

ENTERING THE WORLD OF TECHNOLOGY

ANNUAL REPORT 02



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CORPORATE INFORMATION

Board Of Directors

Eddie Foo Chik Kin
Executive Chairman

Y. M. Raja Abdul Aziz bin Raja Musa
Executive Director

Katherine Chang Choong Yeen
Executive Director and Chief Financial Officer

Leow Siew Beng
Non-Independent Non-Executive Director

George Thia Peng Heok
Independent Non-Executive Director

Sieh Kok Jiun
Independent Non-Executive Director

Company Secretaries

An Nai [MIA 1074]
Soo Han Yee [MAICSA 7008432]

Registered/Corporate Office

Suite 13-05, Level 13, Menara HLA
No. 3 Jalan Kia Peng
50450 Kuala Lumpur
Tel: 03-2163 3268 Fax: 03-2161 7078

Business Office

Lot 20, Kulim Industrial Estate
09000 Kulim
Kedah Darul Aman
Tel: 04-489 2288

Share Registrar

Signet Share Registration Services Sdn.Bhd.
11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2145 4337 Fax: 03-2142 1353

Auditors

PricewaterhouseCoopers

Principal Bankers Of The Group

Malayan Banking Berhad
RHB Bank Berhad
Citibank Berhad

Stock Exchange Listing

Second Board of the Kuala Lumpur Stock Exchange

DIRECTORS' PROFILES

Eddie Foo Chik Kin *Executive Chairman, Singaporean, aged 60*

Mr. Foo was appointed to the Board of Directors of the Company on 2 November 1998 as Executive Chairman. He is one of the founders of the Group and has been the Executive Chairman of Singatronics (M) Sdn. Bhd. ("SMSB"), a subsidiary of the Company, since its establishment in August 1979. Mr. Foo is a substantial shareholder of Singatronics Limited ("SL"), the holding company of Astral Supreme Berhad and is deemed interested in the Company by virtue of his shareholding in SL. He has been the Chairman and Chief Executive Officer of SL since 1987.

Mr. Foo was attached with Olivetti (S) Pte. Ltd., a company involved in the trading of office equipment, from 1963 to 1974. He held several management positions and was its Director of Systems Division from 1971 to 1974. He left to assume the position of General Manager of City Development Limited, a public company in Singapore involved in property development. He left City Development Limited five years later to join SL, an investment holding company listed on the Main Board of the Singapore Exchange.

He had also served with several bodies and statutory organisations of the Singapore Government. He was a member of the Board of Management of Singapore Institute of Standards and Industrial Research from 1986 to 1987 and was a member of the Electrical/Electronics Advisory Committee of the Singapore Trade Development Board from 1984 to 1986. He was also a member of the Advisory Panel of CEOs which was established by the Singapore National Productivity Board in 1986.

Y. M. Raja Abdul Aziz bin Raja Musa *Executive Director, Malaysian, aged 62*

Y.M. Raja Abdul Aziz was appointed to the Board of Directors of the Company on 2 November 1998 as Executive Director. He was appointed to the Board of Directors of SMSB on 18 October 1995. On 1 September 1997, he was appointed as Executive Director of SMSB, responsible for sales and marketing.

He has attended a multinational marketing programme at Harvard University in 1969, a management executive programme for smaller companies in Stanford University in 1988, both in the United States and a development programme in 1975 at the Asian Institute of Management, Philippines. He has over 32 years of experience in the corporate and industrial sectors in Malaysia and abroad.

In 1976, he joined the Malaysian operations of Gestetner International Limited, an independent distributor of office equipment, as a Marketing Manager. He rose through various senior management positions in the company to become its Chief Executive Officer of the Asia Pacific Division in 1987 responsible for Singapore, Indonesia, Philippines, Brunei, Pakistan, Sri Lanka and Bangladesh. In 1991, he was appointed as Chairman of the Malaysian operations, but he left in the same year to join Probadi Sdn. Bhd., an oil and gas company which is part of the Renong Group, as Chief Executive Officer. In 1994, he assumed the position of Chief Executive Officer of hotel operations of the Renong Group, namely, Faber Hotels Holdings Sdn. Bhd., to develop the Sheraton chain of hotels locally and in Vietnam and Uzbekistan. He left the Renong Group in 1995.

He is also a member of the Harvard Business School Alumni, Stanford Business School Alumni and the Asian Institute of Management Alumni.

Katherine Chang Choong Yeen *Executive Director and Chief Financial Officer, Malaysian, aged 36*

Ms. Chang joined the Company as Chief Financial Officer in August 2000 and was appointed to the Board of Directors of the Company as Executive Director on 20 November 2000. She is a Fellow of the Association of Chartered Certified Accountants in the United Kingdom and is a member of the Malaysian Institute of Accountants. She started her professional career with Arthur Andersen & Co. (now Ernst & Young) in May 1992 involved primarily in audit work. In February 1994, she joined RHB Sakura Merchant Bankers Berhad ("RHB Sakura") reaching the position of Senior Manager of Corporate Finance prior to leaving the merchant bank for the Company in August 2000. During her tenure in RHB Sakura, she was involved in providing financial advisory services to corporations in areas of mergers, acquisitions and take-overs. She also assisted a wide spectrum of companies in corporate exercises involving corporate and debt restructuring, public listing, fund raising, valuation of debt and equity securities, privatisation, financial modelling of investments and financial analysis.

Ms Chang is concurrently an Executive Director and Chief Financial Officer of SL. She also sits on the Board of Directors of subsidiary companies of the Group.

DIRECTORS' PROFILES *(continued)*

Leow Siew Beng *Non-Independent Non-Executive Director, Singaporean, aged 56*

Mr. Leow was appointed to the Board of Directors of the Company on 2 November 1998. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He graduated with first class honours from the University of Singapore in Mechanical Engineering in 1970 and also obtained a post-graduate Master of Science Degree from the University of Leeds, United Kingdom in 1971. In 1984, the Singapore National Productivity Board awarded him a Diploma with merit in Management Accounting and Finance.

He began his career with the Singapore Institute of Standards and Industrial Research in 1971. During his tenure, he held various technical and managerial positions, leaving as Deputy General Manager in 1988. In 1988, he joined SL as General Manager and was also appointed as a Director. He has been an Executive Director of SL since 1989. Mr. Leow currently also sits on the Board as well as the Audit and Remuneration Committees of Eastgate Technology Limited which is listed on the Main Board of the Singapore Exchange.

Besides being a Director of SMSB since 16 February 1995, he holds directorships in various companies within the SL Group, which include subsidiaries and related companies in Australia, New Zealand and Singapore. During 1978 to 1987, he also held official positions in many Government and international organisations such as the Institute of Engineers Singapore, Technonet Asia, Singapore Manufacturers Association and the National University of Singapore. He is a registered professional engineer in Singapore and was previously admitted as a Fellow of the British Institute of Management and Institute of Quality Assurance in the United Kingdom.

George Thia Peng Heok *Independent Non-Executive Director, Singaporean, aged 54*

Mr. Thia was appointed to the Board of Directors of the Company on 24 May 2001. He is the Chairman of the Remuneration Committee as well as the Audit Committee and is a member of the Nomination Committee. He is a Certified Public Accountant in Singapore and a Fellow of the Association of Chartered Certified Accountants in the United Kingdom and the Singapore Institute of Directors.

He started his professional career in 1971 as an accountant in Cooper Brothers & Co. (now known as PricewaterhouseCoopers). Subsequently, from 1973 to 1992, he acquired extensive experience in merchant banking, stock broking and financial consulting. He held the positions of Managing Director at merchant bank, Morgan Grenfell (Asia) Limited (1973 - 1983), investment bank, Merrill Lynch International Bank Limited (1985 - 1987) and stock broking firms, Sun Hung Kai Securities Pte Ltd (1987 - 1990) and Lum Chang Securities Pte Ltd (1990 - 1992). He was also a director and partner of another stock broking firm, Kay Hian Pte Ptd from 1984 to 1985. Mr. Thia became Managing Director of AsiaMatrix Limited, a company listed on the Singapore Exchange of Securities Dealing and Automated Quotation ("SESDAQ") in 1993 and held that position for 3 years. From 1995 to 1999, he was a private management and financial consultant.

Mr. Thia is currently the Executive Chairman of MediaStream Limited, a company listed on the SESDAQ dealing in the music and media business. He also sits on the Boards of Metroplex Berhad which is listed on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE"), IDT Holdings (Singapore) Limited, which is listed on the Main Board of the Singapore Exchange and Mendaki Holdings Pte Ltd., a company wholly owned by Yayasan Mendaki in Singapore, as well as several private corporations. He is a member of the Supervisory Board for the Mendaki Unit Trusts. He is involved in the National Cancer Centre in Singapore, as the chairman of the Cancer Research & Education Fund.

DIRECTORS' PROFILES *(continued)*

Sieh Kok Jiun *Independent Non-Executive Director, Malaysian, aged 55*

Mr. Sieh Kok Jiun was appointed to the Board of Directors of the Company on 3 April 2000. He is the Chairman of the Nomination Committee and is a member of the Remuneration Committee and Audit Committee.

Mr. Sieh has extensive experience in corporate finance work. From 1987 to 1990, he served as a Director of Morgan Grenfell (Asia) Ltd and as the representative of the Kuala Lumpur Representative Office of Morgan Grenfell & Co. Between 1990 to 1994, he was Director of Corporate Affairs at Genting Berhad, a company listed on the Main Board of the KLSE. From 1994 to 1996, he was the Chief Representative of the Union Bank of Switzerland at its Kuala Lumpur Representative Office. Since then, his principal occupation has been that of a company director. He currently sits on the Board of Cathay Organisation Holdings Limited, which is listed on the SESDAQ. In addition, he is also a director of several private companies in Malaysia.

He holds a Bachelor of Science (Honours) Degree in Mechanical Engineering from University College London (1970), and a Master of Business Administration Degree from Cornell University (1971).

None of the Directors have any family relationship with any other Directors and/or major shareholder of the Company. To date, there is no conflict of interest between any of the Directors and the Company. None of the Directors has been convicted for any offence in the past 10 years.

Details of the Directors' attendance at Board meetings are set out in the Statement Accompanying Notice of Annual General Meeting.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I would like to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2002.



Product testing >

Operational And Financial Review

The year 2002 was unprecedented in the challenges and uncertainties which came the way of our Group. During the first half of 2002, weak global economic conditions significantly affected consumer spending, and dampened the demand for electronics and electrical products. The second half of 2002 was weighed down by geopolitical developments. The threat of war held back capital spending, curbing economic activities and further prolonging the economic weakness. These factors had a considerable adverse impact on our business and resulted in our Group recording its first ever operating loss.

Our Group's turnover dropped from RM43.960 million in 2001 to RM20.639 million in 2002 as the economic downturn affected our customers' businesses and consequently our performance. Yet, despite the drop of 53% in turnover, we contained our loss after tax to RM1.160 million through tight cost control and improved operational efficiency.

In recent years, we had strategised to focus on providing our electronics manufacturing services to a niche market without the need for the Group to incur substantial capital expenditure. This strategy serves us well, especially in these uncertain times. We are not weighed down by excessive depreciation and other fixed costs. We have no borrowings, and our cash reserves stood at approximately RM35 million as at 31 December 2002. Our structure is lean and flexible, allowing us to adapt easily to changing business requirements.

On a positive note, we were accredited with the ISO9001:2000 Quality System certification in first quarter 2003. Over the years, customers worldwide have benefited from our uncompromising commitment to quality. We were awarded the ISO9002 Quality Award in 1993 and had been re-certified annually. The recent ISO9001:2000 certification serves to enhance our reputation as a quality and performance-driven manufacturing service provider.

Prospects

The current year will continue to be very challenging. Our primary focus is to return to profitability. Against the background of an uncertain global economy and difficult business conditions, we will intensify our efforts to improve our cost competitiveness and use our strengths to expand our business in targeted market segments.

CHAIRMAN'S STATEMENT *(continued)*

Dividend

The Board recommends a final dividend of 5 sen per share (tax exempt) for the year ended 31 December 2002. Together with an interim dividend of 5 sen per share (tax exempt) paid on 16 October 2002, this brings the total dividend for 2002 to 10 sen per share (tax exempt).

Subject to shareholders' approval at the forthcoming Annual General Meeting, the final dividend will be paid on 3 June 2003.

Manufacturing facility of Subsidiary in Kulim, Kedah >



< Process Assembly

Directorate

On 30 November 2002, our Managing Director, Mr Tan Choon Sin, retired from service after more than 20 years with the Group. I take this opportunity to put on record our deep appreciation to Mr Tan who has contributed significantly to the Group's growth over the years.

I also like to thank the independent directors of the Group for their invaluable guidance and contribution.

Appreciation

On behalf of the Board, I would like to express our gratitude to our loyal customers and shareholders for their continued support and our team of dedicated staff for their commitment and hard work.

Eddie Foo Chik Kin
Executive Chairman
11 April 2003

The Board of Directors acknowledges that good corporate governance in the conduct of the business and affairs of the Group protects shareholders' investment in the Company and is integral to the Group's continued progress and success. The following statement explains the manner in which the Group has applied the Principles and the state of compliance with the Best Practice provisions of the Malaysian Code of Corporate Governance ("Code").

1. Directors

(a) The Board

The Group is led and managed by an experienced Board which is responsible for the performance of the Group. The Board provides strategic direction and advice to the Group and guides the Group on its short and long term goals. The Board also provides a balance to the management of the Company.

Members of the Board bring with them a wide range of business, financial and technical experience to the helm of the Group. This ensures a balanced Board decision-making process which is essential for a strong and effective leadership and control of the Group.

(b) Board Balance

With the retirement of the Managing Director on 30 November 2002, the Board as at 31 December 2002 comprised an Executive Chairman, two Executive Directors and three Non-Executive Directors, of whom two are Independent. The Independent Non-Executive Directors, comprising one third of the Board, are independent of management and have no relationships which would interfere with the exercise of their independent judgement.

The duties and responsibilities of the Managing Director position are now carried out by a team of Executive Directors of the Group. The Executive Chairman provides strategic input and direction to the business operations while the Executive Directors are responsible for the day-to-day operations of the Group. No individual or group of individuals dominates the Board's decision making.

(c) Board Meetings

The Board meets every quarter. Additional meetings are held as and when necessary. Documented procedures are in place in the event decisions are required between Board meetings.

The Board met four times during the year ended 31 December 2002. The attendance of all the Directors at Board meetings held in 2002 well surpassed the minimum requirements stipulated by the Kuala Lumpur Stock Exchange ("KLSE"). Details of each Director's attendance at Board meetings are set out in the Statement Accompanying Notice Of Annual General Meeting.

(d) Supply Of Information

All Directors are provided with an agenda and information necessary for them to deal with the agenda prior to Board meetings. These documents are issued in sufficient time in order for the Directors to be well informed prior to the meetings. The Chairman of the Board undertakes the primary responsibility for organising such information and for providing this information to the Directors on a timely basis.

The Board has approved an agreed procedure for Directors, whether as a full Board or in their individual capacity, to obtain independent professional advice at the Company's expense where necessary in order to discharge their duties. Where the Directors require such external professional advice in their individual capacity, such advice may be obtained subject to the approval of the Audit Committee. No Director sought such advice in 2002.

Directors have direct access to the advice and services of the Company Secretaries as well as access to all information within the Group, whether as a full Board or in their individual capacity, in discharging their duties.

(e) Re-election Of Directors

The amended Articles of Association of the Company provide for all Directors to retire from office once every three years but shall be eligible for re-election.

A Director appointed to fill a vacancy on the Board is subject to re-election by shareholders at the first Annual General Meeting after his/her appointment.

Information on the Directors seeking re-election at the forthcoming Annual General Meeting is set out in the Statement Accompanying Notice of Annual General Meeting.

2. Directors' Remuneration**(a) Level And Make-Up**

The Company's objective is to ensure that the level of remuneration is sufficient to attract and retain the Directors to run the Company successfully. The remuneration for Executive Directors takes into account the responsibility, contribution and performance of the individual. In the year ended 31 December 2002, the remuneration of Executive Directors was determined by the Executive Chairman while Directors' fees for both Executive and Non-Executive Directors were determined by the Board.

(b) Procedure

Please refer to details of the Remuneration Committee set out below.

(c) Disclosure Of Remuneration

The aggregate remuneration of Directors of the Company from the Group categorised into appropriate components is as follows:-

	Executive Directors RM	Non-Executive Directors RM
Fee	52,500	78,000
Salaries	398,200	-
Bonus	33,000	-
Benefits-In-Kind	33,444	-
Total	517,144	78,000

The number of Directors of the Company whose total compensation falls within the following bands is as follows:-

	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	-	-
RM201,000 to RM250,000	-	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	-	-

Notes:-

(1) The Executive Chairman does not receive any compensation from the Group. Effective from 1 August 2002, an Executive Director ceased to be on the payroll of the Group.

(2) The remuneration of Executive Directors include the remuneration of Mr. Tan Choon Sin who retired on 30 November 2002.

3. Board Committees

The Board has established the following Board Committees to assist the Board in executing its responsibilities:-

(a) Audit Committee

The composition and terms of reference of this Committee together with its report are presented in the Audit Committee Report.

(b) Nomination Committee

The Nomination Committee was established on 19 November 2001. The Committee's primary responsibilities are to consider and recommend to the Board, candidates for directorships and to review the required mix of skills and experience which Non-Executive Directors should bring to the Board. The Committee is also responsible for the assessment of the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director on an annual basis. The Committee reports to the Board its recommendation and findings for the Board's consideration and implementation.

Members of the Nomination Committee, all of whom are Non-Executive Directors, are as follows:-

Sieh Kok Jiun (*Chairman*)
George Thia Peng Heok (*Member*)
Leow Siew Beng (*Member*)

The terms of reference of the Committee provides that it meets at least once a year. The Committee met twice in 2002.

(c) Remuneration Committee

The Remuneration Committee was established on 19 November 2001. The primary responsibilities of the Committee are to develop for the Board, the Group's remuneration policy for Executive Directors, to recommend to the Board the remuneration packages and terms of employment of Executive Directors and to administer the Company's employees' share option scheme.

Members of the Committee are as follows:-

George Thia Peng Heok (*Chairman*)
Sieh Kok Jiun (*Member*)
Leow Siew Beng (*Member*)

The terms of reference of the Committee provides that it meets at least once a year. The Committee met once in 2002.

4. Accountability And Audit

(a) Financial Reporting

The Board has endeavoured to ensure that the annual audited financial statements and quarterly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects.

(b) Internal Control

The Board recognises its responsibility for the Group's system of internal controls and the need to review its adequacy and integrity regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. However, this system, by its nature, can only provide reasonable but not absolute assurance against material errors, fraud or losses.

The Board has put in place a risk assessment framework where principal risks are identified and risk management activities are agreed upon and communicated to senior management. As part of the monitoring process, the Board is updated on the progress of such activities. The Board also reviews the principal risks and the associated risk management activities when necessary.

The Statement On Internal Control is set out on page 13 of this Annual Report.

4. Accountability And Audit *(continued)*

(c) Relationship With External Auditors

The Board, through the Audit Committee, maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards and other related regulatory requirements.

5. Relationship With Shareholders

The Board encourages shareholders' active participation at the Company's Annual General Meeting and endeavours to ensure that all Board members are in attendance. The Board is supported by the auditors and other legal/financial advisers, where applicable, who are also present in the Company's Annual General Meeting.

In addition, the Company makes timely release of the Group's quarterly results within two months from the close of a particular quarter, as stipulated by the Listing Requirements of the KLSE. Members of the public can obtain the full financial results and the Company's announcements from the KLSE website or the Company's corporate office.

The Board has identified Mr Sieh Kok Jiun as the Senior Non-Executive Director to whom shareholders can address their concerns. Shareholders may also contact the Company Secretaries for information at all times.

6. Statement Of Compliance With The Code

The Group has substantially complied with the recommendations of the Best Practices of the Code except for the following:-

- (a) The Best Practices recommend that the Board should include a number of directors which fairly reflects the investment in the Company by shareholders other than the significant shareholder.

The Company's Board currently comprises six members, of which two members are Independent Non-Executive Directors. The Directors regard the interests of minority shareholders of the Company as adequately served by the two Independent Non-Executive Directors who have a wealth of business and financial knowledge and experience. Further, based on the current size of the Group's operations, the Board considers that a larger Board size would be surplus to the Group's present requirements.

- (b) The Board is of the opinion that details of remuneration of each Director are confidential, and disclosure of such information would not be in the interest of the Company.
- (c) The Remuneration Committee had not established a formal procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors. With the retirement of the Managing Director on 30 November 2002 and the cessation of an Executive Director from being on the Group's payroll effective from 1 August 2002, only one Executive Director of the Company remained on the payroll of the Group as at 31 December 2002. There were no material changes in the remuneration of this remaining Executive Director in 2002 compared to the prior year.

7. Statement Of Directors' Responsibilities In Relation To The Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and their results and cash flows for the year.

In preparing the financial statements for the year ended 31 December 2002, the Directors have used appropriate accounting policies that are consistently applied and made judgements and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

8. Additional Compliance Information

(a) Share Buybacks

There were no share buybacks by the Company during the year ended 31 December 2002.

(b) Options, Warrants Or Convertible Securities Exercised

The Company's employees' share option scheme ("ESOS") became effective on 10 January 2002. Other than the issue of options under the ESOS as disclosed in the Directors' Report, the Company has not issued any options, warrants or convertible securities during the financial year.

(c) American Depositary Receipt ("ADR") Or Global Depositary Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

(d) Imposition Of Sanctions/Penalties

There were no sanctions nor penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

(e) Non-Audit Fees

Non-audit fees paid and payable by the Group to the external auditors mainly for taxation advice and services was RM15,950 for the financial year.

(f) Variance From Unaudited Results Previously Announced

There is no variance between the audited results for the financial year and the unaudited results previously announced by the Company.

(g) Profit Guarantee

Not applicable.

(h) Material Contracts Involving Directors And Substantial Shareholders' Interests

To the best of the Board's knowledge, there are no material contracts involving the Group with any of the Directors and major shareholders as at 31 December 2002.

11 April 2003

STATEMENT ON INTERNAL CONTROL

Introduction

The Board acknowledges its responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity in order to safeguard the Group's assets and therefore shareholders' investment in the Group. However, the Board recognises that this system, by its nature, can only provide reasonable but not absolute assurance against material errors, fraud or losses. In accordance with paragraph 15.27(b) of the KLSE Stock Exchange ("KLSE") Listing Requirements, the Board is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 31 December 2002, which has been prepared in accordance with the "Statement of Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by the KLSE.

Internal Control

The Board has established a system of internal control and has delegated to Management the implementation and monitoring of the system of internal control within an established framework.

The Group's system of internal control comprises the following key elements:

- **Risk Management**

The Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. Under this process, the Group had carried out risk assessment and identified the principal risks faced by the Group. These principal risks were further prioritised whereby significant risks were identified and assessed. Action plans were then formulated to manage the critical risks and an appropriate Internal Audit plan was developed to enhance the internal control system. Management reported on the progress of action plans for identified risks to the Board through regular Board Meetings held for the financial year ended 31 December 2002.

- **Control Procedures**

Operating Procedures Manuals which set out the policies, procedures and practices to be complied with are in place for key operating units.

- **Organisational Structure And Responsibility Levels**

The Group has in place a well defined organisational structure with clear lines of accountability and delegation of authority setting out the appropriate authority levels of Management including matters requiring Board approval.

- **Reporting And Review**

The Group has a reporting system where information on financial and business performance is provided to the Board on a quarterly basis.

- **Annual Budgeting Process**

Budgets are prepared annually by the Management and approved by the Board. Information on actual performance against the budget is provided to the Board on a quarterly basis.

- **Quality Control**

In relation to the Group's core business of manufacturing and assembly of electrical and electronic products, control on the quality of the manufacturing and assembling process is implemented with a certified Quality System complying with the MS ISO 9001:2000 Quality Management System requirements.

STATEMENT ON INTERNAL CONTROL *(continued)*

Internal Control *(continued)*

- **Internal audit**

In the third quarter of 2002, an independent professional services firm was appointed to provide internal audit services to the Group. Since their appointment, the internal audit team carried out regular internal audits in accordance with the Internal Audit Plan which had been reviewed by the Audit Committee, to review the adequacy and integrity of the internal control systems of the business units. The internal audit team advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The reports are submitted to the Audit Committee, which reviews the findings with Management at its quarterly meetings. In addition, the external auditors' management letter points, if any, and management's responsiveness to any control recommendations on deficiencies noted during financial audits provide added assurance that certain control procedures on matters of finance are in place, and are being followed.

In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit Committee reports to the Board of Directors its activities, significant results, findings and the necessary recommendations or changes.

The nature of risks means that events may occur which would give rise to unanticipated or unavoidable losses. The Group's system of internal control is designed to provide reasonable but not absolute assurance against the risk of material errors, fraud or losses from occurring. It is possible that internal control may be circumvented or overridden. Furthermore, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The rationale of the system of internal controls is to enable the Group to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all risks.

The Board is of the view that there are no significant breakdown or weaknesses in the system of internal control of the Group that may result in material losses incurred by the Group for the financial year ended 31 December 2002. The Group continues to take the necessary measures to strengthen its internal controls.

11 April 2003

I. Membership

The Audit Committee comprises the following members:

Chairman:- George Thia Peng Heok (*Independent Non-Executive Director*)

Members:- Sieh Kok Jiun (*Independent Non-Executive Director*)

Leow Siew Beng (*Non-Independent Non-Executive Director*) appointed on 10 February 2003

Tan Choon Sin (*Managing Director*) retired on 30 November 2002

II. Terms Of Reference Of The Committee

1. Constitution

The Committee was established by the Board on 2 November 1998.

2. Membership And Meetings

The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three (3) members. A majority of the Committee shall be non-executive directors and at least one member of the Committee shall be a member of the Malaysian Institute of Accountants or one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 or must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967. The Chairman of the Committee shall be an independent non-executive director appointed by the Board and the Secretary of the Committee shall be the Company Secretary.

The Audit Committee shall meet at least four (4) times a year, although additional meetings may be convened at any time at the discretion of the Chairman of the Committee. Other members of the Board and employees may attend the meetings upon the invitation of the Committee. At least once a year, the Committee shall meet the external auditors without any executive directors present. The external auditors may request for a meeting if they consider that it is necessary.

All or any members of the Committee may participate in a meeting of the Committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

The quorum of all meetings of the Committee shall be two (2) and the majority of members present must be independent directors. Any decision shall be by a simple majority. The Chairman of the Committee shall report on each meeting to the Board.

The Secretary of the Committee shall give notice of the meeting including the agenda together with all relevant documents to all members of the Committee prior to the meeting. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. Any persons who may be required to attend shall also be notified by the Secretary accordingly.

3. Authority

The Committee is authorised by the Board and at the cost of the Company to:-

- (a) investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company and the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity, if any;
- (e) obtain independent professional or other advice; and
- (f) convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

Notwithstanding the above, the Committee does not have executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company and the Group.

II. Terms Of Reference Of The Committee *(continued)*

4. Responsibility

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Kuala Lumpur Stock Exchange, the Committee has the responsibility to promptly report such matter to the Kuala Lumpur Stock Exchange.

5. Review Of The Committee

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

6. Duties

The duties of the Committee are to:-

- (a) consider the appointment, resignation and dismissal of the external auditors and the audit fee;
- (b) review the nature and scope of the audit with the internal (if any) and external auditors before the audit commences;
- (c) review the quarterly and annual financial statements of the Group, focusing on the matters set out below, and thereafter to submit them to the Board:-
 - (i) any changes in accounting policies and practices;
 - (ii) significant and unusual events;
 - (iii) significant adjustments arising from the audit;
 - (iv) the going concern assumption;
 - (v) compliance with accounting standards and other legal requirements.
- (d) discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;
- (e) review with the external auditor, his evaluation of the system of internal controls;
- (f) review the audit reports and management letters prepared by the external auditors, the major findings and management's responses thereto;
- (g) where an internal audit function exists:-
 - (i) review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - (ii) review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - (iii) review any appraisal or assessment of the performance of members of the internal audit function;
 - (iv) approve any appointment or termination of senior staff members of the internal audit function;
 - (v) be informed of any resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- (h) consider any related party transactions and conflict of interest situations that may arise within the Group;
- (i) consider the major findings of internal investigations and management's response;
- (j) review the assistance given by the Group's employees to the auditors; and
- (k) consider any other issues as may be designated by the Board from time to time.

III. Summary Of Activities

The following activities were carried out by the Audit Committee during the year under review:-

1. Reviewed the quarterly and annual financial statements of the Group prior to presentation for the Board's approval.
2. Considered and recommended to the Board the reappointment of the external auditors and approval of their audit fee.

III. Summary Of Activities *(continued)*

3. Reviewed with the external auditors their audit plan prior to the commencement of audit.
4. Discussed and reviewed the Group's annual financial statements with the external auditors including issues and findings noted in the course of the audit of the Group's financial statements.
5. Discussed with the external auditors their evaluation of the system of internal controls of the Group.
6. Reviewed the audit reports of the Group. The auditors did not issue any management letters.
7. Recommended to the Board the establishment of an internal audit function and that this function be outsourced.
8. Recommended to the Board the appointment of the internal auditors and approval of their internal audit fee.
9. Reviewed the adequacy of the scope of the internal audit plan for 2002.
10. Reviewed and discussed the Internal Audit Reports with the internal auditors and management at its quarterly meetings.

IV. Internal Audit Function

In the third quarter of 2002, an independent professional services firm was appointed to provide internal audit services to the Group. The internal auditors are independent of the activities they audit and their terms of engagement provide for their services to be performed in accordance with the Standards for the Professional Practice of Internal Auditing that are issued by The Institute of Internal Auditors.

Further information on the internal audit function is set out in the Statement On Internal Control.

V. Details Of Attendance

The Audit Committee met four times during the year ended 31 December 2002. Details of each Committee member's attendance are given below:-

<u>Directors</u>	<u>Number Of Meetings Attended</u>
George Thia Peng Heok	4
Sieh Kok Jiun	4
Leow Siew Beng (appointed on 10 February 2003)	*
Tan Choon Sin (retired on 30 November 2002)	3

- * Prior to Mr. Leow Siew Beng's appointment as a member of the Audit Committee on 10 February 2003, he attended all four meetings of the Committee in 2002 by invitation of the Committee.



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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the Group are the manufacture, assembly and export of electronic and electrical consumer and industrial products. There have been no significant changes in these activities during the financial year.

FINANCIAL RESULTS

	<u>Group</u> RM	<u>Company</u> RM
Net (loss)/profit after taxation for the financial year	<u>(1,160,062)</u>	<u>5,940,293</u>

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2001 were as follows:

	RM
In respect of the financial year ended 31 December 2001, as shown in the Directors' report of that financial year:	
Final dividend of 15 sen per share (tax exempt), paid on 12 June 2002	<u>6,750,000</u>
In respect of the financial year ended 31 December 2002:	
Interim dividend of 5 sen per share (tax exempt) paid on 16 October 2002	<u>2,250,000</u>

The Directors now recommend the payment of a final dividend of 5 sen per share (tax exempt) for the financial year ended 31 December 2002. The total amount of the final dividend will be RM2,250,000 and is subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

SHARE OPTIONS

No option was granted to any person during the financial year to take up unissued shares of the Company other than as disclosed in the Employees' Share Option Scheme ("ESOS") in the Directors' report.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Foo Chik Kin
 Y.M. Raja Abdul Aziz bin Raja Musa
 Chang Choong Yeen
 Leow Siew Beng
 Thia Peng Heok
 Sieh Kok Jiun
 Tan Choon Sin (retired on 30 November 2002)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the share options granted to certain Directors as disclosed in the Employees' Share Option Scheme ("ESOS") in the Directors' report.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than Directors' remuneration and benefits disclosed in the financial statements) 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 that certain Directors received remuneration as Directors/executives from the Company's holding company.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares and/or options over shares in the Company and its related corporation are as follows:

<u>The Company - Astral Supreme Berhad</u>	<u>Number of ordinary shares of RM1.00 each</u>			
	<u>At 1.1.2002</u>	<u>Bought</u>	<u>Sold</u>	<u>At 31.12.2002</u>
Foo Chik Kin				
- deemed interested*	24,300,000	0	0	24,300,000
Y.M. Raja Abdul Aziz bin Raja Musa				
- held directly	1,014,000	0	1,014,000	0

<u>Holding company - Singatronics Limited</u>	<u>Number of ordinary shares of S\$0.20 each</u>			
	<u>At 1.1.2002</u>	<u>Bought</u>	<u>Sold</u>	<u>At 31.12.2002</u>
Foo Chik Kin				
- held directly	21,100,000	0	0	21,100,000
- deemed interested	97,617,729	0	0	97,617,729
Leow Siew Beng				
- held directly	1,230,000	100,000	100,000	1,230,000

<u>Options over shares in the Company - Astral Supreme Berhad</u>	<u>Number of ordinary shares of RM1.00 each</u>			
	<u>At 1.1.2002</u>	<u>Granted</u>	<u>Exercised/ expired</u>	<u>At 31.12.2002</u>
Y.M. Raja Abdul Aziz bin Raja Musa	0	10,000	0	10,000
Chang Choong Yeen	0	50,000	0	50,000

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(continued)*

Options over shares in holding company - Singatronics Limited	Number of ordinary shares of S\$0.20 each			
	At 1.1.2002	Granted	Exercised/ expired	At 31.12.2002
Leow Siew Beng	650,000	350,000	200,000	800,000
Chang Choong Yeen	150,000	300,000	0	450,000

* By virtue of Foo Chik Kin's deemed interest in the shares of the Company, he is deemed to have an interest in the shares of the subsidiaries of the Company to the extent of the Company's interest in the respective subsidiaries as disclosed under Note 11 on the financial statements.

Other than as disclosed above, no other Directors in office at the end of the financial year held any interest in shares and/or options over shares in the Company and its related corporations during the financial year. No Directors held any interest in debentures of the Company and its related corporations during the financial year.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company implemented the ESOS on 10 January 2002 after obtaining shareholders' approval for the revised By-Laws on the same date.

The salient features of the ESOS are as follows:

- the maximum number of new ordinary shares to be allotted by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company;
- the ESOS shall be for a duration of 10 years;
- eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee subject to the employees, inter-alia, being at least 18 years of age and confirmed in service on the offer date;
- an executive director shall only be eligible to participate in the ESOS if he is holding a full time executive position and the specific allotment to be made to the executive director has been approved by the shareholders of the Company in general meeting;
- the exercise price for the new ordinary shares to be issued under the ESOS is the higher of the weighted average market price of the ordinary shares of the Company for the five market days preceding the offer date (subject to a discount of not more than ten percent which the ESOS Committee may at its discretion decide to give), and the par value of the ordinary shares of the Company of RM1;
- the new ordinary shares to be issued upon the exercise of any option under the ESOS will upon allotment rank *pari passu* in all respects with the then existing issued and paid-up ordinary shares of the Company except that the new ordinary shares so allotted will not be eligible for any dividends, rights, allotments or other distributions, the entitlement date for which is before the date of exercise of the option; and
- the ESOS Committee shall have the discretion to determine the manner in which an option may be exercised during the option period.

The movements during the financial year in the number of ordinary shares under options of the Company are as follows:

At 1 January 2002	0
Granted	636,000
Lapsed	<u>35,000</u>
At 31 December 2002	<u>601,000</u>

The exercise price of the share options granted during the financial year is RM2.00 per share.

The Company has been granted exemption by the Companies Commission of Malaysia on 9 October 2002 from having to disclose the list of option holders and their holdings except for employees granted 10,000 and more shares under options.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") *(continued)*

Details of the shares under options granted to the Directors are disclosed in the Directors' Interests in Shares and Debentures in the Directors' report. Other employees granted 10,000 and more shares under options are listed below:

<u>Name</u>	<u>Number of shares under options granted</u>
Chin Nyee Loong	36,000
Thaw Pik Khoon	27,000
Loo Seng Kong	22,000
Ong Kian Yong	22,000
Chia Toung Bin	16,000
Normah binti Mohd. Nor	16,000
Azni bin Ahmad	11,000
Mohd. Shabri bin Mohd. Noor	11,000
Zulfitri Lim bin Abdullah	11,000
Fang Ping Ping	10,000
Khoo Hock Lye	10,000
Teh Ewe Hwang *	10,000

* Subsequently resigned and whose shares under options granted had lapsed

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

DIRECTORS' REPORT *(continued)*

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS *(continued)*

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

ULTIMATE HOLDING COMPANY

The Directors regard Singatronics Limited, a company incorporated in Singapore, as the Company's ultimate holding company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 11 April 2003.

FOO CHIK KIN
DIRECTOR

CHANG CHOONG YEEN
DIRECTOR

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
TURNOVER	5	20,639,554	43,960,211	6,750,000	2,430,000
COST OF SALES		(17,970,747)	(38,389,561)	0	0
GROSS PROFIT		2,668,807	5,570,650	6,750,000	2,430,000
OTHER OPERATING INCOME		1,206,272	1,542,454	414,666	587,109
ADMINISTRATIVE EXPENSES		(4,170,194)	(4,391,914)	(1,109,184)	(1,115,839)
SELLING AND MARKETING EXPENSES		(468,855)	(653,143)	0	0
OTHER OPERATING EXPENSES		(401,512)	(79,666)	0	0
(LOSS)/PROFIT FROM OPERATIONS	6	(1,165,482)	1,988,381	6,055,482	1,901,270
TAXATION	7	5,420	(1,502,162)	(115,189)	(803,317)
NET (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,160,062)	486,219	5,940,293	1,097,953
(LOSS)/EARNINGS PER SHARE	8				
- BASIC		(2.58 sen)	1.08 sen	N/A	N/A
- DILUTED		(2.57 sen)	1.08 sen	N/A	N/A
DIVIDENDS PER SHARE	9	10.0 sen	25.0 sen	10.0 sen	25.0 sen

The notes on pages 29 to 47 form part of these financial statements.

BALANCE SHEETS AS AT 31 DECEMBER 2002

		Group		Company	
	Note	2002 RM	2001 RM	2002 RM	2001 RM
NON-CURRENT ASSETS					
Property, plant and equipment	10	5,946,369	6,860,032	101,419	207,340
Subsidiaries	11	0	0	33,750,000	33,750,000
Investment	12	<u>7,600,800</u>	<u>7,600,800</u>	<u>7,600,800</u>	<u>7,600,800</u>
		<u>13,547,169</u>	<u>14,460,832</u>	<u>41,452,219</u>	<u>41,558,140</u>
CURRENT ASSETS					
Marketable securities	13	3,120,587	3,454,587	0	0
Inventories	14	964,072	1,975,104	0	0
Amounts due from subsidiary companies		0	0	77,401	64,650
Receivables	15	669,373	10,368,058	85,121	8,548,376
Tax recoverable		580,745	16,028	39,666	16,028
Cash and cash equivalents	16	<u>35,637,965</u>	<u>35,335,852</u>	<u>15,368,489</u>	<u>9,825,398</u>
		<u>40,972,742</u>	<u>51,149,629</u>	<u>15,570,677</u>	<u>18,454,452</u>
LESS CURRENT LIABILITIES					
Amount due to ultimate holding company		32,641	20,996	32,641	20,996
Payables	17	656,385	1,297,586	111,347	52,981
Taxation		<u>0</u>	<u>271,932</u>	<u>0</u>	<u>0</u>
		<u>689,026</u>	<u>1,590,514</u>	<u>143,988</u>	<u>73,977</u>
NET CURRENT ASSETS		40,283,716	49,559,115	15,426,689	18,380,475
LESS NON-CURRENT LIABILITY					
Deferred taxation	18	<u>246,000</u>	<u>275,000</u>	<u>0</u>	<u>0</u>
		<u>53,584,885</u>	<u>63,744,947</u>	<u>56,878,908</u>	<u>59,938,615</u>
CAPITAL AND RESERVES					
Share capital	19	45,000,000	45,000,000	45,000,000	45,000,000
Reserves	20	<u>8,584,885</u>	<u>18,744,947</u>	<u>11,878,908</u>	<u>14,938,615</u>
		<u>53,584,885</u>	<u>63,744,947</u>	<u>56,878,908</u>	<u>59,938,615</u>

The notes on pages 29 to 47 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

GROUP	Note	Issued and fully paid ordinary shares of RM1 each		Non- distributable reserves	Distributable Retained earnings	Total
		Number of shares	Nominal value RM			
				RM	RM	RM
At 1 January 2001						
- as previously reported		45,000,000	45,000,000	5,696,436	7,338,073	58,034,509
- prior year adjustment	21	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,740,000</u>	<u>7,740,000</u>
- as restated		45,000,000	45,000,000	5,696,436	15,078,073	65,774,509
Net profit for the financial year		0	0	0	486,219	486,219
Compensation receivable on profit guarantee shortfall	25	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,464,219</u>	<u>8,464,219</u>
Net gain not recognised in income statement		0	0	0	8,464,219	8,464,219
Dividends						
- as previously reported		<u>0</u>	<u>0</u>	<u>0</u>	<u>(9,990,000)</u>	<u>(9,990,000)</u>
- prior year adjustment	21	<u>0</u>	<u>0</u>	<u>0</u>	<u>(990,000)</u>	<u>(990,000)</u>
- as restated		<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,980,000)</u>	<u>(10,980,000)</u>
At 31 December 2001		<u>45,000,000</u>	<u>45,000,000</u>	<u>5,696,436</u>	<u>13,048,511</u>	<u>63,744,947</u>
At 1 January 2002						
- as previously reported		45,000,000	45,000,000	5,696,436	6,298,511	56,994,947
- prior year adjustment	21	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,750,000</u>	<u>6,750,000</u>
- as restated		45,000,000	45,000,000	5,696,436	13,048,511	63,744,947
Net loss for the financial year		0	0	0	(1,160,062)	(1,160,062)
Dividends						
- financial year ended 31 December 2001		<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,750,000)</u>	<u>(6,750,000)</u>
- financial year ended 31 December 2002		<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,250,000)</u>	<u>(2,250,000)</u>
		<u>0</u>	<u>0</u>	<u>0</u>	<u>(9,000,000)</u>	<u>(9,000,000)</u>
At 31 December 2002		<u>45,000,000</u>	<u>45,000,000</u>	<u>5,696,436</u>	<u>2,888,449</u>	<u>53,584,885</u>
NON-DISTRIBUTABLE RESERVES				Share premium	Revaluation reserve	Total
GROUP				RM	RM	RM
At 1 January/31 December 2001				<u>4,510,291</u>	<u>1,186,145</u>	<u>5,696,436</u>
At 1 January/31 December 2002				<u>4,510,291</u>	<u>1,186,145</u>	<u>5,696,436</u>

The notes on pages 29 to 47 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002 *(continued)*

COMPANY	Note	Issued and fully paid ordinary shares of RM1 each		Non- distributable Share premium	Distributable Retained earnings	Total
		Number of shares	Nominal value RM	RM	RM	RM
At 1 January 2001						
- as previously reported		45,000,000	45,000,000	4,510,291	4,106,152	53,616,443
- prior year adjustment	21	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,740,000</u>	<u>7,740,000</u>
- as restated		45,000,000	45,000,000	4,510,291	11,846,152	61,356,443
Net profit for the financial year						
- as previously reported		0	0	0	7,847,953	7,847,953
- prior year adjustment	21	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,750,000)</u>	<u>(6,750,000)</u>
- as restated		0	0	0	1,097,953	1,097,953
Compensation receivable on profit guarantee shortfall	25	0	0	0	8,464,219	8,464,219
Net gain not recognised in income statement		0	0	0	8,464,219	8,464,219
Dividends						
- as previously reported		0	0	0	(9,990,000)	(9,990,000)
- prior year adjustment	21	<u>0</u>	<u>0</u>	<u>0</u>	<u>(990,000)</u>	<u>(990,000)</u>
- as restated		<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,980,000)</u>	<u>(10,980,000)</u>
At 31 December 2001		<u>45,000,000</u>	<u>45,000,000</u>	<u>4,510,291</u>	<u>10,428,324</u>	<u>59,938,615</u>
At 1 January 2002						
- as previously reported		45,000,000	45,000,000	4,510,291	10,428,324	59,938,615
- prior year adjustment	21	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
- as restated		45,000,000	45,000,000	4,510,291	10,428,324	59,938,615
Net profit for the financial year		0	0	0	5,940,293	5,940,293
Dividends						
- financial year ended 31 December 2001		0	0	0	(6,750,000)	(6,750,000)
- financial year ended 31 December 2002		0	0	0	(2,250,000)	(2,250,000)
		<u>0</u>	<u>0</u>	<u>0</u>	<u>(9,000,000)</u>	<u>(9,000,000)</u>
At 31 December 2002		<u>45,000,000</u>	<u>45,000,000</u>	<u>4,510,291</u>	<u>7,368,617</u>	<u>56,878,908</u>

The notes on pages 29 to 47 form part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from debtors	22,486,071	48,972,487	1,158	25,157
Cash payments to suppliers and employees	<u>(21,857,903)</u>	<u>(43,813,124)</u>	<u>(944,897)</u>	<u>(988,980)</u>
Cash flow from operations	628,168	5,159,363	(943,739)	(963,823)
Taxation paid	<u>(860,229)</u>	<u>(1,732,079)</u>	<u>(138,827)</u>	<u>(253,445)</u>
Net operating cash flow	<u>(232,061)</u>	<u>3,427,284</u>	<u>(1,082,566)</u>	<u>(1,217,268)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(57,368)	(174,213)	0	0
Proceeds from disposal of property plant and equipment	3,736	35,760	0	0
Interest received	1,002,465	1,268,422	412,544	586,109
Dividends from a subsidiary company	0	0	6,750,000	1,749,600
Dividends from marketable securities	109,477	145,500	0	0
Acquisition of subsidiary	0	0	0	(2)
Investment in a corporation	0	(7,600,800)	0	(7,600,800)
Advances from/(to) intercompanies	11,645	31,550	(1,106)	(31,464)
Compensation received on profit guarantee shortfall	<u>8,464,219</u>	<u>0</u>	<u>8,464,219</u>	<u>0</u>
Net investing cash flow	<u>9,534,174</u>	<u>(6,293,781)</u>	<u>15,625,657</u>	<u>(5,296,557)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	<u>(9,000,000)</u>	<u>(10,980,000)</u>	<u>(9,000,000)</u>	<u>(10,980,000)</u>
Net financing cash flow	<u>(9,000,000)</u>	<u>(10,980,000)</u>	<u>(9,000,000)</u>	<u>(10,980,000)</u>
CHANGES IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	302,113	(13,846,497)	5,543,091	(17,493,825)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>35,335,852</u>	<u>49,182,349</u>	<u>9,825,398</u>	<u>27,319,223</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 16)	<u>35,637,965</u>	<u>35,335,852</u>	<u>15,368,489</u>	<u>9,825,398</u>

The notes on pages 29 to 47 form part of these financial statements.

NOTES ON THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activity of the Company is that of an investment holding company. The principal activities of the Group are the manufacture, assembly and export of electronic and electrical consumer and industrial products.

The number of staff employed by the Group and the Company at the end of the financial year are 355 (2001: 463) and 1 (2001: 2) respectively.

The holding and ultimate holding company is Singatronics Limited, a company incorporated in Singapore.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board of the Kuala Lumpur Stock Exchange.

The Company's registered office and principal place of business are as follows:

Suite 13-05
Level 13, Menara HLA
No. 3 Jalan Kia Peng
50450 Kuala Lumpur

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified for the revaluation of land and buildings) unless otherwise indicated in the summary of significant accounting policies as shown in Note 3 on the financial statements.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The new applicable approved accounting standards adopted in these financial statements are as follows:

(a) Retrospective application

The following new MASB Standards that have been applied retrospectively:

- MASB Standard 19: "Events After Balance Sheet Date"
- MASB Standard 20: "Provisions, Contingent Liabilities and Contingent Assets"
- MASB Standard 22: "Segmental Reporting"

With the exception of MASB Standard 19 (see Note 21), there were no changes in accounting policies that affected the results for the financial year and retained earnings at the beginning of the financial year as a result of the adoption of the above standards in these financial statements.

(b) Prospective application from 1 January 2002

The following new MASB Standards that have been applied prospectively:

- MASB Standard 21: "Business Combinations"
- MASB Standard 23: "Impairment of Assets"
- MASB Standard 24: "Financial Instruments: Disclosure and Presentation"

The Group has applied MASB Standard 21 prospectively as provided for by the Standard. Accordingly, business combinations entered into prior to 1 January 2002 have not been restated to comply with this standard.

MASB Standard 23 does not allow retrospective application.

For the financial instruments, comparative information were not disclosed upon first application of MASB Standard 24, as permitted by the standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of consolidation

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting except for Singatronics (Malaysia) Sdn.Bhd., which was consolidated prior to 1 January 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard No.2 "Accounting for Acquisitions and Mergers".

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

In a piecemeal acquisition, the fair value adjustment attributable to previously held equity interests is accounted for as post-acquisition revaluation.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial periods. On consolidation, the difference between the carrying value of the investment in these subsidiaries over the nominal value of the shares acquired is taken to merger reserve.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of post-acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

(b) Investments

Investments in subsidiaries and other non-current investments are stated at cost. Allowance is made for diminution in value when the Directors consider that there has been a decline other than temporary in value. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, modified by valuation of long leasehold land and factory buildings. Long leasehold land is amortised over the lease period of 99 years expiring on 9 November 2080. Other property, plant and equipment are depreciated on the straight line basis over the period of their estimated useful lives at the following principal annual rates:

Factory buildings	2%
Plant and machinery)
Furniture, fixtures and equipment)
Tools and equipment) 20%
Electrical fittings)
Motor vehicles)
Renovation	33 1/3%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment *(continued)*

Long leasehold land and factory buildings in a subsidiary company, Singatronics (Malaysia) Sdn.Bhd., have not been revalued since they were first revalued in 1981. The Directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standards ("IAS") No.16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board ("MASB"), these assets are stated at their 1981 valuation less accumulated depreciation. The revaluation surplus on the long leasehold land and factory buildings in the subsidiary company has been credited into the revaluation reserve. On disposal of these revalued assets, the amounts in the revaluation reserve are transferred to retained earnings.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

(d) Marketable securities

Marketable securities (within current assets) are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount of marketable securities are credited/charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

(e) Inventories

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined on the first-in first-out basis, and in the case of work-in-progress and finished goods, cost represents materials, direct labour, other direct costs and an appropriate proportion of production overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(f) Trade receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the financial year end. Bad debts are written off when identified.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

(i) Foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at exchange rates ruling at the transaction dates or at contracted rates, where applicable. At balance sheet date, monetary assets and liabilities resulting from foreign currency transactions are translated into Ringgit Malaysia at exchange rates prevailing at that date or at contracted rates, where applicable. All exchange differences are included in the income statement.

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Foreign currencies *(continued)*

The principal closing rates used in translation of foreign currency amounts are as follows:

<u>Foreign currency</u>	<u>2002</u> RM	<u>2001</u> RM
1 US Dollar	3.8000	3.8000
1 Singapore Dollar	2.1660	2.0795
1 Deutsche mark	N/A	1.6930
1 Euro	3.9310	N/A

(j) Financial instruments

(i) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

(ii) Fair value estimation for disclosure purposes

The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

(k) Revenue recognition

Sales are recognised upon delivery of products.

Dividend income is recognised when the Group's right to receive payment is established.

Interest income, included in other operating income, is recognised on the accrual basis determined by the principal outstanding and rate applicable.

(l) Deferred taxation

Deferred taxation arising from significant timing differences between accounting income and taxable income is provided for by using the liability method except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

Deferred tax benefits are not recognised in the financial statements unless there is a reasonable expectation of their realisation.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks encompassing foreign currency exchange risk, market risk and credit risk during the course of its business. The Group has an overall risk management framework, the objective of which is to safeguard the Group's assets and members' investments in the Group. Under the framework, the Board of Directors ("Board") regularly reviews the principal risks to which the Group is exposed, and approves the policies for the management of each of these risks.

Foreign currency exchange risk

As the Group's foreign currency transactions are mainly in United States Dollars ("USD"), the Group does not have a material exposure to currency risk given the Government's peg against the USD. However, the Board keeps the risk under review in the event of any changes in circumstances.

Market risk

The Group is exposed to market risk in relation to its investment in marketable securities. The Board is updated regularly on the performance of the Group's investment portfolio.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. Credit policies for new major customers are subject to approval from the Board. The Group's fixed deposits are placed only with licensed financial institutions.

As at the balance sheet date, there were no significant concentrations of credit risk.

5. TURNOVER

Turnover of the Company consists of gross dividend income. Turnover of the Group represents the invoiced value of goods sold less returns.

6. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations are stated after charging:

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM	RM	RM	RM
Directors' remuneration				
- fees	130,500	85,200	130,500	85,200
- other emoluments	529,760	592,480	117,600	235,200
Fees paid to a firm in respect of services rendered in a professional capacity by a director of a subsidiary company	5,000	0	0	0
Auditors' remuneration				
- current year	45,000	40,000	12,000	12,000
- prior year	5,000	0	0	0
Depreciation	969,742	1,036,944	105,921	105,921
Allowances for diminution in value of marketable securities	334,000	0	0	0
Allowance for slow moving inventories	207,563	0	0	0
Inventories written off	75,738	165,627	0	0
Realised foreign exchange loss	12,337	12,168	0	0
Rental of equipment	16,820	45,220	0	0
Rental of building	435,100	495,110	201,860	185,020
Staff costs*	<u>5,419,608</u>	<u>6,810,065</u>	<u>151,400</u>	<u>270,983</u>
and after crediting:				
Dividends received and receivable (gross) from a subsidiary	0	0	6,750,000	2,430,000
Gain on disposal of property, plant and equipment	2,447	13,067	0	0
Gross dividends from marketable securities	109,477	145,500	0	0
Interest income	<u>986,407</u>	<u>1,268,422</u>	<u>414,508</u>	<u>586,109</u>

* Staff costs include Directors' remuneration – other emoluments.

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

6. (LOSS)/PROFIT FROM OPERATIONS *(continued)*

The estimated monetary value of benefits otherwise than in cash receivable during the financial year by Directors of the Group and the Company are RM35,440 (2001:RM35,630) and RM9,400 (2001: RM9,400) respectively.

The options over ordinary shares of the Company granted to Directors of the Company during the financial year are as follows:

	<u>Granted during the financial year</u>		<u>Unexercised options at</u>	
	<u>2002</u>	<u>2001</u>	<u>31.12.2002</u>	<u>31.12.2001</u>
Y.M. Raja Abdul Aziz bin Raja Musa	10,000	0	10,000	0
Chang Choong Yeen	50,000	0	50,000	0

The share options were given to these Directors on the same terms and conditions as those offered to other employees of the Company in accordance with the By-Laws of the Employees' Share Option Scheme ("ESOS").

7. TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Tax charge for the financial year in respect of current financial year:				
- Malaysian income tax	(296,900)	(1,022,600)	(110,300)	(803,000)
- Deferred taxation (Note 18)	<u>29,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(267,900)	(1,022,600)	(110,300)	(803,000)
In respect of prior financial year:				
- Malaysian income tax	<u>273,320</u>	<u>(204,562)</u>	<u>(4,889)</u>	<u>(317)</u>
- Deferred taxation (Note 18)	<u>0</u>	<u>(275,000)</u>	<u>0</u>	<u>0</u>
	<u>273,320</u>	<u>(479,562)</u>	<u>(4,889)</u>	<u>(317)</u>
	<u>5,420</u>	<u>(1,502,162)</u>	<u>(115,189)</u>	<u>(803,317)</u>

The effective tax rate of the Company for the current financial year is lower than the statutory tax rate prevailing in Malaysia as the dividend income received from a subsidiary company is exempted from tax. Current taxation of the Company for the current financial year is in respect of tax on interest income.

In addition to tax on interest income for the Company, tax is payable by the Group for the current financial year as there is tax on interest and dividend income for Singatronics (Malaysia) Sdn. Bhd. There is no taxation on the business income of Singatronics (Malaysia) Sdn. Bhd. for the current financial year due to the utilisation of current year capital allowances which resulted in tax savings of RM58,000 (2001: RM209,000).

Subject to agreement by the Inland Revenue Board, the Group has estimated unutilised capital allowances of RM408,000 (2001: RM Nil) carried forward of which the related tax benefits have not been recognised.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share of the Group is calculated by dividing the net (loss)/profit for the financial year by the number of ordinary shares in issue during the financial year:

	<u>2002</u>	<u>2001</u>
Net (loss)/profit for the financial year	(RM1,160,062)	RM486,219
Number of ordinary shares in issue	45,000,000	45,000,000
Basic (loss)/earnings per share	(2.58 sen)	1.08 sen

(b) Diluted (loss)/earnings per share

For the diluted (loss)/earnings per share calculation, the number of ordinary shares in issue is adjusted to assume conversion of all share options granted to employees.

In respect of the diluted (loss)/earnings per share calculation for the share options granted to employees, a calculation is done to determine the number of shares that could have been issued at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net (loss)/profit for the financial year for the share options calculation.

	<u>2002</u>	<u>2001</u>
Net (loss)/profit for the financial year	(RM1,160,062)	RM486,219
Number of ordinary shares in issue	45,000,000	45,000,000
Adjustment for share options	66,000	0
Number of ordinary shares for diluted (loss)/earnings per share	<u>45,066,000</u>	<u>45,000,000</u>
Diluted (loss)/earnings per share	(2.57 sen)	1.08 sen

9. DIVIDENDS

	<u>Group and Company</u>	
	<u>2002</u>	<u>2001</u>
	RM	RM
Interim dividend of 5 sen per share (tax exempt) (2001: 10 sen gross per share less tax)	(2,250,000)	(3,240,000)
Proposed final dividend of 5 sen per share (tax exempt) (2001: 15 sen per share (tax exempt))	<u>(2,250,000)</u>	<u>(6,750,000)</u>
	<u>(4,500,000)</u>	<u>(9,990,000)</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2002 of 5 sen per share (tax exempt) (2001: 15 sen per share (tax exempt)) amounting to RM2,250,000 (2001: RM6,750,000) will be proposed for the approval of the members.

These financial statements do not reflect this final dividend which will be recognised in the financial year ended 31 December 2003 when approved by the members. This represents a change in accounting treatment from that of prior financial years as explained in Note 21.

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

10. PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	<u>Opening net book value RM</u>	<u>Additions RM</u>	<u>Disposals RM</u>	<u>Deprecia- tion for the year RM</u>	<u>Closing net book value RM</u>
Financial year ended 31 December 2002					
Long leasehold land					
- at valuation	96,292	0	0	(1,212)	95,080
Factory buildings					
- at valuation	1,639,265	0	0	(53,600)	1,585,665
- at cost	2,851,869	5,800	0	(65,163)	2,792,506
	4,491,134	5,800	0	(118,763)	4,378,171
At cost					
Plant and machinery	623,769	0	0	(233,830)	389,939
Furniture, fixtures and equipment	397,561	44,567	(1,289)	(132,743)	308,096
Tools and equipment	417,084	7,001	0	(166,845)	257,240
Electrical fittings	188,840	0	0	(62,946)	125,894
Motor vehicles	478,577	0	0	(158,103)	320,474
Renovation	166,775	0	0	(95,300)	71,475
	6,860,032	57,368	(1,289)	(969,742)	5,946,369

<u>Group</u>	<u>Valuation/cost RM</u>	<u>Accumulated depreciation RM</u>	<u>Net book value RM</u>
At 31 December 2002			
Long leasehold land			
- at valuation	120,000	(24,920)	95,080
Factory buildings			
- at valuation	2,680,000	(1,094,335)	1,585,665
- at cost	3,263,472	(470,966)	2,792,506
	5,943,472	(1,565,301)	4,378,171
At cost			
Plant and machinery	3,091,197	(2,701,258)	389,939
Furniture, fixtures and equipment	1,347,968	(1,039,872)	308,096
Tools and equipment	1,811,273	(1,554,033)	257,240
Electrical fittings	368,920	(243,026)	125,894
Motor vehicles	790,516	(470,042)	320,474
Renovation	285,900	(214,425)	71,475
	13,759,246	(7,812,877)	5,946,369

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	<u>Valuation/cost</u> RM	<u>Accumulated depreciation</u> RM	<u>Net book value</u> RM
<u>At 31 December 2001</u>			
Long leasehold land - at valuation	120,000	(23,708)	96,292
Factory buildings - at valuation	2,680,000	(1,040,735)	1,639,265
- at cost	3,257,672	(405,803)	2,851,869
	5,937,672	(1,446,538)	4,491,134
At cost			
Plant and machinery	3,170,580	(2,546,811)	623,769
Furniture, fixtures and equipment	1,470,879	(1,073,318)	397,561
Tools and equipment	1,809,848	(1,392,764)	417,084
Electrical fittings	368,920	(180,080)	188,840
Motor vehicles	790,516	(311,939)	478,577
Renovation	285,900	(119,125)	166,775
	13,954,315	(7,094,283)	6,860,032

Company

<u>Financial year ended</u> <u>31 December 2002</u>	<u>Opening net book value</u> RM	<u>Additions</u> RM	<u>Disposals</u> RM	<u>Depreciation for the year</u> RM	<u>Closing net book value</u> RM
At cost					
Furniture, fixtures and equipment	40,565	0	0	(10,621)	29,944
Renovation	166,775	0	0	(95,300)	71,475
	207,340	0	0	(105,921)	101,419

	<u>Valuation/cost</u> RM	<u>Accumulated depreciation</u> RM	<u>Net book value</u> RM
<u>At 31 December 2002</u>			
At cost			
Furniture, fixtures and equipment	53,103	(23,159)	29,944
Renovation	285,900	(214,425)	71,475
	339,003	(237,584)	101,419
<u>At 31 December 2001</u>			
At cost			
Furniture, fixtures and equipment	53,103	(12,538)	40,565
Renovation	285,900	(119,125)	166,775
	339,003	(131,663)	207,340

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The valuation of the long leasehold land and buildings were made by the Directors based on an independent valuation of those assets in 1981 by a firm of professional valuers using the comparison method for the long leasehold land and the current replacement cost method for the buildings.

Long leasehold land and factory buildings in a subsidiary company, Singatronics (Malaysia) Sdn.Bhd., have not been revalued since the first revaluation exercise in 1981. The Directors have adopted the transitional provisions in respect of assets carried at previously revalued amounts for IAS No.16 (Revised): Property, Plant and Equipment as allowed for by the MASB to retain the carrying amounts of the long leasehold land and factory buildings on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

The tax effect in connection with the surplus arising on revaluation of the long leasehold land and buildings is not disclosed as there is no intention to dispose of these properties.

Had the property, plant and equipment been included in the financial statements of the Group at cost less depreciation, the net book value of each class of property, plant and equipment would have been as follows:

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>
Long leasehold land	93,257	94,446
Factory buildings	3,677,730	3,767,016
Plant and machinery	389,939	623,769
Furniture, fixtures and equipment	308,096	397,561
Tools and equipment	257,240	417,084
Electrical fittings	125,894	188,840
Motor vehicles	320,474	478,577
Renovation	71,475	166,775
	<u>5,244,105</u>	<u>6,134,068</u>

11. SUBSIDIARIES

	<u>Company</u>	
	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>
Unquoted shares, at cost	<u>33,750,000</u>	<u>33,750,000</u>

<u>Name</u>	<u>Country of Incorporation</u>	<u>Percentage of equity held</u>		<u>Principal activities</u>
		<u>2002</u>	<u>2001</u>	
<u>Direct subsidiary</u>				
Singatronics (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Manufacture, assembly and export of electronic and electrical consumer and industrial products
ASTRAL-GMO Sdn. Bhd.	Malaysia	100%	100%	The company has not commenced operation as at 31 December 2002

12. INVESTMENT

	<u>Group and Company</u>	
	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>
Unquoted convertible preference shares at cost in an overseas corporation	<u>7,600,800</u>	<u>7,600,800</u>

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

12. INVESTMENT *(continued)*

The unquoted convertible preference shares in an overseas corporation, when converted, will represent a 26% equity interest in the overseas corporation.

It was not practicable within the constraints of cost to estimate the fair value of this unquoted investment as it is a technology company which is in the development stage.

Based on the overseas corporation's audited financial statements for the financial year ended 31 August 2002, its net assets as at 31 August 2002 was USD1.407 million (approximately RM5.347 million), of which USD1.032 million (approximately RM3.922 million) comprised deferred income taxes reflecting the benefit of federal and state loss carry forwards.

The overseas corporation is presently engaged in a funded joint development activity with a multinational corporation to build prototypes of a light projection engine incorporating the multinational corporation's liquid crystal-on-silicon microdisplays, and developing the light engine manufacturing process.

13. MARKETABLE SECURITIES

	Group	
	<u>2002</u> RM	<u>2001</u> RM
Marketable securities quoted in Malaysia	<u>3,120,587</u>	<u>3,454,587</u>
Market value of marketable securities	<u>3,132,192</u>	<u>3,457,200</u>

The market value at the balance sheet date of these investments approximated their fair value.

14. INVENTORIES

	Group	
	<u>2002</u> RM	<u>2001</u> RM
At cost:		
Raw materials	942,853	1,960,310
Work-in-progress	134	14,794
Finished goods	<u>21,085</u>	<u>0</u>
	<u>964,072</u>	<u>1,975,104</u>

15. RECEIVABLES

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Trade receivables	185,173	1,068,062	0	0
Other receivables	94,930	229,727	16,043	14,079
Advances paid to creditors	170,937	315,632	0	0
Deposits	86,360	93,875	69,078	70,078
Prepayments	19,133	25,400	0	0
Staff loans	112,840	171,143	0	0
Compensation receivable on profit guarantee shortfall (Note 25)	<u>0</u>	<u>8,464,219</u>	<u>0</u>	<u>8,464,219</u>
	<u>669,373</u>	<u>10,368,058</u>	<u>85,121</u>	<u>8,548,376</u>

Credit terms of the trade receivables range from payment in advance to 30 days.

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

15. RECEIVABLES *(continued)*

The currency exposure profile of the trade receivables is as follows:

	<u>Group</u> <u>2002</u> RM	<u>Company</u> <u>2002</u> RM
US Dollar	140,505	0
Euro	44,668	0
	<u>185,173</u>	<u>0</u>

Based on the Group's historical collection record and stringent credit policies, there are no significant concentrations of credit risks in respect of trade receivables.

16. CASH AND CASH EQUIVALENTS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Deposits with licensed banks	18,430,000	20,080,000	5,200,000	4,930,000
Deposits with licensed finance companies	16,540,000	14,750,000	10,040,000	4,750,000
Cash and bank balances	<u>667,965</u>	<u>505,852</u>	<u>128,489</u>	<u>145,398</u>
	<u>35,637,965</u>	<u>35,335,852</u>	<u>15,368,489</u>	<u>9,825,398</u>

The currency exposure profile of deposits, cash and bank balances is as follows:

	<u>Group</u> <u>2002</u> RM	<u>Company</u> <u>2002</u> RM
Ringgit Malaysia	34,590,626	15,368,489
US Dollar	<u>1,047,339</u>	<u>0</u>
	<u>35,637,965</u>	<u>15,368,489</u>

The effective interest rates of the deposits as at balance sheet date are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2002</u> %	<u>2001</u> %	<u>2002</u> %	<u>2001</u> %
	1.10 to 3.20	1.60 to 3.20	2.60 to 3.20	3.20

Deposits of the Group and Company have an average maturity of 30 days (2001: 30 days). Bank balances are deposits held at call with banks.

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

17. PAYABLES

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM	RM	RM	RM
Trade payables	112,061	475,517	0	0
Advances received from a customer	63,053	151,486	0	0
Other payables	2,418	13,050	0	0
Accrued expenses	224,426	330,724	110,676	42,232
Payroll liabilities	254,427	326,809	671	10,749
	<u>656,385</u>	<u>1,297,586</u>	<u>111,347</u>	<u>52,981</u>

The currency exposure profile of trade payables is as follows:

	<u>Group</u>	<u>Company</u>
	<u>2002</u>	<u>2002</u>
	RM	RM
Ringgit Malaysia	88,060	0
US Dollar	24,001	0
	<u>112,061</u>	<u>0</u>

Credit terms of trade payables range from payment in advance to 60 days.

18. DEFERRED TAXATION

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM	RM
As at 1 January	275,000	0
Transfer (from)/to income statement (Note 7):		
- current financial year	(29,000)	0
- prior financial years	0	275,000
As at 31 December	<u>246,000</u>	<u>275,000</u>

The deferred taxation is in respect of tax effect on the excess of capital allowances over depreciation.

All timing differences of the Group have been accounted for as they are expected to reverse in the foreseeable future.

19. SHARE CAPITAL

	<u>Group and Company</u>	
	<u>2002</u>	<u>2001</u>
	RM	RM
Ordinary shares of RM1.00 each		
Authorised	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid	<u>45,000,000</u>	<u>45,000,000</u>

The Company implemented the ESOS on 10 January 2002 after obtaining shareholders' approval for the revised By-Laws on the same date.

19. SHARE CAPITAL *(continued)*

The salient features of the ESOS are as follows:

- the maximum number of new ordinary shares to be allotted by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company;
- the ESOS shall be for a duration of 10 years;
- eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee subject to the employees, *inter-alia*, being at least 18 years of age and confirmed in service on the offer date;
- an executive director shall only be eligible to participate in the ESOS if he is holding a full time executive position and the specific allotment to be made to the executive director has been approved by the shareholders of the Company in general meeting;
- the exercise price for the new ordinary shares to be issued under the ESOS is the higher of the weighted average market price of the ordinary shares of the Company for the five market days preceding the offer date (subject to a discount of not more than ten percent which the ESOS Committee may at its discretion decide to give), and the par value of the ordinary shares of the Company of RM1;
- the new ordinary shares to be issued upon the exercise of any option under the ESOS will upon allotment rank *pari passu* in all respects with the then existing issued and paid-up ordinary shares of the Company except that the new ordinary shares so allotted will not be eligible for any dividends, rights, allotments or other distributions, the entitlement date for which is before the date of exercise of the option; and
- the ESOS Committee shall have the discretion to determine the manner in which an option may be exercised during the option period.

The movements during the financial year in the number of ordinary shares under options of the Company are as follows:

At 1 January 2002	0
Granted	636,000
Lapsed	35,000
At 31 December 2002	601,000

The exercise price of the share options granted during the financial year is RM2.00 per share.

20. RESERVES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<u>Non-distributable</u>				
Share premium	4,510,291	4,510,291	4,510,291	4,510,291
Revaluation reserve	1,186,145	1,186,145	0	0
	5,696,436	5,696,436	4,510,291	4,510,291
<u>Distributable</u>				
Retained earnings	2,888,449	13,048,511	7,368,617	10,428,324
	8,584,885	18,744,947	11,878,908	14,938,615

The revaluation reserve at 31 December 2002 represents revaluation surplus on long leasehold land and buildings of a subsidiary and is not distributable.

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax exempt account balance and tax credits available under the Income Tax Act, 1967 to frank approximately RM1,500,000 of its retained earnings as at 31 December 2002, if paid out as dividends.

21. PRIOR YEAR ADJUSTMENTS

In previous financial years, dividends were accrued as liabilities when proposed by the Directors. The Group and Company have now changed this accounting policy to recognise dividends in retained earnings in the period in which the obligation to pay is established in accordance with MASB Standard 19 'Events After The Balance Sheet Date'. Therefore, a final dividend is now recognised in the period it is approved by members at the Annual General Meeting.

Arising from the above change in accounting policy, the Company has also changed its accounting policy with regards to the recognition of final dividends as revenue. In previous financial years, dividend income was recognised as revenue when proposed by its subsidiary companies. The accounting policy is now changed to recognise dividend income in the period it is approved by the members at the Annual General Meetings of the relevant subsidiary companies.

The change in accounting policy has been accounted for retrospectively. The effects of the change on the Group's and Company's financial statements are as follows:

	As previously reported RM	Effect of change in policy RM	As restated RM
Group			
At 1 January 2001			
- retained earnings	7,338,073	7,740,000	15,078,073
At 31 December 2001			
- retained earnings	6,298,511	6,750,000	13,048,511
- proposed dividend	6,750,000	(6,750,000)	0
Financial year ended 31 December 2001			
- dividends	<u>9,990,000</u>	<u>990,000</u>	<u>10,980,000</u>
	As previously reported RM	Effect of change in policy RM	As restated RM
Company			
At 1 January 2001			
- retained earnings	4,106,152	7,740,000	11,846,152
At 31 December 2001			
- retained earnings	10,428,324	0*	10,428,324
- dividend receivable	6,750,000	(6,750,000)	0
- proposed dividend	6,750,000	(6,750,000)	0
Financial year ended 31 December 2001			
- revenue	9,180,000	(6,750,000)	2,430,000
- net profit for the financial year	7,847,953	(6,750,000)	1,097,953
- dividends	<u>9,990,000</u>	<u>990,000</u>	<u>10,980,000</u>

* represents adjustments for:

	RM
Final dividend declared for the financial year ended 31 December 2001 recognised in that year	6,750,000
Final dividend income declared by a subsidiary company for the financial year ended 31 December 2001 recognised as revenue in that year	<u>(6,750,000)</u>
	<u>0</u>

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

22. FINANCIAL INSTRUMENTS

Fair value

Other than the Group's investment in a corporation (as disclosed in Note 12), the carrying amounts of other financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values.

23. SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, other significant related party information is set out below:

Significant related party transactions:

	Group		Company	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM	RM	RM	RM
Dividends received and receivable (gross) from Singatronics (Malaysia) Sdn. Bhd.; a subsidiary company	0	0	6,750,000	2,430,000
Dividends paid and payable (gross) to Singatronics Limited; the ultimate holding company	4,860,000	2,430,000	4,860,000	2,430,000
Fees charged by Singatronics Limited, the ultimate holding company	<u>97,500</u>	<u>0</u>	<u>97,500</u>	<u>0</u>

The fees charged were based on the agreed terms between the Company and the ultimate holding company.

24. GROUP SEGMENTAL REPORTING

Primary reporting format – Business segments

	2002			2001		
	Electronic and electrical consumer and industrial products RM	Investment holding RM	Total RM	Electronic and electrical consumer and industrial products RM	Investment holding RM	Total RM
<u>Turnover</u>						
Total turnover	20,639,554	6,750,000	27,389,554	43,960,211	2,430,000	46,390,211
Intersegment turnover	<u>0</u>	<u>(6,750,000)</u>	<u>(6,750,000)</u>	<u>0</u>	<u>(2,430,000)</u>	<u>(2,430,000)</u>
External turnover	<u>20,639,554</u>	<u>0</u>	<u>20,639,554</u>	<u>43,960,211</u>	<u>0</u>	<u>43,960,211</u>

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

24. GROUP SEGMENTAL REPORTING *(continued)*

Primary reporting format – Business segments *(continued)*

	2002			2001		
	Electronic and electrical consumer and industrial products RM	Investment holding RM	Total RM	Electronic and electrical consumer and industrial products RM	Investment holding RM	Total RM
Results						
Segment result	(818,340)	(1,109,026)	(1,927,366)	1,689,298	(1,114,839)	574,459
Unallocated income			1,095,884			1,413,922
Unallocated expense			(334,000)			0
(Loss)/profit from operations			(1,165,482)			1,988,381
Taxation			5,420			(1,502,162)
Net (loss)/profit for the financial year			(1,160,062)			486,219
Other information						
Segment assets	7,932,750	7,915,829	15,848,579	10,807,932	16,501,914	27,309,846
Unallocated assets			38,671,332			38,300,615
Total assets			54,519,911			65,610,461
Segment liabilities	545,038	143,988	689,026	1,244,605	73,977	1,318,582
Unallocated liabilities			0			271,932
Total liabilities			689,026			1,590,514
Capital expenditure	57,368	0	57,368	174,213	0	174,213
Depreciation	863,821	105,921	969,742	931,023	105,921	1,036,944
Non-cash expenses other than depreciation:						
Allowances for slow moving inventories	207,563	0	207,563	0	0	0
Inventories written off	75,738	0	75,738	165,627	0	165,627

NOTES ON THE FINANCIAL STATEMENTS *(continued)*

24. GROUP SEGMENTAL REPORTING *(continued)*

Primary reporting format – Business segments *(continued)*

Intersegment turnover represents dividend income (Note 6). Unallocated income includes gross dividends from marketable securities and interest income (Note 6). Unallocated expense for the current financial year is in respect of allowance for diminution in value of marketable securities (Note 6). Segment assets consist of property, plant and equipment, operating assets and exclude marketable securities, deposits with licensed banks and finance companies and tax recoverable. Segment liabilities represent operating liabilities and exclude taxation.

Capital expenditure comprises the additions to property, plant and equipment (Note 10).

Secondary reporting format – Geographical segments

The business segments of electronic and electrical consumer and industrial products and investment holding predominantly operate in Malaysia except for an investment in an unquoted corporation in the USA.

	2002					Total RM
	Malaysia RM	USA RM	Japan RM	Germany RM	Other countries RM	
External turnover by location of customers	0	0	15,318,745	4,371,891	948,918	20,639,554
Segment assets by location of assets	8,247,779	7,600,800	0	0	0	15,848,579
Unallocated assets						38,671,332
Total assets						54,519,911
Capital expenditure by location of assets	57,368	0	0	0	0	57,368

	2001					Total RM
	Malaysia RM	USA RM	Japan RM	Germany RM	Other countries RM	
External turnover by location of customers	276,592	0	40,586,838	2,674,639	422,142	43,960,211
Segment assets by location of assets	19,709,046	7,600,800	0	0	0	27,309,846
Unallocated assets						38,300,615
Total assets						65,610,461
Capital expenditure by location of assets	174,213	0	0	0	0	174,213

With the exception of the countries disclosed above, no other individual country contributed more than 10% of the consolidated turnover.

25. PROFIT GUARANTEE (2001 ONLY)

Based on the Profit Guarantee Agreement dated 21 December 1998 entered into between Singatronics Limited, Y.M. Raja Abdul Aziz bin Raja Musa and Tan Choon Sin ("the Guarantors"), and the Company, the Guarantors severally guaranteed that the audited consolidated profit before taxation of the Group ("Guaranteed Profit") for the financial year ended 31 December 1999 shall not be less than RM11,818,800 and for each of the subsequent two financial years ended 31 December 2000 and 31 December 2001 shall not be less than RM10,452,600.

The audited consolidated profit before taxation for the Group for the financial year ended 31 December 2001 amounted to RM1,988,381, giving rise to a shortfall of RM8,464,219 from the Guaranteed Profit of RM10,452,600. The compensation receivable from the respective guarantors was as follows:

	<u>Group and Company</u> <u>2001</u> <u>RM</u>
Singatronics Limited; the ultimate holding company	6,094,238
Y.M.Raja Abdul Aziz bin Raja Musa, a director of the Company	1,692,844
Tan Choon Sin, a director of the Company	<u>677,137</u>
	<u>8,464,219</u>

Compensation for the profit guarantee shortfall had been received in full during the financial year ended 31 December 2002.

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Foo Chik Kin and Chang Choong Yeen, two of the Directors of Astral Supreme Berhad, state that in the opinion of the Directors, the financial statements set out on pages 24 to 47 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2002 and of the results and the cash flows of the Group and the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 11 April 2003.

FOO CHIK KIN
DIRECTOR

CHANG CHOONG YEEN
DIRECTOR

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Chang Choong Yeen, the director primarily responsible for the financial management of Astral Supreme Berhad, do solemnly and sincerely declare that the financial statements set out on pages 24 to 47 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHANG CHOONG YEEN

Subscribed and solemnly declared by the abovenamed Chang Choong Yeen at Kuala Lumpur, in the Federal Territory on 11 April 2003 before me.

Ong Kah Chong
COMMISSIONER FOR OATHS
Kuala Lumpur

REPORT OF THE AUDITORS TO THE MEMBERS OF

ASTRAL SUPREME BERHAD

(Company No. 442371A)

(Incorporated on Malaysia)

We have audited the financial statements set out on pages 24 to 47. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and the Company as at 31 December 2002 and of the results and cash flows of the Group and the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection 3 of section 174 of the Act.

PRICEWATERHOUSECOOPERS

(No. AF-1146)

Chartered Accountants

CHO CHOO MENG

(2082/09/04 (J))

Partner of the firm

Dated: 11 April 2003

PROPERTIES OF THE GROUP

Details Of Properties

<u>Address</u>	<u>Description/ Existing Use</u>	<u>Land Area/ Built-up Area (sq. metre)</u>	<u>Tenure</u>	<u>Approximate Age Of Building (years)</u>	<u>Net Book Value (as at 31.12.2002)</u>	<u>Date Of Last Revaluation</u>
Plot 20,HS(M) 2/1981 Kulim Industrial Estate Mukim of Sungai Seluang District of Kulim Kedah Darul Aman	Land and electronics factory building	10,036/ 6,624	60 years leasehold expiring on 9.1.2041	22	RM4.473 million	24.9.1997*

* For purposes of the Company's initial public offering.

SHAREHOLDING STATISTICS AS AT 31 MARCH 2003

Authorised capital : RM100,000,000.00
 Issued and paid-up capital : RM45,000,000.00
 Class of share : Ordinary shares of RM1.00 each
 Number of shareholders : 3,286

Distribution Of Shareholders

Size Of Shareholdings	No. Of Holders	%	No. Of Shares	%
Less than 100	0	0	0	0
100 to 1,000	1,505	45.80	1,505,000	3.34
1,001 to 10,000	1,622	49.36	6,172,000	13.72
10,001 to 100,000	148	4.51	3,386,000	7.52
100,001 to less than 5% of issued shares	9	0.27	2,887,000	6.42
5% and above of issued shares	2	0.06	31,050,000	69.00
Total	3,286	100.00	45,000,000	100.00

Top Thirty Shareholders

Name Of Shareholders	No. Of Shares	%
1. Singatronics Limited	24,300,000	54.00
2. Lembaga Tabung Haji	6,750,000	15.00
3. Mohd Najib Bin Mashhor	905,000	2.01
4. Employees Provident Fund Board	562,000	1.25
5. Amanah Raya Berhad, Amittikal	549,000	1.22
6. Loh Kian Chong	201,000	0.45
7. BBMB Securities Sdn Bhd	200,000	0.44
8. Tan Sing Kah	130,000	0.29
9. Rafeah Binti Jaafar	124,000	0.28
10. Mayban Securities Nominees (Asing) Sdn Bhd, UOB-Kay Hian Pte Ltd for Koh Poh Choo	110,000	0.24
11. AM Nominees (Tempatan) Sdn Bhd, Malaysia France Institute Sdn Bhd	106,000	0.24
12. Mohd Junid Bin Itam Suliman	100,000	0.22
13. Zalima Binti Md Drus	100,000	0.22
14. Looi Chin Seng	90,000	0.20
15. Ng Yoke Hua	86,000	0.19
16. Teng U Heng	81,000	0.18
17. Leow Guan Seng	80,000	0.18
18. Andrew Ooi Soon Hock	77,000	0.17
19. TCL Nominees (Tempatan) Sdn Bhd,pledged securities account for Chong Kim Plew	59,000	0.13
20. Ooi Tong Sun	57,000	0.13
21. Chua Tua Soon @ Chua Siow Seng	54,000	0.12
22. Botly Nominees (Tempatan) Sdn Bhd, pledged securities account for Wong Ah Tim @ Ong Ah Tin	50,000	0.11
23. Mayban Nominees (Tempatan) Sdn Bhd,pledged securities account for See Hock Hian	47,000	0.10

SHAREHOLDING STATISTICS AS AT 31 MARCH 2003 *(continued)*

Top Thirty Shareholders *(continued)*

Name Of Shareholders	No. Of Shares	%
24. Chua Tua Soon @ Chua Siow Seng	47,000	0.10
25. PAB Nominee (Tempatan) Sdn Bhd, pledged securities account for Navamani A/P Krishnan	40,000	0.09
26. AMSEC Nominees (Tempatan) Sdn Bhd, pledged securities account for Mohd Isya bin Sulaiman	40,000	0.09
27. Chew Kwee Lyn	38,000	0.08
28. AM Nominees (Tempatan) Sdn Bhd, International Islamic University	37,000	0.08
29. Lembaga Tabung Haji	36,000	0.08
30. Lim Choo Kiaw	35,000	0.08
Total	35,091,000	77.97

Substantial Shareholders

Name Of Shareholders	Direct Interest		Indirect Interest	
	No. Of Shares	%	No. Of Shares	%
1. Singatronics Limited	24,300,000	54.00	-	-
2. Lembaga Tabung Haji	6,786,000	15.08	-	-
3. Eddie Foo Chik Kin	-	-	⁽¹⁾ 24,300,000	54.00

⁽¹⁾ Deemed interest by virtue of his interest in Singatronics Limited.

Voting Rights Of Shareholders

Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he is the holder.

Statement Of Directors' Interest In Shares As At 31 March 2003

	Astral Supreme Berhad No. Of Shares Of RM1.00 Each			
	Direct Interest		Indirect Interest	
	No. Of Shares	%	No. Of Shares	%
1. Eddie Foo Chik Kin	-	-	*24,300,000	54.00

* Deemed interest by virtue of his interest in Singatronics Limited.

	Singatronics Limited No. Of Shares Of S\$0.20 Each			
	Direct Interest		Indirect Interest	
	No. Of Shares	%	No. Of Shares	%
1. Eddie Foo Chik Kin	21,100,000	8.63	97,617,729	39.90
2. Leow Siew Beng	1,230,000	0.50	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of the Company will be held at Sheraton Imperial Kuala Lumpur, Penang 1 & 2, Level 3, Jalan Sultan Ismail, 50250 Kuala Lumpur, on Tuesday, 20 May 2003 at 3.00 p.m. to conduct the following businesses :-

AGENDA

As Ordinary Business :

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2002 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To approve the payment of a final dividend of 5 sen per share (tax exempt) for the financial year ended 31 December 2002. *(Resolution 2)*
3. To approve the payment of Directors' fees for the year ended 31 December 2002. *(Resolution 3)*
4. To re-elect Mr. Leow Siew Beng who retires pursuant to Article 80 of the Company's Articles of Association. *(Resolution 4)*
5. To re-elect Y.M.Raja Abdul Aziz bin Raja Musa who retires pursuant to Article 80 of the Company's Articles of Association. *(Resolution 5)*
6. To re-elect Mr. Chea Kok Jiunn @ Sieh Kok Jiun who retires pursuant to Article 80 of the Company's Articles of Association. *(Resolution 6)*
7. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration. *(Resolution 7)*
8. As Special Business :
To consider and, if thought fit, pass the following Ordinary Resolution :
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 *(Resolution 8)*

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total issued capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
9. To consider any other business for which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

AGENDA *(continued)*

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Fifth Annual General Meeting, a final dividend of 5 sen per share (tax exempt) in respect of the financial year ended 31 December 2002, will be paid on 3 June 2003 to the registered shareholders of the Company whose names appear in the Record of Depositors at the close of business on 23 May 2003.

A depositor shall qualify for entitlement to the dividend in respect of :-

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 23 May 2003 in respect of ordinary transfers;
- (b) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

AN NAI [MIA 1074]
SOO HAN YEE [MAICSA 7008432]
Company Secretaries
Kuala Lumpur
28 April 2003

NOTES ON APPOINTMENT OF PROXY

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead.
2. A proxy need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar.
3. To be valid, this proxy form duly completed, must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting.
4. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution 8 :Authority to issue shares pursuant to Section 132D of the Companies Act,1965

Subject to the exceptions provided in the Companies Act, 1965, the Directors would have to call for a General Meeting to approve the issue of new shares even though the number involved is less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a General Meeting to approve such issue of shares, it is thus considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Names Of Directors Standing For Re-election

Directors who are standing for re-election at the Fifth Annual General Meeting of the Company are :-

Mr. Leow Siew Beng	Article 80	<i>(Resolution 4)</i>
Y.M. Raja Abdul Aziz bin Raja Musa	Article 80	<i>(Resolution 5)</i>
Mr. Chea Kok Jiunn @ Sieh Kok Jiun	Article 80	<i>(Resolution 6)</i>

2. Profile Of Directors Who Are Standing For Re-election

Details of Directors who are standing for re-election are set out in the Directors' Profiles and Shareholding Statistics sections of the Annual Report 2002.

3. Details Of Attendance Of Directors At Board Meetings

The Board met four times during the year ended 31 December 2002. Details of each Director's attendance are given below :-

<u>Directors</u>	<u>No. Of Meetings Attended</u>
Eddie Foo Chik Kin	4
Tan Choon Sin (retired on 30.11.2002)	3
Y.M. Raja Abdul Aziz Bin Raja Musa	3
Katherine Chang Choong Yeen	4
Leow Siew Beng	4
George Thia Peng Heok	4
Sieh Kok Jiun	4

PROXY FORM



ASTRAL SUPREME BERHAD

(Company No. 442371-A)

(Incorporated In Malaysia)

* I/We _____

of _____

being a Member/Members of Astral Supreme Berhad ("the Company"), hereby appoint *The Chairman of the Meeting or

of _____

or failing *him/her, _____

of _____

as * my/our proxy/proxies to vote for *me/our behalf at the Fifth Annual General Meeting of the Company to be held at Sheraton Imperial Kuala Lumpur, Penang 1 & 2, Level 3, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 20 May 2003 at 3.00 p.m. and at any adjournment thereof.

My/our proxy/proxies is/are to vote on the resolutions as indicated by an "X" in the appropriate box below. If this form is returned without any indication as to how the proxy/proxies shall vote, the proxy/proxies shall vote or abstain from voting as he/she thinks fit:

	ORDINARY RESOLUTION	FOR	AGAINST
No. 1	To receive and adopt the Financial Statements and Reports		
No. 2	To approve payment of a final dividend of 5 sen per share (tax exempt) for the financial year ended 31 December 2002		
No. 3	To approve the payment of Directors' Fees		
No. 4	To re-elect Mr. Leow Siew Beng as a Director pursuant to the Company's Articles of Association		
No. 5	To re-elect Y.M. Raja Abdul Aziz bin Raja Musa as a Director pursuant to the Company's Articles of Association		
No. 6	To re-elect Mr. Chea Kok Jiunn @ Sieh Kok Jiun as a Director pursuant to the Company's Articles of Association		
No. 7	To re-appoint Messrs. PricewaterhouseCoopers as Auditors		
No. 8	As special business, to approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965		

Signature _____
(If shareholder is a corporation, this part should be executed under seal)

Signed this _____ day of _____ 2003

No. Of Shares Held

NOTES :

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead.
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4. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

* Delete where not applicable.

please fold here

Affix
stamp
here

The Company Secretary
ASTRAL SUPREME BERHAD
(442371-A)

Suite 13-05, Level 13, Menara HLA
No. 3, Jalan Kia Peng
50450 Kuala Lumpur

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