Avaplas Ltd

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Company Registration No. 199301788C

AVAPLAS LTD ANNUAL REPORT 2007 EXPANDING CAPABILITIES

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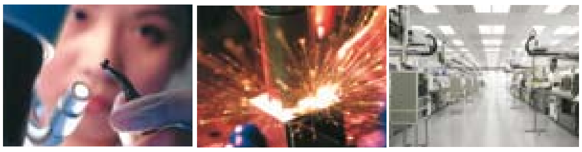
Avaplas Ltd

ANNUAL REPORT 2007

Expanding Capabilities

CONTENTS


As a leading supplier of precision plastics injection molding and sub-assembly, it is the policy of Avaplas to protect & preserve the environment by conducting its manufacturing activities in an environmentally responsible manner.



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

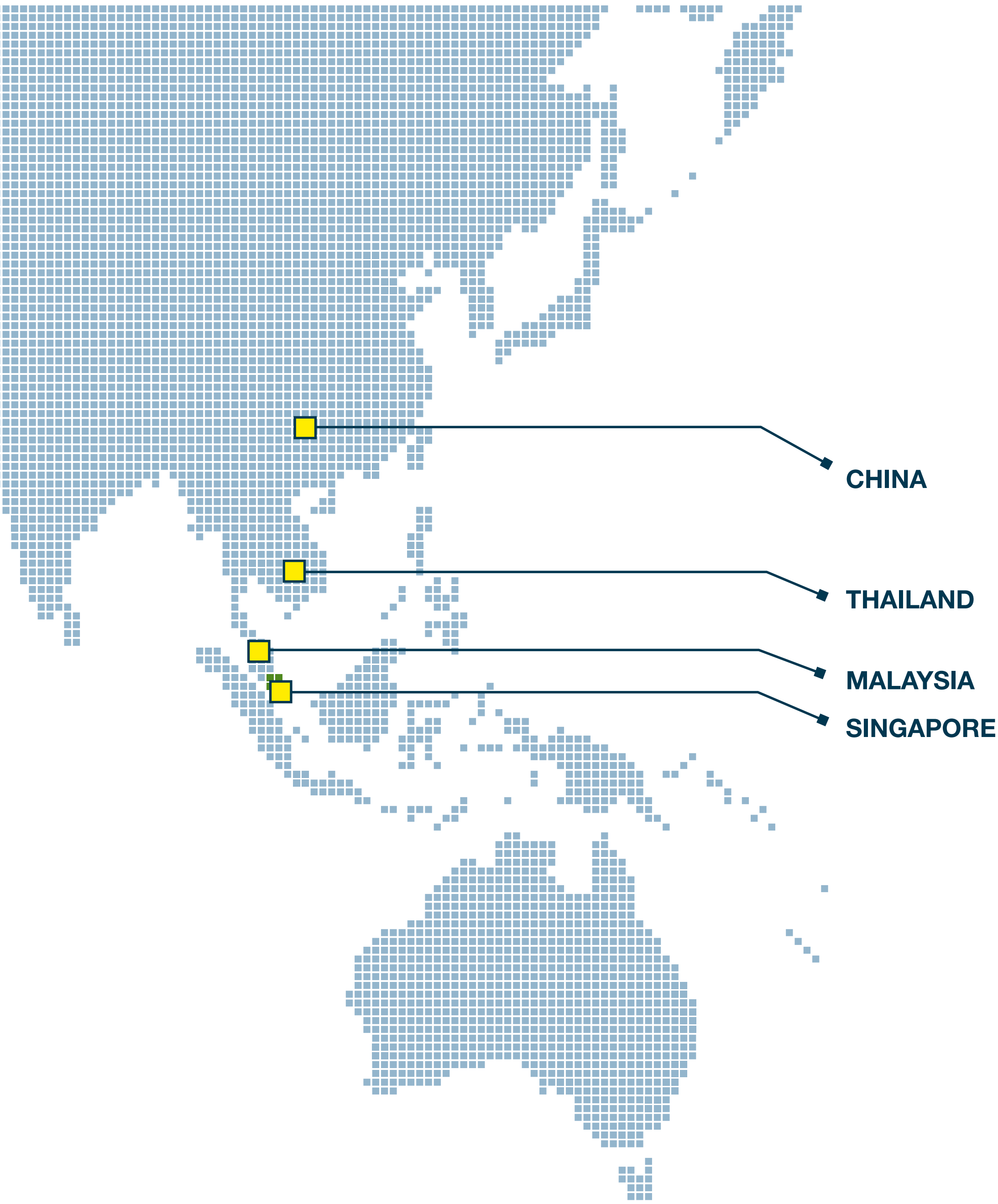
1993	Mar	Commencement of operations in a 5,000 sq. ft. factory at Techplace 1 in Ang Mo Kio.
1995	Sept	Awarded ISO 9002 Certification by Underwriters Laboratories Inc.
1996	Jan	Awarded ISO 9002 Certification by Productivity Standards Board.
1996	Nov	Moved to a 32,000 sq. ft. leasehold factory in Changi 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.
1999	Aug	Expanded to China through a 20% equity interest in a joint venture company, Univac Design & Engineering Pte Ltd.
1999	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.
2001	Sept	Expansion of factory space in Singapore from 48,000 sq. ft. to 80,000 sq. ft.
2001	Oct	Awarded Certified MuCell Processor by Trexel Inc. (A MIT Company).
2002	Jan	Incorporation of wholly-owned subsidiary, Avaplas (Thailand) Limited.
2002	June	Received Technology Innovation Award by Trexel Inc.
2002	Jul	Awarded ISO 14001 Certification by Underwriters Laboratories Inc.

2002	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.
2003	Jun	Increased equity interest in Univac Design & Engineering Pte Ltd from 20.76% to 28.54%.
2003	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.
2004	May	ARRK Corporation becomes a major shareholder of the Company.
2004	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
2006	April	Purchase of 20% interest in Daviscomms (S) Pte Ltd
2006	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.



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

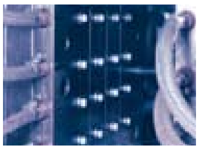
SECRETARIES
Chuang Sheue Ling
Tan Ching Chek

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
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



Dear Fellow Shareholders,

On behalf of the Board, I am pleased to present to you the annual report of the Group for the financial year ended 31 March 2007.

FY2007 Performance

In FY2007, the Group continued to benefit from the global outsourcing trend in manufacturing. Group revenue recorded healthy growth of 13.6% from $57.4 million in FY2006 to $65.2 million in FY2007. The increase was mainly attributed to the strong growth in Malaysia from the printing, imaging and computer peripherals as well as consumer electronics segments.

In tandem with the higher revenue, gross profit grew 22.3% to $6.0 million. However, the business expansion resulted in higher payroll and other operating expenses.
In addition, the weaker US dollar contributed to a foreign exchange loss of $0.1 million.

The year ended with a net profit of $0.3 million. This compared favourably with FY2006 which recorded a net profit of $1.0 million after booking a one-off gain of $1.2 million from the disposal of a factory building.

Your directors have recommended a final tax-exempt dividend of 0.2 cent per share for the year ended 31 March 2007 for shareholders' approval at the forthcoming Annual General Meeting

Securing Cost Competitiveness

The trend among multinationals to increase their presence in North Asia prompted us to set up manufacturing facilities in Thailand and Shanghai in 2002. Subsequently, we extended our manufacturing footprint to Malaysia in 2004 to provide support for our customers in lower cost centres.

The transformation of the Group from a Singapore-based operation into one with a regional network of manufacturing facilities took place successfully within a relatively

"the Group is now in a better position to explore new business opportunities within the manufacturing sector to enhance business prospects and improve shareholders' return"

short span of time. I am pleased to report that our overseas operations contributed approximately 57% of total group revenue in FY2007.

Today, our manufacturing network in the region is quite extensive but we will continue to evaluate extending this geographical footprint to another new location in the region if it can better serve our existing customers and secure new ones.

Strengthening Capabilities in Changing Market Conditions

While we were establishing our cost-competitive network of overseas production facilities in the last few years, we have also made considerable progress with the restructuring of the Singapore operation to focus on higher value-added services. Several acquisitions were made to broaden the range of value-added services.

In April 2006, we acquired a 20% stake in Daviscomms (S) Pte Ltd ("Daviscomm"), a contract design and manufacturing services provider catering to consumer, electronics and industrial wireless products.
 In February 2007, we acquired a 30% interest in Optosem Technologies (S) Pte Ltd ("Optosem"), a mold fabrication service provider focusing on consumer electronics, electrical systems, automotive, imaging & sensing as well as polymer optics industries. With Daviscomm's strength in front-end engineering design and Optosem's support to enhance our manufacturing capability, we will increase our overall competitiveness by becoming a one-stop manufacturing services provider.

In FY2007, Daviscomm and Optosem jointly contributed $0.18 million to group profit. Going forward, we intend to further enhance our competitiveness by strengthening our design capabilities to enable us to engage our existing and potential customers at an early stage of their product development.

Prospects

Despite challenging business conditions, we expect a good flow of orders from existing as well as new customers in the current financial year. Higher business volume in Malaysia is expected to improve the Group's overall capacity utilization. New customer acquisition in Thailand and improved product mix in China could add to profitability.

We have made good progress in strengthening the capabilities of our business and improving its cost competitiveness. More work will be done in the current year to build this solid foundation for our business. With this in place, the Group is now in a better position to explore new business opportunities within the manufacturing sector to enhance business prospects and improve shareholders' return.

Appreciation

On behalf of my fellow directors, I would like to extend my sincere appreciation to our management and staff for their hard work, dedication and commitment in a challenging year. I look forward to working closely with them, as well as with my fellow directors, in growing the business together.

Last but not least, I thank our customers, shareholders, bankers, suppliers and business associates for their continuing trust and support during the year.

Boone Quek Howe Sear
Chairman and Chief Executive Officer

Expanding Capabilities

"The Group expects growth prospects to remain good in Malaysia and is looking to further expand the manufacturing capacity there to support new projects from existing and new customers."

As a beneficiary of the global outsourcing trend of manufacturing to Asia, the Group continued to register healthy growth during the year. Group revenue rose 13.6% to from $57.4 million in FY2006 to $65.2 million in FY2007.

Sales of printing, imaging and computer peripherals, the Group's largest business segment, recorded an increase of 18.3% to $57.5 million. This represented 88.2% of total revenue, up from 84.7% in the previous year. Consumer electronics also saw healthy improvement of 18.6% to $5.3 million. Medical disposable, industrial products & others contributed $2.4 million.

Singapore

Despite relocation of manufacturing orders from Singapore to the regional manufacturing facilities in the last few years, Singapore is still the largest contributor to group revenue. In FY2007, it recorded an increase of 11.7% in segment revenue to $39.2 million before inter-company elimination.

However, the profitability of the Singapore operations was moderated by higher energy costs as well as higher rentals following the sale and leaseback of the Singapore factory building.

To enhance its profitability, Singapore will increase its focus on higher value-added products and services. With continuous relocation of orders to lower cost production countries such as Malaysia and Thailand, any unused floor space created in Singapore will be leased out.

Malaysia

To meet rising demand, the Group expanded its manufacturing facilities in Malaysia in FY2007. A new factory was established and this increased the total floor space of the Malaysian operations by 100% to 65,000 square feet.

With the enhanced capacity, the Group managed to expand its share of business from an existing major customer in Malaysia. As a result, the commencement of new projects in printing, imaging and computer peripherals contributed to a significant jump of 100% in the revenue to $19.9 million.

Due to higher production volume and rising capacity utilization, profit from Malaysia improved in FY2007. The Group expects growth prospects to remain good in Malaysia and is looking to further expand the manufacturing capacity there to support new projects from existing and new customers.

Thailand

In Thailand, revenue dipped from $11.0 million in FY2006 to $10.1 million in FY2007. In order to increase sales, the Group is working on broadening the customer base for the Thailand operations. Efforts have been made to work with Japanese MNCs based there.
In addition, certain orders will be transferred from Malaysia to Thailand to improve overall capacity utilization. With these new business activities, the Group expects revenue growth from Thailand in the current financial year.

China

China registered revenue growth of 10.5% to $8.3 million in FY2007. With higher sales, improved product mix and better cost management, the Group was able to reduce its losses in China.

Although the market remains competitive in China, the Group is continuously working to enhance profitability by expanding the product range and customer base. The Group is in discussions with potential customers for new projects in printing, imaging and computer peripherals.

Profitability

With the higher revenue, gross profit increased 22.3% to $6.0 million. Gross profit margin improved from 8.5% in FY2006 to 9.2% in FY2007.

However, profitability was moderated by foreign exchange rate fluctuations and rising oil prices which resulted in higher operating costs. In addition, the business expansion also resulted in higher administrative costs. Contributions from Daviscomm (S) Pte Ltd and Optosem Techologies (S) Pte Ltd added $0.18 million as share of profit of associates.

For the year ended 31 March 2007, the Group recorded a net profit of $0.3 million. This compared favourably with FY2006 which recorded a net profit of $1.0 million after booking a one-off gain of $1.2 million from the disposal of a factory building.

Board of Directors

Boone Quek Howe Sear
Chairman and Chief Executive Officer

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

Wong Vee Tong
Chief Operating Officer

Mr. Wong Vee Tong was appointed an executive director with effect from 1 October 1999. He assists our Chief Executive Offi cer, Mr. Boone Quek, and therefore also overseas our daily operations, including procurement of raw materials, production, sales and marketing, as well as fi nance. 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 offi ce. Prior to joining Avaplas in 1997, he has more than 20 years' management experience in several large MNCs. His portfolio includes Division Manager of Micaltronics Singapore, General Manager of Elite Precision Products and Operations Manager of Microelectronics Packaging Singapore Ltd. Mr. Wong Vee Tong has more than 10 years' experience in the plastic injection molding industry.

Yoshiteru Miura
Non-Executive Director

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

David Chia Tian Bin
Independent Director

David Chia Tian Bin was appointed an Independent Director of the Company on 19 May 2004. He is a director of AXIA Equity Pte. Ltd., a company providing business 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 with an international firm of accountants rendering audit and financial consulting services to a variety of corporations in different industries in Singapore and Hong Kong. Mr Chia is also an independent director on the boards of BH Global Marine Limited and Carats Limited. Mr Chia holds a Bachelor of Accountancy (Honours) from the National University of Singapore. He is a Fellow of the Institute of Certified Public Accountants of Singapore.

Ng Jwee Phuan @ Frederick (Eric)
Independent Director

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 as well as capital market 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
Independent Director

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 DLA 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.

Hamano Wataru joined the Company in 2006 as a Sales & Marketing Director. Mr Hamano is responsible to develop sales and marketing strategies to successfully create new customer accounts with an objective to expand our customer and product bases. He spent his initial ten years of his career with Minebea (NMB) Group, holding top offices in their subsidiaries in Singapore, the USA, The UK and Germany. He last worked as a General Manager (Sales Department) with Enplas Corporation prior to joining Avaplas. Mr Hamano holds a Bachelor of Business Administration from Aoyama Gakuin University, Japan.

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. Before joining the Company, Mr Chan was a Manager in the Audit Department of an international accounting firm, Ernst & Young (Singapore Office) for six years. 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.

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

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

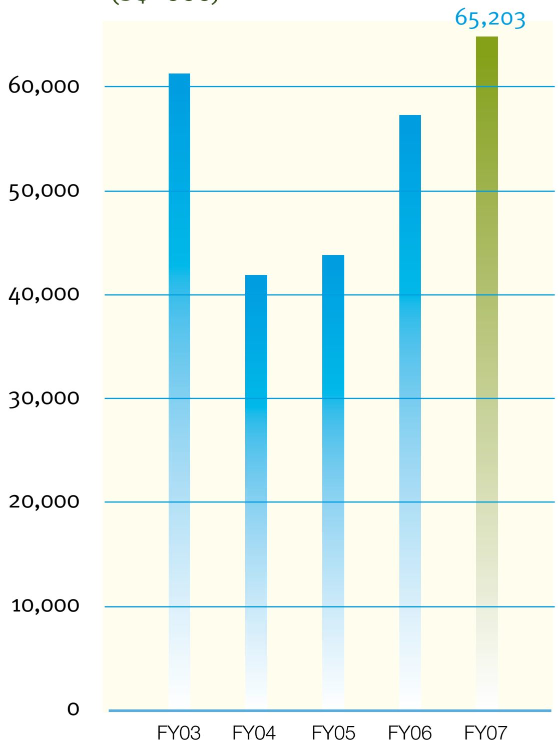
Leslie Chang Pun Hong joined the Company in 1997 and is currently the Quality Manager. He is responsible for the performance of the Quality Department as well as the Quality & Environmental Management System of the Company and its subsidiaries in Thailand, China and Malaysia. Prior to joining the Company,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

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

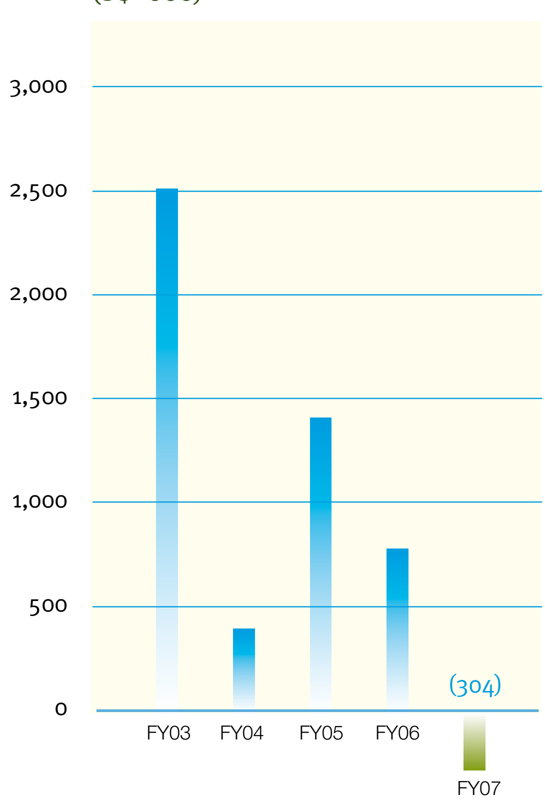
Financial Highlights

Operating Results	FY 2007	FY 2006	% Increase/ (Decrease)
Revenue (S$'000)	65,203	57,402	13.59%
(Loss) Profit before income tax (S$'000)	(304)	774	-139.28%
Profit for the year (S$'000)	301	978	-69.22%
Earnings per share (cents)	0.12	0.4	-70.00%
Financial Position (S$'000)			
Total assets	58,629	58,661	-0.05%
Cash and bank balances	6,657	14,628	-54.49%
Amount due to bankers			
- Short term	4,181	7,015	-40.40%
- Long term	6,089	3,380	80.15%
Equity	31,358	31,255	0.33%
Financial Ratios			
Inventory turnover (days)	36.00	26.00	38.46%
Accounts receivable turnover (days)	82.00	79.00	3.80%
Accounts payable turnover (days)	79.00	71.00	11.27%
Return on average equity	0.96%	3.13%	-69.33%
Return on average total assets	0.51%	1.67%	-69.46%
Current ratio	1.43	1.47	-2.72%
Gearing ratio	0.33	0.33	0.00%
Interest coverage (times)	2	3	-33.33%
Short term debt/equity	13.30%	22.44%	-40.73%
Long term debt/equity	19.42%	10.81%	79.65%

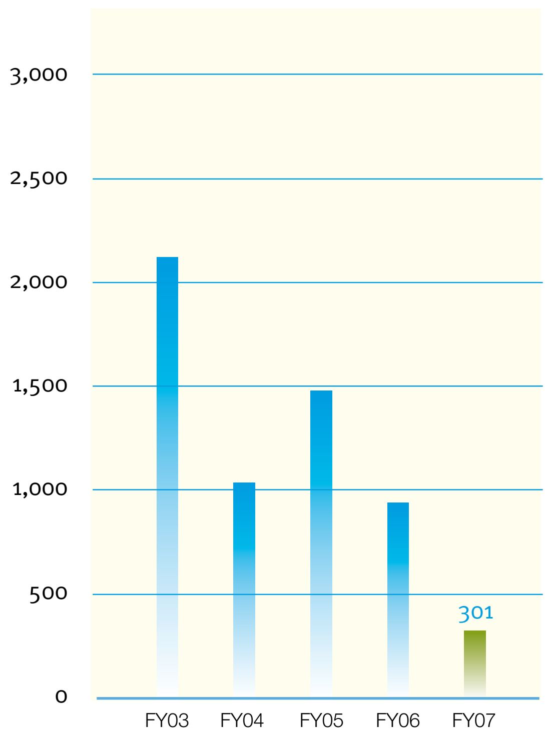
Revenue
(S$ '000)



(Loss) Profit Before Income Tax
(S$ '000)



Profit For The Year
(S$ '000)



FINANCIAL CONTENTS

The Company is committed to good standards of corporate governance in line with the recommendations of the Code of Corporate Governance 2005 ("Code") issued by the Ministry of Finance. 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 explanations for deviations 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 2006 to 26 June 2007, a total of 6 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 issues and dividend policy.

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

Directors' Orientation and Access to Information

Changes to regulations and accounting standards are monitored closely by management. Directors are briefed on these changes either during Board meetings or at specially-convened sessions conducted by professionals. Newly appointed Directors are briefed by the Chairman on the business activities of the Group and its strategic directions. Majority of the Directors are members of the Singapore Institute of Directors and are kept informed of the latest and best practices relating to corporate governance.

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. Management provides members of the Board with management accounts, as well as relevant background information and documents relating to matters to be discussed at a Board meeting before the scheduled meeting.

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.

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 half the number of 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 and the Board, and assisting in ensuring compliance with the Company's guidelines on corporate governance.

BOARD COMMITTEES

Nominating Committee

The Nominating Committee ("NC"), comprising three non-executive independent Directors, is chaired by Mr Jeffery Tan Eng Heong. The other members of the Nominating Committee are Mr Ng Jwee Phuan @ Frederick (Eric) and Mr David Chia Tian Bin. The NC has been established by the Board to recommend the appointment, nomination, re-appointment and assessment of all Directors to the Board.

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

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

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

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

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

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

During the period from 1 April 2006 to 26 June 2007, a total of 2 NC meetings were held. NC members attended all meetings.

Remuneration Committee

The Remuneration Committee ("RC") comprises three non-executive independent Directors. The RC is chaired by Mr Ng Jwee Phuan @ Frederick (Eric). The other members of the RC are Mr David Chia Tian Bin and Mr Jeffery Tan Eng Heong.

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;
(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 guidelines on disclosure;
(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 plans.

The Executive Directors serve under service contracts. The non-executive Directors do not have any service contracts 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 2007 are as follows:

	Salary	Bonus	Share Option	Restricted Share	Benefits	Fee	Total
	%	%	%	%	%	%	%
Directors							
Above $500,000							
Boone Quek Howe Sear	71	5	1	-	17	6	100
Wong Vee Tong	68	15	2	10	-	6	100
Below $250,000							
Yoshiteru Miura	-	-	-	-	-	0*	0*
David Chia Tian Bin	-	-	3	-	-	97	100
Ng Jwee Phuan@ Frederick (Eric)	-	-	4	-	-	96	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.*

During the period from 1 April 2006 to 26 June 2007, a total of 2 RC meetings were held. Mr Wong Vee Tong who was a member of the RC did not attend the RC meeting held on 18 May 2006. All the members of RC attended the RC meeting held on 28 May 2007.

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

Number of Directors in remuneration band	**2007**	**2006**
$500,000 and above	2	2
$250,000 to $499,999	-	-
Below $250,000	4	4
	6	6

Number of Executives in remuneration band	**2007**	**2006**
$500,000 and above	-	-
$250,000 to $499,999	1	-
Below $250,000	4	5
	5	5

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.

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 ("AC") and the Board with balanced and understandable management accounts of the Company's performance, position and prospects on a regular basis.

Audit Committee

The AC comprises three non-executive independent Directors. The AC is chaired by Mr David Chia Tian Bin. The other members of the RC are Mr Ng Jwee Phuan @ Frederick (Eric) and Mr Jeffery Tan Eng Heong.

As the members of the AC have experience in accounting, finance, law, commerce and industry, 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 and internal 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 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;
(7) Consider the appointment or re-appointment of external auditors before recommending to the Board for approval;

The AC has full access to and the co-operation of management. It has 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 AC also reviews the level of co-operation given to auditors by management. The AC has reviewed the amount of non-audit fees paid to the auditors and is of the view that their independence is maintained. The AC has recommended to the Board the re-appointment of Deloitte & Touche as the external auditors.

During the year, the Company set up, with the assistance of an external and independent service provider, an arrangement to provide employees with several communication channels to anonymously raise concerns on possible improprieties in relation to misconduct in the workplace, unethical behaviour and workplace safety. This arrangement has been rolled out in Singapore, and is in the process of being rolled out to its overseas subsidiaries. The AC has reviewed the adequacy of these arrangements to enable effective reporting, investigations and follow-up.

During the period from 1 April 2006 to 26 June 2007, a total of 5 AC meetings were held. AC members attended 100% of all AC meetings held. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

Internal controls

During the financial year, the AC has reviewed, with the assistance of the external and internal auditors, the effectiveness of the Company's material internal controls as well as considered appropriate risk management policies to be adopted.

Based on the information provided to the AC, nothing has come to the AC's attention to cause AC to believe that the system of internal controls and risks management policies are inadequate.

Internal audit

Given the Group's scale of operations, the Company has outsourced the Group's internal audit function to JF Virtus Pte Ltd , an independent assurance services consultancy firm ("Internal Auditor"). The AC is of the view that the Internal Auditor is independent and shall objectively assess the adequacy 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.

During the year, management has conducted, with the assistance of the Internal Auditor, a risk assessment exercise to ascertain the Group's significant enterprise risks. The Company consequently adopted certain risk management profiles and policies based on a risk management framework that was developed for the Group. This framework will assist management to better manage risks in its pursuit in achieving the Company's objectives.

The AC has ensured the adequacy of the internal audit function, and has further ensured that it is adequately resourced and has received the appropriate level of co-operation within the Group.

COMMUNICATION WITH SHAREHOLDERS

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

DEALING IN SECURITIES

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

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

MATERIAL CONTRACTS

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

INTERESTED PERSON TRANSACTIONS

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

Name of Interested Person ($'000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions under shareholder mandate pursuant to Rule 920 of the SGX Listing Manual	Aggregate value of all interested person transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual excluding transactions less than $100,000)
Purchase of goods and services rendered from subsidiaries and related companies of ARRK Corporation	-	-

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, 2007.

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 (Appointed on July 20, 2006)

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	240,000	840,000	-	-
Ng Jwee Phuan @ Frederick (Eric)	-	-	20,000	20,000

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

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

Name of director and company in which interests are held	Shareholdings registered in name of director: At beginning of year or date of appointment, if later	At end of year
Avaplas Ltd	**Options to subscribe for ordinary shares**	
Boone Quek Howe Sear	540,000	1,080,000
Wong Vee Tong	472,500	945,000
David Chia Tian Bin	87,750	175,500
Ng Jwee Phuan @ Frederick (Eric)	87,750	175,500
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*

* Held in trust on behalf of the company

The directors' interests in the shares and options of the company at April 21, 2007 were the same at March 31, 2007 with exception of Mr Wong Vee Tong who holds 1,440,000 ordinary shares at April 21, 2007.

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.

<u>Share Option Plan</u>

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 company during the financial year.

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

(b) Options exercised

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

(c) Unissued shares under option

Share Option Plan

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

Number of options to subscribe for ordinary shares

	Balance at April 1, 2006	Granted	Exercised	Lapsed	Balance at March 31, 2007	Exercise price	Exercise period
2005 Options	2,234,250	-	-		2,234,250	$0.186	July 22, 2005 to July 21, 2014
2005 Options	263,250	-	-	(87,750)	175,500	$0.186	July 22, 2005 to July 21, 2009
2007 Options	-	2,916,000	-	-	2,916,000	$0.100	July 20, 2007 to July 19, 2016
2007 Options	-	175,500	-	-	175,500	$0.100	July 20, 2007 to July 19, 2011
	2,497,500	3,091,500	-	(87,750)	5,501,250		

5 SHARE OPTIONS (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	540,000	2,160,000	(1,080,000)	-	1,080,000
Wong Vee Tong	472,500	2,520,000	(1,575,000)	-	945,000
David Chia Tian Bin	87,750	468,000	(292,500)	-	175,500
Ng Jwee Phuan @ Frederick (Eric)	87,750	468,000	(292,500)	-	175,500

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, 2006	Granted	Exercised	Balance at March 31, 2007	Exercise price	Exercise period
Wong Vee Tong	-	2,000,000	(600,000)	1,400,000	$0.10	2006 to 2008

6 AUDIT COMMITTEE

The Audit Committee of the company is chaired by Mr David Chia Tian Bin, and includes Mr Ng Jwee Phuan @ Frederick (Eric) and Mr Jeffery Tan Eng Heong, all of whom are independent non-executive directors. The Audit Committee has met 4 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' examinations and evaluation of the group's systems of internal accounting controls;

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

c) the financial statements of the company and the consolidated financial statements of the group before their submission to the directors of the company and 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.

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 for re-appointment as external auditors of the company at the forthcoming AGM of the company.

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Boone Quek Howe Sear

Wong Vee Tong

June 29, 2007

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, 2007, 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 30 to 69.

Directors' Responsibility

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

Opinion

In our opinion,

a) the consolidated financial statements of the group and the balance sheet 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, 2007 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
Certified Public Accountants

Ho Kok Yong
Partner
Appointed on August 22, 2005

Singapore
June 29, 2007

Balance Sheets

March 31, 2007

	Note	Group		Company	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
ASSETS					
Current assets					
Cash and bank balances	7	6,657	14,628	4,753	12,856
Trade receivables	8	14,687	12,489	12,303	8,417
Amount due from a subsidiary	9	-	-	759	-
Other receivables and prepayments	10	933	1,613	417	1,037
Inventories	11	5,763	3,683	1,508	1,276
Total current assets		28,040	32,413	19,740	23,586
Non-current assets					
Goodwill on consolidation	12	831	831	-	-
Property, plant and equipment	13	24,219	25,281	8,186	10,425
Subsidiaries	14	-	-	14,420	9,194
Associates	15	4,826	-	4,884	-
Club memberships	16	136	136	136	136
Amounts due from subsidiaries	5	-	-	13,503	14,259
Deferred tax assets	17	577	-	-	-
Total non-current assets		30,589	26,248	41,129	34,014
Total assets		58,629	58,661	60,869	57,600

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Amount due to bankers	18	4,181	7,015	4,181	6,385
Trade payables	19	12,900	10,248	17,055	10,870
Other payables and accruals	20	2,363	3,771	1,686	2,951
Current portion of finance leases	21	-	13	-	-
Income tax payable		150	1,075	147	1,075
Total current liabilities		19,594	22,122	23,069	21,281
Non-current liabilities					
Amount due to bankers	18	6,089	3,380	6,089	2,960
Deferred tax liabilities	17	1,588	1,904	1,261	1,860
Total non-current liabilities		7,677	5,284	7,350	4,820
Capital and reserves					
Share capital	22	20,605	20,545	20,605	20,545
Share-based payments reserve	23	151	62	151	62
Translation reserve		77	(72)	-	-
Retained earnings		10,525	10,720	9,694	10,892
Total equity		31,358	31,255	30,450	31,499
Total liabilities and equity		58,629	58,661	60,869	57,600

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

Year ended March 31, 2007

	Note	Group 2007 $'000	2006 $'000
Revenue	24	65,203	57,402
Cost of sales		(59,235)	(52,521)
Gross profit		5,968	4,881
Other operating income	25	639	582
Distribution costs		(443)	(428)
Administrative expenses		(5,946)	(4,887)
Other operating expenses	26	(159)	(137)
Finance costs	27	(488)	(401)
Share of profit of associates		184	-
(Loss) Gain on disposal of property, plant and equipment		(59)	1,164
(Loss) Profit before income tax	28	(304)	774
Income tax	29	605	204
Profit for the year		301	978
Earnings per share			
- Basic	30	0.12 cents	0.40 cents

See accompanying notes to financial statements.

Statements of Changes in Shareholders' Equity

Year ended March 31, 2007

	Note	Share capital $'000	Share premium reserve $'000	Share-based payments reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000
Group							
Balance at April 1, 2005		12,367	8,178	-	(94)	9,989	30,440
Exchange differences arising on translation of foreign operations		-	-	-	22	-	22
Net income recognised directly in equity		-	-	-	22	-	22
Profit for the year		-	-	-	-	978	978
Total recognised income and expense for the year		-	-	-	22	978	1,000
Recognition of share-based payments		-	-	62	-	-	62
Dividends paid	31	-	-	-	-	(247)	(247)
Transfer from share premium reserve	22	8,178	(8,178)	-	-	-	-
Balance at March 31, 2006		20,545	-	62	(72)	10,720	31,255
Exchange differences arising on translation of foreign operations		-	-	-	149	-	149
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		-	-	89	-	-	89
Dividends paid	31	-	-	-	-	(496)	(496)
Issue of shares	22	60	-	-	-	-	60
Balance as at March 31, 2007		20,605	-	151	77	10,525	31,358

Statements of Changes in Shareholders' Equity

Year ended March 31, 2007

	Note	Share capital $'000	Share premium reserve $'000	Share-based payments reserve $'000	Retained earnings $'000	Total $'000
<u>Company</u>						
Balance at April 1, 2005		12,367	8,178	-	10,847	31,392
Profit for the year		-	-	-	292	292
Recognition of share-based payments		-	-	62	-	62
Dividends paid	31	-	-	-	(247)	(247)
Transfer from share premium reserve	22	8,178	(8,178)	-	-	-
Balance at March 31, 2006		20,545	-	62	10,892	31,499
Loss for the year		-	-	-	(702)	(702)
Recognition of share-based payments		-	-	89	-	89
Dividends paid	31	-	-	-	(496)	(496)
Issue of shares	22	60	-	-	-	60
Balance at March 31, 2007		20,605	-	151	9,694	30,450

See accompanying notes to financial statements

Consolidated Cash Flow Statement

Year ended March 31, 2007

	Group	
	2007	2006
	$'000	$'000
Operating activities		
(Loss) Profit before income tax	(304)	774
Adjustments for:		
Impairment of club memberships	-	21
Depreciation of property, plant and equipment	4,630	4,742
Expenses relating to share appreciation rights under Restricted Stock Plan	66	54
Share option expenses	89	62
Interest income	(214)	(63)
Interest expense	488	401
Loss (Gain) on disposal of property, plant and equipment	59	(1,164)
Share of profit of associates	(184)	-
Allowance for slow-moving inventories	1	6
Operating cash flows before movements in working capital	4,631	4,833
Increase in inventories	(2,081)	(282)
Increase in trade receivables	(2,198)	(882)
Decrease (Increase) in other receivables and prepayments	882	(43)
Increase (Decrease) in trade payables	2,652	(856)
Decrease in other payables and accruals	(1,414)	(18)
Cash generated from operations	2,472	2,752
Income tax paid	(1,213)	(302)
Interest received	214	63
Interest paid	(488)	(401)
Net cash from operating activities	985	2,112

Consolidated Cash Flow Statement

Year ended March 31, 2007

	Group	
	2007	2006
	$'000	$'000
Investing activities		
Dividends received from an associate	238	-
Purchase of property, plant and equipment	(3,833)	(4,733)
Net cash outflow on acquisition of subsidiary (Note 36)	-	(1,236)
Acquisition of associates	(4,884)	-
Proceeds from sale of property, plant and equipment	76	9,846
Decrease in amount due from a joint venture	-	969
Net cash (used in) from investing activities	(8,403)	4,846
Financing activities		
Dividends paid	(496)	(247)
Fixed deposits pledged	(20)	(17)
Net decrease in hire purchase creditors	(13)	(24)
Net (decrease) increase in current amount due to bankers	(2,834)	5,267
Net increase in non-current amount due to bankers	2,709	973
Net decrease in loan from a joint venture partner	-	(400)
Net cash (used in) from financing activities	(654)	5,552
Net (decrease) increase in cash and cash equivalents	(8,072)	12,510
Cash and cash equivalents at beginning of year	14,593	2,176
Effects of foreign exchange rate changes	81	(93)
Cash and cash equivalents at end of year	6,602	14,593

Cash and cash equivalents consist of:

	2007	2006
Cash and bank balances	6,657	14,628
Fixed deposits pledged	(55)	(35)
Net	6,602	14,593

See accompanying notes to financial statements.

1 GENERAL

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

The principal activities of the company are the manufacturing and sales of precision engineering plastic injection moulding and its secondary processes as well as the sub-assembly and sale of plastic components. The principal activities of the subsidiaries are described in Note 14 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, 2007 were authorised for issue by the Board of Directors on June 29, 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January 1, 2006. 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.

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

FRS 40	-	Investment Property
FRS 107	-	Financial Instruments: Disclosures
FRS 108	-	Operating Segment
INT FRS 107	-	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	-	Scope of FRS 102 Share-Based Payments
INT FRS 110	-	Interim Financial Reporting and Impairment
INT FRS 111	-	FRS 102 - Group and Treasury Share Transactions
INT FRS 112	-	Service Concession Arrangements

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

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

The application of FRS 107 and the consequential amendments to other FRS will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the group and company's financial instruments and the objectives, policies and processes for managing capital.

Other than FRS 107, the directors anticipate that the adoption of the above FRS and INT FRS in future periods will have no material impact on the financial statements of the group and of 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 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 the consolidated profit and loss statement.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value, net of transaction costs.

Financial assets

Trade and other receivables

Trade and other receivables and amount due from subsidiary 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.

Effective interest method

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 through the expected life of the financial instrument, or where appropriate, a shorter period.

Cash and cash equivalents

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

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 trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade 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.

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.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Derivative financial instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

The group as 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

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease 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:

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

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

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

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date. Changes in fair value is recognised as an expense in the profit and loss statement.

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.

Commission income and management fees are recognised when services are rendered.

Rental income

Rental income is recognized 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, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

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

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

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

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

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Critical judgments in applying the entity's accounting policies

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.

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.

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

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.

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.

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 $14,420,000 (2006 : $9,194,000) after an impairment loss of $654,000 (2006 : $1,537,00) was recognised by the company in 2007.

4 FINANCIAL RISKS AND MANAGEMENT

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

i) Credit risk

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

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

Cash is held with creditworthy financial institutions.

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

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

4 FINANCIAL RISKS AND MANAGEMENT

ii) Interest rate risk

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

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

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

iii) Foreign exchange risk

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

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

iv) Liquidity risk

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

v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to either the relatively short-term maturity of these financial instruments or the fact that they bear floating rates. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

i) 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 prices; and

ii) the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

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

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

With regards to the amount due from subsidiaries, the balance is measured at amortised cost based on prevailing market interest rate. The carrying amount approximates the fair value. 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	
	2007 $'000	2006 $'000
Sales of goods to related company	-	(18)
Purchases from related company	64	806

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	
	2007 $'000	2006 $'000
Management fee income from joint venture*	-	(31)
Commission income from a joint venture*	-	(48)

* In 2006, the group acquired the remaining 50% interest in its joint venture with a third party. Subsequent to the acquisition, the interest in the joint venture was classified as interests in subsidiaries.

6 OTHER RELATED PARTY TRANSACTIONS

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	
	2007	2006
	$'000	$'000
Short-term benefits	2,553	2,373
Post-employment benefits	76	77
Share-based payments	103	105
	2,732	2,555

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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Cash at bank	5,410	14,518	3,567	12,855
Fixed deposits	1,238	103	1,183	-
Cash on hand	9	7	3	1
Total	6,657	14,628	4,753	12,856

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

Fixed deposits bear interest at an average rate of 4% (2006 : 1.35%) per annum and are for a tenure of approximately 7 days (2006 : 30 days).

Fixed deposits of $55,000 (2006 : $35,000) 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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	5,672	3,197	4,185	2,279
Japanese yen	28	448	28	448
Euro	-	5	-	5

8 TRADE RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Outside parties	14,577	12,486	8,440	5,898
Related company (Note 5)	-	3	-	3
Subsidiaries (Note 14)	-	-	3,753	2,516
Associate (Note 15)	110	-	110	-
	14,687	12,489	12,303	8,417

The average credit period on sale of goods is 45 days (2006 : 45 days).

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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	13,427	11,015	11,580	8,004
Euro	-	-	17	-
Thailand baht	-	-	1	3

9 AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is non-trade, unsecured, bore interest at 5% per annum and repayable upon demand.

This is denominated in United States dollars.

10 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Security deposits	498	297	75	-
Prepayments	151	478	67	345
Recoverables	81	838	72	692
Others	203	-	203	-
Total	933	1,613	417	1,037

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

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

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	88	91	-	-

11 INVENTORIES

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Finished products, at cost	2,611	2,205	1,082	778
Less: Allowance for slow-moving inventories	(58)	(57)	(39)	(51)
Finished products, at net realisable value	2,553	2,148	1,043	727
Raw materials, at cost	3,137	1,491	436	530
Packing materials and supplies, at cost	73	44	29	19
Total	5,763	3,683	1,508	1,276

The group's cost of inventories recognised as an expense includes $1,000 (2006 : $6,000) in respect of write-downs of inventory to net realisable value.

12 GOODWILL ON CONSOLIDATION

	Group	
	2007 $'000	2006 $'000
Cost:		
Arising on acquisition of additional equity interest in a subsidiary in 2006 and balance at end of year	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	
	2007 $'000	2006 $'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 amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 10% to 12% (2006 : 3% to 20%)

The rate used to discount the forecast cash flows is 4% (2006 : 6%).

13 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold building $'000	Plant, machinery and tools $'000	Automation equipment and computer $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Motor vehicles $'000	HT switchgear $'000	Total $'000
Cost:									
At April 1, 2005	8,602	25,777	3,100	3,731	1,613	3,382	1,140	656	48,001
Acquisition of subsidiary	-	2,664	305	42	8	571	78	-	3,668
Additions	6	3,709	420	329	13	244	12	-	4,733
Exchange differences	-	95	7	3	2	21	4	-	132
Disposals	(8,608)	(827)	(2)	(1,073)	-	(666)	-	(656)	(11,832)
Reclassifications	-	75	2	122	(2)	(197)	-	-	-
At March 31, 2006	-	31,493	3,832	3,154	1,634	3,355	1,234	-	44,702
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
Accumulated depreciation:									
At April 1, 2005	823	10,608	1,572	1,641	661	1,058	344	230	16,937
Acquisition of subsidiary	-	605	82	8	1	156	23	-	875
Depreciation	132	3,027	387	397	167	480	112	40	4,742
Exchange differences	-	17	2	(2)	-	-	-	-	17
Eliminated on disposals	(955)	(519)	(2)	(878)	-	(526)	-	(270)	(3,150)
Reclassifications	-	8	1	14	-	(23)	-	-	-
At March 31, 2006	-	13,746	2,042	1,180	829	1,145	479	-	19,421
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
Carrying amount:									
At March 31, 2007	-	16,923	1,615	2,303	661	1,940	777	-	24,219
At March 31, 2006	-	17,747	1,790	1,974	805	2,210	755	-	25,281

In 2006, the carrying amount of the group's motor vehicles included an amount of $83,000 in respect of assets held under finance leases.

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold building $'000	Plant, machinery and tools $'000	Automation equipment and computer $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Motor vehicles $'000	HT switchgear $'000	Total $'000
Cost:									
At April 1, 2005	8,602	14,824	2,038	3,249	1,488	1,476	868	656	33,201
Additions	6	2,252	285	32	9	-	10	-	2,594
Disposals	(8,608)	(825)	-	(1,073)	-	(666)	-	(656)	(11,828)
Transfer to subsidiaries	-	(2,966)	(411)	(3)	-	-	-	-	(3,380)
At March 31, 2006	-	13,285	1,912	2,205	1,497	810	878	-	20,587
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
Accumulated depreciation:									
At April 1, 2005	823	6,692	1,118	1,605	633	739	300	230	12,140
Depreciation	132	1,462	222	316	147	142	80	40	2,541
Eliminated on disposals	(955)	(517)	-	(878)	-	(526)	-	(270)	(3,146)
Transfer to subsidiaries	-	(1,130)	(243)	-	-	-	-	-	(1,373)
At March 31, 2006	-	6,507	1,097	1,043	780	355	380	-	10,162
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
Carrying amount:									
At March 31, 2007	-	5,030	693	916	590	404	553	-	8,186
At March 31, 2006	-	6,778	815	1,162	717	455	498	-	10,425

14 SUBSIDIARIES

	Company 2007 $'000	Company 2006 $'000
Unquoted equity shares, at cost	10,464	7,815
Deemed interests	6,147	2,916
	16,611	10,731
Less: Impairment loss	(2,191)	(1,537)
Total	14,420	9,194

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

The details of the subsidiaries at March 31, 2007 are as follows:

Name of company	Percentage of equity and voting rights held		Cost of investment		Country of incorporation/ operations	Principal activities
	2007 %	2006 %	2007 $'000	2006 $'000		
Avaplas Precision Plastics (Shanghai) Co., Ltd [(1)]	100	100	4,684	4,035	People's Republic of China	Precision engineering plastic injection moulding
Avaplas Sdn Bhd [(2)]	100	100	4,968	1,621	Malaysia	Precision engineering plastic injection moulding
Avaplas (Thailand) Limited [(3)]	100	100	6,959	5,075	Thailand	Precision engineering plastic injection moulding
			16,611	10,731		

(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 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Unquoted equity shares, at cost	4,884	-	4,884	-
Share of post acquisition reserves	(58)	-	-	-
	4,826	-	4,884	-

15 ASSOCIATES (cont'd)

The details of the associates at March 31, 2007 are as follows:

Name of company	Percentage of equity and voting rights held 2007 %	2006 %	Cost of investment 2007 $'000	2006 $'000	Country of incorporation/ operations	Principal activities
Daviscomms (S) Pte Ltd [1]	20	-	3,847	-	Singapore	Design and manufacturing of telecommunication products
Optosem Technologies (S) Pte Ltd [2]	30	-	1,037	-	Singapore	Manufacture of molds, dies and fixtures
			4,884	-		

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

(2) Audited by Audit Alliance, Singapore

The financial statements of Daviscomms (S) Pte Ltd and Optosem Technologies (S) Pte Ltd are made up to December 31, each year. This was the financial reporting date established when the companies were incorporated. For the purpose of applying the equity method of accounting, the audited financial statements of Daviscomms (S) Pte Ltd and Optosem Technologies (S) Pte Ltd for the year ended December 31, 2006 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and March 31, 2007.

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

	2007 $'000	2006 $'000
Total assets	14,978	-
Total liabilities	4,603	-
Net assets	10,375	-
Group's share of associates' net assets	2,247	-
Revenue	19,534	-
Profit for the year	866	-
Group's share of associates' profit for the year	184	-

16 CLUB MEMBERSHIPS

	Group and Company	
	2007	2006
	$'000	$'000
Club memberships, at cost	163	163
Less: Impairment loss	(27)	(27)
Total	136	136
Market value	288	215

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 $'000	Retirement benefit obligations $'000	Share-based payments $'000	Tax losses $'000	Total $'000
Group					
At April 1, 2006	1,945	(4)	(12)	(25)	1,904
(Credit) Charge to profit and loss for the year	(682)	(14)	12	(209)	(893)
At March 31, 2007	1,263	(18)	-	(234)	1,011
Company					
At April 1, 2006	1,876	(4)	(12)	-	1,860
(Credit) Charge to profit and loss for the year	(597)	(14)	12	-	(599)
At March 31, 2007	1,279	(18)	-	-	1,261

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

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Deferred tax assets	(577)	-	-	-
Deferred tax liabilities	1,588	1,904	1,261	1,860
	1,011	1,904	1,261	1,860

18 AMOUNT DUE TO BANKERS

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Term loans	10,270	10,395	10,270	9,345
The borrowings are repayable as follows:				
On demand or within one year	4,181	7,015	4,181	6,385
In the second year	2,181	1,160	2,181	740
In the third year	2,181	740	2,181	740
In the fourth year	1,727	740	1,727	740
In the fifth year	-	740	-	740
	10,270	10,395	10,270	9,345
Less: Amount due for settlement within 12 months (shown under current liabilities)	(4,181)	(7,015)	(4,181)	(6,385)
Amount due for settlement after 12 months	6,089	3,380	6,089	2,960

As at March 31, 2007, the group has the following bank facilities:

(a) The group's and company's term loans amounting to $2,000,000 (2006 : $5,232,000) have an original maturity of three months or less. Interest rate ranges from 3.8 % to 3.89% (2006 : 2.63% to 6.5%) per annum. The term loan is unsecured.

(b) The group's and company's term loans amounting to $2,960,000 (2006 : $3,700,000) are repayable over 10 half-yearly instalments commencing from June 2006 to December 2010. Interest is 1.43% above SOR TELERATE per annum and capped at maximum of 3.30% per annum. The term loan is unsecured.

(c) The group's and company's term loans amounting to $3,982,000 (2006: $Nil) are repayable over 16 quarterly instalments commencing from January 2007 to August 2010. Interest rate is 0.6% per annum above the SIBOR. The term loan is unsecured.

(d) The group's and company's term loans amounting to $1,328,000 (2006: $Nil) are repayable over 16 quarterly instalments commencing from December 2006 to September 2010. Interest rate is 0.6% per annum above the lender's cost of funds. The term loan is unsecured.

(e) As at March 31, 2006, the group's and company's term loans amounting to $413,000 were secured on a first fixed charge basis on specific machinery of the company. The net book value of assets secured by term loans as at March 31, 2006 amounted to $1,638,000. Interest rate was 1.625% per annum above the SIBOR and repayable over 41 monthly instalments commencing April 2003 to August 2006. The fixed charges have been discharged during the financial year.

(f) As at March 31, 2006, the group's term loans amounting to $1,050,000 were secured on specific assets of a subsidiary. The net book value of the fixed assets secured by term loans as at March 31, 2006 amounted to $2,265,000. Interest rate was 2% per annum above the SIBOR and repayable over 36 monthly instalments commencing December 2004 to November 2007. The loan has since been repaid and fixed charges have been discharged during the financial year.

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

18 AMOUNT DUE TO BANKERS (cont'd)

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

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	5,310	4,695	5,310	3,645

The average effective interest rates paid were as follows:

	Group		Company	
	2007	2006	2007	2006
Term loans	4.90%	4.60%	4.90%	4.60%

19 TRADE PAYABLES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Outside parties	12,896	10,248	5,234	5,692
Subsidiary (Note 14)	-	-	11,817	5,178
Associate (Note 15)	4	-	4	-
Total	12,900	10,248	17,055	10,870

The average credit period on purchases of goods is 45 days (2006 : 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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	9,641	6,851	14,961	8,359
Singapore dollars	50	26	-	-
Euro	572	146	504	89
Japanese Yen	131	820	131	820
Thailand Baht	-	-	165	17
Malaysian Ringgit	4	-	4	-

20 OTHER PAYABLES AND ACCRUALS

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Subsidiary (Note 14)	-	-	-	1
Related company (Note 5)	39	250	-	250
Accruals	2,290	3,090	1,652	2,275
Other payables	34	431	34	425
Total	2,363	3,771	1,686	2,951

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

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
United States dollars	-	402	-	-

21 FINANCE LEASES

	Group: Minimum lease payments 2007 $'000	Group: Minimum lease payments 2006 $'000	Group: Present value of minimum lease payments 2007 $'000	Group: Present value of minimum lease payments 2006 $'000
Amount payable under finance leases:				
Within one year	-	14	-	13
Less: Future finance charges	-	(1)	-	-
Present value of lease obligations	-	13	-	13
Less: Amount due for settlement within 12 months (shown under current liabilities)			-	(13)
Amount due for settlement after 12 months			-	-

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

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

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

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

22 SHARE CAPITAL

	Group and Company			
	2007	2006	2007	2006
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	247,340,750	247,340,750	20,545	12,367
Transfer from share premium account	-	-	-	8,178
Issued during the year	600,000	-	60	-
At end of year	247,940,750	247,340,750	20,605	20,545

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

As a result of the Companies (Amendment) Act 2006, the concept of authorised share capital and par value has been abolished. Accordingly, any amount standing to the credit of share premium account was transferred to the company's share capital account in 2006.

23 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			
	2007		2006	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise options $
Outstanding at the beginning of the financial year	2,497,500	0.186	2,605,500	0.186
Granted during the financial year	3,091,500	0.100	-	-
Lapsed during the financial year	(87,750)	0.186	(108,000)	0.186
Outstanding at the end of the financial year	5,501,250	0.138	2,497,500	0.186
Exercisable at the end of the financial year	1,686,825	0.186	999,000	0.186

23 SHARE-BASED PAYMENTS RESERVE (cont'd)

The options outstanding at the end of the financial year have a weighted average remaining contractual life of 8 years (2006 : 8 years).

The 2007 options were granted on August 16, 2006. The estimated fair values of the options granted is $0.10.

The fair values of the options granted in 2007 and 2005 were calculated using the Binomial pricing model. The inputs into the model were as follows:

	Options granted in	
	2007	**2005**
Weighted average share price	0.075	0.185
Weighted average exercise price	0.10	0.186
Expected volatility	52%	52%
Expected life	10	10
Risk free rate	2.542%	2.263%
Expected dividend yield	1.79%	1.25%

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

The group recognised total expenses of $89,000 (2006 : $62,000) 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, 2007, the group has recorded liabilities of $60,000 (2006 : $54,000). 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 (2006 : $54,000) during the year in respect of SARs. At March 31, 2007, the total intrinsic value of the vested SARs was Nil (2006 : Nil).

24 REVENUE

This represents invoiced value of goods sold.

25 OTHER OPERATING INCOME

	Group 2007 $'000	2006 $'000
Commission income from joint venture	-	48
Interest income	214	63
Management fee income from joint venture	-	31
Rental income	190	-
Incentive and claims from suppliers	91	367
Rectification costs written back	50	-
Others	94	73
Total	639	582

26 OTHER OPERATING EXPENSES

	Group 2007 $'000	2006 $'000
Impairment of club memberships	-	21
Share option expenses	89	62
Expenses relating to share appreciation rights under Restricted Stock Plan	66	54
Others	4	-
Total	159	137

27 FINANCE COSTS

	Group 2007 $'000	2006 $'000
Interest expense on:		
- hire purchase creditors	-	2
- term loans	482	397
- bank overdraft	6	2
Total	488	401

28 (LOSS) PROFIT BEFORE INCOME TAX

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

	Group	
	2007	2006
	$'000	$'000
Directors' remuneration:		
- of the company	1,327	1,134
- of the subsidiaries	46	41
Directors' fees	204	190
Staff costs (including directors' remuneration)	10,356	9,339
Costs of defined contribution plans included in staff costs	519	536
Net foreign exchange losses (gains)	116	(272)
Cost of inventories recognised as expense	59,235	52,521
Audit fees:		
- paid to auditors of the company	85	65
- paid to other auditors	98	56
Non-audit fees:		
- paid to auditors of the company	35	4
- paid to other auditors	10	8
Allowance for slow-moving inventories	1	6
Impairment of club membership (included in other operating expenses)	-	21
Depreciation of property, plant and equipment	4,630	4,742

29 INCOME TAX

	Group	
	2007	2006
	$'000	$'000
Current tax:		
- current year	130	1,174
- under-provision in prior years	158	-
Deferred tax:		
- current year	(597)	(1,128)
- over-provision in prior year	(296)	(250)
Income tax benefit for the year	(605)	(204)

Domestic income tax is calculated at 18% (2006 : 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

29 INCOME TAX (cont'd)

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

	Group 2007 $'000	Group 2006 $'000
(Loss) Profit before income tax	(304)	774
Tax (benefit) expense at the domestic income tax rate of 18% (2006: 20%)	(55)	155
Effect of different tax rates of subsidiaries operating in other jurisdictions	(549)	(169)
Effect of tax losses of subsidiary not recognised	111	251
Tax effect of non-taxable income	(43)	(238)
Tax effect of non-deductible expenses	62	39
Over provision in prior years	(138)	(250)
Others	7	8
Tax benefit	(605)	(204)

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 capital allowances available for offsetting against future taxable income as detailed below.

	Group 2007 $'000	Group 2006 $'000
Amount at beginning of year	1,900	1,500
Arising in current year	4,100	400
Amount at end of year	6,000	1,900
Deferred tax benefit on above not recorded	697	304

A deferred tax asset has been recognised in respect of $2,100,000 (2006 : $Nil) of such losses and capital allowances. No deferred tax asset has been recognised in respect of the remaining tax losses and capital allowances of $3,900,000 (2006 : $1,900,000) due to the unpredictability of future profit streams of the relevant subsidiaries.

30 EARNINGS PER SHARE

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

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

	Group 2007	Group 2006
Net profit	$301,000	$978,000
Weighted average number of ordinary shares on issue applicable to basic earnings per share	247,890,750	247,340,750

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

On August 15, 2006, a dividend of 0.2 cents per share (total dividend $496,000) was paid to shareholders. In August 2005, the dividend paid was 0.1 cents per share (total dividend $247,000).

In respect of the current year, the directors propose that a dividend of 0.2 cents per share will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is $496,000.

32 OPERATING LEASE ARRANGEMENTS

The group as lessor

The group sub-lease its rented property in Singapore under operating leases. Property rental income earned during the year was $0.2 million (2006 : $Nil).

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

	Group	
	2007	2006
	$'000	$'000
Within one year	570	-
In the second to fifth years inclusive	333	-
Total	903	-

The group as lessee

	Group	
	2007	2006
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	1,960	857

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

	Group	
	2007	2006
	$'000	$'000
Within one year	1,983	1,888
After one year but not more than five years	5,314	4,691
After five years	5,096	6,314
Total	12,393	12,893

Operating lease payments represent rentals payable by the group 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	
	2007 $'000	2006 $'000
Commitments for the acquisition of property, plant and equipment	35	-

34 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2007 $'000	2006 $'000
Interest rate cap:		
Notional principals	2,960	3,700

As at March 31, 2007, the fair value of the interest rate cap amounted to a loss of $35,000 (2006 : $23,000).

35 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.

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.

35 SEGMENT INFORMATION (cont'd)

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	
	2007	2006	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Business segments								
Segment revenue	57,523	48,618	5,304	4,473	2,376	4,311	65,203	57,402
Segment result	(176)	(240)	207	210	28	41	59	11
Finance costs							(488)	(401)
Share of profit of associates							184	-
(Loss) Gain on disposal of property, plant and equipment	(52)	986	(5)	91	(2)	87	(59)	1,164
(Loss) Profit before income tax							(304)	774
Income tax							605	204
Profit for the year							301	978
Other information								
Capital expenditure	3,382	7,115	312	655	139	631	3,833	8,401
Depreciation and amortisation	4,085	4,016	377	370	168	356	4,630	4,742
Balance Sheet								
Segment assets	46,956	41,345	4,330	3,804	1,940	3,666	53,226	48,815
Unallocated assets							5,403	9,846
Consolidated total assets							58,629	58,661
Segment liabilities	(13,465)	(11,885)	(1,242)	(1,093)	(556)	(1,054)	(15,263)	(14,032)
Unallocated liabilities							(12,008)	(13,374)
Consolidated total liabilities							(27,271)	(27,406)

35 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	
	2007 $'000	2006 $'000
Singapore	39,184	35,086
Malaysia	19,876	9,936
Thailand	10,058	10,988
People's Republic of China	8,347	7,553
Elimination	(12,262)	(6,161)
	65,203	57,402

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

	Group			
	Carrying amount of segment assets		Additions to property, plant and equipment	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Singapore	60,869	57,600	1,541	2,594
Malaysia	21,073	9,767	4,245	3,555
Thailand	13,723	12,202	339	4,338
People's Republic of China	7,100	8,464	64	187
Elimination	(44,136)	(29,372)	(2,356)	(2,273)
	58,629	58,661	3,833	8,401

36 ACQUISITION OF SUBSIDIARY

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

36 ACQUISITION OF SUBSIDIARY (cont'd)

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

	Acquiree's carrying amount before combination $'000	Fair value adjustments $'000	Fair value $'000
Net assets acquired:			
Cash and bank balances	314	-	314
Plant and equipment	2,793	-	2,793
Inventories	480	-	480
Trade receivables	1,117	-	1,117
Other receivables and prepayments	108	-	108
Amount due from a joint venture	(1,792)	-	(1,792)
Loan from a joint venture	(400)	-	(400)
Trade payables	(340)	-	(340)
Other payables and accruals	(753)	-	(753)
Amount due to bankers	(792)	-	(792)
Finance lease	(16)	-	(16)
	719	-	719
Goodwill (Note 12)			831
Total consideration, satisfied by cash			1,550
Net cash outflow arising on acquisition:			
Cash consideration paid			(1,550)
Cash and cash equivalents acquired			314
			(1,236)

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

Avaplas Nypro contributed $6.9 million revenue and $0.7 million to the group's profit before tax for the period between the date of acquisition and March 31, 2006.

If the acquisition had been completed on April 1, 2005, total group revenue for the year ended March 31, 2006 would have been $10.3 million and profit for the year ended March 31, 2006 would have been $0.5 million.

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company as set out on pages 30 to 69 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, 2007, 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

June 29, 2007

Class of Shares	:	Ordinary Shares ("Shares")
Number of Ordinary Shares	:	248,540,750
Voting Rights	:	One vote per ordinary share

STATISTICS OF SHAREHOLDINGS AS AT 26 JUNE 2007

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	1,009	79.95	3,032,875	1.22
10,001 - 1,000,000	248	19.65	19,485,937	7.84
1,000,001 and above	5	0.40	226,021,938	90.94
TOTAL :	1,262	100.00	248,540,750	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Arrk Corporation	132,466,146	53.30
2.	Boone Quek Howe Sear	88,174,792	35.48
3.	OCBC Securities Private Ltd	2,016,000	0.81
4.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,925,000	0.77
5.	Wong Vee Tong	1,440,000	0.58
6.	Citibank Nominees Singapore Pte Ltd	932,000	0.37
7.	UOB Kay Hian Pte Ltd	922,000	0.37
8.	Chua Kuan Lim Charles	827,000	0.33
9.	Lim & Tan Securities Pte Ltd	801,000	0.32
10.	Chan Kah Hua	727,000	0.29
11.	Low Miew Leng	500,000	0.20
12.	United Overseas Bank Nominees Pte Ltd	486,000	0.20
13.	Chua Tiem Lai	400,000	0.16
14.	Ong Fook Thim	350,000	0.14
15.	DBS Nominees Pte Ltd	311,000	0.13
16.	Cheng Lai Quek	268,000	0.11
17.	Ong Hwee Sen	268,000	0.11
18.	Esther Ong Hwee Tze	252,000	0.10
19.	Lee Kwong Fatt	250,000	0.10
20.	Second Chance Properties Ltd	250,000	0.10
	TOTAL :	233,565,938	93.97

SUBSTANTIAL SHAREHOLDERS AS AT 26 June 2007

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

Notes

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

Based on information available to the Company as at 26 June 2007, approximately 10.30% 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

Notice is hereby given that the Annual General Meeting of the Company will be held on 23 July 2007 at Cube 4, Lower Lobby, Changi Village Hotel (Former Le Meridien Changi),1 Netheravon Road Singapore 508502 at 11.30 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and consider the directors' report and accounts for the year ended 31 March 2007 and the independent auditor's report thereon. **Resolution 1**

2. To re-elect Mr Wong Vee Tong who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. **Resolution 2**

3. To re-elect Mr Yoshiteru Miura who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. **Resolution 3**

4. To re-elect Mr Jeffery Tan Eng Heong, a Director retiring pursuant to Article 97 of the Company's Articles of Association. *[See Explanatory Note (a)]* **Resolution 4**

5. To approve the proposed payment of the first and final dividend of 0.2 cents per ordinary share (tax exempt 1-tier) for the year ended 31 March 2007. **Resolution 5**

6. To approve the Directors' fees of $188,000 for the year ended 31 March 2007 (2006: $174,000) **Resolution 6**

7. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**

8. 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:-

9. "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 8**

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

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

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

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

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

10. "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 9**

(ii) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held;

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

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

11. "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 360,000 ordinary shares in the capital of the Company ("Shares") at a subscription price equal to the volume-weighted average price of the Shares for the three (3) consecutive trading days immediately preceding the date of this AGM, such options being exercisable for a period commencing on (and including) the first anniversary and ending on (and including) the tenth anniversary of the date of grant of such options, and to allot and issue Shares upon the exercise of any such options (notwithstanding that the exercise thereof or such allotment and issue may occur after the conclusion of the next or any ensuing Annual General Meeting of the Company)."*[see Explanatory Note (d)]* **Resolution 10**

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 14 August 2007 and 15 August 2007, both dates inclusive, for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Lim Associates (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 2007 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on 28 August 2007 to shareholders registered in the books of the Company on 13 August 2007.

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

By Order Of the Board

Chuang Sheue Ling and Tan Ching Chek
Joint Company Secretaries

Dated : 6 July 2007
Singapore

Explanatory Notes:

(a) Mr Jeffery Tan Eng Heong, if re-elected, will remain Chairman of the Nominating Committee and a member of both the Audit and Nomination Committees and is considered an independent director for purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(b) The proposed ordinary resolution 8 in item 9 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares in the Company up to the limit as specified in the resolution for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

(c) The proposed ordinary resolution 9 in item 10 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 20 July 2006; and

(ii) that such methods or procedures referred to in (i) above are sufficient to ensure that the interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

ARRK Corporation and its respective associates will abstain from voting on the proposed ordinary resolution 9 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 10 in item 11, 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 360,000 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 three years faced severe competitive pressure and the Board is of the view that the CEO and his management team had performed creditably to deliver positive bottomlines. It should be noted that no profit sharing bonuses was earned by the CEO and the management in the past three years in accordance with the rules of the Company's profit sharing scheme.

(d)(iv) In recognition of the efforts of the CEO and his management team and to motivate them to improve the Group's performance further in the coming year, the Company is proposing to grant an option to Mr Boone Quek Howe Sear to subscribe for 360,000 ordinary shares at a subscription price equal to the volume-weighted average price of the Shares for the three (3) consecutive trading days immediately preceding the date of this AGM. The number of options to be granted to Mr Boone Quek Howe Sear has been set and approved by the Remuneration Committee in accordance with Clause 2.1 of the Circular to Shareholders in relation to Avaplas Ltd Share Option Plan dated 7 August 2001, which took into consideration the value of the options to be granted, arrived at based on Blackscholes Model, relative to the total remuneration of the employee vis-a-vis competitive market practice.

(d)(v) The total remuneration (inclusive of benefits) of Mr Boone Quek Howe Sear for financial year ended 31 March 2007 is S$763,006

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

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

Notes to Proxy Form:

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

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

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

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

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

ANNUAL GENERAL MEETING PROXY FORM

Important

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

I/We ____ (Name)

of ____ (Address)

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

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

and/or (delete as appropriate)

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

or failing whom, the Chairman of the meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on 23 July 2007 and at any adjournment thereof in the following manner:

Resolution No		For	Against
1.	Adoption of Reports and Accounts.		
2.	Re-election of Mr Wong Vee Wong, a director retiring under Article 91.		
3.	Re-election of Mr Yoshiteru Miura, a director retiring under Article 91.		
4.	Re-election of Mr Jeffery Tan Eng Heong, a director retiring under Article 97.		
5.	To approve first and final dividend.		
6.	To approve Directors' Fees.		
7.	Re-appointment of Auditors and authorisation of directors to fix their remuneration.		
8.	Authority for directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
9.	To renew the Shareholders' Mandate for Interested Person Transactions		
10.	Authority for directors to grant options and issue shares to Mr Boone Quek Howe Sear under the Avaplas Ltd Share Option Plan.		

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

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

Dated this __________ day of ________________ 2007.

Total No. of Shares Held	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

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

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

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

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

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

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

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

GENERAL

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