Positioning for sustainable growth

Avaplas Ltd

2008 Annual Report

Contents

Corporate Profile

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

1993	**Mar**	Commencement of operations in a 5,000 sq. ft. factory at Techplace 1 in Ang Mo Kio.
1995	**Sept**	Awarded ISO 9002 Certification by Underwriters Laboratories Inc.
1996	**Jan**	Awarded ISO 9002 Certification by Productivity Standards Board.
	Nov	Moved to a 32,000 sq. ft. leasehold factory in Changi South Industrial Estate.
1997	**Dec**	Expansion of factory space from 32,000 sq. ft. to 48,000 sq. ft.
1999	**Apr**	Successful implementation of first stack mold project.
	Aug	Expanded to China through a 20% equity interest in a joint venture company, Univac Design & Engineering Pte Ltd.
	Nov	Ranked 27th for the first time in the 1999 Enterprise 50 Award.
2000	**May**	Listed on the SGX-SESDAQ.
2001	**Mar**	Awarded QS 9000 Certification by Underwriters Laboratories Inc.
	Sept	Expansion of factory space in Singapore from 48,000 sq. ft. to 80,000 sq. ft.
	Oct	Awarded Certified MuCell Processor by Trexel Inc. (A MIT Company).
2002	**Jan**	Incorporation of wholly-owned subsidiary, Avaplas (Thailand) Limited.
	June	Received Technology Innovation Award by Trexel Inc.
	Jul	Awarded ISO 14001 Certification by Underwriters Laboratories Inc.
	Nov	Incorporation of wholly-owned subsidiary, Avaplas Precision Plastics (Shanghai) Co., Ltd.

2003	**Jan**	Avaplas (Thailand) Limited renamed as Avaplas Nypro (Thailand) Limited after it became a 50% jointly controlled entity of the Company.
	Jun	Increased equity interest in Univac Design & Engineering Pte Ltd from 20.76% to 28.54%.
	Dec	Increased equity interest in Univac Design & Engineering Pte Ltd from 28.54%.to 30.19%.
2004	**Apr**	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	ARRK Corporation becomes a major shareholder of the Company.
	June	Incorporation of wholly-owned subsidiary, Avaplas Sdn Bhd.
2005	**June**	Acquisition of remaining 50% of the issued and paid up capital it does not already own in Avaplas Nypro (Thailand) Limited.
2006	**Mar**	Sale & leaseback of factory building at 19 Changi South Street 1
	April	Purchase of 20% interest in Daviscomms (S) Pte Ltd
	Oct	Expansion of factory space in Malaysia to 65,000 square feet
2007	**Feb**	Purchase of 30% interest in Optosem Technologies (S) Pte Ltd

Asian Presence

Extend to every customer our total commitment in meeting customer requirements and exceeding customer expectation in Service, Technology, Quality & Delivery through continual improvement in our performance.

1. China
2. Thailand
3. Malaysia
4. Singapore

Corporate Information

Board Of Directors

Executive Directors
Boone Quek Howe Sear (Chairman and Chief Executive Officer)
Wong Vee Tong (Chief Operating Officer)

Non-Executive Directors
Yoshiteru Miura

Non-Executive Independent Directors
Chia Tian Bin, David
Ng Jwee Phuan @ Frederick (Eric)
Tan Eng Heong, Jeffery

Audit Committee

Chia Tian Bin, David (Chairman)
Ng Jwee Phuan @ Frederick (Eric)
Tan Eng Heong, Jeffery

Remuneration Committee

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

Nominating Committee

Tan Eng Heong, Jeffery (Chairman)
Ng Jwee Phuan @ Frederick (Eric)
Chia Tian Bin, David

Secretaries

Tan Ching Chek
Lo Swee Oi

Registered Office

19 Changi South Street 1
Changi South Industrial Estate
Singapore 486779

Registrar

Lim Associates (Pte) Ltd
3 Church Street #08-01
Samsung Hub
Singapore 049483

Auditors

Deloitte & Touche LLP
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Audit Partner: Ho Kok Yong
(Appointed as auditor since financial year ended 31 March 2006)

Principal Bankers

The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Development Bank of Singapore Ltd
Mizuho Corporate Bank, Ltd
ABN AMRO

Message from the CEO

"*With our continuous efforts to build a solid foundation and improve on our cost-effectiveness, we are positive that we will emerge stronger and more competitive within the industry.*"

Dear Fellow Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of Avaplas Ltd for the financial year ended 31 March 2008.

A Challenging Year – FY2008 In Review

The environment under which the Group operated in FY2008 was challenging and is expected to remain so in the current financial year.

Despite our ongoing commitment to improve production efficiency and cost management, the slowing economic growth in the US and Europe, escalating oil price as well as a weakening of the US dollar undermined our efforts to improve our performance in FY2008. Group revenue decreased 1.6% to $64.1 million as major customers adopted a more cautious approach to the management of inventory amidst growing uncertainties in the global economy.

In order to respond more effectively to market challenges and further improve our competitiveness, we downsized our manufacturing operations in Singapore. However, this resulted in a one-off provision for impairment of assets and relocation costs as well as an additional payment related to staff retrenchment totalling $1.0 million. Coupled with the increase in operating costs and higher foreign exchange loss, the Group recorded a net loss of $4.2 million for the year in review.

Your directors have recommended a final tax-exempted cash dividend of 0.2 cents per share for the year ended 31 March 2008 for shareholders' approval at the forthcoming Annual General Meeting.

Restructured for a Stronger Foundation

Today's ever-changing landscape in the precision engineering industry presents both challenges and opportunities for manufacturers like Avaplas. We have to remain nimble and continue to sharpen our business strategy in order to keep abreast with the business. We believe our efforts in prior years to position the business on a stronger foundation will bear results this year, making FY2009 the beginning of an important phase for the Group.

To strengthen our cost competitiveness, we continued to right size the manufacturing operations in Singapore by transferring some of the existing projects to our lower-cost production plants in Malaysia and Thailand. There is still a final phase to this restructuring in the current year, and then we would have the correct size for Singapore.

Besides providing administrative and marketing support to the overseas operations and conducting pre-production trials, the Singapore base is positioned to embark on new capital-intensive programs that offer higher value to key customers. A successful launch of one such program will contribute positively to revenue growth from Singapore in the current financial year.

In addition, we are also planning to relocate our China operation from Shanghai to the southern part of the country, possibly in Wuxi, by the end of 2008. The new factory will be located in closer proximity to our customers to enable us to provide more timely services and better customer support. This relocation in China will also reduce our labour and rental costs, further enhancing our overall cost-effectiveness in China.

Positioning for the Next Phase of Growth

Over the last few years, we have actively broadened our geographical manufacturing footprint in Asia to grow our share of business with key customers. We also embraced new technology to meet our customers' increasingly sophisticated demand, as well as diversified into selected new businesses. In view of the emerging industry trend that favours suppliers with integrated manufacturing solutions, we acquired stakes in Daviscomm and Optosem to enhance our strength in front-end engineering design and back-end manufacturing capabilities.

To complement this growth as well as to capitalize on our improved efficiency, we are actively seeking opportunities for suitable strategic alliances and partnerships with other manufacturers in the industry. Such an initiative will help to expand the breadth and depth of our overall capabilities and speed up our goal of becoming a one-stop manufacturing solution provider to key customers. This ability to do more will help to establish closer long-term relationships with existing customers and create opportunities for new businesses. This will in turn entrench our position within the industry's supply chain.

With our continuous efforts to build a solid foundation and improve on our cost-effectiveness, we are positive that we will emerge stronger and more competitive within the industry.

Appreciation

On behalf of the Board, I would like to express my heartfelt gratitude to the management and staff of the Group for their commitment and hard work in FY2008. By continuing to work closely together, I am confident we will achieve better results in FY2009.

I also wish to record my appreciation to my fellow directors for their counsel and guidance throughout the challenging year. Finally, I wish to thank all our customers, shareholders, bankers, business associates and suppliers for their continuing support.

Boone Quek Howe Sear

Chairman & Chief Executive Officer

Business Review

BACKGROUND

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

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

REVENUE

In FY2008, group revenue decreased by a marginal 1.6% to $64.1 million. The dip was mainly due to slower demand for printing and imaging products and other computer peripherals. This business segment registered lower revenue of $55.3 million as key customers took a more conservative approach towards inventory in the wake of growing uncertainties in the global economy.

Performance of the Group's other two business segments remained healthy. Revenue from consumer electronics grew 14.2% to $6.1 million while contributions of medical disposable, industrial products & others rose 18.2% to $2.8 million.

With the exception of China, all geographical segments recorded positive revenue growth.

Singapore

In Singapore, the slow down in demand for printing and imaging products and other computer peripherals was offset by higher sales of medical disposable and increased mold-making activities. Revenue contribution amounted to $39.7 million in FY2008, an increase of $0.5 million over the revenue of $39.2 million achieved in FY2007.

During the year, the Group downsized the manufacturing operations in Singapore as escalating operating costs eroded its competitiveness. With a streamlined and more efficient structure, cost-savings can be expected as the Singapore operation focuses on higher value-added projects which are capital-intensive in nature.

Malaysia

In the second half of FY2007, the Group established a new factory and expanded the total floor space of the Malaysian operation to 65,000 square feet. Equipped with the additional manufacturing capacity, the Group stepped up efforts to secure new projects and increased its share of business with a major customer.

The level of business activities in Malaysia was further boosted by the transfer of some existing projects from Singapore during the restructuring exercise. With rising production volume, the Malaysia operation enjoyed better economies of scale and achieved revenue growth of 51.5% to $30.1 million.

Thailand

Thailand recorded a healthy increase of 13.2% in revenue from $10.1 million in FY2007 to $11.4 million in FY2008 due to higher orders from existing customers.

The Group is currently working to use the manufacturing centre as a base to support customers operating in Indo-China. In addition, new projects for customers in printing and imaging and computer peripherals are expected to commence in the current year and improve the current utilization rate of about 85% at the Thailand plant. Production capacity at the plant can be expanded to meet further increase in demand from customers. The Group expects the outlook for Thailand to remain positive in FY2009.

China

As for China, revenue decreased to $4.1 million due to weaker demand for printing and imaging and computer peripherals from customers. Its profitability was further affected by higher operating costs and a weakening of the US dollar against Renminbi.

To reduce labour and rental costs, the Group plans to relocate its existing factory in Shanghai to the southern part of China. As the new plant will be located in closer proximity to existing customers, the Group will be able to provide more timely deliveries and improve cost efficiency. With this operational advantage and the possibility of acquiring new customers, the Group expects revenue from China to improve in the current year.

PROFITABILITY

Lower revenue, rising material costs and pricing pressure contributed to a decline in gross profit by 43.0% to $3.4 million in FY2008. With the sharp hike in oil price, the Group also experienced higher general operating expenses. While rising freight rates resulted in higher distribution expenses, the expansion of the overall group manufacturing facilities, especially in Malaysia, also added to administrative expenses.

Due to the restructuring exercise in Singapore, the Group recorded a one-off provision for impairment of asset and relocation cost of $0.6 million as well as an additional payment of $0.4 million related to retrenchment. In addition, further weakening of the US dollar led to an increase in foreign exchange loss from of $0.1 million in FY2007 to $0.3 million in FY2008. As a result, the financial year ended with a net loss of $4.2 million.

Following the restructuring exercise, the Group expects the more effective allocation of resources to result in a reduction of overall operating expenses in FY2009.

Board of Directors

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 30 years experience in the precision plastic injection molding industry.

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 20 years experience in the plastic injection molding industry.

Yoshiteru Miura was appointed as a Non-Executive Director of the Company on 3 August 2004. 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 was appointed an Independent Director of the Company on 27 April 2000. He is currently a director of AXIA Equity Pte. Ltd., a firm which provides business and financial advisory services to companies in Singapore and the region. Prior to this and since 1990, he has been actively involved in the private equity and venture capital industry in Asia as a director of an investment advisory firm engaged in direct investments in the region. From 1980 to 1990, Mr Chia was engaged in providing audit and financial consulting services in Singapore and Hong Kong with an international firm of accountants. Mr Chia is also an independent director on the boards of BH Global Marine Limited and Jasper Investments Limited. Mr Chia holds a Bachelor of Accountancy (Honours) from the National University of Singapore and is a fellow of the Institute of Certified Public Accountants of Singapore.

Ng Jwee Phuan @ Frederick (Eric) has been the Principal Consultant of Chadway Management Service Pte Ltd since 1982. He is responsible for providing operational management, strategic planning and corporate finance services to companies in Singapore and the region, and advises them on their business growth and globalisation strategies, capital market activities and corporate governance issues. Mr Ng is also active in various societies and institutions, being a member of the Singapore Institute of Directors and the Singapore Human Resource Institute. He also served as District Governor for Singapore of Lions Clubs International from 2002 to 2003.

Jeffery Tan Eng Heong is an alumnus of the National University of Singapore and Northwestern University's Kellogg School of Management, Jeffery has practised international law with leading US, UK and Singapore firms. An experienced corporate commercial lawyer, he has established and led international legal and business teams as the Asia Pacific General Counsel and Assistant Secretary for leading European and US MNCs.

Over the years, Jeffery has worked on major regional corporate transactions relating to infrastructure / corporate finance, joint ventures, mergers & acquisitions, venture capital and general corporate matters. He is currently focused on managing and leading the Asian Corporate & Technology practice for DIA piper - the 2nd largest Global Law Firm.

In addition to his legal background, Jeffery has the unique experience of spending the last 5 years in a regional business capacity as president of Motorola - a leading US Telecommunications / Technology Corporation - in its Asia Pacific Headquarters based in Singapore. He is familiar with the various commercial issues concerning global / regional business, the industry and technology generally.

Jeffery serves on the Boards of the Singapore Intellectual Property Academy, Majulah Connection Organization, Avaplas Ltd and is an Advisor to the Singapore Institute of International Affairs. He is also a past Governor of the Singapore American Chamber of Commerce.

Jeffery is a full member of the Singapore Institute of Directors, serves as an exco member of the Young Presidents' Organization (YPO) and a Senior Advocate & Solicitor of the Supreme Court of Singapore and the Law Society of England & Wales.

Senior Management

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 is the Senior Finance Manager of the Company. Mr Chan joined the Company in 1999 and is responsible for the Company's financial and accounting matters. Prior to this, Mr Chan was engaged in providing audit and transaction advisory services with an international firm of accountants. Mr Chan graduated from Nanyang Technological University in 1993 and holds a Bachelor in Accountancy.

Jacqueline Tan Fang Fang joined the Company in 1999 and is currently the Senior 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.

Leslie Chang Pun Hong joined the Company in 1997 and is currently the Senior 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.

Woon Thye Hwee is the Operations Manager of our subsidiary in Malaysia. Mr Woon first joined the Company in 2001 and rejoined in 2007 after a departure of more than two years. He is currently responsible for the full operation of the Malaysia plant. Woon graduated from National Technology University and holds a Bachelor in Engineering. He was working in Shanghai, China prior to joining Avaplas and he last held the portfolio of an Operations Manager with Chosen Enterprise (Shanghai) Co., Ltd.

Victor Lo Khoon Wah was hired in 2005 and is currently the Operations Manager 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.

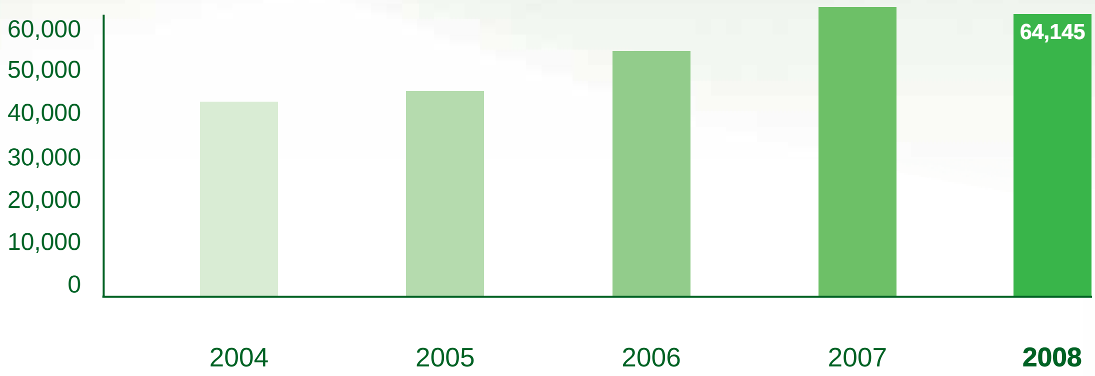
Chan Hwa Chit joined the Company in 1993 as a Production Manager. Mr Chan's area of responsibility includes production, mold testing and training of technical staff. Prior to joining the Company, Mr Chan was with NMB Singapore Ltd for eight years in the molding and tool maintenance departments. Mr Chan 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.

Abdul Rahim Bin Salleh is the 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.

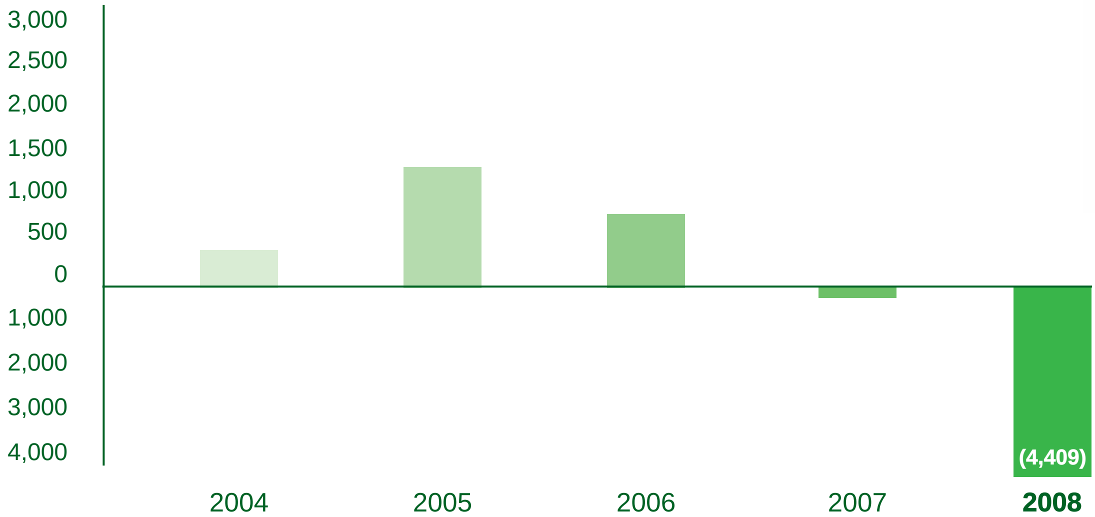
Financial Highlights

Operating Results	FY 2008	FY 2007	% Increase/ (Decrease)
Revenue (S$'000)	**64,145**	65,203	-1.62%
Loss before income tax (S$'000)	**(4,409)**	(304)	1350.33%
(Loss) Profit for the year (S$'000)	**(4,263)**	301	-1516.28%
Earnings per share (cents)	**(1.72)**	0.12	-1533.33%
Financial Position (S$'000)			
Total assets	**50,691**	58,629	-13.54%
Cash and bank balances	**6,502**	6,657	-2.33%
Amount due to bankers			
- Short term	7,241	4,181	73.19%
- Long term	3,687	6,089	-39.45%
Equity	26,651	31,358	-15.01%
Financial Ratios			
Inventory turnover (days)	35.00	36.00	-2.78%
Accounts receivable turnover (days)	62.00	82.00	-24.39%
Accounts payable turnover (days)	52.00	79.00	-34.18%
Return on average equity	-14.70%	0.96%	-1631.25%
Return on average total assets	-7.80%	0.51%	-1629.41%
Current ratio	1.27	1.43	-11.19%
Gearing ratio	0.41	0.33	24.24%
Interest coverage (times)	0	2	-100.00%
Short term debt/equity	27.17%	13.30%	104.28%
Long term debt/equity	13.83%	19.40%	-28.71%

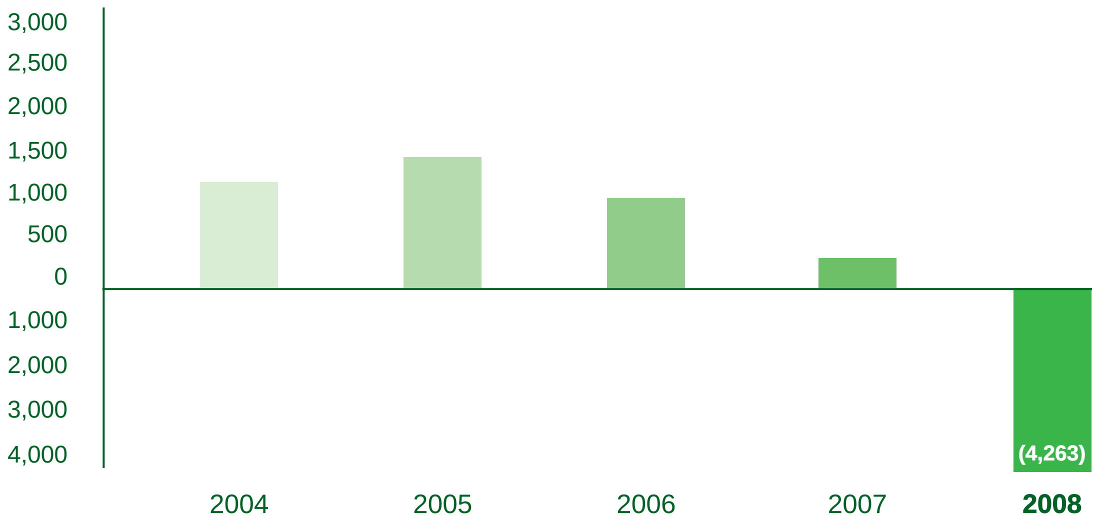
Revenue (S$'000)



Loss before income tax (S$'000)



(Loss) Profit for the year (S$'000)



Financial Contents

Corporate Governance

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 2007 to 26 June 2008, a total of 5 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 evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
5. Approving the recommended framework of remuneration for the Board and key executives; and
6 Assuming responsibility for corporate governance.

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.

Corporate Governance

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 will be 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 Guidance

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 and independent Directors, is chaired by Mr Jeffery Tan Eng Heong 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 Nominating Committee has recommended that Mr David Chia Tian Bin and Mr Eric Ng Jwee Phuan@Frederick (Eric), who are retiring at the forthcoming AGM, to be re-elected. Mr David Chia Tian Bin and Mr Eric Ng Jwee Phuan@Frederick (Eric),are retiring by rotation pursuant to Article 91 of the Company's Articles of Association.

The retiring directors have offered themselves for re-election. The Board has accepted the recommendations of the Nominating Committee.

The dates of initial appointment and last re-election of each director is set out below:

	NAME OF DIRECTORS	APPOINTMENT	DATE OF INITIAL APPOINTMENT	DATE OF LAST RE-ELECTION
1	Boone Quek Howe Sear [(1)]	Executive Chairman	26 March 1993	Not Applicable
2	Tony Wong Vee Tong	Executive Director	1 October 1999	23 July 2007
3	David Chia Tian Bin	Independent Director	27 April 2000	28 July 2005
4	Eric Ng Jwee Phuan@Frederick (Eric)	Independent Director	27 April 2000	20 July 2006
5	Jeffery Tan Eng Heong	Independent Director	20 July 2006	23 July 2007
6	Yoshiteru Miura	Non-Executive Director	3 August 2004	23 July 2007

Note:

(1) Mr Boone Quek Howe Sear is also the CEO and Managing Director and need not retire by rotation as provided by the Articles of Association.

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 Nominating Committee evaluated and is satisfied with the effectiveness of the Board taking into consideration the complementary nature of the contribution of each director and the collective nature of the contribution of the Board as a whole.

The NC also views that whilst it is important for directors to devote sufficient time and attention to the affairs of the Group, the issue relating to multiple board representations should be left to the judgment and discretion of each director. The NC believes that contributions from each director is also evidenced, apart from attendance at formal meetings in many forms, including management's access to the director for guidance, exchange of views and specialist advice outside the formal environment of the Board.

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 2007 to 26 June 2008, a total of 2 NC meetings were held. All the NC members attended the meetings.

Remuneration Committee

The Remuneration Committee ("RC") comprises three non-executive and independent Directors. 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 Jeffery Tan Eng Heong (non-executive and independent Director).

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

(1) Review 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' stock option and restricted stock plan

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 Scheme.

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 2008 are as follows:

	Salary	Bonus	Share Option	Restricted Share	Benefits	Fee	Total
	%	%	%	%	%	%	%
Directors							
Above $1,000,000							
Boone Quek Howe Sear	62	14	1	-	19	4	100
Above $500,000							
Wong Vee Tong	62	12	2	7	13	4	100
Below $250,000							
Yoshiteru Miura	-	-	-	-	-	0*	0*
David Chia Tian Bin	-	-	5	-	-	95	100
Ng Jwee Phuan@ Frederick (Eric)	-	-	5	-	-	95	100
Jeffery Tan Eng Heong	-	-	@	-	-	100	100

** Mr Yoshiteru Miura has declined to accept his directors' fees for 2006 and 2007 as it is part of ARRK Corporation's policy not to accept directors' fees from its subsidiaries and affiliate companies for its nominee directors.*

@ Negligible.

During the period from 1 April 2007 to 26 June 2008, a total of 2 RC meetings were held. All RC members attended the meetings.

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

Number of Directors in remuneration band	2008	2007
$1,000,000 and above	1	-
$500,000 and above	1	2
$250,000 to $499,999	-	-
Below $250,000	4	4
	6	6

Number of Executives in remuneration band	2008	2007
$500,000 and above	-	-
$250,000 to $499,999	1	1
Below $250,000	7	7

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 Plan can be found in the Directors' Report.

Corporate Governance

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 provides 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 Jeffery Tan Eng Heong (non-executive and independent Director).

As the members of the AC have many years of experience in accounting, banking and finance, legal 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 2007 to 26 June 2008, a total of 4 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 LLP 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 information provided to the AC, nothing has come to the AC's attention to cause the AC to believe that the system of internal controls and risks management is inadequate. The Board has appointed a professional firm 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 a professional firm providing assurance services ("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.

Risk Management

In order to identify and ascertain the risk profile for managing and mitigating risks, during the financial year, the Audit Committee has conducted, with the assistance of the Internal Auditor, an Enterprise Risk Assessment to assess the Group's overall enterprise risks. The AC has also adopted the risk management based on the recommended framework that has been developed for the Group. The framework will assist management to better manage risks in its pursuit of achieving the Company's objectives.

Whistle Blowing Service

The AC has set up, with the assistance of an outsourced, independent and anonymous external whistleblower service, confidential communication channels that provide an effective means for employees to anonymously report workplace misconduct such as theft, fraud, dishonesty, harassment, unethical behaviour and workplace safety.

This service has been rolled out in Singapore and all its overseas subsidiaries.

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 the AGM, shareholders are given the opportunity to air their views and to ask the Directors questions regarding the Company and the Group.

Corporate Governance

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 __ and __ 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)
Sales of goods and services to companies of ARRK Corporation	-	105
Sale of Club membership to a director	285	-

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, 2008.

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)

Yoshiteru Miura

Jeffery Tan Eng Heong

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 and 5 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	840,000	1,440,000	-	-
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, Boone Quek Howe Sear is deemed to have an interest in all the ordinary shares of the company's wholly owned subsidiaries.

Name of director and company in which interests are held	Shareholdings registered in name of director — At beginning of year	At end of year
Avaplas Ltd	Options to subscribe for ordinary shares	
Boone Quek Howe Sear	1,080,000	1,440,000
Wong Vee Tong	945,000	1,260,000
David Chia Tian Bin	175,500	234,000
Ng Jwee Phuan @ Frederick (Eric)	175,500	234,000
Jeffery Tan Eng Heong	-	58,500
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*
Ng Jwee Phuan @ Federick (Eric)	1*	1*
Yoshiteru Miura	1*	1*
Jeffery Tan Eng Heong	1*	1*
ARRK Corporation	Ordinary shares	
Boone Quek Howe Sear	6,000	15,200

* Held in trust on behalf of the company

The directors' interests in the shares and options of the company at April 21, 2008 were the same at March 31, 2008 with exception of Wong Vee Tong who held 2,240,000 ordinary shares at April 21, 2008.

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 for salaries, bonuses and other benefits 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
Jeffery Tan Eng Heong

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.

Awards 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 during the financial year.

(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						
Date of grant	**Balance at April 1, 2007**	**Granted**	**Exercised**	**Lapsed**	**Balance at March 31, 2008**	**Exercise price**	**Exercise period**
July 22, 2004	2,234,250	-	-	(54,000)	2,180,250	$0.186	July 22, 2005 to July 21, 2014
July 22, 2004	175,500	-	-	-	175,500	$0.186	July 22, 2005 to July 21, 2009
July 20, 2006	2,916,000	-	-	(108,000)	2,808,000	$0.100	July 20, 2007 to July 19, 2016
July 20, 2006	175,500	-	-	-	175,500	$0.100	July 20, 2007 to July 19, 2011
July 23, 2007	-	2,434,500	-	(76,500)	2,358,000	$0.180	July 23, 2008 to July 22, 2017
July 23, 2007	-	175,500	-	-	175,500	$0.180	July 23, 2008 to July 22, 2012
	5,501,250	2,610,000	-	(238,500)	7,872,750		

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 Sear	360,000	2,520,000	(1,080,000)	-	1,440,000
Wong Vee Tong	315,000	2,835,000	(1,575,000)	-	1,260,000
David Chia Tian Bin	58,500	526,500	(292,500)		234,000
Ng Jwee Phuan @ Frederick (Eric)	58,500	526,500	(292,500)	-	234,000
Jeffery Tan Eng Heong	58,500	58,500	-	-	58,500

Restricted Stock Plan

On June 10, 2005, the company approved the award of 2 million ordinary shares under the Avaplas Ltd's Restricted Stock Plan in 3 tranches to Mr Wong Vee Tong as follows:

Name of director	**Balance at April 1, 2007**	**Granted**	**Vested**	**Balance at March 31, 2008**	**Vesting period**
Wong Vee Tong	1,400,000	-	(600,000)	800,000	2006 to 2008

6 **AUDIT COMMITTEE**

The Audit Committee of the company is chaired by David Chia Tian Bin, and includes Ng Jwee Phuan @ Frederick (Eric) and Jeffery Tan Eng Heong, all of whom are non-executive directors. 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 external and 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 balance sheet and the statement of changes in equity of the company and the consolidated financial statements of the group before their submission to the directors of the company and the 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.

Report of the Directors

6 AUDIT COMMITTEE (Cont'd)

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.

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Boone Quek Howe Sear

Wong Vee Tong

July 11, 2008

Independent Auditors' Report to the members of Avaplas Ltd

We have audited the accompanying financial statements of Avaplas Ltd (the company) and its subsidiaries (the group) which comprise the balance sheets of the group and the company as at March 31, 2008, the profit and loss statement, statement of changes in equity and cash flow statement of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 76.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

a) the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are properly drawn up in accordance with the provisions of 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, 2008 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date; and

b) 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 LLP
Public Accountants and
Certified Public Accountants
Singapore

Ho Kok Yong
Partner
Appointed on August 22, 2005

July 11, 2008

Balance Sheets March 31, 2008

	Note	Group 2008	Group 2007	Company 2008	Company 2007
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	7	6,502	6,657	4,733	4,753
Trade receivables	8	10,824	14,687	10,241	12,303
Amount due from subsidiaries	9	-	-	-	759
Other receivables and prepayments	10	1,073	933	479	417
Inventories	11	5,813	5,763	1,130	1,508
Total current assets		24,212	28,040	16,583	19,740
Non-current assets					
Goodwill on consolidation	12	831	831	-	-
Property, plant and equipment	13	20,044	24,219	4,437	8,186
Subsidiaries	14	-	-	16,899	14,420
Associates	15	4,898	4,826	4,915	4,884
Club memberships	16	72	136	72	136
Amounts due from subsidiaries	9	-	-	15,613	13,503
Deferred tax assets	17	634	577	-	-
Total non-current assets		26,479	30,589	41,936	41,129
Total assets		50,691	58,629	58,519	60,869
LIABILITIES AND EQUITY					
Current liabilities					
Amount due to bankers	18	7,241	4,181	7,241	4,181
Trade payables	19	8,611	12,900	18,242	17,055
Other payables and accruals	20	3,205	2,363	2,513	1,686
Income tax payable		30	150	27	147
Total current liabilities		19,087	19,594	28,023	23,069
Non-current liabilities					
Amount due to bankers	18	3,687	6,089	3,687	6,089
Deferred tax liabilities	17	1,266	1,588	887	1,261
Total non-current liabilities		4,953	7,677	4,574	7,350
Capital and reserves					
Share capital	21	20,659	20,605	20,659	20,605
Share-based payments reserve	22	247	151	247	151
Translation reserve		(20)	77	-	-
Retained earnings		5,765	10,525	5,016	9,694
Total equity		26,651	31,358	25,922	30,450
Total liabilities and equity		50,691	58,629	58,519	60,869

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement Year ended March 31, 2008

	Note	Group 2008	Group 2007
		$'000	$'000
Revenue	23	64,145	65,203
Cost of sales		(60,745)	(59,235)
Gross profit		3,400	5,968
Other operating income	24	1,146	639
Distribution costs		(732)	(443)
Administrative expenses	25	(6,753)	(5,946)
Other operating expenses	26	(1,119)	(159)
Finance costs	27	(520)	(488)
Share of profit of associates	15	211	184
Loss on disposal of property, plant and equipment		(42)	(59)
Loss before income tax	28	(4,409)	(304)
Income tax	29	146	605
(Loss) Profit for the year		(4,263)	301
Earnings per share			
-Basic (cents)	30	(1.72)	0.12

See accompanying notes to financial statements.

Statements of Changes in Equity Year ended March 31, 2008

	Note	Share capital	Share-based payments reserve	Translation reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
<u>Group</u>						
Balance at April 1, 2006		20,545	62	(72)	10,720	31,255
Exchange differences arising on translation of foreign operations representing net income recognised directly in equity		-	-	149	-	149
Profit for the year		-	-	-	301	301
Total recognised income and expense for the year		-	-	149	301	450
Recognition of share-based payments	22	-	89	-	-	89
Dividends paid	31	-	-	-	(496)	(496)
Issue of shares	21	60	-	-	-	60
Balance as at March 31, 2007		20,605	151	77	10,525	31,358
Exchange differences arising on translation of foreign operations representing net income recognised directly in equity		-	-	(97)	-	(97)
Loss for the year		-	-	-	(4,263)	(4,263)
Total recognised income and expense for the year		-	-	(97)	(4,263)	(4,360)
Recognition of share-based payments	22	-	96	-	-	96
Dividends paid	31	-	-	-	(497)	(497)
Issue of shares	21	54	-	-	-	54
Balance as at March 31, 2008		20,659	247	(20)	5,765	26,651

Statements of Changes in Equity Year ended March 31, 2008

	Note	Share capital	Share-based payments reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000
<u>Company</u>					
Balance at April 1, 2006		20,545	62	10,892	31,499
Loss for the year		-	-	(702)	(702)
Recognition of share-based payments	22	-	89	-	89
Dividends paid	31	-	-	(496)	(496)
Issue of shares	21	60	-	-	60
Balance at March 31, 2007		20,605	151	9,694	30,450
Loss for the year		-	-	(4,181)	(4,181)
Recognition of share-based payments	22	-	96	-	96
Dividends paid	31	-	-	(497)	(497)
Issue of shares	21	54	-	-	54
Balance at March 31, 2008		20,659	247	5,016	25,922

See accompanying notes to financial statements

Consolidated Cash Flow Statement Year ended March 31, 2008

	Group	
	2008	2007
	$'000	$'000
Operating activities		
Loss before income tax	(4,409)	(304)
Adjustments for:		
Impairment of property, plant and equipment	580	-
Gain on disposal of club membership	(221)	-
Depreciation of property, plant and equipment	4,783	4,630
Expenses relating to share appreciation rights under Restricted Stock Plan	66	66
Share option expenses	96	89
Provision for retirement benefits	50	-
Interest income	(145)	(214)
Interest expense	520	488
Loss on disposal of property, plant and equipment	42	59
Share of profit of associates	(211)	(184)
Allowance for slow-moving inventories	267	1
Effects of foreign exchange rate changes	(20)	69
Operating cash flows before movements in working capital	1,398	4,700
Inventories	(317)	(2,081)
Trade receivables	3,863	(2,198)
Other receivables and prepayments	19	882
Trade payables	(4,289)	2,652
Other payables and accruals	780	(1,414)
Cash generated from operations	1,454	2,541
Income tax paid	(353)	(1,213)
Interest received	145	214
Interest paid	(520)	(488)
Net cash from operating activities	726	1,054

Consolidated Cash Flow Statement Year ended March 31, 2008

	Group	
	2008	**2007**
	$'000	$'000
Investing activities		
Dividends received from an associate	170	238
Purchase of property, plant and equipment	(1,601)	(3,833)
Associates	(31)	(4,884)
Proceeds from sale of property, plant and equipment	423	76
Net cash used in investing activities	(1,039)	(8,403)
Financing activities		
Dividends paid	(497)	(496)
Fixed deposits pledged	(2)	(20)
Payment for finance lease	-	(13)
New loans	3,190	5,310
Repayment of bank loans	(2,532)	(5,435)
Net cash from (used in) financing activities	159	(654)
Net decrease in cash and cash equivalents	(154)	(8,003)
Cash and cash equivalents at beginning of year	6,602	14,593
Effects of foreign exchange rate changes	(3)	12
Cash and cash equivalents at end of year	6,445	6,602

Cash and cash equivalents consist of:		
Cash and bank balances (Note 7)	6,502	6,657
Less: Fixed deposits pledged	(57)	(55)
Net	6,445	6,602

See accompanying notes to financial statements.

Notes to Financial Statements March 31, 2008

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 Catalist (Non-sponsored) (2007: Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System). 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 and associates are described in Note 14 and 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, 2008 were authorised for issue by the Board of Directors on July 11,2008.

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").

ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS - In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after April 1, 2007. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below and in the notes to the financial statements.

FRS 107 - Financial Instruments: Disclosures; and
Amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures.

The group has adopted FRS 107 with effect from annual periods beginning on or after April 1, 2007. The new standard has resulted in an expansion of the disclosures in these financial statements regarding the group's financial instruments. The group has also presented information regarding its objectives, policies and processes for managing capital (see Note 4) as required by the amendments to FRS 1 which are effective from annual periods beginning on or after April 1, 2007.

At the date of authorisation of these financial statements, the management has considered and anticipated that the adoption of the FRSs, INT FRSs and amendments to FRS that were in issue, but not yet effective until future periods, will not have a material impact on the financial statements of the group and the company in the period of their initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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, interests in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

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 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.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets

Loans and receivables

Trade and other receivables and amount due from subsidiaries that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits less fixed deposits pledged and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit and loss statement. Changes in the carrying amount of the allowance account are recognised in profit and loss statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by 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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Bank borrowings

Interest-bearing bank borrowings 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.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

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 swap) to hedge its interest rate risk relating to bank loans. The group does not use any financial derivative instrument to manage its foreign exchange rates exposure.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the company and not designated as at fair value through profit and loss statement is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the company measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with FRS 37, Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognition with FRS 18 Revenue.

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 lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 as 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 over their estimated useful lives which are as follows:

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

No depreciation is provided on construction-in-progress.

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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 amount of the asset and is recognised in the profit and loss statement.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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.

ASSOCIATES - An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the company's interest in that associate (which includes any long-term interests that, in substance, form part of the company's net investment in the associate) are not recognised, unless the company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

PROVISIONS - Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22. 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 the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions. At each balance sheet date, the group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled employee benefits reserve.

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-transferability, 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. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from the rendering of services that are of a short duration is recognised when the services are completed.

Rental income

Rental income is recognised on a straight line basis over the term of the relevant lease.

Interest income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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.

For Avaplas (Thailand) Limited, under Thailand labour laws, upon termination by the entity or normal retirement (reaching the retirement age), the employee is entitled to severance pay at the rates ranging from 1 to 10 months basic salary, depending on the length of the employee's service, and reserve is to be made.

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 (and tax laws) that have been enacted or substantively enacted in countries where the company and its subsidiaries operate by the balance sheet date.

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.

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 based on the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Current and deferred tax are recognised as an expense or income in the profit and loss statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and 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.

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

In the application of the entity's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the entity's accounting policies

The 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 11 to the financial statements for the carrying amount of inventories.

Impairment of property, plant and equipment

The management reviews the carrying amount of its property, plant and equipment to determine whether there is any indication of impairment in accordance with the accounting policy stated in Note 2. The recoverable amounts of the assets have been determined based on value-in-use calculations. These calculations require the use of estimates. The carrying amount of the property, plant and equipment is disclosed in Note 13 to the financial statements.

Impairment of goodwill on consolidation

Determining whether goodwill on consolidation is impaired requires an estimation of the value in use of the cash-generating units to which such goodwill has been allocated. The value-in-use calculation requires the group to estimate the future cash-flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash-flows. Management has evaluated the recoverability of the goodwill on consolidation based on such estimates and is confident that the carrying amount of such goodwill will be recovered in full. The carrying amount of goodwill on consolidation as March 31, 2008 was $831,000 (2007 : $831,000).

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

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 estimates have been changed. Please see Notes 8 and 10 to the financial statements for the carrying amount of trade receivables.

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 $16,899,000 (2007 : $14,420,000) after an impairment loss of $960,000 (2007 : $654,000) was recognised by the company for the year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the balance sheet date:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	17,732	21,628	30,947	31,593
Financial liabilities				
Amortised cost:				
Other financial liabilities	11,816	15,263	20,755	18,741
Bank borrowings	10,928	10,270	10,928	10,270

(b) *Financial risk management policies and objectives*

The management of the group monitors and manages the financial risks relating to the operations of the group to minimise adverse potential effects of financial performance. These risks include market risk (including currency risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(i) Foreign exchange risk management

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States dollars	10,791	14,951	15,261	19,187	21,024	20,271	24,010	24,179
Japanese Yen	-	131	101	28	-	131	101	28
Euro	34	572	-	-	1	504	18	17
Thai Baht	-	-	-	-	276	165	-	-

The group manages its currency exposure through natural hedging of the foreign currency assets with the liabilities.

The company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the group's profit and loss statement. A positive number below indicates an increase in profit and loss statement where the functional currency of each group entity strengthens 10% against the relevant currency. For a 10% weakening of the functional currency of each group entity against the relevant currency, there would be an equal and opposite impact on the profit and loss statement.

	US$ impact		JPY impact		Euro impact		Thai Baht impact	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit and loss	447	424	10	(10)	(3)	(57)	-	-
Company								
Profit and loss	299	391	10	(10)	2	(49)	(28)	(17)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(ii) Interest rate risk management

The group is exposed to interest rate risks due to the fluctuation of the prevailing market interest rate on bank deposits and bank borrowings which carry interest at prevailing market interest rates.

The group's interest rate risks relates primarily to its variable rate bank borrowings which are subject to negotiation on an annual basis (see Note 18). The group currently does not use any derivative contracts to hedge its exposure to interest rate risk except for the use of an interest rate swap (Note 34) to manage the interest rate risk of one of its bank loans. The management will consider hedging significant interest rate exposure should the need arise.

The group's exposures to interest rates on financial liabilities are detailed in the section on liquidity risk management set out below.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rate had been 100 basis points higher/lower and all other variables were held constant. The group's profit for the year ended March 31, 2008 would decrease/increase by $109,000 (2007 : $103,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net off any allowances for losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Note 8 and 10 respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(iv) Liquidity risk management

In the management of the liquidity risk, the group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Undrawn facilities are disclosed in Note 18 to the financial statements.

Liquidity and interest risk analyses

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Total
	%	$'000	$'000	$'000
GROUP				
2008				
Non-interest bearing	N/A	16,711	-	16,711
Variable interest rate	3%	1,021	-	1,021
2007				
Non-interest bearing	N/A	20,390	-	20,390
Variable interest rate	4%	1,238	-	1,238
COMPANY				
2008				
Non-interest bearing	N/A	14,370	-	14,370
Fixed interest rate	6%	-	15,613	15,613
Variable interest rate	3%	964	-	964
2007				
Non-interest bearing	N/A	16,148	-	16,148
Fixed interest rate	6%	759	13,503	14,262
Variable interest rate	4%	1,183	-	1,183

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Total
	%	$'000	$'000	$'000
GROUP				
2008				
Non-interest bearing	N/A	11,816	-	11,816
Variable interest rate	4.7%	7,241	3,687	10,928
2007				
Non-interest bearing	N/A	15,263	-	15,263
Variable interest rate	4.7%	4,181	6,089	10,270
COMPANY				
2008				
Non-interest bearing	N/A	20,755	-	20,755
Variable interest rate	4.7%	7,241	3,687	10,928
2007				
Non-interest bearing	N/A	18,741	-	18,741
Variable interest rate	4.7%	4,181	6,089	10,270

(v) Fair Value of Financial Assets and Financial Liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short–term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively. The fair value of derivative instruments are calculated using quoted prices.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(c) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the company, comprising paid up capital, reserves and accumulated profits.

The group's management reviews the capital structure on an on-going basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the group balances its overall capital structure through the payment of dividends and new share issues as well as the issuance of new debt or the redemption of existing debt.

The group's overall strategy remains unchanged from 2007.

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 long-term amounts due from subsidiaries (Note 9), the balance is measured at amortised cost based on prevailing market interest rate. The carrying amount approximates the fair value. The balance is expected to be repayable within 5 years.

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	
	2008	**2007**
	$'000	**$'000**
Sales of goods to related companies	(105)	-
Purchases from related companies	77	64

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	
	2008	2007
	$'000	$'000
Sale of club membership to a director	(285)	-
Sale of goods to associates	(647)	(397)
Purchase of goods and services from associates	805	27

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	
	2008	2007
	$'000	$'000
Short-term benefits	3,248	2,553
Post-employment benefits	103	76
Termination benefits	38	-
Share-based payments	113	103
	3,502	2,732

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash at bank	5,472	5,410	3,766	3,567
Fixed deposits	1,021	1,238	964	1,183
Cash on hand	9	9	3	3
Total	6,502	6,657	4,733	4,753

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.

7 CASH AND BANK BALANCES (Cont'd)

Fixed deposits bear interest at an average rate of 3% (2007 : 4%) per annum and are for a tenure of approximately 7 days (2007 : 7 days).

Fixed deposits of $57,000 (2007: $55,000) 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 follows:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
United States dollars	5,784	5,672	4,493	4,185
Japanese yen	101	28	101	28

8 TRADE RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Outside parties	10,719	14,577	5,637	8,440
Subsidiaries (Note 14)	-	-	4,499	3,753
Associate (Note 15)	105	110	105	110
	10,824	14,687	10,241	12,303

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
United States dollars	9,477	13,427	9,127	11,580
Euro	-	-	18	17

The group's and company's average credit period on sales of goods is 45 to 60 days (2007: 45 to 60 days). No interest is charged on the overdue trade receivables.

Included in the group's trade receivables balance are debtors with a carrying amount of $1,372,000 (2007 : $4,629,000) which are past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The group does not hold any collateral over these balances. The average age of these receivables are 62 days. (2007 : 82 days).

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the directors believe that no allowance for doubtful debts is required.

8 TRADE RECEIVABLES (Cont'd)

The table below is an analysis of trade receivables as at balance sheet date:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Not past due and not impaired	9,452	10,058	4,600	6,744
Past due but not impaired (i)	1,372	4,629	5,641	5,559
Total	10,824	14,687	10,241	12,303

(i) Ageing of receivables that are past due but not impaired:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
- 60 days to 90 days	1,055	3,501	1,340	2,071
- 91 days to 180 days	281	1,115	186	919
- >180 days	36	13	4,115	2,569
	1,372	4,629	5,641	5,559

9 AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2008	2007
	$'000	$'000
Interest bearing short-term loan (i)	-	759
Interest free long-term loans (ii)	15,613	13,503
	15,613	14,262

(i) In 2007, the amount due from a subsidiary was non-trade in nature, unsecured, bore interest at 6% per annum, repayable upon demand and denominated in United States dollars. This amount was settled during the year.

(ii) As at the end of the financial year, the Company provided interest free loans totalling $20,894,000 (2007 : $18,266,000) to its subsidiaries. These loans are discounted at the prevailing interest rate of 6% (2007 : 6%) at inception and based on the expected repayment at the end of the fifth year to derive the fair value of these loans. The difference of $7,338,000 (2007 : $6,147,000) between the fair value of the loans granted and the principal amount of the loans has been recognised as a deemed capital contribution in the subsidiaries (Note 14).

The company's amount due from subsidiaries that are not denominated in its functional currency are as follows:

	Company	
	2008	2007
	$'000	$'000
United States Dollars	10,390	8,414

10 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Security deposits	472	498	56	75
Prepayments	195	151	63	67
Recoverables	-	81	-	72
Amount due from a director	285	-	285	-
Others	121	203	75	203
Total	1,073	933	479	417

In 2008, the amount due from a director is unsecured, interest-free and relates to the consideration payable by the director for the purchase of club membership from the company.

In 2007, recoverables which were unsecured and interest-free related to cost incurred on behalf of customers. These were repayable on demand and were settled during the year.

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
United States dollars	-	88	-	-

11 INVENTORIES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Finished products, at cost	3,452	2,611	1,087	1,082
Less: Allowance for slow-moving inventories	(325)	(58)	(251)	(39)
Finished products, at net realisable value	3,127	2,553	836	1,043
Raw materials, at cost	2,632	3,137	278	436
Packing materials and supplies, at cost	54	73	16	29
Total	5,813	5,763	1,130	1,508

The group's and company's cost of inventories recognised as an expense includes $267,000 and $212,000 respectively (2007 : $1,000 and Nil respectively) in respect of write-downs of inventory to net realisable value.

12 GOODWILL ON CONSOLIDATION

	Group	
	2008	**2007**
	$'000	$'000
Cost:		
Arising on acquisition of additional equity interest in a subsidiary	831	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	
	2008	**2007**
	$'000	$'000
Printing, imaging and computer peripherals:		
Avaplas (Thailand) Limited (single CGU)	831	831

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

The recoverable amount is 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 10% (2007 : 10% to 12%) per annum.

The rate used to discount the forecast cash flows is 9.5% (2007: 4.0%).

Management is of the view that no impairment loss is required.

13 PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and tools	Automation equipment and computer	Furniture and fittings	Office equipment	Renovation	Motor vehicles	Construction -in -progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost:								
At April 1, 2006	31,493	3,832	3,154	1,634	3,355	1,234	-	44,702
Additions	2,319	220	760	18	318	198	-	3,833
Exchange differences	101	18	4	(2)	28	2	-	151
Disposals	(76)	(15)	(321)	(1)	(336)	(124)	-	(873)
At March 31, 2007	33,837	4,055	3,597	1,649	3,365	1,310	-	47,813
Additions	903	103	143	28	136	-	288	1,601
Exchange differences	(68)	(2)	(27)	-	2	1	-	(94)
Disposals	(589)	-	-	(18)	-	-	-	(607)
At March 31, 2008	34,083	4,156	3,713	1,659	3,503	1,311	288	48,713
Accumulated depreciation:								
At April 1, 2006	13,746	2,042	1,180	829	1,145	479	-	19,421
Depreciation	3,173	402	330	161	449	115	-	4,630
Exchange differences	54	10	3	(1)	13	1	-	80
Eliminated on disposals	(59)	(14)	(219)	(1)	(182)	(62)	-	(537)
At March 31, 2007	16,914	2,440	1,294	988	1,425	533	-	23,594
Depreciation	3,300	362	376	153	471	121	-	4,783
Exchange differences	(12)	-	(6)	-	(3)	1	-	(20)
Eliminated on disposals	(251)	-	-	(17)	-	-	-	(268)
At March 31, 2008	19,951	2,802	1,664	1,124	1,893	655	-	28,089
Accumulated impairment losses:								
At April 1, 2006 and March 31, 2007	-	-	-	-	-	-	-	-
Impairment loss recognised during the year	-	-	-	-	580	-	-	580
At March 31, 2008	-	-	-	-	580	-	-	580
Carrying amount:								
At March 31, 2008	14,132	1,354	2,049	535	1,030	656	288	20,044
At March 31, 2007	16,923	1,615	2,303	661	1,940	777	-	24,219

13 PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and tools	Automation equipment and computer	Furniture and fittings	Office equipment	Renovation	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company							
Cost:							
At April 1, 2006	13,285	1,912	2,205	1,497	810	878	20,587
Additions	916	151	81	14	180	198	1,540
Disposals	(76)	(15)	(321)	(1)	(336)	(124)	(873)
Transfer to subsidiaries	(2,906)	(123)	(22)	-	(1)	-	(3,052)
At March 31, 2007	11,219	1,925	1,943	1,510	653	952	18,202
Additions	502	71	57	15	84	-	729
Disposals	(589)	-	-	(18)	-	-	(607)
Transfer to subsidiaries	(4,601)	(477)	-	-	-	-	(5,078)
At March 31, 2008	6,531	1,519	2,000	1,507	737	952	13,246
Accumulated depreciation:							
At April 1, 2006	6,507	1,097	1,043	780	355	380	10,162
Depreciation	1,139	192	212	141	76	81	1,841
Eliminated on disposals	(59)	(14)	(219)	(1)	(182)	(62)	(537)
Transfer to subsidiaries	(1,398)	(43)	(9)	-	-	-	(1,450)
At March 31, 2007	6,189	1,232	1,027	920	249	399	10,016
Depreciation	934	155	207	132	70	87	1,585
Eliminated on disposals	(251)	-	-	(17)	-	-	(268)
Transfer to subsidiaries	(2,609)	(295)	-	-	-	-	(2,904)
At March 31, 2008	4,263	1,092	1,234	1,035	319	486	8,429
Accumulated impairment losses:							
At April 1, 2006 and March 31, 2007	-	-	-	-	-	-	-
Impairment loss recognised during the year	-	-	-	-	380	-	380
At March 31, 2008	-	-	-	-	380	-	380
Carrying amount:							
At March 31, 2008	2,268	427	766	472	38	466	4,437
At March 31, 2007	5,030	693	916	590	404	553	8,186

14 SUBSIDIARIES

	Company 2008	Company 2007
	$'000	$'000
Unquoted equity shares, at cost	12,712	10,464
Deemed interests	7,338	6,147
	20,050	16,611
Less: Impairment loss	(3,151)	(2,191)
Total	16,899	14,420

The deemed interests in subsidiaries relate to amounts due from subsidiaries for which the subsidiaries have no contractual obligation to repay the company. The eventual repayment of the deemed interest amount is at the discretion of the subsidiaries.

The details of the subsidiaries at March 31, 2008 are as follows:

Name of company	Percentage of equity and voting rights held		Cost of investment		Country of incorporation/ operations	Principal activities
	2008	2007	2008	2007		
	%	%	$'000	$'000		
Avaplas Precision Plastics (Shanghai) Co., Ltd [(1)]	100	100	4,710	4,684	People's Republic of China	Precision engineering plastic injection moulding
Avaplas Sdn Bhd [(2)]	100	100	8,365	4,968	Malaysia	Precision engineering plastic injection moulding
Avaplas (Thailand) Limited [(3)]	100	100	6,975	6,959	Thailand	Precision engineering plastic injection moulding
			20,050	16,611		

As at March 31, 2007, the carrying value of investment in Avaplas Precision Plastics (Shanghai) Co., Ltd was $3,146,000. The company carried out a review of the value-in-use of the investment based on 5 years cash flow projections with a discount rate of 4.0% and determined it to be $2,492,000. Accordingly, an impairment loss amounting to $654,000 was recognised in the profit and loss statement. No impairment loss is required for Avaplas Sdn Bhd and Avaplas (Thailand) Limited as their values-in-use are higher than their carrying values.

As at March 31, 2008, the carrying value of investment in Avaplas Precision Plastics (Shanghai) Co., Ltd was $2,519,000. The company carried out a review of the value-in-use of the investment based on 5 years cash flow projections with a discount rate of 9.5% and determined it to be $1,559,000. Accordingly, an impairment loss amounting to $960,000 was recognised in the profit and loss statement. No impairment loss is required for Avaplas Sdn Bhd and Avaplas (Thailand) Limited as their values-in-use are higher than their carrying values.

(1) Audited by Deloitte Touche Tohmatsu, Shanghai.
(2) Audited by Deloitte Kassimchan, Malaysia.
(3) Audited by Ernst & Young, Office Limited Bangkok, Certified Public Accountants, Thailand.

15 ASSOCIATES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	4,915	4,884	4,915	4,884
Share of post acquisition reserves, net of dividends received	(17)	(58)	-	-
	4,898	4,826	4,915	4,884

The details of the associates at March 31, 2008 are as follows:

Name of company	Percentage of equity and voting rights held		Cost of investment		Country of incorporation/ operations	Principal activities
	2008	2007	2008	2007		
	%	%	$'000	$'000		
Daviscomms (S) Pte Ltd [1]	20	20	3,847	3,847	Singapore	Design and manufacturing of telecommunication products
Optosem Technologies (S) Pte Ltd [2]	30	30	1,068	1,037	Singapore	Manufacture of molds, dies and fixtures
			4,915	4,884		

(1) Audited by Chan Hock Seng & Co., Singapore.

(2) Audited by Audit Alliance, Singapore.

In 2007, the financial statements of Daviscomms (S) Pte Ltd and Optosem Technologies (S) Pte Ltd were made up to December 31, 2006. For the purpose of applying the equity method of accounting, the audited financial statement of Daviscomms (S) Pte Ltd and Optosem Technologies (S) Pte Ltd for the year ended December 31, 2006 were used, and appropriate adjustments were made for the effects of significant transactions between that date and March 31, 2007.

During the financial year, Optosem Technologies (S) Pte Ltd changed its financial year end from December 31 to March 31. For the purpose of applying the equity method of accounting:

i) the audited financial statement of Daviscomms (S) Pte Ltd for the year ended December 31, 2007 were used, and appropriate adjustments have been made for the effects of significant transactions between that date and March 31, 2008; and

ii) the audited financial statements of Optosem Technologies (S) Pte Ltd for the period January 1, 2007 to March 31, 2008 were used for the purpose of applying the equity method of accounting, with appropriate adjustments made for the 3-month results from January 1 to March 31, 2007 used for the equity method of accounting in 2007.

15 ASSOCIATES (Cont'd)

Summarised financial information in respect of the group's associates is set out below:

	2008	2007
	$'000	$'000
Total assets	14,368	14,978
Total liabilities	(3,722)	(4,603)
Net assets	10,646	10,375
Group's share of associates' net assets	2,278	2,247
Revenue	28,976	19,534
Profit for the year	1,034	866
Group's share of associates' profit for the year	211	184

As at March 31, 2008, the carrying value of investment in its associates was $4,898,000 (2007: $4,826,000). The group carried out a review of the value-in-use of the investment based on 5 years cash flow projections with a discount rate of 9.5% (2007: 4.0%). No impairment loss is required as their values-in-use are higher than their carrying values.

16 CLUB MEMBERSHIPS

	Group and Company	
	2008	2007
	$'000	$'000
Club memberships, at cost	163	163
Less: Impairment loss	(27)	(27)
Less: Disposal during the year	(64)	-
Total	72	136
Market value	150	288

17 DEFERRED TAX

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	Reinvestment allowance	Retirement benefit obligations	Share-based payments	Tax losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
At April 1, 2006	1,945	-	(4)	(12)	(25)	1,904
Credit to profit and loss	(323)	(359)	(14)	12	(209)	(893)
At March 31, 2007	1,622	(359)	(18)	-	(234)	1,011
Credit to profit and loss	(316)	(58)	(5)	-	-	(379)
At March 31, 2008	1,306	(417)	(23)	-	(234)	632

17 DEFERRED TAX (Cont'd)

	Accelerated tax depreciation	Reinvestment allowance	Retirement benefit obligations	Share-based payments	Tax losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
At April 1, 2006	1,876	-	(4)	(12)	-	1,860
Credit to profit and loss	(597)	-	(14)	12	-	(599)
At March 31, 2007	1,279	-	(18)	-	-	1,261
Credit to profit and loss	(373)	-	(1)	-	-	(374)
At March 31, 2008	906	-	(19)	-	-	887

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deferred tax assets	634	577	-	-
Deferred tax liabilities	(1,266)	(1,588)	(887)	(1,261)
	(632)	(1,011)	(887)	(1,261)

18 AMOUNT DUE TO BANKERS

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Amount due to bankers	10,928	10,270	10,928	10,270
The borrowings are repayable as follows:				
On demand or within one year	7,241	4,181	7,241	4,181
In the second year	2,051	2,181	2,051	2,181
In the third year	1,636	2,181	1,636	2,181
In the fourth year	-	1,727	-	1,727
	10,928	10,270	10,928	10,270
Less: Amount due for settlement within 12 months (shown under current liabilities)	(7,241)	(4,181)	(7,241)	(4,181)
Amount due for settlement after 12 months	3,687	6,089	3,687	6,089

18 AMOUNT DUE TO BANKERS (Cont'd)

As at March 31, 2008, the group and company have the following bank facilities:

(a) Unsecured term loans amounting to $5,190,000 (2007: $2,000,000) have an original maturity of 3 months or less. Interest rate ranges from 1.72 % to 3.43% (2007: 3.8% to 3.89%) per annum.

(b) Unsecured term loans amounting to $2,220,000 (2007: $2,960,000) are repayable over 10 half-yearly instalments commencing from June 2006 to December 2010. Interest is 1.43% above Swap Offer Rate (SOR) TELERATE per annum and capped at maximum of 3.30% per annum. Effective interest rates ranged from 4.126% per annum to 4.73% per annum.

(c) Unsecured term loans amounting to $2,656,000 (2007: $3,982,000) are repayable over 16 quarterly instalments commencing from January 2007 to August 2010. Interest rate is 0.6% per annum above the Singapore Inter-Bank Offer Rate (SIBOR). Effective interest rates ranged from 5% per annum to 5.96% per annum.

(d) Unsecured term loans amounting to $862,000 (2007:$1,328,000) are repayable over 16 quarterly instalments commencing from December 2006 to September 2010. Interest rate is 0.6% per annum above the lenders cost of funds. Effective interest rate ranged from 5.69% per annum to 5.96% per annum.

(e) The above amounts due to bankers arranged at floating rates expose the group and the company 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 follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
United States dollars	4,208	5,310	4,208	5,310

The average effective interest rates for the year were as follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
Term loans	3.2%	4.9%	3.2%	4.9%

The fair values of the above bank loans are estimated by discounting their future cash flows at the prevailing market borrowing rates at the balance sheet date. The carrying amounts of the bank loans approximates to their fair values.

At March 31, 2008, the group had available $8,440,000 (2007 : $11,640,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

19 TRADE PAYABLES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Outside parties	8,468	12,896	3,666	5,234
Subsidiaries (Note 14)	-	-	14,459	11,817
Associate (Note 15)	117	4	117	4
Related companies (Note 5)	26	-	-	-
Total	8,611	12,900	18,242	17,055

The average credit period on purchases of goods is 45 days (2007 : 45 days).

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
United States dollars	6,583	9,641	16,816	14,961
Singapore dollars	100	50	-	-
Euro	34	572	1	504
Japanese yen	-	131	-	131
Thai Baht	-	-	276	165

20 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Related company (Note 5)	10	39	-	-
Accruals	2,518	2,273	1,886	1,652
Provision for retirement benefits for a subsidiary	50	17	-	-
Other payables	627	34	627	34
Total	3,205	2,363	2,513	1,686

The average credit period of the other payables is 30 days (2007 : 30 days).

21 SHARE CAPITAL

	Group and Company			
	2008	2007	2008	2007
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	247,940,750	247,340,750	20,605	20,545
Issued during the year	600,000	600,000	54	60
At end of year	248,540,750	247,940,750	20,659	20,605

The company has one class of ordinary shares which have no par value and carry no right to fixed income. During the year, the company issued 600,000 shares (2007 : 600,000 shares) to a director under the Restricted Stock Plan at $0.09 per share (2007 : $0.10 per share).

22 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 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			
	2008		2007	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise options
	$		$	
Outstanding at the beginning of the financial year	5,501,250	0.138	2,497,500	0.186
Granted during the financial year	2,610,000	0.180	3,091,500	0.100
Lapsed during the financial year	(238,500)	0.145	(87,750)	0.186
Outstanding at the end of the financial year	7,872,750	0.152	5,501,250	0.138
Exercisable at the end of the financial year	3,549,150		1,686,825	

The options outstanding at the end of the financial year have a weighted average remaining contractual life of 8 years (2007 : 8 years).

The 2008 options were granted on July 23, 2007 (2007 : July 20, 2006). The estimated fair values of the options granted is $0.006 (2007 : $0.10).

The fair values of the options granted in 2008, and 2007 were calculated using the Binomial pricing model. The inputs into the model were as follows:

	Options granted in	
	2008	2007
Weighted average share price ($)	0.14	0.075
Weighted average exercise price ($)	0.18	0.10
Expected volatility	53%	52%
Expected life	10	10
Risk free rate	2.60%	2.54%
Expected dividend yield	2.06%	1.79%

22 SHARE-BASED PAYMENTS RESERVE (Cont'd)

Expected volatility was determined by calculating the historical volatility of the company's share price over the previous 7 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The group recognised total expenses of $96,000 (2007: $89,000) related to equity-settled share-based payment transactions during the year.

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, 2008, the group has recorded liabilities of $40,000 (2007: $60,000). 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 $66,000 (2007: $66,000) during the year in respect of SARs. At March 31, 2008, the total intrinsic value of the vested SARs was Nil (2007 : Nil). Please see paragraph 5(c) of the Report of the directors for more details of the Restricted Stock Plan.

23 REVENUE

This represents invoiced value of goods sold.

24 OTHER OPERATING INCOME

	Group	
	2008	**2007**
	$'000	$'000
Interest income	145	214
Rental income	570	190
Incentive and claims from suppliers	68	91
Rectification costs written back	-	50
Gain on disposal of club membership to a director	221	-
Others	142	94
Total	1,146	639

25 ADMINISTRATIVE EXPENSES

	Group	
	2008	**2007**
	$'000	$'000
Directors' remuneration	1,623	1,373
Directors' fees	200	204
Salaries and benefits	2,085	2,070
Transport and travelling expenses	603	437
Professional fees	675	392
Depreciation	313	325
Foreign exchange loss	337	116
Others	917	1,029
Total	6,753	5,946

26 OTHER OPERATING EXPENSES

	Group	
	2008	2007
	$'000	$'000
Impairment of property, plant and equipment	580	-
Retrenchment benefits	327	-
Share option expenses (Note 22)	96	89
Expenses relating to share appreciation rights under Restricted Stock Plan (Note 22)	66	66
Others	50	4
Total	1,119	159

27 FINANCE COSTS

	Group	
	2008	2007
	$'000	$'000
Interest expense on:		
- amount due to bankers	518	482
- bank overdrafts	2	6
Total	520	488

28 LOSS BEFORE INCOME TAX

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

	Group	
	2008	2007
	$'000	$'000
Directors' remuneration:		
- of the company	1,575	1,327
- of the subsidiaries	48	46
Directors' fees	200	204
Staff costs (including directors' remuneration)	11,217	10,356
Costs of defined contribution plans included in staff costs	589	519
Net foreign exchange losses	337	116
Cost of inventories recognised as expense	60,745	59,235
Audit fees:		
- paid to auditors of the company	96	85
- paid to other auditors	75	98
Non-audit fees:		
- paid to auditors of the company	27	35
- paid to other auditors	13	14
Allowance for slow-moving inventories	267	1
Impairment loss on property, plant and equipment	580	-
Depreciation of property, plant and equipment recorded in:		
- cost of sales	4,470	4,305
- administrative expenses	313	325
Loss on disposal of property, plant and equipment	42	59

29 INCOME TAX

	Group	
	2008	2007
	$'000	$'000
Current tax:		
- current year	26	130
- underprovision in prior years	207	158
Deferred tax:		
- current year	(379)	(597)
- overprovision in prior year	-	(296)
Income tax benefit for the year	(146)	(605)

Domestic income tax is calculated at 18% (2007: 18%) 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 benefit varied from the amount of income tax benefit determined by applying the relevant jurisdiction rates to loss before income tax as a result of the following differences:

	Group	
	2008	2007
	$'000	$'000
Loss before income tax	(4,409)	(304)
Tax benefit at the domestic income tax rate of 18% (2007 : 18%)	(794)	(55)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(120)	(549)
Effect of tax losses of subsidiary not recognised	144	105
Effect of share of results of associates	(46)	(40)
Tax effect of non-taxable income	(31)	(43)
Tax effect of non-deductible expenses	254	102
Under/(Over) provision in prior years	207	(138)
Others	240	13
Tax benefit	(146)	(605)

Subject to the agreement by the tax authorities in the relevant foreign tax jurisdictions in which the group operates and conditions imposed by law, the group has tax losses carryforwards and reinvestment allowances available for offsetting against future taxable income as detailed below.

	Tax losses	Reinvestment allowances	Total
	$'000	$'000	$'000
Group			
At April 1, 2006	804	1,184	1,988
Arising during the year	584	2,161	2,745
At March 31, 2007	1,388	3,345	4,733
Arising during the year	800	1,600	2,400
At March 31, 2008	2,188	4,945	7,133

29 INCOME TAX (Cont'd)

	Tax losses	Reinvestment allowances	Total
	$'000	$'000	$'000
Group			
As at March 31, 2007:			
Deferred tax benefit recognised (Note 17)	234	359	593
Deferred tax benefit not recorded	44	505	549
Total	278	864	1,142
As at March 31, 2008:			
Deferred tax benefit recognised (Note 17)	234	417	651
Deferred tax benefit not recorded	104	847	951
Total	338	1,264	1,602

Deferred tax assets have been recognised in respect of $233,000 (2007 : $1,328,000) of reinvestment allowances and $Nil (2007 : $772,000) of tax losses. No deferred tax asset has been recognised in respect of the above tax losses and reinvestment allowance of $3,384,000 (2007: $2,017,000) and tax losses of $800,000 (2007 : $584,000) due to the unpredictability of future profit streams of the relevant subsidiaries (Note 14).

30 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the (loss) 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 March 31:

	Group	
	2008	2007
(Loss) Profit for the year	($4,263,000)	$301,000
Weighted average number of ordinary shares on issue applicable to basic earnings per share	248,490,750	247,890,750

There is no diluted earnings per share as the effect is anti-dilutive.

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.

31 DIVIDENDS

During the financial year, a dividend of 0.2 cents per share (total dividend $497,000) was paid to shareholders in respect of the previous year's proposed dividend. In 2007, the dividend paid was 0.2 cents per share (total dividend $496,000).

In respect of the current financial year, the directors propose that a dividend of 0.2 cents per share 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 $497,000.

32 OPERATING LEASE ARRANGEMENTS

The group as lessor

The group sub-leases its rented property in Singapore under operating leases to a third party. Property rental income earned during the year was $570,000 (2007 : $190,000).

At the balance sheet date, the group has contracted with its tenants for the following future minimum lease payments:

	Group	
	2008	**2007**
	$'000	$'000
Within one year	333	570
In the second to fifth years inclusive	-	333
Total	333	903

Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

The group as lessee

	Group	
	2008	**2007**
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	2,247	1,960

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Within one year	2,085	1,983	1,150	1,128
After one year but not more than five years	5,299	5,314	4,828	4,738
After five years	3,856	5,096	3,856	5,096
Total	11,240	12,393	9,834	10,962

Operating lease payments represent rentals payable by the group and company for certain of its office properties. Leases are negotiated for an average term of 4 years and rentals are fixed for an average of 4 years.

33 COMMITMENTS

	Group	
	2008	**2007**
	$'000	$'000
Commitments for the acquisition of property, plant and equipment	518	35

34 DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the group and company enter into interest rate swap to manage its exposure to interest rate movements on its bank borrowings.

As at balance sheet date, the fair value of the outstanding interest rate swap is not recorded in the financial statements as management has evaluated the fair value of the outstanding interest rate swap and determined that it is not material.

The outstanding interest rate swap contract which the group and company have committed is as follows:

	Group and Company	
	2008	**2007**
	$'000	$'000
Interest rate swap:		
Notional principals	2,220	2,960
Fair value liability not recorded	23	35

35 CONTINGENT LIABILITIES (UNSECURED)

	2008	**2007**
	$'000	$'000
Financial guarantees issued for an associate (Note 5)	333	-

The management has evaluated the financial guarantees issued and determined that the aggregate fair value of these financial guarantees is not material.

36 SEGMENT INFORMATION

Business segments

For management purposes, the group is currently organised 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.

36 SEGMENT INFORMATION (Cont'd)

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.

Investments in associates: Income from associates are allocated as they are specifically attributable to business segments, and correspondingly the investments in associates are included as segment assets of the group.

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

	Printing, imaging and computer peripherals		Consumer electronics		Medical disposable, industrial products and others		Consolidated total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Business segments								
Segment revenue	55,283	57,523	6,055	5,304	2,807	2,376	64,145	65,203
Segment results	(3,921)	(176)	9	207	(146)	28	(4,058)	59
Finance costs							(520)	(488)
Share of profit of associates							211	184
Loss on disposal of property, plant and equipment	(36)	(52)	(4)	(5)	(2)	(2)	(42)	(59)
Loss before income tax							(4,409)	(304)
Income tax							146	605
(Loss) Profit for the year							(4,263)	301
Other information								
Capital expenditure	1,380	3,382	151	312	70	139	1,601	3,833
Depreciation	4,123	4,085	451	377	209	168	4,783	4,630
Impairment allowance on inventories	231	1	25	-	11	-	267	1
Impairment of property, plant and equipment	500	-	55	-	25	-	580	-
Balance Sheet								
Segment assets	38,923	46,956	4,263	4,330	1,977	1,940	45,163	53,226
Unallocated assets							5,528	5,403
Total							50,691	58,629
Segment liabilities	(10,184)	(13,465)	(1,115)	(1,242)	(517)	(556)	(11,816)	(15,263)
Unallocated liabilities							(12,224)	(12,008)
Total							(24,040)	(27,271)

36 SEGMENT INFORMATION (Cont'd)

Geographical segments

The group's operations are located in Singapore, Malaysia, Thailand and the People's Republic of China.

The following table provides an analysis of the group's sales by geographical market, irrespective of the origin of the goods/services.

	Group Sales revenue by geographical market	
	2008	**2007**
	$'000	$'000
Singapore	23,336	28,091
Malaysia	25,330	18,969
Thailand	11,354	10,050
People's Republic of China	4,125	8,093
	64,145	65,203

The following is an analysis of the carrying amounts of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

	Group			
	Carrying amounts of segment assets		Additions to property, plant and equipment	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Singapore	22,632	29,207	729	1,541
Malaysia	15,721	15,527	638	1,889
Thailand	6,600	6,829	35	339
People's Republic of China	5,738	7,066	199	64
	50,691	58,629	1,601	3,833

Statement by 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 76 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, 2008, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the 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

Date: July 11, 2008

Statistics of Shareholdings

AS AT 25 JUNE 2008

Class of Shares	:	Ordinary Shares ("Shares")
Number of Ordinary Shares	:	249,340,750
Voting Rights	:	One vote per ordinary share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	1	0.08	50	0.00
1,000 - 10,000	981	78.92	2,926,875	1.17
10,001 - 1,000,000	256	20.60	19,693,887	7.90
1,000,001 and above	5	0.40	226,719,938	90.93
TOTAL :	1,243	100.00	249,340,750	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Arrk Corporation	132,466,146	53.13
2.	Boone Quek Howe Sear	88,174,792	35.36
3.	Wong Vee Tong	2,240,000	0.90
4.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,925,000	0.77
5.	Seet Christina	1,914,000	0.77
6.	Citibank Nominees Singapore Pte Ltd	932,000	0.37
7.	Chua Kuan Lim Charles	827,000	0.33
8.	Lim & Tan Securities Pte Ltd	801,000	0.32
9.	Chan Kah Hua	717,000	0.29
10.	United Overseas Bank Nominees Pte Ltd	581,000	0.23
11.	Xia Tao	511,000	0.20
12.	Low Miew Leng	500,000	0.20
13.	UOB Kay Hian Pte Ltd	437,000	0.18
14.	Chua Tiem Lai	400,000	0.16
15.	Cheng Lai Quek	351,000	0.14
16.	Ong Fook Thim	350,000	0.14
17.	DBS Nominees Pte Ltd	335,000	0.13
18.	Chua Zi En Alexandra Jane	307,000	0.12
19.	Ong Hwee Sen	268,000	0.11
20.	Esther Ong Hwee Tze	252,000	0.10
TOTAL :		234,288,938	93.95

Substantial Shareholders as at 25 June 2008

	No of ordinary shares	
Names	Direct Interest	Deemed Interest
Arrk Corporation	132,466,146	-
Boone Quek Howe Sear	88,174,792	862,000

Based on information available to the Company as at 25 June 2008, approximately 10.27% 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 29 July 2008 at Crowne Plaza Changi Airport Hotel, 75 Airport Boulevard , Hopea Room, #01-01 Singapore 819664 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 2008 and the independent auditor's report thereon. **Resolution 1**

2. To re-elect Mr David Chia Tian Bin who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. *[See Explanatory Note (a)]* **Resolution 2**

3. 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 (b)]* **Resolution 3**

4. To approve the proposed payment of a first and final dividend of 0.2 cents per ordinary share (tax exempt 1-tier) for the year ended 31 March 2008. **Resolution 4**

5. To approve the Directors' fees of $175,000 for the year ended 31 March 2008 (2007: $188,000) **Resolution 5**

6. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

7. 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:-

8. "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 7**

   (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent of the total number of issued shares in the capital of the Company, excluding treasury shares, if any, 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 per cent of the total number of issued shares in the capital of the Company, excluding treasury shares, if any;

(ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the number of issued shares in the capital of the Company, excluding treasury shares, if any, to be issued shall be based on the total number of issued shares in the capital of the Company, excluding treasury shares if any, at the time of the passing of this Resolution , 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 bonus issue, 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 (c)]*

9. "That:-

(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"); **Resolution 8**

(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 (d)]*

10. "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 120,000 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 (e)]* **Resolution 9**

Notice of Annual General Meeting and Notice of Books Closure Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 14 August 2008, for the purpose of determining shareholders' entitlement to the proposed final dividend for the year ended 31 March 2008.

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd, 3 Church Street #08-01, Samsung Hub, Singapore 049483, up to the close of business at 5:00 p.m. on 13 August 2008 will be registered before shareholders' entitlement to the proposed dividend is determined.

Shareholders (being Depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with the shares as at 5:00 p.m. on 13 August 2008, will rank for the proposed dividend.

The proposed dividend, if approved at the Annual General Meeting to be held on 29 July 2008, will be paid on 28 August 2008 to shareholders.

By Order Of the Board

Tan Ching Chek and Lo Swee Oi
Joint Company Secretaries
Dated : 11 July 2008
Singapore

Explanatory Notes:

(a) Mr David Chia Tian Bin, if re-elected, will continue to serve as Chairman of the Audit Committee and a member of both the Remuneration and Nominating Committees. Mr David Chia Tian Bin is considered an independent director for purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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

(c) The proposed ordinary resolution 7 in item 8 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.

(d) The proposed ordinary resolution 8 in item 9 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 in 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, 20 July 2006 and 23 July 2007.

(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 8 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 9 in item 10, 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 120,000 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. 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 four years faced severe competitive pressure in a very difficult business environment. The Board is of the view that the CEO and his management team have performed creditably and diligently under such adverse business conditions. However no profit sharing bonuses was earned by the CEO and the management in the past four years in accordance with the rules of the Company's profit sharing scheme. Further the CEO downsized the Singapore plant and relocated most of its operations to lower cost centres in order to effect a turnaround in the Company operating results in the new financial year.

Notice of Annual General Meeting and Notice of Books Closure Date

(d)(iv) In recognition of the efforts and initiative of the CEO and his management team and as motivation to further align their interests with that of other shareholders, the Company is proposing to grant an option to Mr Boone Quek Howe Sear to subscribe for 120,000 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) As at todate, a total of 15,810,750 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(vi) 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 the Annual General 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.

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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 not valid for use by CPF investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.

3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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 the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on 29 July 2008 and at any adjournment thereof in the following manner:

Resolution No	Resolutions relating to :	For	Against
1.	Adoption of Reports and Accounts.		
2.	Re-election of Mr David Chia Tian Bin, a director retiring under Article 91 of the Articles of Association.		
3.	Re-election of Mr Ng Jwee Phuan@Frederick (Eric), a director retiring under Article 91 of the Articles of Association.		
4.	To approve first and final dividend.		
5.	To approve Directors' Fees.		
6.	Re-appointment of Auditors and authorisation of directors to fix their remuneration.		
7.	To approve the ordinary resolution pursuant to Section 161 of the Companies Act, Chapter 50.		
8.	To renew the Shareholders' Mandate for Interested Person Transactions		
9.	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 will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

Dated this __________ day of _________________ 2008.

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

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

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.

Avaplas Ltd

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