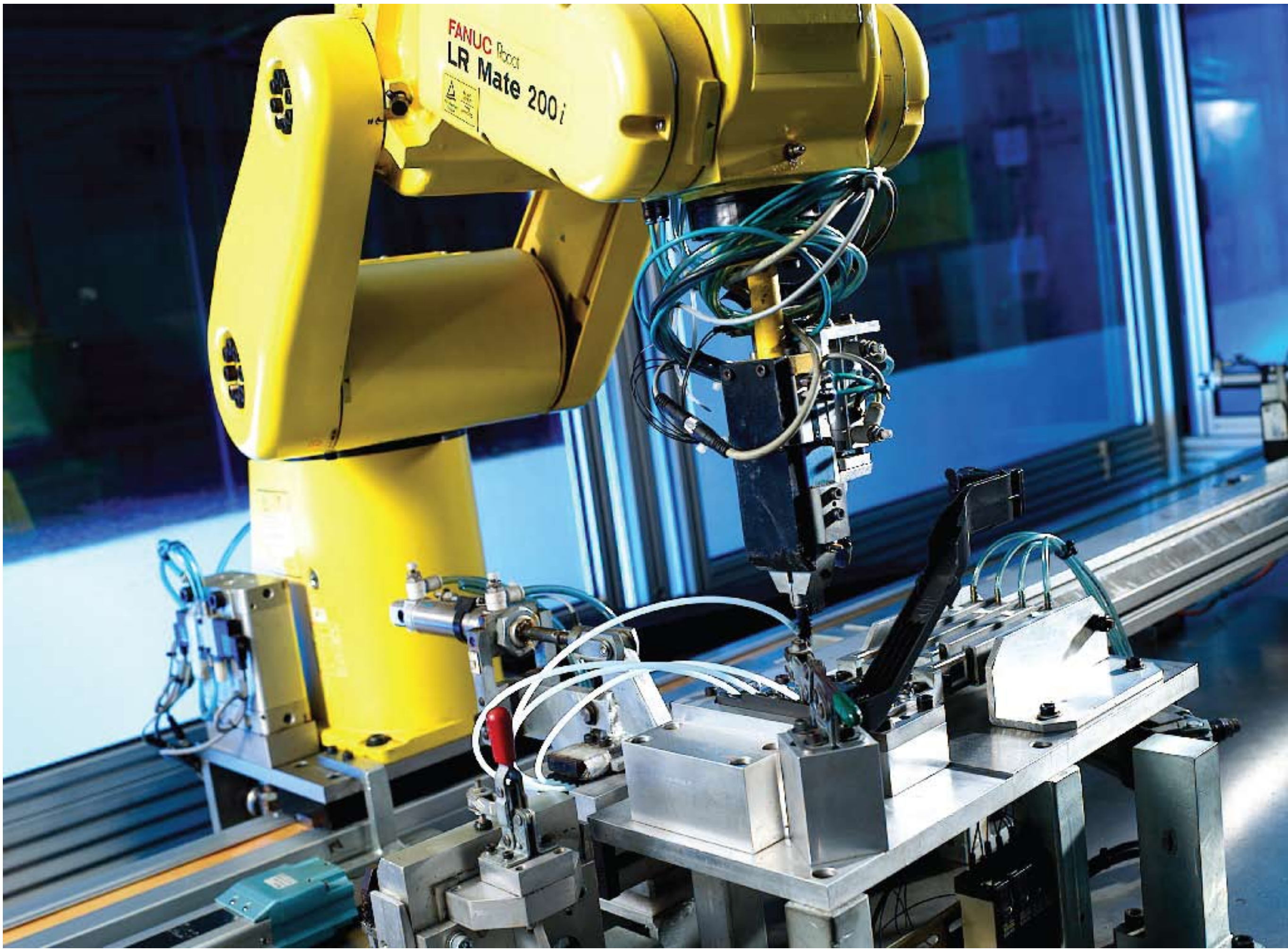
Avaplas Ltd

Annual Report 2009

Aligning to Meet New Challenges

AR09



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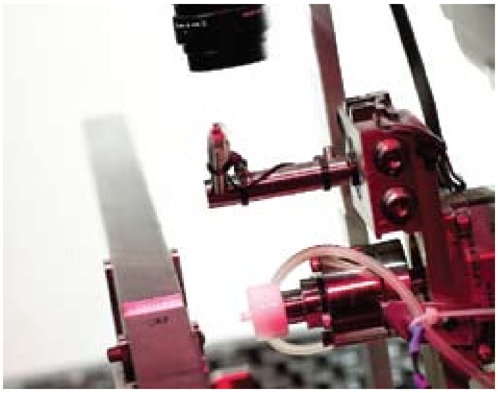
Corporate Profile

Established in March 1993, Avaplas Ltd has grown to become a specialist manufacturer of high volume precision engineering plastic components.

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 in the *Printing & Imaging*, *Electronics and Telecommunications,* and *Healthcare* industries.



Milestones

1993	Mar	Commencement of operations in a 5,000 sq. ft. factory at Techplace 1 in Ang Mo Kio.
1995	Sept	Awarded ISO 9002 Certification by Underwriters Laboratories Inc.
1996	Jan	Awarded ISO 9002 Certification by Productivity Standards Board.
	Nov	Moved to a 32,000 sq. ft. leasehold factory in Changi South Industrial Estate.
1997	Dec	Expansion of factory space from 32,000 sq. ft. to 48,000 sq. ft.
1999	Apr	Successful implementation of first stack mold project.
	Aug	Expanded to China through a 20% equity interest in a joint venture company, Univac Design & Engineering Pte Ltd.
	Nov	Ranked 27th for the first time in the 1999 Enterprise 50 Award.
2000	May	Listed on the SGX-SESDAQ.
2001	Mar	Awarded QS 9000 Certification by Underwriters Laboratories Inc.
	Sept	Expansion of factory space in Singapore from 48,000 sq. ft. to 80,000 sq. ft.
	Oct	Awarded Certified MuCell Processor by Trexel Inc. (An MIT Company).
2002	Jan	Incorporation of wholly-owned subsidiary, Avaplas (Thailand) Limited.
	June	Received Technology Innovation Award by Trexel Inc.
	Jul	Awarded ISO 14001 Certification by Underwriters Laboratories Inc.
	Nov	Incorporation of wholly-owned subsidiary, Avaplas Precision Plastics (Shanghai) Co., Ltd.
2003	Jan	Avaplas (Thailand) Limited renamed as Avaplas Nypro (Thailand) Limited after it became a 50% jointly controlled entity of the Company.
	Jun	Increased equity interest in Univac Design & Engineering Pte Ltd from 20.76% to 28.54%.
	Dec	Increased equity interest in Univac Design & Engineering Pte Ltd from 28.54%.to 30.19%.

2004	Apr	Voluntary conditional cash offer by ARRK Corporation for all the issued ordinary shares of S$0.05 each in the capital of the Company at the offer price of S$0.28 per share. Divestment of entire 30.19% equity interest in Univac Design & Engineering Pte Ltd.
	May	ARRK Corporation becomes a major shareholder of the Company.
	June	Incorporation of wholly-owned subsidiary, Avaplas Sdn Bhd.
2005	June	Acquisition of remaining 50% of the issued and paid up capital it does not already own in Avaplas Nypro (Thailand) Limited.
2006	Mar	Sale and leaseback of factory building at 19 Changi South Street 1.
	Apr	Purchase of 20% interest in Daviscomms (S) Pte Ltd.
	Oct	Expansion of factory space in Malaysia to 65,000 square feet.
2007	Feb	Purchase of 30% interest in Optosem Technologies (S) Pte Ltd.
2008	Apr	Constructed a Clean Room facility of 7000 sq. ft. for the production of cartridges and medical products at the plant in Malaysia.

Message from the CEO

"By focusing on improving our strengths in cost competitiveness, technological development and management capabilities, we will continue to stay relevant to our customers."

Boone Quek Howe Sear
Chairman & Chief Executive Officer

Dear Fellow Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of Avaplas Ltd for the financial year ended 31 March 2009.

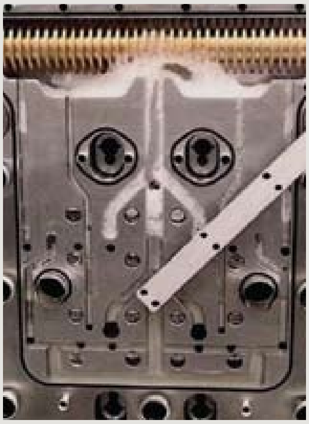
A Review of FY2009

Global macroeconomic conditions deteriorated in 2008. With many western developed economies experiencing either significantly slower growth or recession, poor market sentiments resulted in lower demand from consumers.

Being a manufacturer of components for consumer related products, Avaplas was inevitably affected by the broad-based decline in global demand. With key customers managing their inventories more cautiously, orders were reduced especially in the second half of the financial year. The Group experienced lower revenue from all business segments and consequently, group revenue decreased 11.1% to $57.1 million in FY2009.

During the year, we continued to strengthen our cost competitiveness by optimizing the scale of our manufacturing operations in Singapore and Shanghai. Coupled with additional measures implemented to manage expenses more effectively, we achieved higher gross profits and successfully lowered total operating expenses. This helped to cushion the impact of lower business activities and partly contributed to narrowing the Group's net loss to $1.0 million, an improvement of 76.8% compared to the loss of $4.3 million in FY2008.

In appreciation of the support from shareholders, your directors have proposed a final tax-exempted cash dividend of 0.2 cent per share for the financial year ended 31 March 2009.



Sharpening Strategy under Challenging Conditions

Since the establishment of Avaplas in 1993, our mission has been to provide innovative manufacturing solutions to our customers. Throughout changing market conditions in the last 15 years, these innovative and cost competitive solutions have been the foundation of our growth. Despite today's challenging business landscape, we remain committed to this mission. By focusing on improving our strengths in cost competitiveness, technological development and management capabilities, we will continue to stay relevant to our customers.

Improving our cost competitiveness and operating efficiency has always been important priorities for the Group. In these areas, we have taken significant steps. From 2002, we have expanded our manufacturing footprint geographically to leverage on the lower costs of production in regional countries such as Malaysia, Thailand and China. With an established network of overseas manufacturing centres to allocate resources more efficiently, we were more cost effective to our customers.

In 2007, escalating costs prompted us to right-size our Singapore manufacturing operation by transferring most of the existing projects to the overseas manufacturing centres. With the bulk of projects relocated by FY2009, the share of revenue contribution from overseas increased to 87.5% of group revenue. By fully capitalizing on the cost advantage of manufacturing overseas, we achieved significant improvement in operating efficiency and cost competitiveness in FY2009.

During the year, we also intensified our efforts to enhance costs and cash management. Besides refining operating and manufacturing processes, we worked closely with our suppliers to reduce input costs and implemented additional cost savings measures to lower total expenses. In FY2009, our efforts resulted in a cash inflow of $2.5 million from operating activities and contributed to a net increase in cash and cash equivalents of $1.3 million. With prudent cash management, cash and bank balances were $7.9 million as at 31 March 2009, 22% higher than a year ago. Our strong balance sheet will better position the Group to weather the current economic slowdown.

Message from the CEO

We have a strong track record in harnessing new technology in the manufacturing process to deliver higher value-added products and services to our customers. An example is the introduction of the innovative MuCell® molding process which allows injection molding to reduce product costs while enhancing design and processing. The Group is currently working with customers to introduce new technology and processes to reduce cycle time and improve operating efficiency.

Besides cost competitiveness and technological competency, Avaplas also has a dedicated management team with a long and excellent track record in the industry. By continuing to refine our business strategy and improve upon our key strengths, we are responding systemically to the challenges of this economic slowdown. In doing so, we believe we are better suited to explore opportunities for suitable strategic alliances and partnerships with manufacturers in higher cost locations.

Outlook for FY2010

There is growing optimism for a mild recovery in the global economy towards the end of 2009. However, the Group remains mindful of the near term challenges in the market place. For the current financial year, we expect business conditions to remain uncertain and the Group will continue to monitor market developments vigilantly. Nevertheless, the benefits of higher cost efficiency as a result of the ongoing measures to be cost-competitive can be expected to contribute towards our performance in FY2010.

While we continue with efforts on improving cost and cash management, we will also strive to expand our revenue base by targeting higher business allocation from existing projects as well as actively marketing to potential customers. Any successful conclusion of a strategic alliance or partnership should also have a positive impact on group revenue.

Appreciation

During FY2009, both Mr Jeffery Tan Eng Heong and Mr Yoshiteru Miura stepped down from the Board. On behalf of the Board, I would like to record my appreciation to them for their past services and contributions to the Group. I would also like to take this opportunity to extend a warm welcome to Mr Ang Miah Khiang and Mr Yutaka Yoshioka who joined as new directors of the Group. I would also like to sincerely thank my fellow directors for their wise counsel in guiding the Group through the current economic uncertainty.

I wish to express my gratitude to all the management and staff of Avaplas for their hard work and commitment during a challenging year. Last but not least, I am grateful to all our customers, bankers, shareholders, business associates and suppliers for their continuing support.

Boone Quek Howe Sear
Chairman & Chief Executive Officer

Corporate Information

Board of Directors

Executive Directors
Boone Quek Howe Sear
Chairman and Chief Executive Officer

Wong Vee Tong, Tony
Chief Operating Officer

Non-Executive Director
Yutaka Yoshioka

Non-Executive Independent Directors
Chia Tian Bin, David
Ng Jwee Phuan @ Frederick (Eric)
Ang Miah Khiang

Audit Committee

Chia Tian Bin, David *Chairman*
Ng Jwee Phuan @ Frederick (Eric)
Ang Miah Khiang

Remuneration Committee

Ng Jwee Phuan @ Frederick (Eric) *Chairman*
Chia Tian Bin, David
Ang Miah Khiang

Nominating Committee

Ang Miah Khiang *Chairman*
Ng Jwee Phuan @ Frederick (Eric)
Chia Tian Bin, David

Secretaries

Tan Ching Chek
Lo Swee Oi

Registered Office

19 Changi South Street 1
Changi South Industrial Estate
Singapore 486779

Company Registration Number

199301788C

Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street #08-01
Samsung Hub
Singapore 049483

Auditors

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

Audit Partner: Patrick Tan Hak Pheng
Appointed on 1 June 2008

Principal Bankers

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

Business Review

Background

Avaplas specialises in the manufacturing of high volume precision engineering plastic components and sub-assemblies using plastic injection molding. The Group serves mainly MNCs and contract manufacturers in Printing & Imaging, Computer Peripherals, Consumer Electronics and other industries.

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

Revenue

Against the backdrop of an economic slowdown in the western developed countries, the Group recorded an 11.1% decrease in revenue to $57.1 million for the financial year ended 31 March 2009.

The largest business segment, Printing & Imaging and Computer Peripherals, saw sales decline by 10.4% to $49.5 million as major customers continued to manage inventories cautiously amidst broad-based weakening in consumer demand. The other two smaller business segments also experienced a slowdown in business activities. Revenue from Consumer Electronics slid marginally by 3.4% to $5.8 million while revenue from Medical Disposables, Industrial Products and Others decreased by 40.2% to $1.7 million.

Singapore

Revenue from Singapore decreased from $23.3 million in FY2008 to $7.1 million in FY2009. This is due to the transfer of existing projects to the lower-cost production centres in Malaysia, Thailand and China as the Group right-sized the manufacturing operation in Singapore in a corporate restructuring exercise.

The right-sizing, which started in early FY2008, was part of the Group's strategy to strengthen overall cost competitiveness in an increasingly competitive environment. Having shifted most of the existing projects to lower-cost regional manufacturing centres in FY2009, the Group attained a more streamlined and efficient structure that contributed to lower gross and operating expenses in FY2009.

At the end of FY2009, there were still some remaining projects related to medical and electronics products in Singapore. Upon approval from customers, these projects will be relocated to the Malaysian plant. The Group's objective is to utilise the Singapore plant as a base to support marketing, administration as well as product evaluation and testing.

Malaysia

During the year, the Malaysian operation continued to benefit from the right-sizing program in Singapore. Additional Printing & Imaging and Computer Peripherals, as well as Consumer Electronics projects transferred from Singapore contributed to a higher level of manufacturing activities at the two Malaysian plants. With the increased number of projects as well as higher allocation of business from existing customers, revenue from Malaysia grew 18.4% from $25.3 million in FY2008 to $30.0 million in FY2009.

Due to the increase in production volume, capacity utilisation at the two plants in Malaysia rose to approximately 85%. To increase productivity, some projects were reorganised. Cost-saving measures were also implemented to lower operating expenses. As a result of these measures, significant savings were achieved in FY2009, mitigating the adverse impact of softening demand in the second half of FY2009.

Thailand

Revenue from Thailand rose 23.4% from $11.4 million in FY2008 to $14.0 million in FY2009. While the increase was mainly attributed to the relocation of existing projects from Singapore, the operation in Thailand also secured higher demand from existing customers.

Besides reducing excess manpower to lower labour cost, the Group also introduced energy conservation methods to trim operating expenses. To utilise excess manufacturing capacity in Thailand, the Group is working with a major customer for higher allocation of existing projects.

China

In FY2008, the Group planned to relocate its existing factory in Shanghai to the southern part of China but the move was delayed by the onset of the economic crisis. During the year, the Group continued to restructure the Shanghai operation. Besides streamlining the scale of production, the size of the labour pool was reduced and a flexible work week was also introduced.

In FY2009, revenue from China jumped 43.2% from $4.1 million in FY2008 to $5.9 million. This was mainly attributed to higher demand from ongoing projects as well as additional Printing & Imaging and Computer Peripherals projects from new and existing customers.

Profitability

With the Group's ongoing efforts to improve operating efficiency by optimising production resources and implementing cost saving measures, gross profit increased by 30.4% to $4.4 million despite the lower revenue. Consequently, gross profit margin rose from 5.3% in FY2008 to 7.8% in FY2009.

Coupled with foreign exchange gain from a stronger US dollar against Asian currencies and a higher contribution from the associates' profits, the Group recorded a net loss of $1.0 million in FY2009. This represents an improvement of 76.8% over the net loss of $4.3 million recorded in FY2008.

Asian Presence

We extend to all customers our total commitment in meeting their requirements and exceeding their expectations in the areas of Service, Technology, Quality and Delivery through continual improvements in our performance.

Board of Directors

Boone Quek Howe Sear is the founder and Chief Executive Officer of the Company. He was appointed to the Board of Directors on 26 March 1993. He is responsible for planning the business and corporate development of the Group. Mr Boone Quek has more than 30 years' experience in the precision plastic injection molding industry.

Wong Vee Tong, Tony was appointed an Executive Director on 1 October 1999. He assists our Chief Executive Officer, Mr Boone Quek, and therefore also oversees our daily operations, including procurement of raw materials, production, sales and marketing, as well as finance. He travels regularly to our three overseas subsidiaries to provide similar management support to the operations there. He is overall responsible for our operations in the absence of Mr Boone Quek while the latter is away from office. Prior to joining Avaplas in 1997, he had amassed more than 20 years' management experience in several 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 has more than 20 years' experience in the plastic injection molding industry.

Yutaka Yoshioka was appointed a Non-Executive Director of the Company on 27 May 2009, as a representative of ARRK Corporation, Japan in place of Mr Yoshiteru Miura. He is currently responsible for Asia Region of International Administration Group of ARRK, Japan. Stationed in Thailand, he assumes the office of Deputy Managing Director of ARRK Corporation (Thailand) Ltd., being engaged in administrative management of overseas affiliated companies in Asia, Australia and Internal Control & Legal Department based on requirement of J-Sox regulations in Japan. Prior to joining ARRK Group in September 2007, he had more than 20 years' experience in the automotive industry in various countries and had spent five years in computer-related parts manufacturing in Vietnam. He is experienced and well-versed in the legal and financial requirements of joint ventures and mergers & acquisitions.

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

Ng Jwee Phuan @ Frederick (Eric) was appointed an Independent Director of the Company on 27 April 2000. He has been the Principal Consultant of Chadway Management Service Pte Ltd since 1982. He is responsible for providing operational management, planning and executing growth strategies, merger and acquisitions activities and corporate finance services to companies in Singapore and the region. He also advises on business growth and globalisation strategies, capital market and corporate governance issues and is an active capital market intermediary matching capital with business. Mr Ng is also active in various societies and institutes, being a member of the Singapore Institute of Directors and the Singapore Human Resource Institute. He also served as District Governor of Singapore for Lions Clubs International from 2002 to 2003.

Ang Miah Khiang was appointed an Independent director of our Group on 28 October 2008. He spent the greater part of his career in the SME financing business, having held the position of Managing Director of GE Commercial Financing (Singapore) Ltd, formerly known as Heller Financial (S) Ltd. He was also concurrently regional director for GE related businesses in Asia Pacific. More recently, he was Executive Director of DP Information Network Pte Ltd, a business and credit information bureau. Mr Ang is a Fellow of the Institute of Certified Public Accountants of Singapore and holds a Bachelor of Accountancy degree from the University of Singapore. He is also an independent director of several other listed companies.

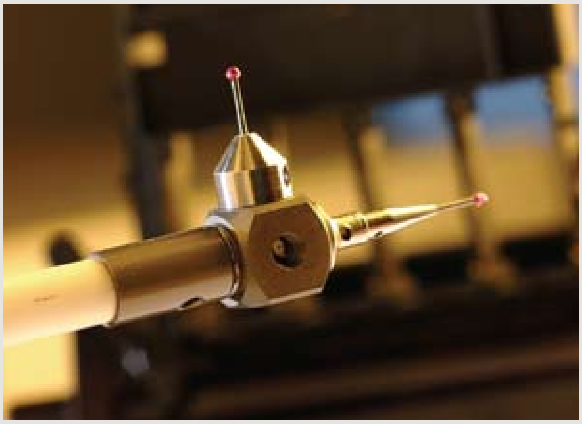
Senior Management

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 coordination of new projects. Mr Ikeda has been in the plastic injection molding industry since 1980 when he joined Minebea Co. Ltd at their Karuizawa plant in Japan as a mold designer. During his 17-year tenure at Minebea Group, he assumed various positions within different units. In particular, he was process engineer, design engineer, research and development engineer and operations manager. Mr Ikeda holds a Degree in Mechanical Engineering from the National University of Shinshyuu.

Karasawa Takashi came on board in November 2008 as the Engineering Director. He is currently responsible for the entire operations of our plant in Shanghai. He also markets the Group's capabilities to existing and potential Japanese customers. An engineering graduate from the Yamanashi National University in Japan, Mr Karasawa has more than 30 years of working experience, notably in tool design and fabrication. Prior to joining Avaplas, he was the Manager of the Consumer Products Operations division of Seiko Epson Corporation in Japan.

Ng Siew Ge, Stephen is the Finance Director of the Company. Mr Ng joined the Company in 2008 and is responsible for the Group's financial and accounting matters. He has more than 15 years of audit and financial/controlling experience in different industries. Before joining the Company, Mr Ng was Vice-President of Finance and Systems with a local MNC. Mr Ng is a Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales, and the Institute of Certified Public Accountants in Singapore.

Tan Fang Fang, Jacqueline joined the Company in 1999 and is currently the Senior Human Resource Manager. She is responsible for the Group's full spectrum of HR and HR-related activities in Singapore and the region. Ms Tan 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 the Company. She holds a Bachelor of Arts (Honours) from the National University of Singapore and a Graduate Diploma in Personnel Management from the Singapore Institute of Management.

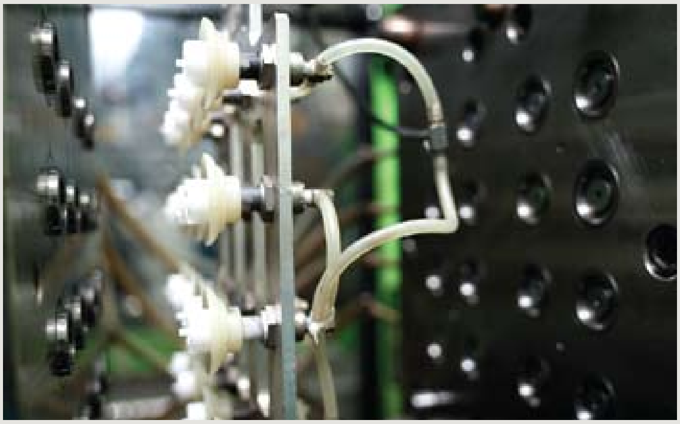


Chang Pun Hong, Leslie joined the Company in 1997 and is currently the Senior Quality Manager. He is responsible for the performance of the Quality Department as well as the Quality & Environmental Management System of the Company and its subsidiaries in Thailand, China and Malaysia. Prior to joining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

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

Chan Hwa Chit joined the Company in 1993 as 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 the Technical Training Institute of Kuala Lumpur, Malaysia. He was previously seconded to our subsidiary in Thailand in the same capacity from 2002 to 2005.

Abdul Rahim Bin Salleh is the Production Manager of the Company and his area of responsibility includes parts production and its effective and efficient operation to meet the customers' requirements. He 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 the Company in 1999.

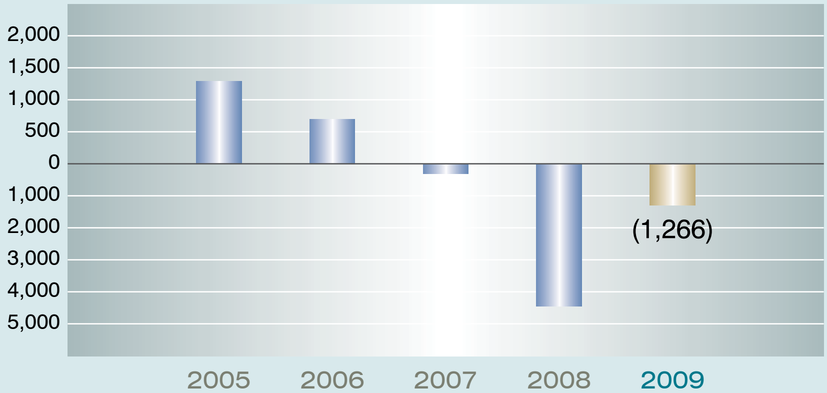


Financial Highlights

Operating results	FY2009	FY 2008	% Increase/ (Decrease)
Revenue (S$ '000)	57,056	64,145	-11.05%
Loss before income tax (S$ '000)	(1,266)	(4,409)	-71.29%
Loss for the year (S$'000)	(991)	(4,263)	-76.75%
Loss per share (cents)	(0.40)	(1.72)	-76.74%
Financial Position (S$ '000)			
Total assets	46,448	50,691	-8.37%
Cash and bank balances	7,938	6,502	22.09%
Amount due to bankers			
- Short term	10,236	7,241	41.36%
- Long term	1,729	3,687	-53.11%
Equity	24,833	26,651	-6.82%
Financial ratios			
Inventory turnover (days)	34.00	35.00	-2.86%
Accounts receivable turnover (days)	56.00	62.00	-9.68%
Accounts payable turnover (days)	45.00	52.00	-13.46%
Return on average equity	-3.90%	-14.70%	-73.47%
Return on average total assets	-2.00%	-7.80%	-74.36%
Current ratio	1.17	1.27	-7.87%
Gearing ratio	0.48	0.41	17.07%
Short term debt/equity	41.22%	27.17%	51.71%
Long term debt/equity	6.96%	13.83%	-49.67%

Revenue (S$'000)

(Loss)/Profit before income tax (S$'000)



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

Financial Contents

Corporate Governance Report

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

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

BOARD MATTERS

The Board's Conduct of its Affairs

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

The Company holds regular scheduled meetings throughout the year. *Ad hoc* meetings are convened when circumstances require. The Company's Articles of Association permit Directors to attend meetings through the use of audio-visual communication equipment. During the period from 1 April 2008 to 26 June 2009, a total of 6 Board meetings were held. In aggregate, the Directors attended 97% of the meetings of the Board.

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

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

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

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

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

Corporate Governance Report

Directors' Orientation and Access to Information

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

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

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

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

Board Composition and Guidance

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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.

Corporate Governance Report

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

BOARD COMMITTEES

Nominating Committee

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

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

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

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

The Nominating Committee has recommended that Mr Wong Vee Tong, Tony, who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association at the forthcoming AGM, to be re-elected. The Nominating Committee has also recommended that Mr Ang Miah Khiang and Mr Yutaka Yoshioka who are retiring pursuant to Article 97 of the Company's Articles of Association at the forthcoming AGM, to be re-elected.

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

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

	NAME OF DIRECTORS	APPOINTMENT	DATE OF INITIAL APPOINTMENT	DATE OF LAST RE-ELECTION
1	Boone Quek Howe Sear (1)	Executive Chairman	26 March 1993	NA
2	Wong Vee Tong, Tony	Executive Director	1 October 1999	23 July 2007
3	Chia Tian Bin, David	Independent Director	27 April 2000	29 July 2008
4	Ng Jwee Phuan@Frederick (Eric)	Independent Director	27 April 2000	29 July 2008
5	Ang Miah Khiang	Independent Director	28 October 2008	NA
6	Yutaka Yoshioka	Non-Executive Director	22 May 2009	NA

Note:
(1) Mr Boone Quek Howe Sear is also the CEO and Managing Director and need not retire by rotation as provided by the Articles of Association.
(2) Mr Tan Eng Heong, Jeffery and Mr Yoshiteru Miura resigned from the Board on 29 July 2008 and 22 May 2009 respectively.

Corporate Governance Report

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 relevant background, experience and knowledge in technology, business, finance and management skills critical to the Group's business and that each Director, through his unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The Nominating Committee has formally evaluated and is satisfied with the effectiveness of the Board taking into consideration the complementary nature of the contribution of each Director and the collective nature of the contributions of the Board as a whole.

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

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

During the period from 1 April 2008 to 26 June 2009, a total of two NC meetings were held. All the NC members attended the meetings.

Remuneration Committee

The Remuneration Committee ("RC") comprises three non-executive and independent Directors. The RC is chaired by Mr Ng Jwee Phuan @ Frederick (Eric) who is a non-executive and independent Director. The other members of the RC are Mr Chia Tian Bin, David (non-executive and independent Director) and Mr Ang Miah Khiang (non-executive and independent Director).

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

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

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

Corporate Governance Report

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 2009 are as follows:

	Salary %	Bonus %	Share Option %	Restricted Share %	Benefits %	Fee %	Total %
Directors							
Above $1,000,000							
Boone Quek Howe Sear	63	14	1	-	19	3	100
Above $500,000							
Wong Vee Tong, Tony	63	13	1	6	13	4	100
Below $250,000							
Yoshiteru Miura*	-	-	-	-	-	0*	0*
Chia Tian Bin, David	-	-	2	-	-	98	100
Ng Jwee Phuan@ Frederick (Eric)	-	-	2	-	-	98	100
Tan Eng Heong, Jeffery#	-	-	-	-	-	100	100
Ang Miah Khiang	-	-	-	-	-	100	100
Yutaka Yoshioka*	-	-	-	-	-	0	0

* Mr Yoshiteru Miura and Mr Yutaka Yoshioka are not entitled to Directors' fees as it is part of ARRK Corporation's policy not to accept Directors' fees from its subsidiaries and affiliate companies for its nominee Directors.

\# *Resigned on 29 July 2008.*

During the period from 1 April 2008 to 26 June 2009, a total of two RC meetings were held. All RC members attended the meetings.

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

	Number of Directors	
Remuneration Band	**2009**	**2008**
$1,000,000 and above	1	1
$500,000 and above	1	1
$250,000 to $499,999	-	-
Below $250,000	6	4
	8	6

	Number of Executives	
Remuneration Band	**2009**	**2008**
$500,000 and above	-	-
$250,000 to $499,999	1	1
Below $250,000	7	7
	8	8

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

Corporate Governance Report

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

Audit Committee

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

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

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

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

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

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

Corporate Governance Report

During the period from 1 April 2008 to 26 June 2009, a total of five AC meetings were held. The AC members attended 100% of the aggregate number of AC meetings held.

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

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

Internal controls

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

Based on the information provided to the AC, nothing has come to the AC's attention to cause the AC to believe that the system of internal controls and risks management is inadequate. The Board has appointed a professional firm to provide internal audit services in order to comprehensively review the internal controls within the Group.

Internal audit

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

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

Risk Management

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

Whistle Blowing Service

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

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

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

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

Save for the service contracts of the Executive Directors, there were no material contracts of the Company or its subsidiaries involving the interests of the Chief Executive Officer (as defined in the SGXST Listing Manual), each Director or Controlling Shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year except for Directors' emoluments and interested person transactions as disclosed in Notes 5 and 6 of the financial statements.

INTERESTED PERSON TRANSACTIONS

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

Name of Interested Person ($'000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions under shareholder mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
Management fees paid/payable to ARRK Corporation	$142,000	-

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the financial year ended March 31, 2009.

1 DIRECTORS

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

Boone Quek Howe Sear
Wong Vee Tong
Yutaka Yoshioka (Appointed on May 22, 2009)
David Chia Tian Bin
Ng Jwee Phuan @ Frederick (Eric)
Ang Miah Khiang (Appointed on October 28, 2008)

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 paragraphs 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	1,440,000	2,440,000	-	-
Ng Jwee Phuan @ Frederick (Eric)	-	-	20,000	20,000

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

Report of the Directors

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	At end of year
Avaplas Ltd	**Options to subscribe for ordinary shares**	
Boone Quek Howe Sear	1,440,000	1,560,000
Wong Vee Tong	1,260,000	1,365,000
David Chia Tian Bin	234,000	253,500
Ng Jwee Phuan @ Frederick (Eric)	234,000	253,500
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*
ARRK Corporation	**Ordinary shares**	
Boone Quek Howe Sear	15,200	15,200

* Held in trust on behalf of the company

The directors' interests in the shares and options of the company at April 21, 2009 were the same at March 31, 2009.

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.

Report of the Directors

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
Ang Miah Khiang

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

Share Option Plan

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

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

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

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

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

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

5 SHARE OPTIONS (cont'd)

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

Restricted Stock Plan

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

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

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

(b) Options exercised

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

(c) Unissued shares under option

Share Option Plan

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

	Number of options to subscribe for ordinary shares						
Date of grant	Balance at April 1, 2008	Granted	Exercised	Lapsed	Balance at March 31, 2009	Exercise price	Exercise period
July 22, 2004	2,180,250	-	-	(162,000)	2,018,250	$0.186	July 22, 2005 to July 21, 2014
July 22, 2004	175,500	-	-	-	175,500	$0.186	July 22, 2005 to July 21, 2009
July 20, 2006	2,808,000	-	-	(256,500)	2,551,500	$0.100	July 20, 2007 to July 19, 2016
July 20, 2006	175,500	-	-	-	175,500	$0.100	July 20, 2007 to July 19, 2011
July 23, 2007	2,358,000	-	-	(337,500)	2,020,500	$0.180	July 23, 2008 to July 22, 2017
July 23, 2007	175,500	-	-	(58,500)	117,000	$0.180	July 23, 2008 to July 22, 2012
August 6, 2008	-	793,500	-	(45,000)	748,500	$0.085	August 6, 2009 to August 6, 2018
August 6, 2008	-	39,000	-	-	39,000	$0.085	August 6, 2009 to August 6, 2013
	7,872,750	832,500	-	(859,500)	7,845,750		

Report of the Directors

5 SHARE OPTIONS (cont'd)

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

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

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Boone Quek Howe Sear	120,000	2,640,000	(1,080,000)	-	1,560,000
Wong Vee Tong	105,000	2,940,000	(1,575,000)	-	1,365,000
David Chia Tian Bin	19,500	546,000	(292,500)	-	253,500
Ng Jwee Phuan @ Frederick (Eric)	19,500	546,000	(292,500)	-	253,500

<u>Restricted Stock Plan</u>

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. The first and second tranches of 600,000 ordinary shares each were vested in 2006 and 2007 respectively. The last tranche of 800,000 ordinary shares were vested in 2008 as follows:

	<—— No of shares ——>				
Name of director	**Unvested at beginning of year**	**Granted**	**Vested**	**Unvested at end of year**	**Vesting period**
Wong Vee Tong	800,000	-	(800,000)	-	2006 to 2008

On November 12, 2008, the company approved the award of 600,000 ordinary shares under the Avaplas Ltd's Restricted Stock Plan in 3 tranches to Mr Wong Vee Tong as follows:

	<—— No of shares ——>				
Name of director	**Unvested at beginning of year**	**Granted**	**Vested**	**Unvested at end of year**	**Vesting period**
Wong Vee Tong	-	600,000	(200,000)	400,000	2009 to 2011

6 AUDIT COMMITTEE

The Audit Committee of the company is chaired by David Chia Tian Bin, and includes Ng Jwee Phuan @ Frederick (Eric) and Ang Miah Khiang all of whom are 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 internal auditors' examination and evaluation of the group's systems of internal accounting controls;

Report of the Directors

6 AUDIT COMMITTEE (cont'd)

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

c) the balance sheet and the statement of changes in equity of the company and the consolidated financial statements of the group before their submission to the directors of the company and the external auditors' report on those financial statements;

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

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

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

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Boone Quek Howe Sear

Wong Vee Tong

July 3, 2009

Independent Auditors' Report

TO THE MEMBERS OF AVAPLAS LTD

We have audited the accompanying financial statements of Avaplas Ltd (the "company") and its subsidiaries (the "group") which comprise the balance sheets of the group and the company as at March 31, 2009, the profit and loss statement, statement of changes in equity and cash flow statement of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 80.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion,

a) the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at March 31, 2009 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date; and

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

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

Patrick Tan Hak Pheng
Partner
Appointed on June 1, 2008

July 3, 2009

Balance Sheets
March 31, 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
ASSETS					
Current assets					
Cash and bank balances	7	7,938	6,502	3,515	4,733
Trade receivables	8	8,749	10,824	8,104	10,241
Other receivables and prepayments	10	785	1,073	114	479
Inventories	11	4,970	5,813	837	1,130
Total current assets		22,442	24,212	12,570	16,583
Non-current assets					
Goodwill on consolidation	12	831	831	-	-
Property, plant and equipment	13	17,535	20,044	3,444	4,437
Subsidiaries	14	-	-	28,973	16,899
Associates	15	5,029	4,898	5,005	4,915
Club memberships	16	28	72	28	72
Amounts due from subsidiaries	9	-	-	11,180	15,613
Deferred tax assets	17	583	634	-	-
Total non-current assets		24,006	26,479	48,630	41,936
Total assets		46,448	50,691	61,200	58,519
LIABILITIES AND EQUITY					
Current liabilities					
Amount due to banks	18	10,236	7,241	10,236	7,241
Trade payables	19	6,489	8,611	23,761	18,242
Other payables and accruals	20	2,230	3,205	1,567	2,513
Income tax payable		215	30	211	27
Total current liabilities		19,170	19,087	35,775	28,023
Non-current liabilities					
Amount due to banks	18	1,729	3,687	1,729	3,687
Deferred tax liabilities	17	716	1,266	349	887
Total non-current liabilities		2,445	4,953	2,078	4,574
Capital and reserves					
Share capital	21	20,709	20,659	20,709	20,659
Share-based payments reserve	22	343	247	343	247
Translation reserve		(495)	(20)	-	-
Retained earnings		4,276	5,765	2,295	5,016
Total equity		24,833	26,651	23,347	25,922
Total liabilities and equity		46,448	50,691	61,200	58,519

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

Year ended March 31, 2009

	Note	2009 $'000	2008 $'000
Revenue	23	57,056	64,145
Cost of sales		(52,624)	(60,745)
Gross profit		4,432	3,400
Other income	24	2,183	1,146
Distribution costs		(978)	(732)
Administrative expenses		(6,261)	(6,753)
Other expenses	25	(732)	(1,161)
Finance costs	26	(338)	(520)
Share of profit of associates	15	428	211
Loss before income tax	27	(1,266)	(4,409)
Income tax	28	275	146
Loss for the year		(991)	(4,263)
Loss per share			
- Basic (cents)	29	(0.40)	(1.72)
- Diluted (cents)	29	(0.40)	(1.72)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended March 31, 2009

	Note	Share capital $'000	Share-based payments reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000
Group						
Balance as at April 1, 2007		20,605	151	77	10,525	31,358
Exchange differences arising on translation of foreign operations, representing net income recognised directly in equity		-	-	(97)	-	(97)
Loss for the year		-	-	-	(4,263)	(4,263)
Total recognised expense for the year		-	-	(97)	(4,263)	(4,360)
Recognition of share-based payments	22	-	96	-	-	96
Dividends paid	30	-	-	-	(497)	(497)
Issue of shares	21	54	-	-	-	54
Balance as at March 31, 2008		20,659	247	(20)	5,765	26,651
Exchange differences arising on translation of foreign operations, representing net income recognised directly in equity		-	-	(475)	-	(475)
Loss for the year		-	-	-	(991)	(991)
Total recognised expense for the year		-	-	(475)	(991)	(1,466)
Recognition of share-based payments	22	-	96	-	-	96
Dividends paid	30	-	-	-	(498)	(498)
Issue of shares	21	50	-	-	-	50
Balance as at March 31, 2009		20,709	343	(495)	4,276	24,833

Statements of Changes in Equity

Year ended March 31, 2009

	Note	Share capital $'000	Share-based payments reserve $'000	Retained earnings $'000	Total $'000
Company					
Balance at April 1, 2007		20,605	151	9,694	30,450
Loss for the year		-	-	(4,181)	(4,181)
Recognition of share-based payments	22	-	96	-	96
Dividends paid	30	-	-	(497)	(497)
Issue of shares	21	54	-	-	54
Balance at March 31, 2008		20,659	247	5,016	25,922
Loss for the year		-	-	(2,223)	(2,223)
Recognition of share-based payments	22	-	96	-	96
Dividends paid	30	-	-	(498)	(498)
Issue of shares	21	50	-	-	50
Balance at March 31, 2009		20,709	343	2,295	23,347

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended March 31, 2009

	2009 $'000	2008 $'000
Operating activities		
Loss before income tax	(1,266)	(4,409)
Adjustments for:		
(Reversal) Impairment of property, plant and equipment	(480)	580
Loss (Gain) on disposal of club membership	44	(221)
Depreciation of property, plant and equipment	4,426	4,783
Share appreciation rights under Restricted Stock Plan	-	66
Share option expenses	96	96
Provision for retirement benefits	-	50
Interest income	(30)	(145)
Interest expense	338	520
Loss on disposal of property, plant and equipment	31	42
Share of profit of associates	(428)	(211)
(Reversal) Allowance for inventories	(22)	267
Operating cash flows before movements in working capital	2,709	1,418
Inventories	865	(317)
Trade receivables	2,075	3,863
Other receivables and prepayments	288	19
Trade payables	(2,122)	(4,289)
Other payables and accruals	(975)	780
Cash generated from operations	2,840	1,474
Income tax paid	(42)	(353)
Interest received	30	145
Interest paid	(338)	(520)
Net cash from operating activities	2,490	746
Investing activities		
Dividends received from an associate	374	170
Purchase of property, plant and equipment	(1,634)	(1,601)
Acquisition of additional shares in an associate	(90)	(31)
Proceeds from sale of property, plant and equipment	66	423
Net cash used in investing activities	(1,284)	(1,039)

Consolidated Cash Flow Statement

Year ended March 31, 2009

	2009 $'000	2008 $'000
Financing activities		
Dividends paid	(498)	(497)
Fixed deposits pledged	(15)	(2)
Bank borrowings	2,549	3,190
Repayment of bank borrowings	(1,958)	(2,532)
Net cash from financing activities	78	159
Net increase (decrease) in cash and cash equivalents	1,284	(134)
Cash and cash equivalents at beginning of year	6,445	6,602
Effects of foreign exchange rate changes	(309)	(23)
Cash and cash equivalents at end of year	7,420	6,445
Cash and cash equivalents consist of:		
Cash and bank balances (Note 7)	7,938	6,502
Less: Bank overdrafts (Note 18)	(446)	-
Less: Fixed deposits pledged (Note 7)	(72)	(57)
Net	7,420	6,445

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 2009

1 GENERAL

The company (Registration No. 199301788C) is incorporated in Singapore with its principal place of business and registered office at 19 Changi South Street 1, Changi South Industrial Estate, Singapore 486779. The company is listed on the Catalist (Non-sponsored).

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, 2009 were authorised for issue by the Board of Directors on July 3, 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective from April 1, 2008. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group'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 FRS that are relevant to the group were issued but not effective:

FRS 1	-	Presentation of Financial Statements (Revised)
FRS 23	-	Borrowing Costs (Revised)
FRS 102	-	Share-based Payment (Amendments relating to Vesting Conditions and Cancellations)
FRS 103	-	Business Combinations (Revised)
FRS 108	-	Operating Segments

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

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the group in the period of their initial adoption except for the following:

Notes to Financial Statements

March 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 1 – *Presentation of Financial Statements (Revised)*

FRS 1 (Revised) will be effective for annual periods beginning on or after January 1, 2009, and will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

FRS 108 – *Operating Segments*

FRS 108 will be effective for annual financial statements beginning on or after January 1, 2009 and supersedes FRS 14 – *Segment Reporting*. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, FRS 14 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 108, the identification of the Group's reportable segments may change. However, based on its preliminary assessment, management does not expect the Group's reporting segments to change with adoption of FRS 108.

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

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

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

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

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

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

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

Notes to Financial Statements

March 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets

Loans and receivables

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

Cash and cash equivalents

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

Impairment of financial assets

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

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

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

Notes to Financial Statements

March 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets

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

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 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 method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

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

Notes to Financial Statements

March 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative financial instruments

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

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

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

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the company is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the company measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with FRS 37, *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognition with FRS 18 *Revenue*.

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

The group as lessor

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

The group as lessee

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

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

Notes to Financial Statements

March 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 – stated at lower of standard cost which approximates weighted – average cost and net realisable value. Cost includes an appropriation of manufacturing overheads.

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.

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

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives, using the straight-line method, on the following bases:

Plant, machinery and tools	-	5 to 10 years
Automation equipment and computer	-	5 to 10 years
Furniture and fittings	-	10 years
Office equipment	-	10 years
Renovation	-	5 to 10 years
Motor vehicles	-	10 years

No depreciation is provided on construction-in-progress.

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

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

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

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

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

Notes to Financial Statements

March 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The group's policy for goodwill arising on the acquisition of an associate is described under 'ASSOCIATES' below.

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.

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

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

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.

Notes to Financial Statements

March 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

SHARE-BASED PAYMENTS - The group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions. At each balance sheet date, the group revises the estimate of the number of equity instruments expected to vest. For equity-settled share-based payments, the impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled employee benefits reserve.

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

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Notes to Financial Statements

March 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of goods

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

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

Rendering of services

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

Rental income

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

Interest income

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

Dividend income

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

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

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

In the context of Avaplas (Thailand) Limited, according to Thailand labour laws, an employee is entitled to severance pay at the rates ranging from 1 to 10 months basic salary, depending on the length of the employee's service, upon termination of employment either by the entity or due to normal retirement. A provision is made for the group's obligations under the Thailand labour laws.

Notes to Financial Statements

March 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Notes to Financial Statements

March 31, 2009

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.

Notes to Financial Statements

March 31, 2009

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying the entity's accounting policies

Management is of the opinion that any instances of application of judgements (other than those arising from estimates discussed below) are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

<u>Allowances for inventories</u>

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. The carrying amount of the inventories and the details of the allowances for inventories are disclosed in Note 11 to the financial statements.

<u>Impairment of property, plant and equipment</u>

Management reviews the carrying amount of the group's and the company's property, plant and equipment to determine whether there is any indication of impairment in accordance with the accounting policy stated in Note 2. Where indications exist, the recoverable amounts of the assets have been determined based on value-in-use calculations. These calculations require the use of estimates. The carrying amounts of the group's and the company's property, plant and equipment and the details of the impairment loss are disclosed in Note 13 to the financial statements.

<u>Impairment of goodwill on consolidation</u>

Determining whether goodwill on consolidation is impaired requires an estimation of the value in use of the cash-generating units to which such goodwill has been allocated. The value-in-use calculation requires the group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the goodwill on consolidation based on such estimates and is confident that the carrying amount of such goodwill will be recovered in full. The carrying amount of goodwill on consolidation as March 31, 2009 was $831,000 (2008 : $831,000).

Notes to Financial Statements

March 31, 2009

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

Allowances for doubtful debts

The group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires 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. The carrying amounts of trade and other receivables are disclosed in Notes 8, 9 and 10 to the financial statements.

Impairment in investments in subsidiaries and associates

Determining whether investments in subsidiaries and associates 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 amounts of the company's investments in subsidiaries and associates and the details of the impairment loss are disclosed in Notes 14 and 15 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables (including cash and bank balances)	17,233	18,204	22,872	31,003
Financial liabilities				
Amortised cost:				
Bank borrowings	11,965	10,928	11,965	10,928
Other financial liabilities	8,653	11,749	25,328	20,755
	20,618	22,677	37,293	31,683

Notes to Financial Statements

March 31, 2009

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

(b) *Financial risk management policies and objectives*

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

There is no change in the financial risk management policies and objectives from 2008.

(i) Foreign exchange risk management

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

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States dollars ("US$")	9,230	10,791	13,732	15,261	27,212	21,024	21,541	24,010
Japanese Yen ("JPY")	-	-	63	101	-	-	63	101
Euro	-	34	-	-	-	1	16	18
Thai Baht	-	-	-	-	270	276	-	-

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

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

Foreign currency sensitivity

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

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

(b) ***Financial risk management policies and objectives (cont'd)***

(i) Foreign exchange risk management (cont'd)

	US$ impact		JPY impact		Euro impact		Thai Baht impact	
	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit and loss	450	447	6	10	-	(3)	-	-
Company								
Profit and loss	(567)	299	6	10	2	2	(27)	(28)

(ii) Interest rate risk management

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

The group's interest rate risks relate primarily to its variable rate bank borrowings which are subject to negotiation on an annual basis (see Note 18). The group currently does not use any derivative contracts to hedge its exposure to interest rate risk except for the use of an interest rate swap (Note 33) to manage the interest rate risk of one of its bank loans. Management will consider hedging significant interest rate exposure should the need arise.

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

Interest rate sensitivity

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

If interest rate had been 100 basis points higher/lower and all other variables were held constant. The group's profit for the year ended March 31, 2009 would decrease/increase by $120,000 (2008 : $109,000). This is mainly attributable to the group's exposure to interest rates on its variable rate bank borrowings.

Notes to Financial Statements

March 31, 2009

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

(b) *Financial risk management policies and objectives (cont'd)*

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties. The group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed by the management. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. The group does not hold any collateral over the accounts receivables.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate exposure is significant in relation to the group's total credit exposure. As at the end of the year, the group has outstanding receivables from its top 3 customers which represents 58.5% (2008 : 56.5%) of total trade receivables balance at year end.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

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

(iv) Liquidity risk management

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

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

Notes to Financial Statements

March 31, 2009

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

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial assets

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

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustments $'000	Total $'000
Group					
2009					
Non-interest bearing	N/A	15,634	-	-	15,634
Fixed interest rate	1%	1,615	-	(16)	1,599
		17,249	-	(16)	17,233
2008					
Non-interest bearing	N/A	17,183	-	-	17,183
Fixed interest rate	3%	1,052	-	(31)	1,021
		18,235	-	(31)	18,204
Company					
2009					
Non-interest bearing	N/A	10,165	-	-	10,165
Fixed interest rate	6%	1,542	14,115	(2,950)	12,707
		11,707	14,115	(2,950)	22,872
2008					
Non-interest bearing	N/A	14,426	-	-	14,426
Fixed interest rate	6%	993	20,894	(5,310)	16,577
		15,419	20,894	(5,310)	31,003

Notes to Financial Statements

March 31, 2009

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

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

Non-derivative financial liabilities

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

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustments $'000	Total $'000
Group					
2009					
Non-interest bearing	N/A	8,653	-	-	8,653
Fixed interest rate	3%	10,543	1,781	(359)	11,965
		19,196	1,781	(359)	20,618
2008					
Non-interest bearing	N/A	11,749	-	-	11,749
Fixed interest rate	4.7%	7,581	3,860	(513)	10,928
		19,330	3,860	(513)	22,677
Company					
2009					
Non-interest bearing	N/A	25,328	-	-	25,328
Fixed interest rate	3%	10,543	1,781	(359)	11,965
		35,871	1,781	(359)	37,293
2008					
Non-interest bearing	N/A	20,755	-	-	20,755
Fixed interest rate	4.7%	7,581	3,860	(513)	10,928
		28,336	3,860	(513)	31,683

Notes to Financial Statements

March 31, 2009

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

(b) *Financial risk management policies and objectives (cont'd)*

(v) Fair value of financial assets and financial liabilities

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

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

(c) *Capital risk management policies and objectives*

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

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

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

The group's overall strategy remains unchanged from 2008.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

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

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

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

Transactions between the company and its subsidiaries 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.

Notes to Financial Statements

March 31, 2009

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (cont'd)

Trading transactions

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

	Group	
	2009	2008
	$'000	$'000
Management fees paid/payable to holding company	142	-
Services and sales of goods to related companies	(6)	(105)
Purchases from related companies	-	77

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	
	2009	2008
	$'000	$'000
Sale of club membership to a director	-	(285)
Sale of goods to associates	(966)	(647)
Purchase of goods and services from associates	551	805

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	
	2009	2008
	$'000	$'000
Short-term benefits	3,224	3,248
Post-employment benefits	97	103
Termination benefits	-	38
Share-based payments	81	113
	3,402	3,502

Notes to Financial Statements

March 31, 2009

6 OTHER RELATED PARTY TRANSACTIONS (cont'd)

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cash at bank	6,324	5,472	1,980	3,766
Fixed deposits	1,599	1,021	1,527	964
Cash on hand	15	9	8	3
	7,938	6,502	3,515	4,733

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

Fixed deposits bear interest at an average rate of 1% (2008 : 3%) per annum and are for a tenure of approximately 7 to 30 days (2008 : 7 days).

Fixed deposits of $72,000 (2008 : $57,000) 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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
United States dollars	6,125	5,784	3,438	4,493
Japanese yen	63	101	63	101

8 TRADE RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Outside parties	8,665	10,719	2,432	5,637
Related company (Note 5)	5	-	-	-
Subsidiaries (Note 14)	-	-	5,672	4,499
Associate (Note 15)	79	105	-	105
	8,749	10,824	8,104	10,241

Notes to Financial Statements

March 31, 2009

8 TRADE RECEIVABLES (cont'd)

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
United States dollars	7,607	9,477	6,923	9,127
Euro	-	-	16	18

The group's and company's average credit period on sales of goods granted to outside parties is 45 to 60 days (2008 : 45 to 60 days). No interest is charged on the overdue trade receivables. The amounts due from the company's subsidiaries and associates are repayable on demand.

Included in the group's and the company's trade receivables balance are debtors with a carrying amount of $4,204,000 and $6,976,000 (2008 : $2,619,000 and $5,641,000) respectively which are past due at the reporting date for which the group and the company have not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group and the company do not hold any collateral over these balances.

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

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Not past due and not impaired	4,545	8,205	1,128	4,600
Past due but not impaired (i)	4,204	2,619	6,976	5,641
	8,749	10,824	8,104	10,241

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Past due for 1 to 90 days	3,007	2,293	1,289	1,340
Past due for 91 to 180 days	674	283	355	186
Past due more than 180 days	523	43	5,332	4,115
	4,204	2,619	6,976	5,641

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9 AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2009	2008
	$'000	$'000
Original principal amount of interest free loans to subsidiaries:		
-Loans granted between 2006 to 2007	18,266	18,266
-Loans granted in 2008	2,628	2,628
-Loans granted in 2009	7,129	-
-Transfer to deemed interest in subsidiaries (Note 14)	(13,908)	-
Total	14,115	20,894
Fair value adjustments (cumulative)		
- Arising on inception of loans	(8,165)	(7,338)
- Adjustment due to transfer to deemed interest in subsidiaries (Note 14)	3,766	-
	(4,399)	(7,338)
Deemed interest receivable (cumulative)	2,569	2,057
Adjustment due to transfer to deemed interest in subsidiaries (Note 14)	(1,105)	-
	1,464	2,057
Total amortised cost	11,180	15,613

a) These relate to loans receivable from subsidiaries which are interest-free, unsecured and expected to be repaid at the end of the fifth year from the inception date.

b) The discount rate used in the prevailing market rate of interest for similar loans at the date of inception which was 6% per annum (2008 : 6% per annum). The loans are carried at amortised cost which is computed by discounting the future cash repayments to their present value.

c) At the end of each financial year, the subsidiaries may revise the estimated repayments for these loans to the company based on their cash flow projections. Accordingly, the fair value adjustments to these loans may be revised at the end of each year. The cumulative fair value adjustments have been recognised as deemed interest in the subsidiaries (Note 14). At the balance sheet date, management determined that the carrying values of the loan receivable from subsidiaries approximated their fair values.

d) In determining the recoverability of the amount due from subsidiaries, the company considers any change in the credit quality of those receivables from the grant date of the loans up to the reporting date. Accordingly, management believes that no allowance for doubtful debts is required.

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

	Company	
	2009	2008
	$'000	$'000
United States dollars	11,180	10,390

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10 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Security deposits	490	472	25	56
Prepayments	239	195	41	63
Amount due from a director	-	285	-	285
Others	56	121	48	75
	785	1,073	114	479

In 2008, the amount due from a director was unsecured, interest-free and related to the consideration payable by the director for the purchase of club membership from the company. All the group's and company's other receivables are denominated in the functional currencies of the respective entities.

11 INVENTORIES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Finished products, at cost	3,275	3,452	737	1,087
Less: Allowance for inventories	(303)	(325)	(185)	(251)
Finished products, at net realisable value	2,972	3,127	552	836
Raw materials, at cost	1,950	2,632	281	278
Packing materials and supplies, at cost	48	54	4	16
	4,970	5,813	837	1,130

In 2009, the group's and company's cost of inventories recognised as an expense includes the reversal of allowance for inventories for the group and company of $22,000 and $66,000 respectively due to sales of the inventories above their carrying amount. In 2008, allowances for inventories of $267,000 and $212,000 respectively were made in respect of write-downs of inventory to net realisable value.

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12 GOODWILL ON CONSOLIDATION

	Group	
	2009	**2008**
	$'000	**$'000**
Cost:		
Arising on acquisition of additional equity interest in a subsidiary	831	831

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

	Group	
	2009	**2008**
	$'000	**$'000**
Printing, imaging and computer peripherals:		
Avaplas (Thailand) Limited (single CGU)	831	831

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

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

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 8.5% (2008: 10%) per annum.

The rate used to discount the forecasted cash flows is 14.5% (2008: 9.5%) per annum.

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

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13 PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and tools $'000	Automation equipment and computer $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Motor vehicles $'000	Construction -in -progress $'000	Total $'000
Group								
Cost:								
At April 1, 2007	33,837	4,055	3,597	1,649	3,365	1,310	-	47,813
Additions	903	103	143	28	136	-	288	1,601
Disposals	(589)	-	-	(18)	-	-	-	(607)
Exchange differences	(68)	(2)	(27)	-	2	1	-	(94)
At March 31, 2008	34,083	4,156	3,713	1,659	3,503	1,311	288	48,713
Additions	649	34	630	34	287	-	-	1,634
Reclassifications	-	-	187	-	92	-	(279)	-
Disposals	(207)	(4)	(1)	(25)	(8)	(310)	-	(555)
Exchange differences	164	(2)	(54)	12	33	11	(9)	155
At March 31, 2009	34,689	4,184	4,475	1,680	3,907	1,012	-	49,947
Accumulated depreciation:								
At April 1, 2007	16,914	2,440	1,294	988	1,425	533	-	23,594
Depreciation	3,300	362	376	153	471	121	-	4,783
Eliminated on disposals	(251)	-	-	(17)	-	-	-	(268)
Exchange differences	(12)	-	(6)	-	(3)	1	-	(20)
At March 31, 2008	19,951	2,802	1,664	1,124	1,893	655	-	28,089
Depreciation	2,925	314	441	144	492	110	-	4,426
Eliminated on disposals	(172)	(1)	-	(15)	(6)	(264)	-	(458)
Exchange differences	192	3	(14)	10	36	5	-	232
At March 31, 2009	22,896	3,118	2,091	1,263	2,415	506	-	32,289
Accumulated impairment losses:								
At April 1, 2007	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	580	-	-	580
At March 31, 2008	-	-	-	-	580	-	-	580
Reversal of impairment loss	-	-	-	-	(480)	-	-	(480)
Exchange differences	-	-	-	-	23	-	-	23
At March 31, 2009	-	-	-	-	123	-	-	123
Carrying amount:								
At March 31, 2009	11,793	1,066	2,384	417	1,369	506	-	17,535
At March 31, 2008	14,132	1,354	2,049	535	1,030	656	288	20,044

Notes to Financial Statements

March 31, 2009

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Plant, machinery and tools $'000	Automation equipment and computer $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Motor vehicles $'000	Total $'000
Company							
Cost:							
At April 1, 2007	11,219	1,925	1,943	1,510	653	952	18,202
Additions	502	71	57	15	84	-	729
Disposals	(589)	-	-	(18)	-	-	(607)
Transfer to subsidiaries	(4,601)	(477)	-	-	-	-	(5,078)
At March 31, 2008	6,531	1,519	2,000	1,507	737	952	13,246
Additions	304	22	21	15	100	-	462
Disposals	(1,982)	(430)	(7)	(22)	(8)	(260)	(2,709)
At March 31, 2009	4,853	1,111	2,014	1,500	829	692	10,999
Accumulated depreciation:							
At April 1, 2007	6,189	1,232	1,027	920	249	399	10,016
Depreciation	934	155	207	132	70	87	1,585
Eliminated on disposals	(251)	-	-	(17)	-	-	(268)
Transfer to subsidiaries	(2,609)	(295)	-	-	-	-	(2,904)
At March 31, 2008	4,263	1,092	1,234	1,035	319	486	8,429
Depreciation	456	78	200	128	78	77	1,017
Disposals	(1,358)	(269)	(4)	(13)	(6)	(241)	(1,891)
At March 31, 2009	3,361	901	1,430	1,150	391	322	7,555
Accumulated impairment losses:							
At April 1, 2007	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	380	-	380
At March 31, 2008	-	-	-	-	380	-	380
Reversal of impairment loss	-	-	-	-	(380)	-	(380)
At March 31, 2009	-	-	-	-	-	-	-
Carrying amount:							
At March 31, 2009	1,492	210	584	350	438	370	3,444
At March 31, 2008	2,268	427	766	472	38	466	4,437

In 2008, the impairment losses of $580,000 and $380,000 recognised by the group and the company respectively were attributable to the then anticipated write-off of certain renovation assets arising from the planned relocation of the office premises by the company and one of its subsidiaries. However, this office relocation did not materialise during the financial year. Accordingly, at the balance sheet date, the group and the company carried out a review of the recoverable amount of the renovation assets which were previously impaired. The review led to an impairment loss reversal of $480,000 and $380,000 to the profit and loss statements of the group and the company respectively.

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March 31, 2009

14 SUBSIDIARIES

	Company 2009 $'000	Company 2008 $'000
Unquoted equity shares, at cost	12,712	12,712
Deemed interests:		
- arising from fair value adjustment of interest free loans (Note 9)	8,165	7,338
- transfer from loans at amortised cost (Note 9)	11,247	-
	32,124	20,050
Less: Impairment loss	(3,151)	(3,151)
	28,973	16,899

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

The details of the subsidiaries at March 31, 2009 are as follows:

Name of company	Percentage of equity and voting rights held 2009 %	2008 %	Country of incorporation/ operations	Principal activities
Avaplas Precision Plastics (Shanghai) Co., Ltd (1)	100	100	People's Republic of China	Precision engineering plastic injection moulding
Avaplas Sdn Bhd (2)	100	100	Malaysia	Precision engineering plastic injection moulding
Avaplas (Thailand) Limited (3)	100	100	Thailand	Precision engineering plastic injection moulding

(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.

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

For the year ended March 31, 2009, management determined that no further impairment loss is required for Avaplas Precision Plastics (Shanghai) Co., Ltd, Avaplas Sdn Bhd and Avaplas (Thailand) Limited as their values-in-use are higher than their carrying values. The value-in-use computation is based on an updated 5-year cash flow projection using a discount rate of 14.5%.

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15 ASSOCIATES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	5,005	4,915	5,005	4,915
Share of post acquisition reserves, net of dividends received	24	(17)	-	-
	5,029	4,898	5,005	4,915

The details of the associates at March 31, 2009 are as follows:

Name of company	Percentage of equity and voting rights held		Country of incorporation/ operations	Principal activities
	2009	2008		
	%	%		
Daviscomms (S) Pte Ltd [1]	20	20	Singapore	Design and manufacturing of telecommunication products
Optosem Technologies (S) Pte Ltd [2]	30	30	Singapore	Manufacture of molds, dies and fixtures

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

(2) Audited by Audit Alliance, Singapore.

In 2008, the financial statements of Daviscomms (S) Pte Ltd were made up to December 31, 2007. For the purpose of applying the equity method of accounting, the audited financial statements of Daviscomms (S) Pte Ltd for the year ended December 31, 2007 were used, and appropriate adjustments were made for the effects of significant transactions between that date and March 31, 2008.

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

During the financial year, the audited financial statements of Daviscomms (S) Pte Ltd and Optosem Technologies (S) Pte Ltd for financial year from April 1, 2008 to March 31, 2009 were used for the purpose of applying the equity method of accounting.

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March 31, 2009

15 ASSOCIATES (cont'd)

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

	2009 $'000	2008 $'000
Total assets	14,918	14,368
Total liabilities	(3,885)	(3,722)
Net assets	11,033	10,646
Group's share of associates' net assets	2,422	2,278
Revenue	33,845	28,976
Profit for the year	2,158	1,034
Group's share of associates' profit for the year	428	211

16 CLUB MEMBERSHIPS

	Group and Company	
	2009 $'000	2008 $'000
Club memberships, at cost	28	72

During the year, the company disposed one of its club memberships at a loss of $44,000 (2008 : at a gain of $221,000). Management determined that the carrying value of the club memberships approximated their fair values at the balance sheet date.

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	Reinvestment allowance $'000	Retirement benefit obligations $'000	Tax losses $'000	Total $'000
Group					
At April 1, 2007	1,622	(359)	(18)	(234)	1,011
Credit to profit and loss	(316)	(58)	(5)	-	(379)
At March 31, 2008	1,306	(417)	(23)	(234)	632
Exchange difference	7	-	-	-	7
Effect of change in tax rate	(50)	-	1	-	(49)
(Credit) Charge to profit and loss	(491)	-	2	32	(457)
At March 31, 2009	772	(417)	(20)	(202)	133

Notes to Financial Statements

March 31, 2009

17 DEFERRED TAX (cont'd)

	Accelerated tax depreciation $'000	Reinvestment allowance $'000	Retirement benefit obligations $'000	Tax losses $'000	Total $'000
Company					
At April 1, 2007	1,279	-	(18)	-	1,261
Credit to profit and loss	(373)	-	(1)	-	(374)
At March 31, 2008	906	-	(19)	-	887
Effect of change in tax rate	(50)	-	1	-	(49)
(Credit) Charge to profit and loss	(490)	-	1	-	(489)
At March 31, 2009	366	-	(17)	-	349

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

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Deferred tax assets	583	634	-	-
Deferred tax liabilities	(716)	(1,266)	(349)	(887)
	(133)	(632)	(349)	(887)

18 AMOUNT DUE TO BANKS

	Group and Company	
	2009 $'000	2008 $'000
Loans A (Unsecured)	7,604	5,190
Loans B (Unsecured)	1,480	2,220
Loans C (Unsecured)	1,864	2,656
Loans D (Unsecured)	571	862
Overdrafts (Unsecured)	446	-
	11,965	10,928
The borrowings are repayable as follows:		
On demand or within one year	10,236	7,241
Due for settlement after 12 months	1,729	3,687

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March 31, 2009

18 AMOUNT DUE TO BANKS (cont'd)

As at March 31, 2009, the group and company have the following bank loans:

Loans A Unsecured term loans amounting to $7,604,000 (2008 : $5,190,000) have an original maturity of 3 months or less. Interest rate ranges from 1.50 % to 5.75% (2008 : 1.72% to 3.43%) per annum.

Loans B Unsecured term loans amounting to $1,480,000 (2008 : $2,220,000) are repayable over 10 half-yearly instalments commencing from June 2006 to December 2010. Interest is 1.43% above Swap Offer Rate (SOR) TELERATE per annum and capped at maximum of 3.30% per annum. Effective interest rates ranged from 2.36% to 3.43% (2008: 4.13% to 4.73%) per annum.

Loans C Unsecured term loans amounting to $1,864,000 (2008 : $2,656,000) are repayable over 16 quarterly instalments commencing from January 2007 to August 2010. Interest rate is 0.6% per annum above the Singapore Inter-Bank Offer Rate (SIBOR). Effective interest rates ranged from 1.9% to 5.3% (2008 : 5.0% to 6.0%) per annum.

Loans D Unsecured term loans amounting to $571,000 (2008 : $862,000) are repayable over 16 quarterly instalments commencing from December 2006 to September 2010. Interest rate is 0.6% per annum above the lenders cost of funds. Effective interest rate ranged from 2.4% to 5.7% per annum (2008 : 5.7% to 6.0% per annum).

Overdrafts are unsecured and bear an average interest rate of 5.75% per annum.

The above amounts due to bankers arranged at floating rates expose the group and the company to cash flow interest rate risk.

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

	Group and Company	
	2009	2008
	$'000	$'000
United States dollars	4,719	4,208

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

	Group and Company	
	2009	2008
	%	%
Overdrafts	5.8	-
Term loans	3.0	3.2

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

At March 31, 2009, the group had available $7,540,000 (2008 : $8,440,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

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March 31, 2009

19 TRADE PAYABLES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Outside parties	6,327	8,468	1,146	3,666
Subsidiaries (Note 14)	-	-	22,453	14,459
Associates (Note 15)	162	117	162	117
Related companies (Note 5)	-	26	-	-
	6,489	8,611	23,761	18,242

The average credit period on purchases of goods is 45 days (2008 : 45 days). The trade payables due to subsidiaries and associates are repayable on demand.

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
United States dollars	4,511	6,583	22,493	16,816
Singapore dollars	27	100	-	-
Euro	-	34	-	1
Thai Baht	-	-	270	276

20 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Related company (Note 5)	-	10	-	-
Accruals	1,923	2,518	1,331	1,886
Provision for retirement benefits for a subsidiary	66	67	-	-
Other payables	241	610	236	627
	2,230	3,205	1,567	2,513

The average credit period of the other payables is 30 days (2008 : 30 days).

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21 SHARE CAPITAL

	Group and Company			
	2009	2008	2009	2008
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	248,540,750	247,940,750	20,659	20,605
Issued during the year	1,000,000	600,000	50	54
At end of year	249,540,750	248,540,750	20,709	20,659

The company has one class of ordinary shares which have no par value and carry no right to fixed income. During the year, the company issued 1,000,000 shares (2008 : 600,000 shares) to a director under the Restricted Stock Plan at $0.05 per share (2008 : $0.09 per share).

22 SHARE-BASED PAYMENTS RESERVE

Equity-settled share option scheme

The company has a share option scheme for eligible employees of the company. The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the 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. 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.

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22 SHARE-BASED PAYMENTS RESERVE (cont'd)

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

	Group and Company			
	2009		2008	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise options $
Outstanding at beginning of year	7,872,750	0.152	5,501,250	0.138
Granted	832,500	0.085	2,610,000	0.180
Lapsed	(859,500)	0.152	(238,500)	0.145
Outstanding at the end of year	7,845,750	0.144	7,872,750	0.152
Exercisable at the end of year	4,957,650		3,549,150	

The options outstanding at the end of the financial year have a weighted average remaining contractual life of 7 years (2008 : 8 years).

The 2009 options were granted on August 6, 2008. The estimated fair value of the options granted is $0.03 each.

The 2008 options were granted on July 23, 2007. The estimated fair value of the options granted is $0.006 each.

The fair values of the options granted in 2009, and 2008 were calculated using the Binomial pricing model. The inputs into the model were as follows:

	Options granted in	
	2009	2008
Weighted average share price ($)	0.05	0.14
Weighted average exercise price ($)	0.085	0.18
Expected volatility	61%	53%
Expected life	10	10
Risk free rate	2.63%	2.60%
Expected dividend yield	3.10%	2.06%

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

The group recognised total expenses of $96,000 (2008 : $96,000) related to equity-settled share-based payment transactions during the year.

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22 SHARE-BASED PAYMENTS RESERVE (cont'd)

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, 2009, the group has recorded liabilities of $Nil (2008 : $40,000). The group and company recorded total expenses of $10,000 (2008 : $40,000) during the year in respect of SARs. Please see paragraph 5(c) of the Report of the directors for more details of the Restricted Stock Plan.

23 REVENUE

This represents invoiced value of goods sold.

24 OTHER INCOME

	Group	
	2009	**2008**
	$'000	**$'000**
Net foreign exchange gain	791	-
Rental income	570	570
Reversal of impairment loss on property, plant and equipment	480	-
Management fees income from an associate	88	-
Incentive and claims from suppliers	49	68
Interest income	30	145
Gain on disposal of club membership to a director	-	221
Others	175	142
	2,183	1,146

25 OTHER EXPENSES

	Group	
	2009	**2008**
	$'000	**$'000**
Retrenchment benefits	359	327
Management fees expense to holding company (Note 5)	142	-
Loss on disposal of property, plant and equipment	31	42
Impairment of property, plant and equipment	-	580
Share option expenses (Note 22)	96	96
Expenses relating to share appreciation rights under Restricted Stock Plan (Note 22)	-	66
Others	104	50
	732	1,161

Notes to Financial Statements

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26 FINANCE COSTS

	Group	
	2009	2008
	$'000	$'000
Interest expense on amount due to banks	338	520

27 LOSS BEFORE INCOME TAX

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

	Group	
	2009	2008
	$'000	$'000
Directors' remuneration:		
- of the company	1,616	1,588
- of the subsidiaries	82	60
Directors' fees of the company	175	175
Employee benefits expense (including directors' remuneration)	9,837	11,217
Costs of defined contribution plans included in employee benefits expense	515	589
Net foreign exchange (gain) losses	(791)	337
Cost of inventories recognised as expense	50,588	58,743
Non-audit fees:		
- paid to auditors of the company	6	27
- paid to other auditors	11	13
Depreciation of property, plant and equipment recorded in:		
- cost of sales	4,073	4,470
- administrative expenses	353	313

28 INCOME TAX

	Group	
	2009	2008
	$'000	$'000
Current tax:		
- current year	3	26
- underprovision in prior years	228	207
Deferred tax:		
- current year	(457)	(379)
- effect of change in tax rate	(49)	-
	(275)	(146)

Domestic income tax is calculated at 17% (2008 : 18%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to Financial Statements

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28 INCOME TAX (cont'd)

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

	Group	
	2009 $'000	2008 $'000
Loss before income tax	(1,266)	(4,409)
Tax benefit at the domestic income tax rate of 17% (2008 : 18%)	(215)	(794)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(155)	(120)
Effect of tax losses of subsidiary not recognised	86	144
Effect of share of results of associates	(88)	(46)
Effect of change in tax rate	(49)	-
Tax effect of non-taxable income	(161)	(31)
Tax effect of non-deductible expenses	79	254
Under provision in prior years	228	207
Others	-	240
	(275)	(146)

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

	Tax losses $'000	Reinvestment allowances $'000	Total $'000
Group			
At April 1, 2007	1,388	3,345	4,733
Arising during the year	800	1,600	2,400
At March 31, 2008	2,188	4,945	7,133
Arising during the year	619	-	619
Utilised during the year	(131)	(147)	(278)
At March 31, 2009	2,676	4,798	7,474
As at March 31, 2008:			
Deferred tax benefit recognised (Note 17)	234	417	651
Deferred tax benefit not recorded	104	847	951
	338	1,264	1,602
As at March 31, 2009:			
Deferred tax benefit recognised (Note 17)	202	417	619
Deferred tax benefit not recorded	401	783	1,184
	603	1,200	1,803

Notes to Financial Statements

March 31, 2009

28 INCOME TAX (cont'd)

Certain deferred tax assets, as disclosed above, have not been recognised in respect of reinvestment allowances and tax losses due to the unpredictability of future profit streams of the relevant subsidiaries.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $3,198,000 (2008 : $1,352,000). No liability has been recognised in respect of these differences because the Group is in the position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

29 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss 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	
	2009	**2008**
Loss for the year	($991,000)	($4,263,000)
Weighted average number of ordinary shares on issue applicable to basic earnings per share	249,340,750	248,490,750

The diluted loss per share is equivalent to the basic loss per share as the share options granted are 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.

30 DIVIDENDS

During the financial year, a dividend of 0.2 cents per share (total dividend $498,000) was paid to shareholders in respect of the previous year's proposed dividend. In 2008, the dividend paid was 0.2 cents per share (total dividend $497,000).

In respect of the current financial year, the directors propose that a dividend of 0.2 cents per share be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is $499,000.

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31 OPERATING LEASE ARRANGEMENTS

The group as lessor

The group sub-leases its rented property in Singapore under operating leases to a third party. Property rental income earned during the year was $570,000 (2008 : $570,000).

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

	Group	
	2009	**2008**
	$'000	**$'000**
Within one year	48	333

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

The group as lessee

	Group	
	2009	**2008**
	$'000	**$'000**
Minimum lease payments under operating leases recognised as an expense in the year	2,251	2,247

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	1,928	2,085	1,173	1,150
Within two to five years	5,051	5,299	4,917	4,828
After five years	2,593	3,856	2,593	3,856
	9,572	11,240	8,683	9,834

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

32 COMMITMENTS

	Group	
	2009	**2008**
	$'000	**$'000**
Commitments for the acquisition of property, plant and equipment	-	518

Notes to Financial Statements

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33 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

The details of the outstanding interest rate swap contracts which the group and company have committed, for the hedging of the interest rate exposure on Loan B disclosed in Note 18, are as follows:

	Group and Company	
	2009	**2008**
	$'000	**$'000**
Interest rate swaps:		
Notional principal amount	1,480	2,220
Fair value liability not recorded	12	23

34 CONTINGENT LIABILITIES (UNSECURED)

	2009	**2008**
	$'000	**$'000**
Financial guarantees issued for an associate (Note 15)	208	172

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

35 SEGMENT INFORMATION

Business segments

For management purposes, the group is currently organised into three operating divisions – (1) printing, imaging and computer peripherals; (2) consumer electronics; and (3) medical disposable, industrial products and others. These divisions are the basis on which the group reports its primary segment information.

The principal activities of each division 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.

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35 SEGMENT INFORMATION (cont'd)

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.

Investments in associates: Income from associates is not allocated to the business segments and correspondingly the investments in associates are included as unallocated assets of the group.

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

	Printing, imaging and computer peripherals		Consumer electronics		Medical disposable, industrial products and others		Consolidated total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Business segments								
Segment revenue	49,528	55,283	5,849	6,055	1,679	2,807	57,056	64,145
Segment results	(1,671)	(3,957)	307	5	8	(148)	(1,356)	(4,100)
Finance costs							(338)	(520)
Share of profit of associates							428	211
Loss before income tax							(1,266)	(4,409)
Income tax							275	146
Loss for the year							(991)	(4,263)
Other information								
Capital expenditure	1,418	1,380	168	151	48	70	1,634	1,601
Depreciation	3,842	4,123	454	451	130	209	4,426	4,783
(Reversal) Allowance for inventories	(19)	231	(2)	25	(1)	11	(22)	267
(Reversal) Impairment of property, plant and equipment	(417)	500	(49)	55	(14)	25	(480)	580
Balance sheet								
Segment assets	35,448	38,923	4,186	4,263	1,202	1,977	40,836	45,163
Unallocated assets							5,612	5,528
Total							46,448	50,691
Segment liabilities	(7,571)	(10,184)	(894)	(1,115)	(257)	(517)	(8,722)	(11,816)
Unallocated liabilities							(12,893)	(12,224)
Total							(21,615)	(24,040)

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	
	2009 $'000	2008 $'000
Singapore	7,148	23,336
Malaysia	29,984	25,330
Thailand	14,015	11,354
People's Republic of China	5,909	4,125
	57,056	64,145

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

	Group			
	Carrying amounts of segment assets		Additions to property, plant and equipment	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Singapore	16,187	22,632	462	729
Malaysia	17,885	15,721	776	638
Thailand	6,721	6,600	350	35
People's Republic of China	5,655	5,738	46	199
	46,448	50,691	1,634	1,601

Statement of Directors

March 31, 2009

In the opinion of the directors, the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company as set out on pages 32 to 80 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, 2009, 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

July 3, 2009

Statistics of Shareholdings

AS AT 25 JUNE 2009

Class of Shares	:	**Ordinary Shares ("Shares")**
Number of Ordinary Shares	:	**249,540,750**
Voting Rights	:	**One vote per ordinary share**

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-999	2	0.16	100	0.00
1,000-10,000	985	78.48	2,957,875	1.18
10,001-1,000,000	262	20.88	18,034,837	7.23
1,000,001 and above	6	0.48	228,547,938	91.59
TOTAL :	1,255	100.00	249,540,750	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Arrk Corporation	132,466,146	53.08
2.	Boone Quek Howe Sear	88,174,792	35.33
3.	Wong Vee Tong	2,440,000	0.98
4.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,925,000	0.77
5.	Seet Christina	1,914,000	0.77
6.	Chua Kuan Lim Charles	1,628,000	0.65
7.	Citibank Nominees Singapore Pte Ltd	932,000	0.37
8.	Chan Kah Hua	727,000	0.29
9.	United Overseas Bank Nominees Pte Ltd	716,000	0.29
10.	Low Miew Leng	500,000	0.20
11.	UOB Kay Hian Pte Ltd	437,000	0.18
12.	Chua Tiem Lai	400,000	0.16
13.	Cheng Lai Quek	351,000	0.14
14.	Ong Fook Thim	350,000	0.14
15.	Ong Hwee Sen	319,000	0.13
16.	Chua Zi En Alexandra Jane	307,000	0.12
17.	Esther Ong Hwee Tze	252,000	0.10
18.	Lee Kwong Fatt	250,000	0.10
19.	Second Chance Properties Ltd	250,000	0.10
20.	Ikeda Hiromasa	237,000	0.09
TOTAL		234,575,938	93.99

Substantial Shareholders as at 25 June 2009

	No of ordinary shares	
Names	Direct Interest	Deemed Interest
Arrk Corporation	132,466,146	-
Boone Quek Howe Sear [1]	88,174,792	862,000

Note:

[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 25 June 2009, approximately 10.25% 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 in complied with.

Notice of Annual General Meeting and Notice of Books Closure Date

Notice is hereby given that the Annual General Meeting of the Company will be held on 29 July 2009 at Crowne Plaza Changi Airport Hotel, Kempas Room, 75 Airport Boulevard, Singapore 819664 at 11.30 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and consider the directors' report and accounts for the year ended 31 March 2009 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 Ang Miah Khiang who is retiring pursuant to Article 97 of the Company's Articles of Association. *[See Explanatory Note (a)]* **Resolution 3**

4. To re-elect Mr Yutaka Yoshioka who is retiring pursuant to Article 97 of the Company's Articles of Association. **Resolution 4**

5. To approve the proposed payment of a first and final dividend of S$0.002 per ordinary share (tax exempt 1-tier) for the year ended 31 March 2009. **Resolution 5**

6. To approve the Directors' fees of S$175,000 for the year ended 31 March 2009 (2008: S$175,000) **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. **Share Issue Mandate**

"That authority be given to the Directors of the Company 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: **Resolution 8**

(1) that the aggregate number of shares to be issued pursuant to this resolution:

(A) by way of renounceable rights issues on a *pro rata* basis to shareholders of the Company ("Renounceable Rights Issues") shall not exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (3) below); and;

(B) otherwise than by way of Renounceable Rights Issue ("Other Share Issues") shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);

Notice of Annual General Meeting and Notice of Books Closure Date

(2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (3) below);

(3) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) (A) and (B) above, the total number of shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of 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 bonus issue, consolidation or subdivision of shares; and

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(5) 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. **Placement of Shares under the Share Issue Mandate at more than 10% Discount**

Resolution 9

"That notwithstanding Rule 811 of the Listing Manual issued by SGX-ST, the Directors of the Company be and are hereby authorized, pursuant to the terms and conditions of the Share Issue Mandate under Resolution 8 above, to issue new shares of the Company to subscribers or placees under a share placement at a discount that is more than 10% but not exceeding 20% to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed. If, however, trading in the Company's shares is not available for a full market day, the weighted average price shall be based on trades done on the preceding market day up to the time the placement agreement or subscription agreement is signed." [see explanatory note(c)]

11. **Renewal of Shareholders' Mandate for Interested Person Transactions**

Resolution 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");

Notice of Annual General Meeting and Notice of Books Closure Date

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

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

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

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 14 August 2009, for the purpose of determining shareholders' entitlement to the proposed first and final dividend for the year ended 31 March 2009.

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd, 3 Church Street #08-01, Samsung Hub, Singapore 049483, up to the close of business at 5:00 p.m. on 13 August 2009 will be registered before shareholders' entitlement to the proposed dividend is determined.

Shareholders (being Depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with the shares as at 5:00 p.m. on 13 August 2009 will rank for the proposed dividend.

The proposed dividend, if approved at the Annual General Meeting to be held on 29 July 2009, will be paid on 28 August 2009 to shareholders.

By Order Of the Board

Tan Ching Chek and Lo Swee Oi
Joint Company Secretaries

July 13, 2009
Singapore

Notice of Annual General Meeting and Notice of Books Closure Date

Explanatory Notes:

(a) Mr Ang Miah Khiang, if re-elected, will continue to serve as Chairman of the Nominating Committee and a member of both the Audit and Remuneration Committees. Mr Ang Miah Khiang 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 Resolution No. 8, if passed, is to empower the Directors to issue shares in the capital of the Company up to a number not exceeding (i) 100% for Renounceable Rights Issues and (ii) 50% for Other Share Issues, of which up to 20% may be issued other than on a pro rata basis to shareholders, provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution No. 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution No. 8 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

In February 2009, as part of further measures to accelerate and facilitate fund raising efforts by listed issuers, 100% Renounceable Rights Issue is now permitted by Singapore Exchange Limited/Monetary Authority of Singapore subject to conditions and shareholders' approval. In this respect, the Company seeks such authority so as to give the Company a wider option of fund raising should there be a need for such exercise to be undertaken.

(c) The proposed Resolution No. 9, if passed, is to empower the Directors of the Company to undertake placements of new shares on a non pro-rata basis priced at discounts of more than 10% but not exceeding 20%.

In February 2009, as part of further measures to accelerate and facilitate fund raising efforts by listed issuers, a discount limit of up to 20% for share placement is now permitted by Singapore Exchange Limited/ Monetary Authority of Singapore subject to çonditions and shareholders' approval. Similarly, the Company seeks such authority so as to give the Company a wider option of fund raising should there be a need for such exercise be undertaken.

(d) The proposed ordinary resolution 10 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.

Notice of Annual General Meeting and Notice of Books Closure Date

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

(i) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the last shareholders' approval on 28 July 2005, 20 July 2006 and 23 July 2007 and 29 July 2008.

(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 10 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.

Notes to Proxy Form:

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

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

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

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

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AVAPLAS LTD

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

Important
1. For investors who have used their CPF monies to buy Avaplas Ltd shares, this Annual Report is sent to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

ANNUAL GENERAL MEETING

Proxy Form

I/We ____ (Name)

of ____ (Address)

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on 29 July 2009 and at any adjournment thereof in the following manner:

No	Resolution Relating to:	For	Against
1.	Adoption of Reports and Accounts.		
2.	Re-election of Mr Wong Vee Tong, a director retiring under Article 91 of the Articles of Association.		
3.	Re-election of Mr Ang Miah Khiang, a director retiring under Article 97 of the Articles of Association.		
4.	Re-election of Mr Yutaka Yoshioka, a director retiring under Article 97 of the Articles of Association.		
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.		
	SPECIAL BUSINESS		
8.	To approve the Share Issue Mandate		
9.	To approve the placement of shares under the Share Issue Mandate at a discount not exceeding 20%		
10.	To approve the renewal of the Shareholders' Mandate for Interested Person Transactions		

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

If this form of proxy contains no indication as to how the proxy should vote in relation to each resolution, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

Dated this __________ day of ______________ 2009.

Total No. of Shares Held	

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

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

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

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

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Changi South Street 1, Changi South Industrial Estate, Singapore 486779 not less than 48 hours before the time set for the Meeting.

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

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

GENERAL

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

Avaplas Ltd

Avaplas Ltd.
19 Changi South Street 1
Changi South Industrial Estate
Singapore 486779

Tel: (65) 6546 2655
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Email: avaplas@pacific.net.sg
Website: www.avaplas.com.sg

Company Registration Number:
199301788C