a policy note to its Directors and key employees, setting out the implications of insider trading and the principles expounded by the Best Practices Guide of the SGX-ST. The Directors and key employees of the Company have been advised of the internal code of conduct on dealings in the securities of the Company accordingly. The internal code prohibits dealings in securities of the Company by Directors and employees while in possession of price-sensitive information, and during the period beginning one month before the announcement of the half-year and full-year results and ending on the day after date of announcement.

It also discourages dealings on short-term considerations. Directors are required to report securities dealings to the Company Secretary who will assist in making the necessary announcements.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of the Chief Executive Officer (as defined in the SGXST Listing Manual), each Director or Controlling Shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year except for Directors' emoluments and interested person transactions as disclosed in Notes 6 and 31 of the financial statements.

INTERESTED PERSON TRANSACTIONS

The interested person transactions conducted under the mandate and with other interested persons during the year in review are set out in the table below.

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)
Purchase of goods and services rendered from subsidiaries and related companies of ARRK Corporation	806	-

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the financial year ended March 31, 2006.

1 DIRECTORS

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

Boone Quek Howe Sear
Wong Vee Tong
David Chia Tian Bin
Ng Jwee Phuan @ Frederick (Eric)
Gay Chee Cheong
Yoshiteru Miura

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate, except for the options mentioned in paragraph 3 of the Report of the Directors.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of director and company in which interests are held	At beginning of year	At end of year	At beginning of year	At end of year
Avaplas Ltd		Ordinary shares		
Boone Quek Howe Sear	88,174,792	88,174,792	862,000	862,000
Wong Vee Tong	240,000	240,000	-	-
Ng Jwee Phuan @ Frederick (Eric)	-	-	20,000	20,000

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

By virtue of Section 7 of the Singapore Companies Act, Mr Boone Quek Howe Sear is deemed to have an interest in all the ordinary shares of the company's wholly owned subsidiaries.

	Shareholdings registered in name of director	
Name of director and company in which interests are held	At beginning of year	At end of year
Avaplas Ltd	Options to subscribe for ordinary shares	
Boone Quek Howe Sear	540,000	540,000
Wong Vee Tong	472,500	472,500
David Chia Tian Bin	87,750	87,750
Ng Jwee Phuan @ Frederick (Eric)	87,750	87,750
Gay Chee Cheong	87,750	87,750
Avaplas (Thailand) Limited	Ordinary shares of THB100 each	
Boone Quek Howe Sear	1*	1*
Wong Vee Tong	1*	1*
David Chia Tian Bin	1*	1*

* Held in trust on behalf of the company

The directors' interests in the shares and options of the company at April 21, 2006 were the same at March 31, 2006.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, 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 except as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS

(a) Options to take up unissued shares

The Avaplas Ltd Share Option Plan and Avaplas Ltd Restricted Stock Plan (the "Scheme") in respect of unissued ordinary shares in the company was approved by the shareholders of the company at an Extraordinary General Meeting held on August 23, 2001.

Particulars of the options granted in 2001 under the Scheme were set out in the circular dated August 7, 2001.

The scheme is administered by the Remuneration Committee whose members are:

Ng Jwee Phuan @ Frederick (Eric) (Chairman)
David Chia Tian Bin
Wong Vee Tong

None of the executive directors and employees of the group who participated in the Scheme has received 5% or more of the total number of shares available under the Scheme. There are no options granted to any of the company's controlling shareholders or their associates, except for Mr Boone Quek Howe Sear as shown in paragraph (c) below.

Share Option Plan

Options may be granted at an amount equal to the greater of a price which is equivalent to the market price or the nominal value of the shares.

The subscription price shall be the volume-weighted average price of the shares for the three (3) consecutive Trading Days immediately preceding the relevant date of grant in relation to an option granted to an employee or a non-executive director who is not a controlling shareholder or an associate of a controlling shareholder.

In relation to an option granted to an employee or a non-executive director who is a controlling shareholder or an associate of a controlling shareholder, the subscription price shall be the volume-weighted average price of the shares for the three (3) consecutive trading days immediately preceding the date of the general meeting of the company seeking approval for the grant of the option to such an employee or non-executive director.

An option granted may be exercised by an employee in a period commencing on the first anniversary of the date of grant and ending on the day immediately preceding the tenth anniversary of the date of grant. In relation to an option granted to non-executive director, the option may be exercised in a period commencing on the first anniversary of the date of grant and ending on the day immediately preceding the fifth anniversary of the date of grant.

The vesting schedule in the period commencing from the first anniversary of the date of grant of the options will be as follows:

[i]	1st year	:	Up to 40%
[ii]	2nd year	:	Up to 70% (including [i] above)
[iii]	3rd year	:	100% (including [i] and [ii] above)

5 SHARE OPTIONS (cont'd)

(a) Options to take up unissued shares (cont'd)

Restricted Stock Plan

The Restricted Stock Plan is designed to recruit and retain key executives for a certain minimum period of time and the award of fully-paid shares will be made to the executives, when and after pre-determined service conditions (for time-based awards) or service and performance conditions (for performance-related awards), are accomplished.

Award represent the right of a participant to receive fully-paid shares free of consideration, upon the expiry of the prescribed vesting periods and, in the case of performance-related awards, provided that certain prescribed performance targets are met. The vesting schedule applied to the Share Option Plan applies to the Restricted Stock Plan also.

Except for the above, no other options were granted by the company or any subsidiary company during the financial year.

During the financial year, no options to take up unissued shares of the company or any corporation in the group was granted.

(b) Options exercised

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

Share Option Plan

The maximum number of shares to be issued to eligible employees under the Scheme shall not exceed 15% of the issued share capital of the company on the day preceding the relevant date of grant. The number of outstanding share options under the scheme are as follows:

	Number of options to subscribe for ordinary shares						
	Balance at 1.4.2005	Granted	Exercised	Lapsed	Balance at 31.3.2006	Exercise price	Exercise period
2005 Options	2,342,250	-	-	(108,000)	2,234,250	$0.186	July 22, 2005 to July 21, 2014
2005 Options	263,250	-	-	-	263,250	$0.186	July 22, 2005 to July 21, 2009
	2,605,500	-	-	(108,000)	2,497,500		

5 SHARE OPTIONS (cont'd)

(c) Unissued shares under option (cont'd)

The information on directors of the company participating in the Scheme is as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Boone Quek Howe Seer	-	1,620,000	(1,080,000)	-	540,000
Wong Vee Tong	-	2,047,500	(1,575,000)	-	472,500
David Chia Tian Bin	-	380,250	(292,500)	-	87,750
Ng Jwee Phuan @ Frederick (Eric)	-	380,250	(292,500)	-	87,750
Gay Chee Cheong	-	380,250	(292,500)	-	87,750

Restricted Stock Plan

At the end of the financial year, there were no unissued shares of the company or any corporation in the group pursuant to the Restricted Stock Plan.

6 AUDIT COMMITTEE

The Audit Committee of the company is chaired by Mr David Chia Tian Bin, a non-executive director, and includes Mr Ng Jwee Phuan @ Frederick (Eric), a non-executive director and Mr Gay Chee Cheong, a non-executive director. The Audit Committee has met 3 times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

a) the audit plans and results of the internal auditors' examination and evaluation of the group's systems of internal accounting controls;

b) the group's financial and operating results and accounting policies;

c) the financial statements of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditors' report on those financial statements;

d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group;

e) the co-operation and assistance given by the management to the group's external auditors; and

f) the re-appointment of the external auditors of the group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

6 AUDIT COMMITTEE (cont'd)

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche for re-appointment as external auditors of the company at the forthcoming AGM of the company.

7 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Boone Quek Howe Sear

Wong Vee Tong

June 7, 2006

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company as set out on pages 32 to 72 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 March 31, 2006, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Boone Quek Howe Sear

Wong Vee Tong

June 7, 2006

Auditors' Report

TO THE MEMBERS OF AVAPLAS LTD

We have audited the consolidated financial statements of the group and the balance sheet and statement of changes in equity of Avaplas Ltd for the financial year ended March 31, 2006 set out on pages 32 to 72. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements for the year ended March 31, 2005 were audited by another firm of auditors whose report dated June 15, 2005 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

a) the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at March 31, 2006 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year ended on that date; and

b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche
Certified Public Accountants

Ho Kok Yong
Partner
Appointed on August 22, 2005

Singapore
June 7, 2006

Balance Sheets

March 31, 2006

	Note	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
ASSETS					
Current assets:					
Cash and bank balances	7	14,628	2,595	12,856	926
Trade receivables	8	12,489	10,490	8,417	5,074
Amount due from a joint venture	9	-	2,761	-	5,522
Loan to a joint venture	10	-	200	-	400
Other receivables and prepayments	11	1,613	1,605	1,037	1,128
Inventories	12	3,683	2,927	1,276	1,766
Total current assets		32,413	20,578	23,586	14,816
Non-current assets:					
Goodwill on consolidation	13	831	-	-	-
Property, plant and equipment	14	25,281	31,064	10,425	21,061
Interests in subsidiaries	15	-	-	9,194	2,771
Investment in a joint venture	16	-	-	-	1,259
Club memberships	17	136	157	136	157
Amounts due from subsidiaries	5	-	-	14,259	7,554
Loan to a joint venture	10	-	200	-	400
Total non-current assets		26,248	31,421	34,014	33,202
Total assets		58,661	51,999	57,600	48,018
LIABILITIES AND EQUITY					
Current liabilities:					
Amount due to bankers	18	7,015	2,149	6,385	1,829
Trade payables	19	10,248	10,764	10,870	7,558
Other payables and accruals	20	3,771	2,967	2,951	2,514
Current portion of finance leases	21	13	15	-	2
Loan from a joint venture partner	22	-	200	-	-
Income tax payable		1,075	361	1,075	361
Total current liabilities		22,122	16,456	21,281	12,264
Non-current liabilities:					
Amount due to bankers	18	3,380	1,615	2,960	1,080
Finance leases	21	-	6	-	-
Loan from a joint venture partner	22	-	200	-	-
Deferred tax liabilities	23	1,904	3,282	1,860	3,282
Total non-current liabilities		5,284	5,103	4,820	4,362
Capital and reserves:					
Share capital	24	20,545	12,367	20,545	12,367
Share premium reserve	24	-	8,178	-	8,178
Share-based payments reserve	25	62	-	62	-
Translation reserve		(72)	(94)	-	-
Retained earnings		10,720	9,989	10,892	10,847
Total equity		31,255	30,440	31,499	31,392
Total liabilities and equity		58,661	51,999	57,600	48,018

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

Financial year ended March 31, 2006

	Note	Group 2006 $'000	Group 2005 $'000
Revenue	26	57,402	43,853
Cost of sales		(52,521)	(38,670)
Gross profit		4,881	5,183
Other operating income	27	582	545
Distribution costs		(428)	(287)
Administrative expenses		(4,887)	(5,054)
Other operating expenses	28	(137)	(30)
Finance costs	29	(401)	(211)
General offer expenses	30	-	(232)
Share of profit of associate		-	102
Gain on disposal of investment in associate		-	1,462
Gain (Loss) on disposal of property, plant & equipment		1,164	(58)
Profit before income tax	31	774	1,420
Income tax	32	204	(8)
Profit for the year		978	1,412
Earnings per share			
- Basic	33	0.40 cents	0.57 cents
- Diluted	33	0.40 cents	0.57 cents

See accompanying notes to financial statements.

Statements of Changes in Equity

Financial year ended March 31, 2006

	Note	Share capital $'000	Share premium reserve $'000	Share-based payments reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000
Group							
Balance at April 1, 2004		12,014	7,123	-	(110)	9,087	28,114
Issue of shares on exercise of share options		353	1,055	-	-	-	1,408
Transfer to profit and loss on disposal of investment in an associate		-	-	-	15	(15)	-
Share of translation reserve of an associate		-	-	-	45	-	45
		-	-	-	60	(15)	45
Foreign currency translation adjustment		-	-	-	(44)	-	(44)
Dividends paid	34	-	-	-	-	(495)	(495)
Profit for the year		-	-	-	-	1,412	1,412
Balance at March 31, 2005		12,367	8,178	-	(94)	9,989	30,440
Adjustment arising from abolition of par value of shares	24	8,178	(8,178)	-	-	-	-
Recognition of share-based payments		-	-	62	-	-	62
Foreign currency translation adjustment		-	-	-	22	-	22
Dividends paid	34	-	-	-	-	(247)	(247)
Profit for the year		-	-	-	-	978	978
Balance at March 31, 2006		20,545	-	62	(72)	10,720	31,255

See accompanying notes to financial statements.

Statements of Changes in Equity

Financial year ended March 31, 2006

	Note	Share capital $'000	Share premium reserve $'000	Share-based payments reserve $'000	Retained earnings $'000	Total $'000
Company						
Balance at April 1, 2004		12,014	7,123	-	9,392	28,529
Issue of shares on exercise of share options		353	1,055	-	-	1,408
Dividends paid	34	-	-	-	(495)	(495)
Profit for the year		-	-	-	1,950	1,950
Balance at March 31, 2005		12,367	8,178	-	10,847	31,392
Adjustment arising from abolition of par value of shares	24	8,178	(8,178)	-	-	-
Recognition of share-based payments		-	-	62	-	62
Dividends paid	34	-	-	-	(247)	(247)
Profit for the year		-	-	-	292	292
Balance at March 31, 2006		20,545	-	62	10,892	31,499

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Financial year ended March 31, 2006

	Group	
	2006	2005
	$'000	$'000
Operating activities		
Profit before income tax	774	1,420
Adjustments for:		
Allowance for doubtful debts	-	38
Impairment of club memberships	21	-
Depreciation of property, plant and equipment	4,742	3,796
Expenses relating to share appreciation rights under Restricted Stock Plan	54	30
Share option expenses	62	-
Interest income	(63)	(40)
Interest expense	401	211
(Gain) Loss on disposal of property, plant and equipment	(1,164)	58
Share of profit of an associate	-	(102)
Gain on disposal of investment in associate	-	(1,462)
Allowance for slow-moving inventories	6	50
Operating cash flows before movements in working capital	4,833	3,999
Increase in inventories	(282)	(661)
Increase in trade receivables	(882)	(3,839)
Increase in other receivables and prepayments	(43)	(35)
(Decrease) Increase in trade payables	(856)	1,897
(Decrease) Increase in other payables and accruals	(18)	1,384
Cash generated from operations	2,752	2,745
Income tax paid	(302)	(46)
Interest received	63	40
Interest paid	(401)	(211)
Dividend paid	(247)	(495)
Net cash from operating activities	1,865	2,033

Consolidated Cash Flow Statement

Financial year ended March 31, 2006

	Group	
	2006	2005
	$'000	$'000
Investing activities		
Purchase of property, plant and equipment	(4,733)	(5,798)
Net cash outflow on acquisition of subsidiary (Note 39)	(1,236)	-
Proceeds from sale of property, plant and equipment	9,846	1,019
Proceeds from disposal of associate (net of expenses)	-	3,861
Decrease (Increase) in amount due from a joint venture	969	(266)
Net cash from (used in) investing activities	4,846	(1,184)
Financing activities		
Proceeds from issue of shares	-	1,378
Fixed deposits pledged	(17)	(18)
Net decrease in hire purchase creditors	(24)	(34)
Net increase (decrease) in current amount due to bankers	5,267	(1,425)
Net increase (decrease) in non-current amount due to bankers	973	(920)
Net decrease in loan from a joint venture partner	(400)	-
Net cash from (used in) financing activities	5,799	(1,019)
Net increase (decrease) in cash and cash equivalents	12,510	(170)
Cash and cash equivalents at beginning of year	2,176	2,265
Effects of foreign exchange rate changes	(93)	81
Cash and cash equivalents at end of year	14,593	2,176

Cash and cash equivalents consist of:

Cash and bank balances	14,628	2,595
Fixed deposits pledged	(35)	(18)
Bank overdrafts	-	(401)
Net	14,593	2,176

See accompanying notes to financial statements.

1 GENERAL

The company (Registration No. 199301788C) is incorporated in Singapore with its principal place of business and registered office at 19 Changi South Street 1, Changi South Industrial Estate, Singapore 486779. The company is listed on the Singapore Exchange Securities Trading Limited ("SGX-SESDAQ"). The financial statements are expressed in Singapore dollars which is the functional currency of the company and presentation currency for the consolidated financial statements.

The principal activities of the company are the manufacturing and sales of precision engineering plastic injection moulding and its secondary processes as well as the sub-assembly and sale of plastic components. The principal activities of the subsidiaries are described in Note 15 to the financial statements.

The consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the year ended March 31, 2006 were authorised for issue by the Board of Directors on June 7, 2006.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January 1, 2005. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements except as disclosed below and in the notes to financial statements.

(a) FRS 39 - Financial Instruments: Recognition and Measurement

FRS 39 requires the recognition and measurement of financial assets and liabilities. The new accounting standard moves measurement from a cost base to a fair value base for certain categories of financial assets and liabilities. The change in accounting policy has been accounted for prospectively in accordance with the transitional provisions of FRS 39. The adoption of FRS 39 has resulted in non-current interest free amount due from subsidiaries being initially measured at fair value, plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

As at March 31, 2006, $2.9 million of the non-current amount due from subsidiaries at the company level has been reclassified to interests in subsidiaries representing deemed investment.

In determining the fair value of the non-current amount due from subsidiaries, the directors considered that a repayment term of 2 to 4 years would better reflect the estimated repayment term. The remaining non-current amount due from subsidiaries is measured at amortised cost based on market interest rate prevailing on the date the amount arises.

As the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) FRS 102 - Share-based Payment

The adoption of FRS 102 has resulted in a change in accounting policy for share-based payments. The group's Share Option Plan (the "Plan") is an equity-settled, share-based compensation plan. Prior to the adoption of FRS 102, the share-based compensation to the group's employees did not result in a charge to the profit and loss statement. FRS 102 requires the group and the company to recognize an expense in the profit and loss statement with a corresponding increase in equity for share options granted under the Plan after November 22, 2002 and not vested by April 1, 2005. The total amount to be recognized as an expense in the profit and loss statement is determined by reference to the fair value of share options at the date of the grant and the number of share options to be vested by vesting date. At every balance sheet date, the group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the profit and loss statement and a corresponding adjustment to equity over the remaining vesting period. Arising from this, a charge of $62,000 has been taken to current year's profit and loss statement at the group and company level.

The share-based payments expense has been included in other operating expenses as shown in the profit and loss statement.

(c) FRS 103 - Business Combinations

Goodwill

FRS 103 has been adopted for financial years beginning April 1, 2005. The option of limited retrospective application of the accounting standard has not been taken up, thus avoiding the need to restate past business combinations. The first transaction to which the new accounting standard has been applied is the acquisition of the additional 50% equity interest in a subsidiary, Avaplas (Thailand) Limited on June 23, 2005 (Note 13).

After initial recognition, FRS 103 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses. Under FRS 36 Impairment of Assets (as revised in 2004), impairment reviews are required annually, or more frequently if there are indications that goodwill might be impaired. FRS 103 prohibits the amortisation of goodwill. Previously, under FRS 22, the group's policy was to carry goodwill, if any, in its balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation was charged over the estimated useful life of the goodwill, subject to the rebuttable presumption that the maximum useful life of goodwill was 20 years.

In accordance with the transitional provisions of FRS 103, the group has applied the revised accounting policy for goodwill prospectively from the beginning of its first annual period beginning on or after July 1, 2004, to goodwill acquired in business combinations. Therefore, from April 1, 2005, the group has discontinued its policy of amortising such goodwill and has tested the goodwill for impairment in accordance with FRS 36.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods.

No amortisation or impairment on goodwill has been charged in 2006.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRSs were issued but not effective:

FRS 40	-	Investment Property
FRS 106	-	Exploration for and Evaluation of Mineral Resources
FRS 107	-	Financial Instruments: Disclosures
INT FRS 104	-	Determining whether an Arrangement contains a Lease
INT FRS 105	-	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
INT FRS 106	-	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
INT FRS 107	-	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	-	Scope of FRS 102 Share-Based Payments
INT FRS 109	-	Reassessment of Embedded Derivatives

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures.

Amendments to FRS 19 Employee Benefits on Actuarial Gains and Losses, Group Plans and Disclosures.

Amendments to FRS 21 The Effects of Changes in Foreign Exchange Rate on Net Investment in a Foreign Operation.

Amendments to FRS 39 Financial Instruments: Recognition and Measurement on hedge accounting provisions, fair value option and financial guarantee contracts.

Amendments to FRS 101 First-time Adoption of Financial Reporting Standards on comparative disclosures for FRS 106 Exploration for and Evaluation of Mineral Resources.

Amendments to FRS 104 Insurance Contracts on financial guarantee contracts.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The directors anticipate that the adoption of these FRSs, INT FRSs and amendments to FRSs in future periods will have no material impact on the financial statements of the company and of the group during the period of initial application.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the company's financial statements, investments in subsidiaries and in a joint venture are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATIONS - The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit and loss statement.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the company and/or the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

The group uses derivative financial instruments (primarily interest rate cap) to hedge its interest rate risk relating to bank loans.

The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the group's risk management strategy. The group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the trade date, and are remeasured to fair value at subsequent reporting dates. All changes in fair value are taken to the profit and loss statement.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss statement.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted as follows:

- Raw materials, packing materials and supplies – purchase cost on a first-in first-out basis; and
- Finished products – cost of direct material, labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is calculated at the estimated selling price less all further costs of production and the related costs of marketing, selling and distribution.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to write off the cost of the assets, other than freehold land and construction-in-progress, over their estimated useful lives which are as follows:

Leasehold building	-	60 years (the lease term)
Plant, machinery and tools	-	5 to 10 years
Automation equipment and computer	-	5 to 10 years
Furniture and fittings	-	10 years
Office equipment	-	10 years
Renovation	-	5 to 10 years
Motor vehicles	-	10 years
HT switchgear	-	15 years

Capital work-in-progress relates to leasehold building, renovation, furniture and fittings. Depreciation is not provided on capital work-in-progress.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

GOODWILL - Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement.

INTERESTS IN A JOINT VENTURE - A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation. The group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above).

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

CLUB MEMBERSHIPS – Club memberships are stated at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

PROVISIONS - Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SHARE-BASED PAYMENTS - The group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Binomial pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Commission income relates to commission receivable from a joint venture company and is recognised upon the recognition of the relevant sales by the joint venture company.

Management fees are recognised when services are rendered.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

BORROWING COSTS - All borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlement to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the company and its subsidiaries operate by the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, and investment in joint venture, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the balance sheet of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit and loss statement in the period in which the foreign operation is disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 2, management is of the opinion that any instances of application of judgements (other than those arising from estimates discussed below) are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

Allowances for inventories

Management reviews the inventory listing on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value as well as the forecasted demand for the inventories. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Please see Note 12 to the financial statements.

Allowances for doubtful debts

The group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts require the use of judgement and estimates. Where the expectation is different from the original estimate, such differences will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate have been changed. Please see Note 8 to the financial statements.

Impairment in interests in subsidiaries

Determining whether interests in subsidiaries are impaired requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of interests in subsidiaries at the balance sheet date was $9,194,000 (2005 : $2,771,000) after an impairment loss of $1,537,000 (2005 : $Nil) was recognised by the company in 2006.

4 FINANCIAL RISKS AND MANAGEMENT

The group manages its exposure to financial risks as described below using a variety of techniques and instruments. The group's policy prohibits it to enter into speculative transactions.

i) Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts owing to the group, resulting in a financial loss to the group. The group has adopted a stringent procedure in extending credit terms to customers and in monitoring its credit risk.

The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using of related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine credit limits to be granted.

Cash is held with creditworthy financial institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheets.

The group has no significant concentration of credit risk, with its exposure spread over a large number of counterparties and customers.

ii) Interest rate risk

The group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. The group also enters into an interest rate cap to manage the interest rate risk of one of its bank loans.

The interest rates and terms of repayment of short-term and long-term bank loans of the group are disclosed in Note 18 to the financial statements.

With the current interest rate level, the directors of the company do not expect any future variations in interest rates to have a significant impact on the net profit.

iii) Foreign exchange risk

The group transacts business in various foreign currencies, including Euro and US dollars and therefore is exposed to foreign exchange risk. This risk is managed through natural hedges as revenue and sales denominated in foreign currency are partly matched with corresponding costs in the same foreign currency.

The company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The company does not hedge those risks.

iv) Liquidity risk

Liquidity risk refers to the risk in which the group has difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle. The group's operations are financed mainly through equity and retained earnings.

4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

v) Fair values of financial assets and financial liabilities

The carrying amounts of the group's financial assets and financial liabilities approximate their respective fair values due to either the relatively short term maturity of these financial instruments or the fact that they bear floating rates. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a subsidiary of ARRK Corporation, incorporated in Japan, which is also the company's ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable upon demand unless stated otherwise.

With regards to the amount due from subsidiaries, the balance is measured at amortised cost based on prevailing market interest rate. The carrying amount approximates the fair value.

Transactions between the company and its subsidiaries, which are related companies of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related companies are disclosed below.

Trading transactions

During the year, group entities entered into the following trading transactions with related companies that are not members of the group:

	Group	
	2006 $'000	2005 $'000
Sales of goods to related company	(18)	-
Purchases from related company	806	195

6 OTHER RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Trading transactions

During the year, group entities entered into the following trading transactions with related parties that are not members of the group:

	Group	
	2006	2005
	$'000	$'000
Transfer of the property, plant and equipment to joint venture	-	(541)
Sales of goods to joint venture	-	(102)
Interest income from joint venture	-	(20)
Management fee income from joint venture	(31)	(145)
Commission income from a joint venture	(48)	(232)
Purchase of goods from joint venture	-	4

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group	
	2006	2005
	$'000	$'000
Short-term benefits	2,373	2,014
Post-employment benefits	77	85
Share-based payments	105	30
	2,555	2,129

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

7 CASH AND BANK BALANCES

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Cash at bank	14,518	2,454	12,855	869
Fixed deposits	103	126	-	44
Cash on hand	7	15	1	13
Total	14,628	2,595	12,856	926

Cash and bank balances comprise cash held by the group and short-term bank deposits. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest at an average rate of 1.35% (2005 : 1.25%) per annum and are for a tenure of approximately 30 days (2005 : 30 days).

Fixed deposits of $35,000 (2005 : $18,000) are pledged with a commercial bank as collateral for letter of guarantee issued by the bank.

The group's and company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
United States dollars	3,197	1,933	2,279	850
Japanese yen	448	-	448	-
Euro	5	44	5	44

8 TRADE RECEIVABLES

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Outside parties	12,486	10,000	5,898	4,832
Less: Allowance for doubtful debts	-	(38)	-	(38)
	12,486	9,962	5,898	4,794
Related company (Note 5)	3	-	3	-
Subsidiaries (Note 5)	-	-	2,516	169
Joint venture company (Note 6)	-	56	-	111
Joint venture partner (Note 6)	-	472	-	-
Total	12,489	10,490	8,417	5,074

In 2005, the allowance made for estimated irrecoverable amounts from the sale of goods to third parties was determined by reference to past default experience.

8 TRADE RECEIVABLES (cont'd)

The group's and company's trade receivables that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
United States dollars	11,015	8,730	8,004	4,974
Singapore dollars	-	236	-	-
Thailand baht	-	-	3	-

9 AMOUNT DUE FROM A JOINT VENTURE

In 2005, the amount due from a joint venture was unsecured, non-trade, interest-free and repayable on demand.

10 LOAN TO A JOINT VENTURE

In 2005, the loan to a joint venture was unsecured and bore interest at 5% per annum.

11 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Related company (Note 5)	-	4	-	-
Security deposits	297	223	-	13
Prepayments	478	281	345	60
Prepaid tax	-	170	-	143
Recoverables	838	927	692	912
Total	1,613	1,605	1,037	1,128

Recoverables which are unsecured and interest-free relate to cost incurred on behalf of customers. These are repayable on demand.

The group's and company's other receivables and prepayments that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
United States dollars	91	93	-	-

12 INVENTORIES

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Finished products, at cost	2,205	2,061	778	1,301
Less: Allowance for slow-moving inventories	(57)	(51)	(51)	(51)
Finished products, at net realisable value	2,148	2,010	727	1,250
Raw materials, at cost	1,491	900	530	502
Packing materials and supplies, at cost	44	17	19	14
Total	3,683	2,927	1,276	1,766

13 GOODWILL ON CONSOLIDATION

	Group	
	2006	2005
	$'000	$'000
Cost:		
Arising on acquisition of additional equity interest in a subsidiary during the year and balance at March 31, 2006	831	-

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group	
	2006	2005
	$'000	$'000
Printing, imaging and computer peripherals:		
Avaplas (Thailand) Limited (single CGU)	831	-

The group tests goodwill for impairment annually, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 3% to 20%.

The rate used to discount the forecast cash flows is 6%.

14 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold building $'000	Plant, machinery and tools $'000	Automation equipment and computer $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Motor vehicles $'000	HT switchgear $'000	Capital work-in-progress $'000	Total $'000
Cost:										
At April 1, 2004	8,602	22,384	2,929	3,243	1,581	2,679	1,131	656	1,262	44,467
Additions	-	3,669	287	491	54	814	483	-	-	5,798
Exchange differences	-	(86)	(9)	-	(2)	(19)	(2)	-	(24)	(142)
Disposals	-	(973)	(107)	(3)	(20)	(547)	(472)	-	-	(2,122)
Reclassifications	-	783	-	-	-	455	-	-	(1,238)	-
At March 31, 2005	8,602	25,777	3,100	3,731	1,613	3,382	1,140	656	-	48,001
Acquisition of subsidiary	-	2,664	305	42	8	571	78	-	-	3,668
Additions	6	3,709	420	329	13	244	12	-	-	4,733
Exchange differences	-	95	7	3	2	21	4	-	-	132
Disposals	(8,608)	(827)	(2)	(1,073)	-	(666)	-	(656)	-	(11,832)
Reclassifications	-	75	2	122	(2)	(197)	-	-	-	-
At March 31, 2006	-	31,493	3,832	3,154	1,634	3,355	1,234	-	-	44,702
Accumulated depreciation:										
At April 1, 2004	680	8,754	1,322	1,300	500	1,030	446	186	-	14,218
Depreciation	143	2,314	313	341	166	370	105	44	-	3,796
Exchange differences	-	(20)	(2)	-	(1)	(9)	-	-	-	(32)
Eliminated on disposals	-	(481)	(61)	-	(4)	(292)	(207)	-	-	(1,045)
Reclassifications	-	41	-	-	-	(41)	-	-	-	-
At March 31, 2005	823	10,608	1,572	1,641	661	1,058	344	230	-	16,937
Acquisition of subsidiary	-	605	82	8	1	156	23	-	-	875
Depreciation	132	3,027	387	397	167	480	112	40	-	4,742
Exchange differences	-	17	2	(2)	-	-	-	-	-	17
Eliminated on disposals	(955)	(519)	(2)	(878)	-	(526)	-	(270)	-	(3,150)
Reclassifications	-	8	1	14	-	(23)	-	-	-	-
At March 31, 2006	-	13,746	2,042	1,180	829	1,145	479	-	-	19,421
Carrying amount:										
At March 31, 2006	-	17,747	1,790	1,974	805	2,210	755	-	-	25,281
At March 31, 2005	7,779	15,169	1,528	2,090	952	2,324	796	426	-	31,064

The carrying amount of the group's motor vehicles includes an amount of $83,000 (2005 : $100,000) in respect of assets held under finance leases.

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold building $'000	Plant machinery and tools $'000	Automation equipment and computer $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Motor vehicles $'000	HT switchgear $'000	Total $'000
Cost:									
At April 1, 2004	8,602	15,542	2,162	3,209	1,478	1,476	946	656	34,071
Additions	-	1,240	109	64	10	-	393	-	1,816
Disposals	-	-	-	(3)	-	-	(471)	-	(474)
Transfer to subsidiaries and a joint venture	-	(1,958)	(233)	(21)	-	-	-	-	(2,212)
At March 31, 2005	8,602	14,824	2,038	3,249	1,488	1,476	868	656	33,201
Additions	6	2,252	285	32	9	-	10	-	2,594
Disposals	(8,608)	(825)	-	(1,073)	-	(666)	-	(656)	(11,828)
Transfer to subsidiaries	-	(2,966)	(411)	(3)	-	-	-	-	(3,380)
At March 31, 2006	-	13,285	1,912	2,205	1,497	810	878	-	20,587
Accumulated depreciation:									
At April 1, 2004	680	6,270	1,031	1,290	486	596	423	186	10,962
Depreciation	143	1,388	225	323	147	143	84	44	2,497
Eliminated on disposals	-	-	-	-	-	-	(207)	-	(207)
Transfer to subsidiaries and a joint venture	-	(966)	(138)	(8)	-	-	-	-	(1,112)
At March 31, 2005	823	6,692	1,118	1,605	633	739	300	230	12,140
Depreciation	132	1,462	222	316	147	142	80	40	2,541
Eliminated on disposals	(955)	(517)	-	(878)	-	(526)	-	(270)	(3,146)
Transfer to subsidiaries	-	(1,130)	(243)	-	-	-	-	-	(1,373)
At March 31, 2006	-	6,507	1,097	1,043	780	355	380	-	10,162
Carrying amount:									
At March 31, 2006	-	6,778	815	1,162	717	455	498	-	10,425
At March 31, 2005	7,779	8,132	920	1,644	855	737	568	426	21,061

In 2005, the carrying amount of the company's motor vehicles included an amount of $51,000 in respect of assets held under finance leases.

15 INTERESTS IN SUBSIDIARIES

	Company 2006 $'000	Company 2005 $'000
Unquoted equity shares, at cost	7,815	2,771
Deemed interests	2,916	-
	10,731	2,771
Less: Impairment loss	(1,537)	-
Total	9,194	2,771

The details of the subsidiaries at March 31, 2006 are as follows:

Name of company	Percentage of equity and voting rights held 2006 %	Percentage of equity and voting rights held 2005 %	Cost of investment 2006 $'000	Cost of investment 2005 $'000	Country of incorporation/ operations	Principal activities
Avaplas Precision Plastics (Shanghai) Co., Ltd [(1)]	100	100	4,035	1,726	People's Republic of China	Precision engineering plastic injection moulding
Avaplas Sdn Bhd [(2)]	100	100	1,621	1,045	Malaysia	Precision engineering plastic injection moulding
Avaplas (Thailand) Limited [(3)]	100	-	5,075	-	Thailand	Precision engineering plastic injection moulding
			10,731	2,771		

(1) Audited by Deloitte Touche Tohmatsu, Shanghai (2005 : Ernst & Young, Hua Ming, Hong Kong, The People's Republic of China).

(2) Audited by Deloitte Kassimchan, Malaysia (2005 : Ernst & Young, Chartered Accountants, Malaysia).

(3) Audited by Ernst & Young, Office Limited Bangkok, Certified Public Accountants, Thailand.

16 INVESTMENT IN A JOINT VENTURE

	Company 2006 $'000	Company 2005 $'000
Unquoted equity shares, at cost	-	1,259

The details of the joint venture company are as follows:

Name of company (Country of incorporation)	Cost of investment 2006 $'000	Cost of investment 2005 $'000	Percentage of equity and voting rights held 2006 %	Percentage of equity and voting rights held 2005 %	Principal activity/ (place of business)
Avaplas Nypro (Thailand) Limited (Thailand)*	-	1,259	-	50	Precision engineering plastic injection moulding (Thailand)

* Audited by Ernst & Young, Office Limited Bangkok, Certified Public Accountants, Thailand.

During the financial year, the company acquired the remaining 50% interest in the joint venture company and the interest in the joint venture company has been classified as interests in subsidiaries (Note 15). Subsequent to the acquisition, the subsidiary changed its name to Avaplas (Thailand) Limited.

The following amounts are included in the group's financial statements as a result of the proportionate consolidation of Avaplas Nypro (Thailand) Limited:

	2006 $'000	2005 $'000
Current assets	-	3,568
Non-current assets	-	2,854
Current liabilities	-	(4,611)
Non-current liabilities	-	(941)
Income	1,673	5,812
Expenses	(1,777)	(5,705)
Proportionate interest in joint venture commitments	23	56

17 CLUB MEMBERSHIPS

	Group and Company 2006 $'000	Group and Company 2005 $'000
Club memberships, at cost	163	163
Less: Impairment loss	(27)	(6)
Total	136	157
Market value	215	190

18 AMOUNT DUE TO BANKERS

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Bank overdrafts	-	401	-	401
Term loans	10,395	3,363	9,345	2,508
Total	10,395	3,764	9,345	2,909
The borrowings are repayable as follows:				
On demand or within one year	7,015	2,149	6,385	1,829
Due within two to five years	3,380	1,496	2,960	962
Due after five years	-	119	-	118
	10,395	3,764	9,345	2,909
Less: Amount due for settlement within 12 months (shown under current liabilities)	(7,015)	(2,149)	(6,385)	(1,829)
Amount due for settlement after 12 months	3,380	1,615	2,960	1,080

As at March 31, 2006, the group has the following bank facilities:

(a) The group's and company's term loans amounting to $413,000 (2005 : $1,435,000) are secured on a first fixed charge basis on specific machinery of the company. The net book value of assets secured by term loans as at March 31, 2006 amounted to $1,638,000 (2005 : $3,107,000). Interest rate is 1.625% per annum above the SIBOR and repayable over 41 monthly instalments commencing April 2003 to August 2006.

(b) The group's term loans amounting to $1,050,000 (2005 : $855,000) are secured on specific assets of a subsidiary. The net book value of the fixed assets secured by term loans as at March 31, 2006 amounted to $2,265,000 (2005 : $1,397,000). Interest rate is 2% per annum above the SIBOR and repayable over 36 monthly instalments commencing December 2004 to November 2007.

(c) The group's and company's term loans amounting to $3,700,000 (2005 : $Nil) are repayable over 10 half-yearly instalments commencing June 2006 to December 2010. Interest is 1.43% above SOR TELERATE per annum and capped at maximum of 3.30% per annum. The term loan is unsecured.

18 AMOUNT DUE TO BANKERS (cont'd)

(d) The group's and company's term loans and bank overdraft amounting to $5,232,000 (2005 : $1,474,000) have an original maturity of three months or less. Interest rates range from 2.63% to 6.5% (2005 : 2.725% to 6.75%) per annum.

(e) The above amount due to bankers arranged at floating rates expose the group to cash flow interest rate risk.

The group's and company's borrowings that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
United States dollars	4,695	2,290	3,645	1,435

The average effective interest rates paid were as follows:

	Group		Company	
	2006	2005	2006	2005
Bank overdrafts	4.25%	4.25%	4.25%	4.25%
Term loans	4.60%	4.74%	4.60%	4.74%

19 TRADE PAYABLES

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Outside parties	10,248	7,916	5,692	3,981
Subsidiary (Note 5)	-	-	5,178	156
Joint venture company (Note 6)	-	1,752	-	3,393
Joint venture partner	-	1,068	-	-
Holding company (Note 5)	-	28	-	28
Total	10,248	10,764	10,870	7,558

The group's and company's trade payables that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
United States dollars	6,851	6,847	8,359	5,731
Singapore dollars	26	100	-	-
Euro	146	130	89	62
Japanese Yen	820	573	820	518
Thailand Baht	-	-	17	-

20 OTHER PAYABLES AND ACCRUALS

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Subsidiary (Note 5)	-	-	1	-
Related company (Note 5)	250	-	250	-
Accruals	3,090	2,223	2,275	1,846
Other payables	431	744	425	668
Total	3,771	2,967	2,951	2,514

The group's and company's other payables that are not denominated in the functional currencies of the respective entities are as follow:

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
United States dollars	402	309	-	-

21 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Amount payable under finance leases:				
Within one year	14	16	13	15
Within two to five years	-	6	-	6
	14	22	13	21
Less: future finance charges	(1)	(1)	-	-
Present value of lease obligations	13	21	13	21
Less: Amount due for settlement within 12 months (shown under current liabilities)			(13)	(15)
Amount due for settlement after 12 months			-	6

21 FINANCE LEASES (cont'd)

	Company			
	Minimum lease payments		Present value of minimum lease payments	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Amount payable under finance leases:				
Within one year	-	2	-	2
Within two to five years	-	-	-	-
	-	2	-	2
Less: future finance charges	-	-	-	-
Present value of lease obligations	-	2	-	2
Less: Amount due for settlement within 12 months (shown under current liabilities)			-	(2)
Amount due for settlement after 12 months			-	-

It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 4 years. For the financial year ended March 31, 2006, the average effective borrowing rate was 6.6% (2005: 6.35%) per annum. Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in the functional currencies of the respective entities.

The fair value of the group's lease obligations approximates their carrying amount.

The group's obligations under finance leases are secured by the lessors' title to the leased assets.

22 LOAN FROM A JOINT VENTURE PARTNER

In 2005, the loan from a joint venture partner was unsecured and bore interest at 5% per annum.

23 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities and assets recognised by the group and company, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation $'000	Retirement benefit obligations $'000	Share-based payments $'000	Tax losses $'000	Total $'000
Group					
At April 1, 2005	3,282	-	-	-	3,282
Credit to profit and loss for the year	(1,337)	(12)	(4)	(25)	(1,378)
At March 31, 2006	1,945	(12)	(4)	(25)	1,904

23 DEFERRED TAX LIABILITIES (cont'd)

	Accelerated tax depreciation $'000	Retirement benefit obligations $'000	Share-based payments $'000	Tax losses $'000	Total $'000
Company					
At April 1, 2005	3,282	-	-	-	3,282
Credit to profit and loss for the year	(1,406)	(12)	(4)	-	(1,422)
At March 31, 2006	1,876	(12)	(4)	-	1,860

Certain deferred tax assets and liabilities have been offset in accordance with the group and company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Deferred tax liabilities	1,904	3,282	1,860	3,282

24 SHARE CAPITAL

	Group and Company			
	2006	2005	2006	2005
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	247,340,750	240,281,000	12,367	12,014
Transfer from share premium account	-	-	8,178	-
Issued during the year	-	7,059,750	-	353
At end of year	247,340,750	247,340,750	20,545	12,367

The company has one class of ordinary shares which carry no right to fixed income.

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Accordingly, any amount standing to the credit of share premium account has been transferred to the company's share capital account in the current year.

25 SHARE-BASED PAYMENTS RESERVE

Equity-settled share option scheme

The company has a share option scheme for eligible employees of the company. The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the market price prevailing on the date the options are granted. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is over a 3-year period commencing from the first anniversary of the grant as follows:

[i]	1st year	:	Up to 40%
[ii]	2nd year	:	Up to 70% (including [i] above)
[iii]	3rd year	:	100% (including [i] and [ii] above)

If the options remain unexercised after a period of 5 years and 10 years for non-executive directors and employees respectively from the date of grant, the options expire. Options are forfeited if the employee leaves the group before the options vest.

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2006		2005	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise options $
Outstanding at the beginning of the financial year	2,605,500	0.186	7,161,750	0.212
Granted during the financial year	-		2,767,500	0.186
Exercised during the financial year	-		(6,540,750)	0.212
Lapsed during the financial year	(108,000)	0.186	(783,000)	0.204
Outstanding at the end of the financial year	2,497,500	0.186	2,605,500	0.186
Exercisable at the end of the financial year	2,497,500	0.186	2,605,500	0.186

The weighted average share price at the date of exercise for share options exercised in 2005 was $0.212. The options outstanding at the end of the financial year have a weighted average remaining contractual life of 8 years (2005 : 9 years).

The 2005 options were granted on July 22, 2004. The estimated fair values of the options granted is $0.186.

25 SHARE-BASED PAYMENTS RESERVE (cont'd)

The fair values of the options granted in 2005 were calculated using the Binomial pricing model. The inputs into the model were as follows:

	Options granted in 2005
Weighted average share price	0.185
Weighted average exercise price	0.186
Expected volatility	52%
Expected life	10
Risk free rate	2.263%
Expected dividend yield	1.25%

Expected volatility was determined by calculating the historical volatility of the company's share price over the previous 6 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferrability, exercise restrictions and behavioural considerations.

The group recognised total expenses of $62,000 (2005 : $Nil) related to equity-settled share-based payment transactions during the year. No expense was recognised in 2005 as the amount is immaterial.

Cash-settled share-based payments

The group issued to certain employees share appreciation rights ("SARs") under Restricted Stock Plan that require the group to pay the intrinsic value of the SAR to the employee at the date of exercise. At March 31, 2006, the group has recorded liabilities of $54,000 (2005 : $30,000). The fair value of the SARs is determined using the Binomial pricing model using the assumptions noted above. The group and company recorded total expenses of $54,000 (2005 : $30,000) during the year in respect of SARs. At March 31, 2006, the total intrinsic value of the vested SARs was Nil (2005 :Nil).

26 REVENUE

This represents invoiced value of goods sold.

27 OTHER OPERATING INCOME

	Group	
	2006	2005
	$'000	$'000
Commission income from joint venture	48	232
Interest income		
- joint venture	-	20
- outside parties	63	20
Management fee income from joint venture	31	145
Incentive from suppliers	367	125
Others	73	3
Total	582	545

28 OTHER OPERATING EXPENSES

	Group	
	2006	2005
	$'000	$'000
Impairment of club memberships	21	-
Share option expenses	62	-
Expenses relating to share appreciation rights under Restricted Stock Plan	54	30
Total	137	30

29 FINANCE COSTS

	Group	
	2006	2005
	$'000	$'000
Interest expense on:		
- hire purchase creditors	2	2
- loan from a joint venture partner	-	20
- term loans	397	176
- bank overdraft	2	13
Total	401	211

30 GENERAL OFFER EXPENSES

In 2005, these expenses related to the professional fees incurred in respect of the general offer from ARRK Corporation to all the shareholders of the Company.

31 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging (crediting):

	Group	
	2006	2005
	$'000	$'000
Directors' remuneration:		
- of the company	1,134	1,178
- of the subsidiaries	41	20
Directors' fees	190	205
Staff costs (including directors' remuneration)	3,187	2,900
Costs of defined contribution plans included in staff costs	146	126
Net foreign exchange (gains) losses	(272)	95
Cost of inventories recognised as expense	41,763	24,118
Audit fees:		
- paid to auditors of the company	65	47
- paid to other auditors	56	38
Non-audit fees:		
- paid to auditors of the company	4	-
- paid to other auditors	8	2
Depreciation of property, plant and equipment	4,742	3,796

31 PROFIT BEFORE INCOME TAX

	Group	
	2006	2005
	$'000	$'000
Allowance for slow-moving inventories	6	50
Impairment of club membership (included in other operating expenses)	21	-

32 INCOME TAX

	Group	
	2006	2005
	$'000	$'000
Current tax		
- current year	1,174	361
- under-provision in prior years	-	5
Deferred tax		
- current year	(1,128)	(358)
- over-provision in prior year	(250)	-
Income tax (benefit) expense for the year	(204)	8

Domestic income tax is calculated at 20% (2005 : 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax (benefit) expense determined by applying the relevant jurisdiction rates to profit before income tax as a result of the following differences:

	Group	
	2006	2005
	$'000	$'000
Profit before income tax	774	1,420
Tax at the domestic income tax rate of 20%	155	284
Effect of different tax rates of subsidiaries operating in other jurisdictions	(169)	(57)
Effect of tax losses of subsidiary not recognised	251	60
Tax effect of non-taxable income	(238)	(292)
Tax effect of non-deductible expenses	39	78
(Over) Under-provision in prior years	(250)	5
Others	8	(70)
Tax (benefit) expense	(204)	8

The unutilised tax losses and unabsorbed capital allowances of the overseas subsidiaries amount to approximately $2,100,000 (2005 : $1,463,000). They are available for offset against future taxable profits subject to the agreement of the tax authorities and compliance with relevant provisions of the tax legislation of the respective countries in which the group operates. The potential deferred tax asset arising from these unutilised tax losses and unabsorbed capital allowances has not been recognised in the financial statements due to the non-predictability of future income stream.

33 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

The following reflects the income and share data used in the basic and diluted earnings per share computation for the financial year ended 31 March:

	Group	
	2006	2005
Net profit	$978,000	$1,412,000
Weighted average number of ordinary shares on issue applicable to basic earnings per share	247,340,750	246,752,447
Share options	-	192,039
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	247,340,750	246,944,486

For the purpose of calculating diluted earnings per share, the number of ordinary share in issue is adjusted to take into account the dilutive effect arising from the exercise of all outstanding share options granted to employees where such shares would be issued at a price lower than the fair value of the shares (average share price during the financial year). The difference between the number of shares to be issued at the exercise prices under the options and the number of shares that would have been issued at the fair value based on the assumed proceeds from the issue of these shares are treated as ordinary shares issued for no consideration. The number of such shares issued for no consideration is added to the number of ordinary shares outstanding in the computation of diluted earnings per share. No adjustment is made to profit after tax attributable to members of the company.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

Impact of changes in accounting policy

Changes in the group's accounting policies during the year are described in detail in Note 2 to the financial statements. To the extent that those changes have had an impact on results reported for 2006 and 2005, they have had an impact on the amounts reported for earnings per share. The following table summarises that impact on both basic and diluted earnings per share:

	Impact on basic earnings per share		Impact on diluted earnings per share	
	2006 cents	2005 cents	2006 cents	2005 cents
Recognition of share-based payments as expenses and total impact of changes in accounting policy	(0.025)	-	(0.025)	-

34 DIVIDENDS

On August 23, 2005, a dividend of 0.1 cents per share (total dividend $247,000) was paid to shareholders. In 2005, the dividend paid was 0.2 cents per share (total dividend $495,000).

In respect of the current year, the directors propose that a dividend of 0.2 cents per share will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is $495,000.

35 OPERATING LEASE ARRANGEMENTS

The group as lessee

	Group	
	2006	2005
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	857	734

At the balance sheet date, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2006	2005
	$'000	$'000
Within one year	1,888	790
After one year but not more than five years	4,691	1,302
After five years	6,314	4,783
Total	12,893	6,875

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of 10 years and rentals are fixed for an average of 10 years.

36 COMMITMENTS

	Group	
	2006	2005
	$'000	$'000
Commitments for the acquisition of property, plant and equipment	-	1,154

37 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2006	2005
	$'000	$'000
Interest rate cap:		
Notional principals	3,700	-

As at March 31, 2006, the fair value of the interest rate cap amounted to a loss of $23,000 (2005 : $Nil).

38 SEGMENT INFORMATION

Business segments

For management purposes, the group is currently organized into three operating divisions - printing, imaging and computer peripherals, consumer electronics and medical disposable, industrial products and others. These divisions are the basis on which the group reports its primary segment information.

Principal activities are as follows:

Printing, imaging and computer peripherals	-	manufacture and distribution of computer peripherals
Consumer electronics	-	manufacture and distribution of electronic consumer goods
Medical disposable, industrial products and others	-	manufacture and distribution of medical and industrial products

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

38 SEGMENT INFORMATION (cont'd)

Segment information about the group's operations is presented below.

	Printing, imaging and computer peripherals 2006 $'000	Printing, imaging and computer peripherals 2005 $'000	Consumer electronics 2006 $'000	Consumer electronics 2005 $'000	Medical disposable, industrial products and others 2006 $'000	Medical disposable, industrial products and others 2005 $'000	Consolidated total 2006 $'000	Consolidated total 2005 $'000
Business segments								
Segment revenue	48,618	36,056	4,473	3,550	4,311	4,247	57,402	43,853
Segment result	(240)	494	210	(246)	41	109	11	357
Finance costs							(401)	(211)
Share of profit of associate							-	102
General offer expenses							-	(232)
Gain on disposal of Investment in associate							-	1,462
Gain (Loss) on disposal of property, plant and equipment							1,164	(58)
Profit before income tax							774	1,420
Income tax							204	(8)
Profit for the year							978	1,412
Other information								
Capital expenditure	7,115	4,767	655	469	631	562	8,401	5,798
Depreciation and amortisation	4,016	3,121	370	307	356	368	4,742	3,796
Balance Sheet								
Segment assets	41,345	39,628	3,804	3,902	3,666	4,667	48,815	48,197
Unallocated assets							9,846	3,802
Consolidated total assets							58,661	51,999
Segment liabilities	(11,885)	(11,636)	(1,093)	(1,146)	(1,054)	(1,370)	(14,032)	(14,152)
Unallocated liabilities							(13,374)	(7,407)
Consolidated total liabilities							(27,406)	(21,559)

38 SEGMENT INFORMATION (cont'd)

	Singapore 2006 $'000	Singapore 2005 $'000	China 2006 $'000	China 2005 $'000	Thailand 2006 $'000	Thailand 2005 $'000	Malaysia 2006 $'000	Malaysia 2005 $'000	Elimination 2006 $'000	Elimination 2005 $'000	Consolidated total 2006 $'000	Consolidated total 2005 $'000
Geographical segments												
Segment revenue	35,086	23,182	7,553	13,474	10,988	5,812	9,936	1,983	(6,161)	(598)	57,402	43,853
Segment assets	57,600	48,019	8,464	9,672	12,202	6,423	9,767	4,729	(29,372)	(16,844)	58,661	51,999
Segment liabilities	(26,101)	(16,627)	(6,236)	(8,216)	(7,858)	(5,552)	(8,230)	(3,981)	21,019	12,817	(27,406)	(21,559)
											31,255	30,440
Other segment information												
Capital expenditure	2,594	1,831	187	840	4,338	1,483	3,555	2,688	(2,273)	(1,044)	8,401	5,798
Depreciation and amortisation	2,541	2,498	725	769	943	395	533	134	-	-	4,742	3,796

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. The group's secondary segmentation is by geographical segments. The above information by geographical segments is based on the location of assets.

39 ACQUISITION OF SUBSIDIARY

On June 23, 2005, the group acquired an additional 50% of the issued share capital of a joint venture, being Avaplas Nypro (Thailand) Limited ("Avaplas Nypro") for a cash consideration of $1,550,000. Subsequent to the acquisition, the joint venture became a subsidiary of the group and changed its name to Avaplas (Thailand) Limited. This transaction has been accounted for by the purchase method of accounting.

39 ACQUISITION OF SUBSIDIARY (cont'd)

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Acquiree's carrying amount before combination $'000	Fair value adjustments $'000	Fair value $'000
Net assets acquired:			
Cash and bank balances	314	-	314
Plant and equipment	2,793	-	2,793
Inventories	480	-	480
Trade receivables	1,117	-	1,117
Other receivables and prepayments	108	-	108
Amount due from a joint venture	(1,792)	-	(1,792)
Loan from a joint venture	(400)	-	(400)
Trade payables	(340)	-	(340)
Other payables and accruals	(753)	-	(753)
Amount due to bankers	(792)	-	(792)
Finance lease	(16)	-	(16)
	719	-	719
Goodwill (Note 13)			831
Total consideration, satisfied by cash			1,550
Net cash outflow arising on acquisition:			
Cash consideration paid			(1,550)
Cash and cash equivalents acquired			314
			(1,236)

The goodwill arising on the acquisition is attributable to the anticipated profitability of the subsidiary and the anticipated future operating synergies from the combination.

Avaplas Nypro contributed $6.9 million revenue and $0.7 million to the group's profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on April 1, 2005, total group revenue for the year would have been $10.3 million and profit for the year would have been $0.5 million.

40 EVENTS AFTER BALANCE SHEET DATE

Subsequent to the financial year end, the company acquired 204,275 ordinary shares in the capital of Daviscomms (S) Pte Ltd ("Daviscomms") for a purchase price of $2,277,000 and subscribed for 136,183 ordinary shares in the capital of Daviscomms for a consideration of $1,518,000 on April 26, 2006. The acquisition and subscription represent 20% of the issued and paid-up share capital of Daviscomms.

Statistics of Shareholdings

As at 26 june 2006

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	1,040	79.27	3,144,875	1.27
10,001 - 1,000,000	268	20.43	20,414,937	8.23
1,000,001 and above	4	0.30	224,380,938	90.50
TOTAL :	1,312	100.00	247,940,750	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Arrk Corporation	132,466,146	53.43
2.	Boone Quek Howe Sear	88,174,792	35.56
3.	Morgan Stanley Asia (Singpaore) Securities Pte Ltd	1,925,000	0.78
4.	OCBC Securities Private Ltd	1,815,000	0.73
5.	Citibank Nominees Singapore Pte Ltd	932,000	0.38
6.	Wong Vee Tong	840,000	0.34
7.	UOB Kay Hian Pte Ltd	832,000	0.34
8.	Chan Kah Hua	727,000	0.29
9.	Low Miew Leng	500,000	0.20
10.	United Overseas Bank Nominees Pte Ltd	489,000	0.20
11.	DBS Nominees Pte Ltd	437,000	0.18
12.	Chua Kuan Lim Charles	424,000	0.17
13.	Chua Tiem Lai	400,000	0.16
14.	Ong Fook Thim	350,000	0.14
15.	DBS Vickers Securities (S) Pte Ltd	300,000	0.12
16.	Ng Eng Seng	290,000	0.12
17.	Ong Hwee Sen	268,000	0.11
18.	Esther Ong Hwee Tze	252,000	0.10
19.	Lee Kwong Fatt	250,000	0.10
20.	Second Chance Properties Ltd	250,000	0.10
	TOTAL :	231,921,938	93.55

Substantial Shareholders as at 26 June 2006

	No of ordinary shares	
Names	Direct Interest	Deemed Interest
Boone Quek Howe Sear (note 1)	88,174,792	862,000
ARRK Corporation	132,466,146	-

Notes

1) Mr Boone Quek Howe Sear is deemed to have an interest in the 862,000 ordinary shares held by Citibank Nominees (S) Pte Ltd.

Based on information available to the Company as at 26 June 2006, approximately 10.32% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by Singapore Exchange Securities Trading is complied with.

Notice of Annual General Meeting and Notice of Books Closure Date

Notice is hereby given that the Annual General Meeting of the Company will be held on 20 July 2006 at Cube 3, Basement 1, Changi Village Hotel (Former Le Meridien Changi),1 Netheravon Road Singapore 508502 at 11.30 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and consider the directors' report and accounts for the year ended 31 March 2006 and the auditor's report thereon. **Resolution 1**

2. To re-elect Mr Ng Jwee Phuan@Frederick (Eric) who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association *[See Explanatory Note (a)]* **Resolution 2**

   To record the retirement of Mr Gay Chee Cheong, a Director retiring pursuant to Article 91 of the Company's Articles of Association, who has decided not to seek re-election.

3. To approve the proposed payment of the first and final dividend of 0.2 cents per ordinary share (tax exempt 1-tier) for the year ended 31 March 2006. **Resolution 3**

4. To approve the Directors' fees of $174,000 for the year ended 31 March 2006 (2005 : $200,000) **Resolution 4**

5. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

6. To transact any other business of the Company which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions:-

7. "That notwithstanding the provisions of the Articles of Association of the Company, pursuant to Section 161 of the Companies Act, Chapter. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby authorised to issue shares in the Company (whether by way of bonus issue, rights issue or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that: **Resolution 6**

   (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent of the total number of shares issued by the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20 percent of the total number of shares issued by the Company;

   (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of the number of shares to be issued shall be based on the total number of shares issued by the Company at the time this Resolution is passed, after adjusting for

   (a) new shares arising from the conversion or exercise of any convertible securities or employee share options or vesting of share awards that are outstanding or subsisting at the time this Resolution is passed; and

   (b) any subsequent consolidation or subdivision of shares; and

   (iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier".*[See Explanatory Note (b]*

8. "That:- **Resolution 7**

(i) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), for the Company, its subsidiaries and target associated companies [as defined in the Addendum to the Annual Report of the Company ("Addendum")], or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Addendum, with any person in the ARRK Group as described in the Addendum, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in the Addendum (the "IPT Mandate");

(ii) the IPT 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;

(iii) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(iv) the Directors of the Company be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate set out in this Notice." *[See Explanatory Note (c)]*

9. "That approval be and is hereby given to the Directors and any committee appointed by them to offer and grant, within a period of sixty (60) days from the date of this Annual General Meeting ("AGM"), on the terms of and pursuant to the Rules of the Avaplas Ltd Share Option Plan ("Share Option Plan") to Mr Boone Quek Howe Sear, options under the Share Option Plan to subscribe for 540,000 ordinary shares in the capital of the Company ("Shares") at a subscription price equal to the volume-weighted average price of the Shares for the three (3) consecutive trading days immediately preceding the date of this AGM, such options being exercisable for a period commencing on (and including) the first anniversary and ending on (and including) the tenth anniversary of the date of grant of such options, and to allot and issue Shares upon the exercise of any such options (notwithstanding that the exercise thereof or such allotment and issue may occur after the conclusion of the next or any ensuing Annual General Meeting of the Company)."*[see Explanatory Note (d)]* **Resolution 8**

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 2 August 2006 and 3 August 2006, both dates inclusive, for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Lim Associates (Pte) Ltd, 10 Collyer Quay #19-08 Ocean Building Singapore 049315, up to the close of business at 5:00 p.m. on 1 August 2006 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on 15 August 2006 to shareholders registered in the books of the Company on 1 August 2006.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

By Order Of the Board

Chuang Sheue Ling and Tan Ching Chek
Joint Company Secretaries
Dated : 4 July 2006
Singapore

Explanatory Notes:

(a) Mr Ng Jwee Phuan@Frederick (Eric), if re-elected, will remain Chairman of the Remuneration Committee and a member of both the Audit and Nomination Committees and is considered an independent director for purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(b) The proposed ordinary resolution 6 in item 7 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares in the Company up to the limit as specified in the resolution for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

(c) The proposed ordinary resolution 7 in item 8 above is to renew the annual general IPT Mandate to allow the Company, its subsidiaries and target associated companies or any of them to enter into interested person transactions on normal commercial terms and in accordance with the guidelines for interested person transactions as described on pages 4 to 6 of the Addendum. This authority will continue in force until the conclusion of the Company's next Annual General Meeting.

An independent financial adviser's opinion is not required for renewal of this general IPT mandate as the Company's Audit Committee has confirmed that

(i) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the last shareholders' approval on 28 July 2005; and

(ii) that such methods or procedures referred to in (i) above 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.

ARRK Corporation and its respective associates will abstain from voting on the proposed ordinary resolution 7 relating to the renewal of the general IPT Mandate. The ARRK Group (consisting of ARRK Corporation, its subsidiaries and associate companies and the associates of ARRK Corporation) has more than 100 member companies (which are either subsidiaries or joint ventures) located in Japan, North America, Europe and Asia.

(d) (i) The proposed ordinary resolution 8 in item 9, will empower the Directors, within 60 days from the date of the AGM, to grant an option to Mr Boone Quek Howe Sear, who is the controlling shareholder of the Company, on the terms of and pursuant to the Avaplas Ltd Share Option Plan ("Share Option Plan"), to subscribe for 540,000 ordinary shares each in the capital of the Company ("Shares") at a subscription price equal to the volume-weighted average price of the Shares for the three (3) consecutive trading days immediately preceding the date of this AGM. As this resolution relates to the authorisation for the Company to grant options to Mr Boone Quek Howe Sear, the latter and his associates will abstain from voting on this resolution at the AGM and shall decline any appointment as proxies for shareholders to vote on this resolution unless the shareholders concerned have given specific instructions in their respective proxy forms as to the manner in which their votes are to be cast in respect of this resolution. Shareholders who are employees and directors of the Company and subsidiaries and who are eligible to participate in the Share Option Plan will abstain from voting on this resolution and shall decline any appointment as proxies for shareholders to vote on this resolution unless the shareholders concerned have given specific instructions in their respective proxy forms as to the manner in which their votes are to be cast in respect of this resolution.

(d) (ii) The participation of and the grant of options to Mr Boone Quek Howe Sear have been approved by the shareholders at the Extraordinary General Meeting duly held on 23 August 2001. The basis for the participation and the grant of options to Mr Boone Quek Howe Sear has been provided in the Circular dated 7 August 2001 ("the Circular"). A copy of the Circular may be inspected at the registered office of the Company at 19 Changi South Street 1, Changi South Industrial Estate, Singapore 486779 during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

(d) (iii) Mr Boone Quek Howe Sear is currently the Chief Executive Director ("CEO") of the Company. He is also the founder of the Company and has been the Chief Executive Director of the Company since the Company's inception in March 1993. With over 20 years of experience in the plastic moulding industry, he has an in-depth knowledge of market trends and conditions. Mr Boone Quek Howe Sear is responsible for the overall strategy for business growth and corporate development of the Group. The Group's operations in the past two years faced severe competitive pressure and the Board is of the view that the CEO and his management team had performed creditably to deliver positive bottomlines. It should be noted that no profit sharing bonuses was earned by the CEO and the management in the past two years in accordance with the rules of the Company's profit sharing scheme. No stock option was granted to any employee or director last year either.

(d) (iv) In recognition of the efforts of the CEO and his management team and to motivate them to improve the Group's performance further in the coming year, the Company is proposing to grant an option to Mr Boone Quek Howe Sear to subscribe for 540,000 ordinary shares at a subscription price equal to the volume-weighted average price of the Shares for the three (3) consecutive trading days immediately preceding the date of this AGM. The number of options to be granted to Mr Boone Quek Howe Sear has been set and approved by the Remuneration Committee in accordance with Clause 2.1 of the Circular to Shareholders in relation to Avaplas Ltd Share Option Plan dated 7 August 2001, which took into consideration the value of the options to be granted, arrived at based on Blackscholes Model, relative to the total remuneration of the employee vis-a-vis competitive market practice.

(d) (v) The total remuneration (inclusive of benefits) of Mr Boone Quek Howe Sear for financial year ended 31 March 2006 is S$780,295.

(d) (vi) As at 31 March 2006, a total of 11,121,750 share options have been granted by the Company since inception of the Share Option Plan. This is within the limits of the Share Option Plan.

d (vii) As at to-date, the aggregate number of shares available to controlling shareholders and their associates have not exceeded 25% of the shares available under the Share Option Plan and the number of shares available to each controlling shareholder or his associates have not exceeded 10% of the shares available under the Share Option Plan pursuant to the Rule 845(2) and (3) of the Listing Manual.

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

Notes to Proxy Form:

(i) A member entitled to attend and vote at this meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(ii) If a proxy is to be appointed, the form must be deposited at the registered office of the Company, 19 Changi South Street 1, Changi South Industrial Estate, Singapore 486779 not less than 48 hours before the time set for the meeting.

(iii) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(iv) In the case of joint shareholders, all holders must sign the form of proxy.

This page has been intentionally left blank.

AVAPLAS LTD
Company Reg. No.: 199301788C
(Incorporated in Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

Important
1. For investors who have used their CPF monies to buy Avaplas Ltd shares, this Annual Report is sent to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is FOR USE ONLY BY MEMBERS whose shares in Avaplas Ltd are registered in their names. It is not valid for use by CPF investors and persons whose shares are not registered in their own names, and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____(Name)

of____(Address)

being a member/members of AVAPLAS LTD hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing whom, the Chairman of the meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on 20 July 2006 and at any adjournment thereof in the following manner:

Resolution No		For	Against
1.	Adoption of Reports and Accounts.		
2.	Re-election of Mr Ng Jwee Phuan@Frederick (Eric), a director retiring under Article 91.		
3.	To approve first and final dividend.		
4.	To approve Directors' Fees.		
5.	Re-appointment of Auditors and authorisation of directors to fix their remuneration.		
6.	Authority for directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
7.	To renew the Shareholders' Mandate for Interested Person Transactions		
8.	Authority for directors to grant options and issue shares to Mr Boone Quek Howe Sear under the Avaplas Ltd Share Option Plan.		

If you wish to exercise all your votes For or Against, please tick with '✓'. Alternatively, please indicate the number of votes For or Against each resolution.

If this form of proxy contains no indication as to how the proxy should vote in relation to each resolution, the proxy shall, as in the case of Any Other Business raised at the meeting, vote as the proxy deems fit.

Dated this ___________ day of ___________________ 2006.

Total No. of Shares Held	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. 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 Companies Act, Cap. 50 of Singapore), 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 that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 19 Changi South Street 1, Changi South Industrial Estate, Singapore 486779 not less than 48 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

GENERAL

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