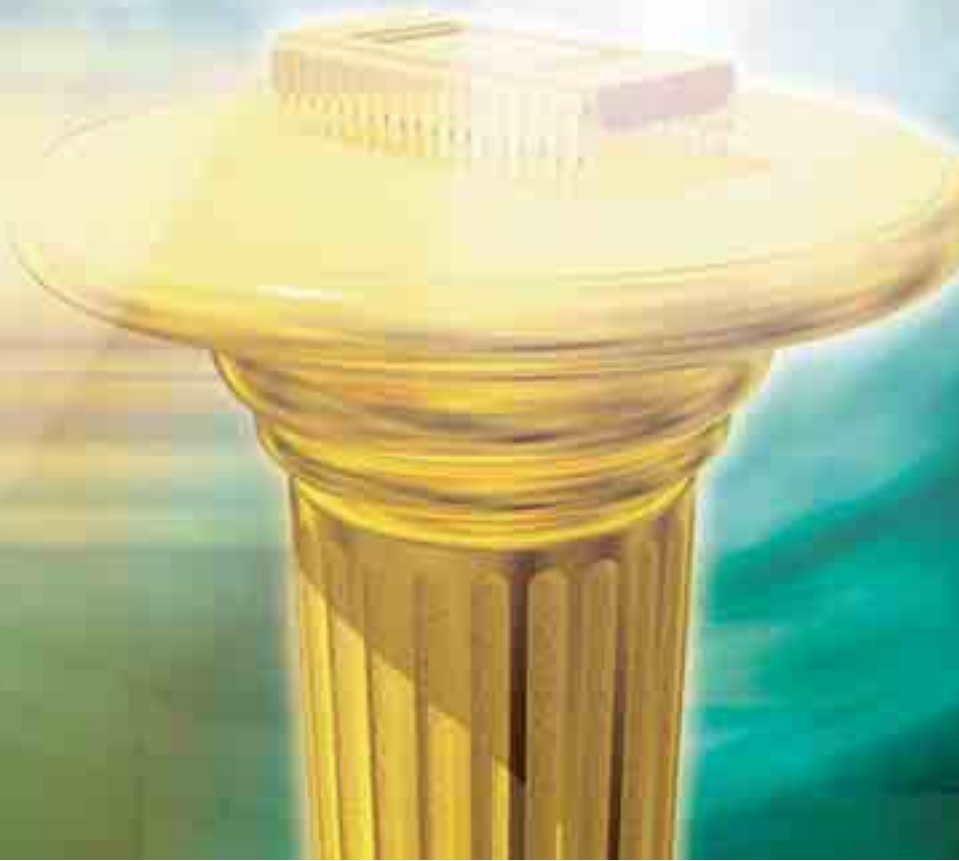




ASTRAL SUPREME BERHAD

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ANNUAL REPORT 2004



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Wan Malek Bin Ibrahim (*Chairman*)
Independent Non-Executive Director

Kee Chit Huei
Executive Director

Wong Siu Kay
Executive Director

Ang Seng Wong
Executive Director

Y.B. Dato' Hilmi Bin Haji Abdul Rashid
Independent Non-Executive Director

Yong Loong Chen
Independent Non-Executive Director

AUDIT COMMITTEE

Y.B. Dato' Hilmi Bin Haji Abdul Rashid
Chairman

Yong Loong Chen
Member

Kee Chit Huei
Member

NOMINATION COMMITTEE

Yong Loong Chen
Chairman

Y.B. Dato' Hilmi Bin Haji Abdul Rashid
Member

Wong Siu Kay
Member

REMUNERATION COMMITTEE

Yong Loong Chen
Chairman

Wong Siu Kay
Member

Dato' Wan Malek Bin Ibrahim
Member

COMPANY SECRETARY

Coral Hong Kim Heong

REGISTERED/CORPORATE OFFICE

Level 25, Menara HLA
No. 3, Jalan Kia Peng
50450 Kuala Lumpur
Tel: 03-2163 3268 Fax: 03-2161 7066

MAIN BUSINESS OFFICES

Kulim

Singatronics (Malaysia) Sdn Bhd
Lot 20, Kulim Industrial Estate
09000 Kulim
Kedah Darul Aman
Tel: 04-489 2288 Fax: 04-489 1088

Johor

S.G. Silk Screen Industries Sdn Bhd
26, 28, 30, Jalan Seroja 39
Taman Johor Jaya
81100 Johor Bahru
Tel: 07-355 4708 Fax: 07-355 4706

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222 Fax: 03-2721 2530

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS OF THE GROUP

Malayan Banking Berhad
RHB Bank Berhad
EON Bank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Second Board of the Bursa Malaysia Securities Bhd

PLACE OF INCORPORATION AND DOMICILE

Malaysia

STOCK SHORT NAME

ASUPREM

STOCK CODE

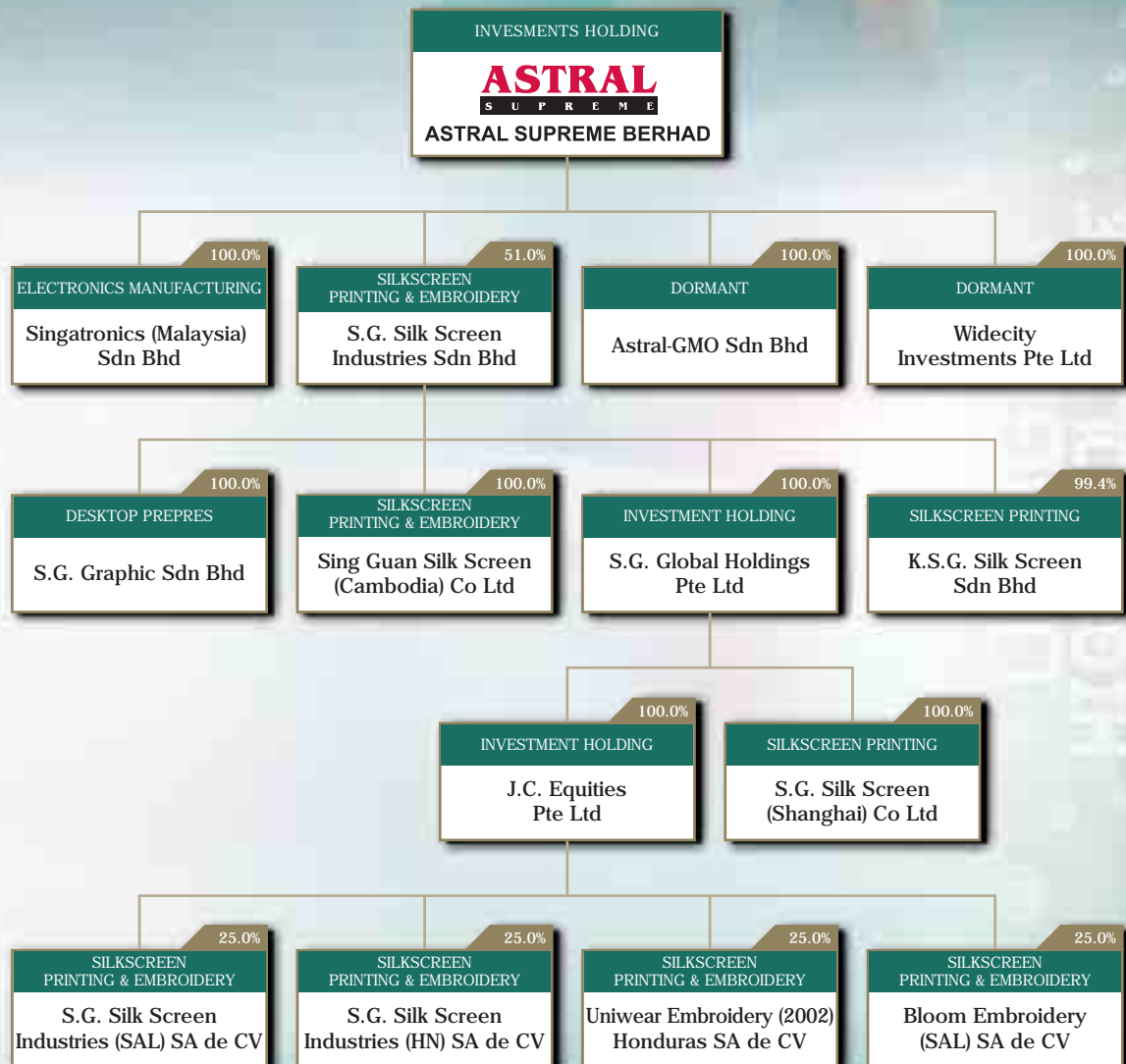
7070

SECTOR

Industrial Products



GROUP STRUCTURE



DIRECTOR'S PROFILES

DATO' WAN MALEK IBRAHIM

*Chairman
Independent Non Executive Director,
Malaysian, aged 57*

Dato' Wan Malek Ibrahim was appointed to the Board of Directors of the Company on 28 June 2004 as Independent Non Executive Director. On 12 August 2004, he was appointed Chairman of the Company and a member of the Remuneration Committee.

Dato' Wan Malek graduated from the University of Malaya and began his career with the Malaysian Government serving in the Ministry of Foreign Affairs and the Prime Minister's Department. He previously sat on the Boards of American and European companies.

Presently, Dato' Wan Malek is also the Chairman of both KYM Holdings Berhad and Juan Kuang (M) Industrial Berhad.

KEE CHIT HUEI

*Executive Director,
Malaysian, aged 33*

Mr Kee was appointed to the Board of the Company on 12 September 2003 as an Executive Director and is a member of the Audit Committee. Mr Kee is an Executive Director in FirstLink Investments Corporation Ltd, an associated company.

Mr Kee, a graduate from Monash University and a member of Australian Certified Practising Accountant, has 10 years of exposure in corporate finance and corporate restructuring. Prior to joining the Company, Mr Kee was a Senior Manager in the Corporate Finance Department of Southern Investment Bank Berhad. He had also worked in the Corporate Finance Division of Arab Malaysian Merchant Bank Berhad and K&N Kenanga Berhad.

WONG SIU KAY

*Executive Director,
Singaporean, aged 46*

Mr Wong was appointed to the Board of the Company on 17 November 2003 and is a member of the Remuneration Committee and Nomination Committee.

Mr Wong started his career in 1983 as a Treasury Market Specialist for various international broking houses in Hong Kong and Singapore until 1994, when he became the Managing Director of Chancellor Land Pte Ltd for four years involving in real estate business. In 1998, he joined Grandy International Pte Ltd as Managing Director prior to accepting the Executive Director position in FirstLink Investments Corporation Ltd, an associated company. From 2001 to 2002, he was also the Chairman and Chief Executive Officer of Dynamic Global Holdings Ltd, a Hong Kong listed Company.

ANG SENG WONG

*Executive Director,
Malaysian, aged 43*

Mr Ang was appointed to the Board of Directors of the Company on 13 April 2005 as Executive Director.

Mr Ang holds a Bachelor of Arts in Sociology. He was appointed as General Manager of the Company in October 2003. Mr Ang started his career in Melbourne during the eighties. Subsequently he was appointed as a Director for an electronics firm. He has also served in CIDC, a Taiwanese investment company, as their representative in Malaysia and as a manager for a main board company listed on Bursa Malaysia Securities Berhad.

DIRECTOR'S PROFILES

(continued)

Y.BHG. DATO' HILMI BIN HAJI ABDUL RASHID

*Independent Non-Executive Director,
Malaysian, aged 51*

Y.Bhg. Dato' Hilmi was appointed to the Board on 12 September 2003 and is the Chairman of the Audit Committee and a member of the Nomination Committee.

Y.Bhg. Dato' Hilmi holds a Master Degree in Business Administration (MBA), Marshall University West Virginia, USA and Bachelor of Administration (BBA) from Monmouth College, Illinois, USA. Formerly an Assistant Manager of HSBC Bank Malaysia Bhd and Youth Leader of United Malays National Organisation (UMNO), Kepala Batas Division, he is currently the Vice Chairman of UMNO, Kepala Batas Division, the Chairman of PERDA (Penang Regional Development Authority) and the Chairman of Penang Public Account Committee (PAC).

YONG LOONG CHEN

*Independent Non-Executive Director,
Malaysian, aged 39*

Mr Yong was appointed to the Board of the Company on 12 September 2003. He is Chairman for both the Nomination Committee and Remuneration Committee and is a member of the Audit Committee.

Mr Yong is a Certified Public Accountant (MICPA) and worked with KPMG Peat Marwick as an Audit Senior from 1990 to 1994, and subsequently as an Audit Manager with Paul Chuah & Company. Currently, he is a Dealer Representative with Affin Securities Sdn Bhd.

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

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

CHAIRMAN'S STATEMENT

OUR VALUED SHAREHOLDERS, ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004.

Financial Review

As mentioned in the last Annual Report, the Group intended to use its existing surplus cash position to acquire suitable assets for acquisition in order to enhance profitability. I am pleased to report that the Company has on 23 September 2004 acquired 51% equity interest in SG Silk Screen Industries Sdn Bhd ("SSI"). The SSI Group is principally involved in silkscreen printing and embroidery.

For the year ended 31 December 2004, the Group registered a revenue growth of 72% to RM27.769 million from RM16.176 million in fiscal 2003. This tremendous growth was driven by a number of factors including increased orders mainly from new customers of Singatronics (Malaysia) Sdn Bhd ("SMSB") and revenue consolidation of SSI from 1 October 2004 to 31 December 2004.

Gross margin has continued to be strong and operating expenses have been declining sharply as a percentage of sales. The Group registered a profit before taxation of RM0.288 million compared to a loss before taxation of RM7.561 million in the previous year. Better operating result for this year was mainly due to higher sales as mentioned above. The Group would have made a profit before taxation of RM2.417 million had it not been for the allowance for diminution in the value of marketable quoted securities amounting to RM2.129 million.

Divisional Review

Electronics Manufacturing Division

Electronic contract manufacturing, carried out by our wholly owned subsidiary, SMSB, recorded a revenue of RM21.319 million, a 32% increase over the RM16.176 million for previous year. From the operations, SMSB made a profit before taxation of RM1.308 million. However, an allowance for diminution in value of quoted securities of RM2.129 million made during the financial year has resulted in an accounting loss before taxation of RM0.821 million in the books of SMSB.

Silkscreen Printing Division

The Group has consolidated the three months results of SSI. SSI reported revenue of RM6.450 million, which represent 23% of the total revenue for the Group.



CHAIRMAN'S STATEMENT

(continued)

Corporate Development

Company has been granted a call option to acquire another 19% of the equity interest in SSI. The vendors of SSI had guaranteed that the audited consolidated profit after taxation of SSI group for the financial year ended 31 December 2004 and financial year ending 31 December 2005 should not be less than RM4.750 million and RM5.250 million respectively. The profit guarantee for financial year ended 31 December 2004 has been met.

Dividend

The Directors are not recommending any payment of final dividend.

Prospects

The general outlook for the electronic sector remains uncertain for 2005. Notwithstanding this, other than the current focus on industrial and consumer electronics sector, SMSB will be expanding into the electrical/electronics food appliance industry in 2005. Our recent certification of compliance to the standards of Underwriters Laboratories, National Sanitation Foundation and Canadian Standards Association should poise SMSB into a favourable position of the mentioned industry.

For SSI, the SSI Group will increase the production capacity of its plant in Cambodia and Shanghai. SSI will also embark on new products such as fire retardant and direct flocking. This will be coupled by diversification of new customers base. As such, SSI is expected to be the major contributor of revenue and profit to the Group in 2005.

In view of the above and barring unforeseen circumstances, the Group expects to perform better in 2005.

Appreciation

On behalf of the Board, I would like to express my sincere appreciation to the management team and staff of the Group for their efforts and dedication. I would also like to thank all our business associates, clients and financiers for their support. To all our valued shareholders, thank you for your continued support.

Chairman

Dato' Wan Malek Ibrahim

Dated: 7 April 2005

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is committed to ensuring the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of Astral Supreme Berhad.

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") throughout the year ended 31 December 2004 and up to the date of this report.

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 strong and effective leadership and control of the Group.

(b) Board Balance

The Board comprises three Executive Directors and three Independent Non-Executive Directors. The Independent Non-Executive Directors, representing 50% of the Board (which exceed the requirement of one-third), are independent of management and have no relationships which would interfere with the exercise of their independent judgment.

The duties and responsibilities of the Managing Director are now carried out by a team of Executive Directors of the Group. The Board provides strategic input and direction to the business, while the Executive Directors are responsible for the day-to-day operations of the Group.

To further ensure that there is balance of power and authority, the Chairman of the Board is also an Independent Non Executive Director.

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 five times during the year ended 31 December 2004. 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 their review and/or action before Board meetings. These documents are issued in sufficient time in order for the Directors to be well informed prior to meetings. The Chairman undertakes the primary responsibility of organising such information and providing this information to the Directors on a timely basis.

CORPORATE GOVERNANCE STATEMENT

(continued)

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.

Directors have direct access to the advice and services of the Company Secretary 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 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 Annual General Meeting after his/her appointment. Information on Directors seeking re-election at the forthcoming Annual General Meeting is set out in the Statement Accompanying Notice of Annual General Meeting.

(f) Directors' Training

All Directors of the Company have attended the Bursa Malaysia Securities Bhd's Mandatory Accreditation Program ("MAP"). The Nomination Committee is tasked with the duty of recommending suitable orientation and training programs to continuously train and equip the existing and new Directors.

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 Directors to run the Company successfully. The remuneration for Executive Directors takes into account the responsibility, contribution and performance of the individual. For the year ended 31 December 2004, the 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 for the financial year ended 31 December 2004 categorised into appropriate components is as follows:-

	Executive Directors RM	Non-Executive Directors RM
Fees	-	90,000
Salaries	-	-
Bonus	-	-
Benefits-In-Kind	17,213	-
Total	17,213	90,000

CORPORATE GOVERNANCE STATEMENT

(continued)

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	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM201,000 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-

There are two directors remuneration being paid at associated company level

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 as at 31 December 2004, are as follows:-

Yong Loong Chen (*Chairman*)

Y.B. Dato' Hilmi Bin Haji Abdul Rashid (*Member*)

Wong Siu Kay (*Member*)

(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 Remuneration Committee as at 31 December 2004, are as follows:-

Yong Loong Chen (*Chairman*)

Wong Siu Kay (*Member*)

Dato' Wan Malek Ibrahim (*Member*)

CORPORATE GOVERNANCE STATEMENT

(continued)

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 14 of this Annual Report.

(c) Relationship With External Auditors

The Board, through the Audit Committee, maintains a transparent relationship with the external auditors in seeking their professional advice toward 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 at the Company's Annual General Meeting.

In addition, the Company makes a 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 Bursa Malaysia Securities Bhd. Members of the public can obtain the full financial results and the Company's announcements from Bursa Malaysia Securities Bhd's website or the Company's corporate office.

The Board has identified Y.B. Dato' Hilmi Bin Haji Abdul Rashid as the Independent Non-Executive Director to whom shareholders can address their concerns. Shareholders may also contact the Company Secretary 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.

CORPORATE GOVERNANCE STATEMENT

(continued)

The Company's Board currently comprises six members, of which three members are Independent Non-Executive Directors. The Directors regard the interests of minority shareholders of the Company as adequately served by the three Independent Non-Executive Directors who have a wealth of business and financial knowledge and experience.

- (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 yet established a formal procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual Directors.

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 2004, the Directors have used appropriate accounting policies that are consistently applied, and made judgments 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 was no share buybacks by the Company during the year ended 31 December 2004.

(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 were RM3,500 for the financial year.

CORPORATE GOVERNANCE STATEMENT

(continued)

(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 2004.

Dated: 13 April 2005

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board acknowledges its responsibility for maintaining a sound system of internal control, and for reviewing its effectiveness, 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 Bursa Malaysia Securities Bhd Listing Requirements, the Board is pleased to provide the following statements on the state of internal control of the Group for the financial year ended 31 December 2004, 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 Bursa Malaysia Securities Bhd.

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:

- **Board and Management Meetings**
Regular Board and Management meetings at Company and Subsidiary levels are being held to assess performance and controls in all facets of operations.
- **Field Visits**
There are regular visits to operating units by Executive Directors and Senior Management.
- **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 has carried out a necessary 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 2004.
- **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's 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.

STATEMENT ON INTERNAL CONTROL

(continued)

- **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 businesses of garment printing, design and embroidery services, 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.

- **Internal Audit**

The Internal Audit Function has been outsourced to a Professional services firm to provide independent internal audit services to the Group. The internal audit service provider had carried out regular internal audits in accordance with the Internal Audit Plan. The Internal Audit Plan was reviewed by the Audit Committee in order to evaluate the adequacy and integrity of the internal control systems of the business units. The internal audit teams from the professional services firm advises executive and operational management on areas for improvement and subsequently also 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 can indicate deficiencies and their corresponding management responses noted during financial audits. This can provide added assurance that certain control procedures on matters of finance and internal control 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 risk 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 control 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 breakdowns 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 2004. The Group continues to take the necessary measures to strengthen its internal controls.

Dated: 7 April 2005

AUDIT COMMITTEE REPORT

I. MEMBERSHIP

The Audit Committee comprises the following members:

Chairman:- Y.B. Dato' Hilmi Bin Haji Abdul Rashid
(Independent Non-Executive Director)

Members:- Yong Loong Chen (Independent Non-Executive Director)
Kee Chit Huei (Executive Director)

All the members are appointed on 14 November 2003

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.

AUDIT COMMITTEE REPORT

(continued)

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.

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 Bursa Malaysia Securities Bhd, the Committee has the responsibility to promptly report such matter to Bursa Malaysia Securities Bhd.

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;

AUDIT COMMITTEE REPORT

(continued)

- (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.
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 approval of increase in internal audit fee for the outsourced internal audit function due to increase in scope of internal audit work.
8. Reviewed the adequacy of the scope of the internal audit plan for 2004.
9. Reviewed and discussed the Internal Audit Reports with the internal auditors and management at its quarterly meetings.
10. (a) Reviewed the bylaws and control processes pertaining to the exercise of Employee Share Option Scheme ("ESOS") by eligible employees.
(b) There were no allocation and or exercise of EOS to or by employee and or director during the year.

AUDIT COMMITTEE REPORT

(continued)

IV. INTERNAL AUDIT FUNCTION

An independent professional services firm was appointed by the Company 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 2004.

Details of each Committee member's attendance are given below:-

Directors	Number of meetings attended
Dato' Hilmi Bin Haji Abdul Rashid	4/4
Kee Chit Huei	4/4
Yong Loong Chen	4/4



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DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies, associated companies and jointly controlled entity are set out in Notes 11, 12 and 13 on the financial statements.

There has been no significant change in these activities during the financial year except that the Company acquired S.G. Silk Screen Industries Sdn. Bhd. on 23 September 2004 and, as a result, the Group commenced the activities as set out in Notes 11, 12 and 13 on the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Loss after taxation	(445,681)	(1,441,378)
Minority interest	(1,032,844)	0
Loss for the financial year	<u>(1,478,525)</u>	<u>(1,441,378)</u>

DIVIDENDS

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2004.

ISSUE OF SHARES AND DEBENTURES

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

RESERVES AND PROVISIONS

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

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 under the Employees' Share Option Scheme ("ESOS") in the Directors' report.

DIRECTORS' REPORT

(continued)

DIRECTORS

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

Kee Chit Huei

Yong Loong Chen

Dato' Hilmi Abdul Rashid

Wong Siu Kay

Dato' Wan Malek @ Mohamad Saleh bin Ibrahim

(appointed on 28.6.2004)

Lai Hock Meng

(resigned on 26.5.2004)

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.

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 substantial shareholder.

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 corporations are as follows:

Options over shares in substantial shareholder - FirstLink Investments Corporation Limited (formerly known as Singatronics Limited)	Number of ordinary shares of S\$0.20 each			
	At 1.1.2004	Granted	Exercised/ expired	At 31.12.2004
Kee Chit Huei	2,000,000	0	0	2,000,000
Yong Loong Chen	100,000	0	0	100,000
Dato' Hilmi Abdul Rashid	100,000	0	0	100,000
Wong Siu Kay	2,000,000	0	0	2,000,000

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.

DIRECTORS' REPORT

(continued)

EMPLOYEES' SHARE OPTION SCHEME

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:

- (a) 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;
- (b) the ESOS shall be for a duration of 10 years;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) 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
- (g) 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:

	Number of ordinary shares under options
At 1 January 2004	501,000
Lapsed	(46,000)
At 31 December 2004	455,000

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 who are granted 10,000 and more shares under options.

DIRECTORS' REPORT

(continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- (a) 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
- (b) 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:

- (a) 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
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) 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.

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.

DIRECTORS' REPORT

(continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS *(continued)*

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 on the financial statements; 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.

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 7 April 2005.

KEE CHIT HUEI
DIRECTOR

WONG SIU KAY
DIRECTOR

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
REVENUE	5	27,768,415	16,176,141	0	2,250,000
COST OF SALES		(20,501,708)	(13,923,854)	0	0
GROSS PROFIT		7,266,707	2,252,287	0	2,250,000
OTHER OPERATING INCOME		1,268,365	1,568,468	346,215	446,454
ADMINISTRATIVE EXPENSES		(5,294,978)	(3,404,677)	(1,735,065)	(947,007)
SELLING AND MARKETING EXPENSES		(664,420)	(317,456)	0	0
OTHER OPERATING EXPENSES					
- ALLOWANCE FOR DIMINUTION IN VALUE OF:					
- MARKETABLE SECURITIES		(2,128,800)	0	0	0
- LONG TERM INVESTMENT		0	(7,600,799)	0	(7,600,799)
- OTHERS		(93,824)	(58,451)	0	0
PROFIT/(LOSS) FROM OPERATIONS	6	353,050	(7,560,628)	(1,388,850)	(5,851,352)
FINANCE COSTS	7	(126,403)	0	(1,800)	0
SHARE OF RESULTS OF:					
- ASSOCIATED COMPANIES		77,203	0	0	0
- JOINTLY CONTROLLED ENTITY		(16,157)	0	0	0
PROFIT/(LOSS) BEFORE TAXATION		287,693	(7,560,628)	(1,390,650)	(5,851,352)
TAXATION	8	(733,374)	(228,306)	(50,728)	(113,121)
LOSS AFTER TAXATION		(445,681)	(7,788,934)	(1,441,378)	(5,964,473)
MINORITY INTEREST		(1,032,844)	0	0	0
LOSS FOR THE FINANCIAL YEAR		(1,478,525)	(7,788,934)	(1,441,378)	(5,964,473)
LOSS PER SHARE	9				
- BASIC		(3.29 sen)	(17.31 sen)	N/A	N/A
- DILUTED		(3.29 sen)	(17.31 sen)	N/A	N/A

The notes on pages 31 to 65 form part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2004

		Group		Company	
	Note	2004 RM	2003 RM	2004 RM	2003 RM
NON-CURRENT ASSETS					
Property, plant and equipment	10	13,830,737	5,356,813	735,391	238,405
Subsidiary companies	11	0	0	53,933,147	33,750,000
Associated companies	12	1,012,794	0	0	0
Jointly controlled entity	13	341,567	0	0	0
Long term investment	14	1	1	1	1
Goodwill on consolidation	15	17,475,036	0	0	0
		<u>32,660,135</u>	<u>5,356,814</u>	<u>54,668,539</u>	<u>33,988,406</u>
CURRENT ASSETS					
Short term investments	16	3,136,921	13,363,874	0	0
Inventories	17	3,940,119	2,112,670	0	0
Amounts due from related parties	18	1,381,133	0	124,519	81,418
Receivables	19	12,862,135	2,546,291	1,126,249	140,497
Taxation recoverable		132,347	252,579	77,602	9,163
Deposits, bank and cash balances	20	11,075,474	21,381,784	2,848,547	14,726,158
		<u>32,528,129</u>	<u>39,657,198</u>	<u>4,176,917</u>	<u>14,957,236</u>
LESS CURRENT LIABILITIES					
Amounts due to related parties	18	0	32,571	9,581,873	215,074
Payables	21	8,299,385	1,226,490	1,850,528	66,133
Borrowings	22	6,546,003	0	33,369	0
Taxation		17,453	0	0	0
		<u>14,862,841</u>	<u>1,259,061</u>	<u>11,465,770</u>	<u>281,207</u>
NET CURRENT ASSETS/ (LIABILITIES)		17,665,288	38,398,137	(7,288,853)	14,676,029
LESS NON-CURRENT LIABILITIES					
Borrowings	22	2,076,383	0	156,629	0
Deferred taxation	23	620,068	234,000	0	0
		<u>2,696,451</u>	<u>234,000</u>	<u>156,629</u>	<u>0</u>
		<u>47,628,972</u>	<u>43,520,951</u>	<u>47,223,057</u>	<u>48,664,435</u>
CAPITAL AND RESERVES					
Share capital	24	45,000,000	45,000,000	45,000,000	45,000,000
Reserves	25	(2,959,519)	(1,479,049)	2,223,057	3,664,435
SHAREHOLDERS' FUNDS		42,040,481	43,520,951	47,223,057	48,664,435
MINORITY INTEREST		5,588,491	0	0	0
		<u>47,628,972</u>	<u>43,520,951</u>	<u>47,223,057</u>	<u>48,664,435</u>

The notes on pages 31 to 65 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Issued and fully paid ordinary shares of RM1 each		Non-distributable reserves	Retained earnings/ (Accumulated losses)	Total
	Number of shares	Nominal value RM	RM	RM	RM
GROUP					
At 1 January 2003	45,000,000	45,000,000	5,364,436	3,195,449	53,559,885
Loss for the financial year	0	0	0	(7,788,934)	(7,788,934)
Dividends for the financial year ended 31 December 2002	0	0	0	(2,250,000)	(2,250,000)
At 31 December 2003	45,000,000	45,000,000	5,364,436	(6,843,485)	43,520,951
At 1 January 2004	45,000,000	45,000,000	5,364,436	(6,843,485)	43,520,951
Loss for the financial year	0	0	0	(1,478,525)	(1,478,525)
Foreign currency translation differences	0	0	(1,945)	0	(1,945)
At 31 December 2004	45,000,000	45,000,000	5,362,491	(8,322,010)	42,040,481

	Issued and fully paid ordinary shares of RM1 each		Non-distributable share premium	Retained earnings/ (Accumulated losses)	Total
	Number of shares	Nominal value RM	RM	RM	RM
COMPANY					
At 1 January 2003	45,000,000	45,000,000	4,510,291	7,368,617	56,878,908
Loss for the financial year	0	0	0	(5,964,473)	(5,964,473)
Dividends for the financial year ended 31 December 2002	0	0	0	(2,250,000)	(2,250,000)
At 31 December 2003	45,000,000	45,000,000	4,510,291	(845,856)	48,664,435
At 1 January 2004	45,000,000	45,000,000	4,510,291	(845,856)	48,664,435
Loss for the financial year	0	0	0	(1,441,378)	(1,441,378)
At 31 December 2004	45,000,000	45,000,000	4,510,291	(2,287,234)	47,223,057

The notes on pages 31 to 65 form part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	27,330,344	14,351,423	0	0
Cash payments to suppliers and employees	(25,581,807)	(17,371,058)	(2,326,331)	(956,092)
Cash flow from/(used in) operations	1,748,537	(3,019,635)	(2,326,331)	(956,092)
Taxation (paid)/refunded	(393,345)	62,860	(119,167)	(82,618)
Net operating cash flow	1,355,192	(2,956,775)	(2,445,498)	(1,038,710)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary companies (Note 27)	(22,092,929)	0	(18,356,147)	0
Advances (to)/from related companies	(135,569)	(70)	9,323,698	178,416
Dividends from a subsidiary company	0	0	0	2,250,000
Dividends from marketable securities	189,430	118,635	0	0
Interest received	386,496	861,775	220,962	402,534
Other short term investment	0	(7,500,000)	0	0
Placement of fixed deposits	(1,584,643)	0	0	0
Proceeds from disposal of marketable securities	569,064	2,123,774	0	0
Proceeds from disposal of property plant and equipment	142,700	50,884	0	45,000
Purchase of marketable securities	0	(4,375,000)	0	0
Purchase of property, plant and equipment	(1,356,474)	(329,404)	(608,824)	(229,571)
Redemption of other short term investment	5,500,000	0	0	0
Net investing cash flow	(18,381,925)	(9,049,406)	(9,420,311)	2,646,379
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	0	(2,250,000)	0	(2,250,000)
Interest paid	(126,403)	0	(1,800)	0
Repayment of hire purchase liabilities	(144,268)	0	(10,002)	0
Repayment of short term borrowings	(32,000)	0	0	0
Repayment of term loan	(60,137)	0	0	0
Net financing cash flow	(362,808)	(2,250,000)	(11,802)	(2,250,000)
CHANGES IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	(17,389,541)	(14,256,181)	(11,877,611)	(642,331)
FOREIGN CURRENCY TRANSLATION DIFFERENCES	(76,588)	0	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	21,381,784	35,637,965	14,726,158	15,368,489
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 26)	3,915,655	21,381,784	2,848,547	14,726,158

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM2,041,695 (2003: RM329,404) and RM808,824 (2003: RM229,571) respectively of which RM685,221 (2003: Nil) and RM200,000 (2003: Nil) respectively was acquired by means of hire purchase. The balance of RM1,356,474 (2003: RM329,404) and RM608,824 (2003: RM229,571) respectively was paid by cash.

The notes on pages 31 to 65 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 subsidiary companies, associated companies and jointly controlled entity are set out in Notes 11, 12 and 13 on the financial statements. There has been no significant change in these activities during the financial year except that the Company acquired S.G. Silk Screen Industries Sdn. Bhd. on 23 September 2004 and, as a result, the Group commenced the activities as set out in Notes 11, 12 and 13 on the financial statements.

The number of staff employed by the Group and the Company at the end of the financial year are 670 (2003: 313) and 4 (2003: 4) respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board of Bursa Malaysia Securities Berhad. The Company's registered office and principal place of business are as follows:

Level 25 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 set out in Note 3 on the financial statements.

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

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 unless otherwise stated.

(a) Subsidiary companies

Subsidiary companies are those enterprises in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

The subsidiary companies 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 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time.

The Group has taken advantage of the exemption provided by Malaysian Accounting Standards Board ("MASB") Standard 21: "Business Combinations" to apply this standard prospectively. Accordingly, business combinations entered into prior to 1 January 2002 have not been restated to comply with this standard.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Subsidiary companies (continued)

Under the acquisition method of accounting, the subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The cost of an acquisition is the amount of cash paid together with directly attributable expenses. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the subsidiary companies acquired at the date of acquisition is reflected as goodwill on consolidation. Refer Note 3(d) for the accounting policy on goodwill.

Under the merger method of accounting, the results of the subsidiary company 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 the subsidiary company over the nominal value of the shares acquired is taken to merger reserve.

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

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

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

(b) Associated companies

Associated companies are enterprises in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associated companies but not the power to exercise control over those policies. Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of the associated companies in the consolidated income statement and its share of the post acquisition movements within reserves in the consolidated balance sheet. Equity accounting is discontinued when the carrying amounts of the investments in associated companies reaches zero, unless the Group has incurred obligations or made payments on behalf of the associated companies.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Associated companies (continued)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interests in the associated companies; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of the associated companies to ensure consistency of accounting policies with those of the Group.

(c) Jointly controlled entity

A jointly controlled entity is a corporation, partnership or other enterprise over which there is contractually agreed sharing of control by the Group with one or more parties. The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of the jointly controlled entity in the consolidated income statement and its share of the post acquisition movements within reserves in the consolidated balance sheet.

Where necessary, in applying the equity method, adjustments are made to the financial statements of the jointly controlled entity to ensure consistency of accounting policies with those of the Group.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiary companies over the Group's share of the fair values of the identifiable net assets of the subsidiary companies at the date of acquisition.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer Note 3(g) for the accounting policy on impairment of assets.

(e) Investments

Investments in subsidiary companies are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer Note 3(g) for the accounting policy on impairment of assets.

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. 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.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investments (continued)

Marketable securities and unquoted investments (classified 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 of the marketable securities is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date while market value of the unquoted investments is determined by the Directors based on the expected realisable value less selling cost.

Increases/decreases in the carrying amount of marketable securities and unquoted investments are credited/charged to the income statement. On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged/credited to the income statement.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, modified by the valuation of long leasehold land and factory buildings. Freehold land is not depreciated as it has an infinite life. 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) 10% - 20%
Electrical fittings)
Motor vehicles)
Renovation	40%

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") 16 (Revised): "Property, Plant and Equipment" as allowed for by the MASB, these assets are stated at their 1981 valuation less accumulated depreciation. The revaluation surplus (net of deferred taxation liability) 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.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer Note 3(g) for the accounting policy on impairment of assets.

(g) Impairment of assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(h) 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 raw 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.

(i) Trade receivables

Trade receivables are carried at invoiced amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the trade receivables. Bad debts are written off when identified.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits 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 and bank overdrafts which are included within borrowings in current liabilities.

(k) Finance lease

Leases of assets where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period.

(l) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

(m) Taxation

Current taxation is determined according to the taxation laws of each jurisdiction in which the Group operates.

Deferred taxation is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for taxation purposes and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred taxation is recognised on temporary differences arising on investments in subsidiary companies except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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 each 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 foreign currency exchange differences are included in the income statement.

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income statements of foreign entities are translated into Ringgit Malaysia at average exchange rates for the period and the balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and are translated accordingly at the exchange rates ruling at the date of the transaction.

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

Foreign currency	2004 RM	2003 RM
1 US Dollar	3.8000	3.8000
1 Euro	4.9462	4.4423
1 Singapore Dollar	2.3223	2.1978
1 HK Dollar	0.4879	0.4895
1 Renminbi	0.4626	N/A

(o) Revenue recognition

Revenue from the sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

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

Interest income (included in other operating income) is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

(p) Employee benefits

Wages, salaries, paid annual and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group.

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

The Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

(q) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument in another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

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

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

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks encompassing foreign currency exchange risk, market risk, credit risk, liquidity risk and interest rate 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

The Group operates internationally and is exposed to various currencies, mainly US Dollar and Renminbi. Foreign currency denominated assets and liabilities together with the expected cash flows from purchases and sales give rise to foreign currency exchange risk.

The Group maintains a natural hedge, whenever possible, by borrowing in currencies of the country in which the investments are located or by borrowing in currencies that match the future revenue streams to be generated from its investments.

Foreign exchange risk in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk

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

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 the approval from the senior management and the respective Board of Directors. As at the balance sheet date, there were no significant concentrations of credit risk except the Group's fixed deposits are placed with major licensed financial institutions.

Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayments and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts as the Group has no substantial long-term interest bearing assets as at 31 December 2004. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

5 REVENUE

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

NOTES ON THE FINANCIAL STATEMENTS

(continued)

6 PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit/(loss) from operations is stated after charging:				
Auditors' remuneration	142,774	45,000	22,200	12,000
Directors' remuneration*	90,000	109,500	90,000	109,500
Fees paid to a firm in respect of services rendered in a professional capacity by a former Director of a subsidiary company	0	3,000	0	0
Depreciation	1,070,848	911,872	138,261	92,585
Inventories written off	41,289	150,436	0	0
Loss on disposal of marketable securities	29,089	0	0	0
Property, plant and equipment written off	173,577	0	173,577	0
Realised foreign exchange loss	6,323	0	0	0
Rental of building	427,730	248,205	265,801	224,025
Rental of equipment	1,420	720	0	0
Staff costs** (excluding Directors' remuneration)	6,147,283	4,481,042	151,365	53,421
and after crediting:				
Allowances for diminution in value of marketable securities written back	0	286,700	0	0
Dividends received (gross) from a subsidiary company	0	0	0	2,250,000
Dividends received (gross) from marketable securities	189,430	118,635	0	0
Gain on disposal of marketable securities	0	205,361	0	0
Gain on disposal of property, plant and equipment	33,818	43,796	0	45,000
Interest income	366,296	841,524	205,912	401,541
Realised foreign exchange gain	13,572	9,643	0	0
*Directors' remuneration comprises the following:				
Fees	90,000	109,500	90,000	109,500
Salaries and bonus	0	0	0	0
Defined contribution plan	0	0	0	0
Other benefits	0	0	0	0
	90,000	109,500	90,000	109,500
**Staff costs comprise the following:				
Wages, salaries and bonus	5,480,145	3,940,371	123,981	50,252
Defined contribution plan	520,027	458,237	25,754	2,912
Other benefits	147,111	82,434	1,630	257
	6,147,283	4,481,042	151,365	53,421

The estimated monetary values of benefits otherwise than in cash receivable during the financial year by Directors of the Group and the Company are RM17,213 (2003: RM23,378) and RM17,213 (2003: RM6,579) respectively.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

7 FINANCE COSTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Bank overdraft interest	53,893	0	0	0
Hire purchase interest	66,840	0	1,800	0
Other interest expense	5,670	0	0	0
	<u>126,403</u>	<u>0</u>	<u>1,800</u>	<u>0</u>

8 TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
In respect of the current financial year:				
- Malaysian tax	(535,638)	(262,200)	(55,000)	(110,000)
- Foreign tax	0	0	0	0
- Deferred taxation (Note 23)	(311,344)	37,000	0	0
	<u>(846,982)</u>	<u>(225,200)</u>	<u>(55,000)</u>	<u>(110,000)</u>
In respect of prior financial years:				
- Malaysian tax	4,608	(3,106)	4,272	(3,121)
- Foreign tax	0	0	0	0
- Deferred taxation (Note 23)	109,000	0	0	0
	<u>113,608</u>	<u>(3,106)</u>	<u>4,272</u>	<u>(3,121)</u>
Tax expense	<u>(733,374)</u>	<u>(228,306)</u>	<u>(50,728)</u>	<u>(113,121)</u>

The reconciliations of the taxation applicable to the profit/(loss) before taxation of the Group and of the Company at the statutory taxation rate to the tax expense at the average effective taxation rate of the Group and of the Company are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit/(loss) before taxation	287,693	(7,560,628)	(1,390,650)	(5,851,352)
Taxation calculated at a rate of 28% (2003: 28%)	(80,554)	2,116,976	389,382	1,638,379
Tax effects of:				
- different taxation rates in other countries	352,234	0	0	0
- lower taxation rate for SME*	4,000	0	0	0
- expenses not deductible for taxation purposes	(1,645,521)	(2,451,473)	(483,439)	(2,388,291)
- income not subject to taxation	112,313	154,927	39,285	642,600
- previously unrecognised deductible temporary differences now recognised	12,680	37,000	0	0
- previously unrecognised tax losses now recognised	4,899	(67,000)	0	0
- tax incentives	390,763	0	0	0
- over/(under) provision in respect of prior financial years	113,608	(3,106)	4,272	(3,121)
- others	2,204	(15,630)	(228)	(2,688)
Tax expense	<u>(733,374)</u>	<u>(228,306)</u>	<u>(50,728)</u>	<u>(113,121)</u>

NOTES ON THE FINANCIAL STATEMENTS

(continued)

8 TAXATION (continued)

* As gazetted in the Finance Act 2003 during the current financial year ended 31 December 2004, the Malaysian tax rate for the first chargeable income of RM500,000 for small and medium scale companies ("SME") is reduced to 20%. In the previous financial year ended 31 December 2003 as gazetted in the Finance (No. 2) Act 2002, the Malaysian tax rate for the first chargeable income of RM100,000 for SME was reduced to 20%. For chargeable income in excess of RM500,000 (2003: RM100,000) Malaysian tax at the rate of 28% is still applicable.

9 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share of the Group is calculated by dividing the loss for the financial year by the number of ordinary shares in issue during the financial year:

	2004	2003
Loss for the financial year	(RM1,478,525)	(RM7,788,934)
Number of ordinary shares in issue	45,000,000	45,000,000
Basic loss per share	(3.29 sen)	(17.31 sen)

(b) Diluted loss per share

For the diluted loss 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 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 the loss for the financial year for the share options calculation.

	2004	2003
Loss for the financial year	(RM1,478,525)	(RM7,788,934)
Number of ordinary shares in issue	45,000,000	45,000,000
Adjustment for share options *	0	0
Number of ordinary shares for diluted loss per share	45,000,000	45,000,000
Diluted loss per share	(3.29 sen)	(17.31 sen)

* There is no adjustment for share options as the conversion of the share options is anti-dilutive.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

10 PROPERTY, PLANT AND EQUIPMENT

(a) Group

2004	Opening net book value RM	Acquisition of subsidiary companies RM	Additions RM	Disposals/ written off RM	Depreciat- ion RM	Foreign exchange fluctuations RM	Closing net book value RM
Long leasehold land - at valuation	93,868	0	0	0	(1,212)	0	92,656
Factory buildings - at valuation	1,532,065	0	0	0	(53,600)	0	1,478,465
- at cost	2,727,237	800,507	0	0	(69,510)	0	3,458,234
	4,259,302	800,507	0	0	(123,110)	0	4,936,699
At cost-							
Freehold land	0	551,800	0	0	0	0	551,800
Plant and machinery	165,292	4,651,988	229,004	(80,118)	(233,256)	2,823	4,735,733
Furniture, fixtures and equipment	237,805	401,137	282,345	(1,412)	(151,872)	6,130	774,133
Tools and equipment	172,652	0	95,613	0	(114,295)	0	153,970
Electrical fittings	62,947	321,540	0	0	(67,108)	2,872	320,251
Motor vehicles	335,947	440,472	1,214,644	(200,929)	(293,756)	(773)	1,495,605
Renovation	29,000	592,087	220,089	0	(86,239)	14,953	769,890
	1,003,643	6,959,024	2,041,695	(282,459)	(946,526)	26,005	8,801,382
	5,356,813	7,759,531	2,041,695	(282,459)	(1,070,848)	26,005	13,830,737

2004	Valuation/cost RM	Accumulated depreciation RM	Net book value RM
Long leasehold land - at valuation	120,000	(27,344)	92,656
Factory buildings - at valuation	2,680,000	(1,201,535)	1,478,465
- at cost	4,111,601	(653,367)	3,458,234
	6,791,601	(1,854,902)	4,936,699
At cost-			
Freehold land	551,800	0	551,800
Plant and machinery	8,863,093	(4,127,360)	4,735,733
Furniture, fixtures and equipment	2,269,738	(1,495,605)	774,133
Tools and equipment	1,961,537	(1,807,567)	153,970
Electrical fittings	792,259	(472,008)	320,251
Motor vehicles	2,760,912	(1,265,307)	1,495,605
Renovation	1,025,716	(255,826)	769,890
	18,225,055	(9,423,673)	8,801,382
	25,136,656	(11,305,919)	13,830,737

NOTES ON THE FINANCIAL STATEMENTS

(continued)

10 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Group (continued)

2003	Valuation/cost RM	Accumulated depreciation RM	Net book value RM
Long leasehold land			
- at valuation	120,000	(26,132)	93,868
Factory buildings			
- at valuation	2,680,000	(1,147,935)	1,532,065
- at cost	3,263,472	(536,235)	2,727,237
	5,943,472	(1,684,170)	4,259,302
At cost-			
Plant and machinery	2,990,905	(2,825,613)	165,292
Furniture, fixtures and equipment	1,494,282	(1,256,477)	237,805
Tools and equipment	1,867,953	(1,695,301)	172,652
Electrical fittings	368,920	(305,973)	62,947
Motor vehicles	973,229	(637,282)	335,947
Renovation	30,000	(1,000)	29,000
	7,725,289	(6,721,646)	1,003,643
	13,788,761	(8,431,948)	5,356,813

The valuation of the long leasehold land and factory buildings in a subsidiary company, Singatronics (Malaysia) Sdn. Bhd., 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 factory buildings. The long leasehold land and factory buildings have not been revalued since that first revaluation exercise in 1981. The Directors have adopted the transitional provisions of IAS 16 (Revised): "Property, Plant and Equipment" as allowed for by the MASB in respect of assets carried at previously revalued amounts 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.

Had the revalued 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:

	2004 RM	2003 RM
Long leasehold land	90,879	92,068
Factory buildings	3,487,616	3,582,538
	3,578,495	3,674,606

The net book value of assets acquired under hire purchase of the Group at the balance sheet date is RM3,088,442 (2003: RM1,342,710).

NOTES ON THE FINANCIAL STATEMENTS

(continued)

10 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Group (continued)

The net book value of the property, plant and equipment of the Group pledged as security for borrowings (Note 22) are as follows:

	2004 RM	2003 RM
Freehold land	551,800	551,800
Factory buildings	796,265	813,228
	<u>1,348,065</u>	<u>1,365,028</u>

(b) Company

2004	Opening net book value RM	Additions RM	Written off RM	Depreciation RM	Closing net book value RM
At cost-					
Furniture, fixtures and equipment	35,828	9,733	0	(15,093)	30,468
Renovation	29,000	219,630	0	(60,806)	187,824
Motor vehicles	173,577	579,461	(173,577)	(62,362)	517,099
	<u>238,405</u>	<u>808,824</u>	<u>(173,577)</u>	<u>(138,261)</u>	<u>735,391</u>

2004	Cost RM	Accumulated depreciation RM	Net book value RM
At cost-			
Furniture, fixtures and equipment	79,694	(49,226)	30,468
Renovation	249,630	(61,806)	187,824
Motor vehicles	579,461	(62,362)	517,099
	<u>908,785</u>	<u>(173,394)</u>	<u>735,391</u>

2003	Cost RM	Accumulated depreciation RM	Net book value RM
At cost-			
Furniture, fixtures and equipment	69,961	(34,133)	35,828
Renovation	30,000	(1,000)	29,000
Motor vehicle	182,713	(9,136)	173,577
	<u>282,674</u>	<u>(44,269)</u>	<u>238,405</u>

The net book value of assets acquired under hire purchase of the Company at the balance sheet date is RM273,167 (2003: Nil).

NOTES ON THE FINANCIAL STATEMENTS

(continued)

11 SUBSIDIARY COMPANIES

	Company	
	2004 RM	2003 RM
Unquoted shares, at cost	53,933,147	33,750,000

The details of the subsidiary companies are as follows:

Name	Country of incorporation	Group's effective interest		Principal activities
		2004	2003	
<u>Held by the Company</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 2004.
S.G. Silk Screen Industries Sdn. Bhd. *	Malaysia	51%	Nil	Engaged in the business of silk screen printing.
Widacity Investments Pte. Ltd. ***	Singapore	100%	Nil	The company has not commenced operation as at 31 December 2004.
<u>Held by S.G. Silk Screen Industries Sdn Bhd</u>				
S.G. Graphic Sdn. Bhd. *	Malaysia	51%	Nil	Engaged in the business of desktop prepress.
Sing Guan Silk Screen (Cambodia) Co. Ltd. **	Cambodia	51%	Nil	Engaged in the business of silk screen printing.
S.G. Silk Screen (Shanghai) Co. Ltd. **	People's Republic of China	51%	Nil	Engaged in the business of silk screen printing.
S.G. Global Holdings Pte. Ltd. **	Singapore	51%	Nil	Investment holding.
JC Equities Pte. Ltd. **	Singapore	51%	Nil	Investment holding.
K.S.G. Silk Screen Sdn. Bhd. **	Brunei	50.7%	Nil	Engaged in the business of silk screen printing.

* Audited by PricewaterhouseCoopers, Malaysia.

** Audited by firms other than PricewaterhouseCoopers, Malaysia

*** Not required to be audited under the definition of a dormant company in the Companies Act 2003 of Singapore.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

12 ASSOCIATED COMPANIES

	2004 RM	Group 2003 RM
Share of net assets	1,012,794	0

The details of the associated companies are as follows:

Name	Country of incorporation	Group's effective interest		Principal activities
		2004	2003	
<u>Held by S.G. Global Holdings Pte. Ltd.</u>				
S.G. Silk Screen Industries (HN) S.A. de C.V.	Honduras	25%	Nil	Engaged in the business of silk screen printing and embroidery.
S.G. Silk Screen Industries (SAL) S.A. de C.V.	El Salvador	25%	Nil	Engaged in the business of silk screen printing and embroidery.
Uniwear Embroidery (2002) Honduras S.A. de C.V.	Honduras	25%	Nil	Engaged in the business of silk screen printing and embroidery.
Bloom Embroidery (SAL) S.A. de C.V.	El Salvador	25%	Nil	Engaged in the business of silk screen printing and embroidery.

13 JOINTLY CONTROLLED ENTITY

	2004 RM	Group 2003 RM
Share of net assets	341,567	0

The Group has a 50% interest in a jointly controlled entity in Cambodia operating under the name of Sing Guan Silk Screen (Cambodia) Co. Ltd. which is engaged in the business of embroidery.

The Group's share of the assets and liabilities of the jointly controlled entity is as follows:

	2004 RM	Group 2003 RM
Non-current assets	1,167,662	0
Current assets	446,032	0
Current liabilities	(405,827)	0
Non-current liabilities	(866,300)	0
Net assets	341,567	0

NOTES ON THE FINANCIAL STATEMENTS

(continued)

13 JOINTLY CONTROLLED ENTITY (continued)

The Group's share of the revenue and expenses of the jointly controlled entity is as follows:

	2004 RM	Group 2003 RM
Revenue	324,416	0
Expenses	(340,573)	0
Loss before taxation	(16,157)	0
Taxation	0	0
Loss after taxation	(16,157)	0

14 LONG TERM INVESTMENT

	Group and Company 2004 RM	2003 RM
Unquoted convertible preference shares in an overseas corporation, at cost	7,600,800	7,600,800
Less:		
Allowance for diminution in value	(7,600,799)	(7,600,799)
	1	1

The unquoted convertible preference shares in an overseas corporation, when converted, will represent a 26% equity interest in the overseas corporation. The investment was written down to RM1 in the financial year ended 31 December 2003.

15 GOODWILL ON CONSOLIDATION

	2004 RM	Group 2003 RM
Goodwill on consolidation (Note 27)	17,451,873	0
Foreign currency translation differences	23,163	0
	17,475,036	0

NOTES ON THE FINANCIAL STATEMENTS

(continued)

16 SHORT TERM INVESTMENTS

	2004 RM	Group 2003 RM
Marketable securities quoted in Malaysia	3,136,921	5,863,874
Other short term investment unquoted in Malaysia, at cost	0	7,500,000
	<u>3,136,921</u>	<u>13,363,874</u>
Market values of marketable securities	<u>3,137,000</u>	<u>5,864,600</u>

The market values of marketable securities at the balance sheet date approximate their fair values.

During the current financial year, the Group exercised its put option over the ICPS for an amount of RM7.5 million of which RM2 million is unpaid at the balance sheet date and is included under other receivables. The unpaid sum has a carrying cost of 6% (2003 : 12%) per annum for the receivable.

17 INVENTORIES

	2004 RM	Group 2003 RM
At cost:		
Raw materials	2,915,616	1,842,257
Work-in-progress	89,050	19,019
Finished goods	935,453	251,394
	<u>3,940,119</u>	<u>2,112,670</u>

18 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:

(a) Related parties and relationship

<u>Name of companies</u>	<u>Relationship</u>
FirstLink Investments Corporation Limited *	Substantial shareholder
Sing Guan Silk Screen Pte. Ltd.	Enterprise controlled by certain Directors of a subsidiary company

- * An enterprise that was previously the holding company of the Company. During the financial year, FirstLink Investments Corporation Limited (formerly known as Singatronics Limited) reduced its shareholdings in the Company and on 6 September 2004 ceased to be the holding company but remains a substantial shareholder of the Company.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

18 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) Significant related party balances

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Amounts due from related parties:				
<u>Trade</u>				
Sing Guan Silk Screen (Cambodia) Co. Ltd. - jointly controlled entity	336,274	0	0	0
S.G. Silk Screen Industries (HN) S.A. de C.V.	10,560	0	0	0
S.G. Silk Screen Industries (SAL) S.A. de C.V.	160,522	0	0	0
Sing Guan Silk Screen Pte. Ltd.	485,629	0	0	0
<u>Non-trade</u>				
ASTRAL-GMO Sdn. Bhd.	0	0	86,384	81,418
Widacity Investments Pte. Ltd.	0	0	1,771	0
FirstLink Investments Corporation Limited (formerly known as Singatronics Limited)	36,364	0	36,364	0
S.G. Silk Screen Industries (SAL) S.A. de C.V.	345,696	0	0	0
Sing Guan Silk Screen Pte. Ltd.	6,088	0	0	0
	<u>1,381,133</u>	<u>0</u>	<u>124,519</u>	<u>81,418</u>
Amounts due to related parties:				
<u>Non-trade</u>				
Singatronics (Malaysia) Sdn. Bhd.	0	0	9,581,873	182,503
FirstLink Investments Corporation Limited (formerly known as Singatronics Limited)	0	32,571	0	32,571
	<u>0</u>	<u>32,571</u>	<u>9,581,873</u>	<u>215,074</u>

The amounts due from and due to related parties are unsecured and interest free with no fixed terms of repayment.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

18 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) Significant related party balances (continued)

The currency exposure profile of the amounts due from related parties is as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Ringgit Malaysia	0	0	86,384	81,418
US Dollar	853,052	0	0	0
Singapore Dollar	528,081	0	38,135	0
	<u>1,381,133</u>	<u>0</u>	<u>124,519</u>	<u>81,418</u>

The currency exposure profile of the amounts due to related parties is as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Ringgit Malaysia	0	0	9,581,873	182,503
Singapore Dollar	0	32,571	0	32,571
	<u>0</u>	<u>32,571</u>	<u>9,581,873</u>	<u>215,074</u>

(c) Significant related party transactions

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Singatronics (Malaysia) Sdn. Bhd.				
- Dividends received (gross)	0	0	0	2,250,000
FirstLink Investments Corporation Limited (formerly known as Singatronics Limited)				
- Dividends paid (net)	0	2,250,000	0	2,250,000
- Fees charged	89,801	131,318	89,801	131,318

The transactions above were based on the agreed terms between the Company and its related parties.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

19 RECEIVABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	8,334,336	1,318,785	0	0
Other receivables	2,448,857	730,605	2,587	41,020
Creditor advances	175,561	165,940	0	0
Deposits	1,579,156	116,259	1,112,726	99,477
Prepayments	222,859	17,402	10,936	0
Staff loans	101,366	197,300	0	0
	<u>12,862,135</u>	<u>2,546,291</u>	<u>1,126,249</u>	<u>140,497</u>

The credit terms of the trade receivables of the Group range from payment in advance to 30 days (2003: payment in advance to 30 days). 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.

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Ringgit Malaysia	1,162,647	0	0	0
US Dollar	5,848,741	1,118,099	0	0
Euro	189,016	200,686	0	0
Singapore Dollar	42,130	0	0	0
Renminbi	1,091,802	0	0	0
	<u>8,334,336</u>	<u>1,318,785</u>	<u>0</u>	<u>0</u>

20 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits with licensed banks	5,295,713	12,590,000	0	8,100,000
Deposits with licensed finance companies	0	6,550,000	0	6,550,000
Deposit held at securities company	2,500,000	0	2,500,000	0
Cash and bank balances	3,279,761	2,241,784	348,547	76,158
	<u>11,075,474</u>	<u>21,381,784</u>	<u>2,848,547</u>	<u>14,726,158</u>

NOTES ON THE FINANCIAL STATEMENTS

(continued)

20 DEPOSITS, BANK AND CASH BALANCES (continued)

The effective interest rates of the deposits of the Group and of the Company at the balance sheet date are 1% to 3% (2003: 0.80% to 3.00%) and 2.00% (2003: 2.40% to 3.00%) respectively. The deposits of the Group and of the Company have maturities which range from 6 to 322 days (2003: 16 days) and Nil (2003: 16 days) respectively at the balance sheet date. Bank balances are deposits held at call with banks.

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Ringgit Malaysia	6,738,639	21,381,784	2,848,547	14,726,158
US Dollar	4,037,433	0	0	0
Singapore Dollar	34,625	0	0	0
Renminbi	264,777	0	0	0
	<u>11,075,474</u>	<u>21,381,784</u>	<u>2,848,547</u>	<u>14,726,158</u>

21 PAYABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade payables	2,712,931	714,881	0	0
Customer advances	126,245	177,418	0	0
Other payables	3,979,883	8,610	1,827,000	0
Accrued expenses	804,878	153,387	23,500	60,173
Payroll liabilities	675,448	172,194	28	5,960
	<u>8,299,385</u>	<u>1,226,490</u>	<u>1,850,528</u>	<u>66,133</u>

The credit terms of the trade payables of the Group range from payment in advance to 60 days (2003: payment in advance to 60 days).

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Ringgit Malaysia	1,930,334	458,318	0	0
US Dollar	635,359	196,145	0	0
Euro	23	11,186	0	0
Singapore Dollar	4,224	27,923	0	0
HK Dollar	95,304	21,309	0	0
Renminbi	47,687	0	0	0
	<u>2,712,931</u>	<u>714,881</u>	<u>0</u>	<u>0</u>

NOTES ON THE FINANCIAL STATEMENTS

(continued)

22 BORROWINGS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<u>Current</u>				
Bank overdrafts	5,244,106	0	0	0
Bankers' acceptances	596,000	0	0	0
Term loan	174,670	0	0	0
Hire purchase liabilities	531,227	0	33,369	0
	<u>6,546,003</u>	<u>0</u>	<u>33,369</u>	<u>0</u>
<u>Non-current</u>				
Term loan	764,883	0	0	0
Hire purchase liabilities	1,311,500	0	156,629	0
	<u>2,076,383</u>	<u>0</u>	<u>156,629</u>	<u>0</u>
<u>Total</u>				
Bank overdrafts	5,244,106	0	0	0
Bankers' acceptances	596,000	0	0	0
Term loan	939,553	0	0	0
Hire purchase liabilities	1,842,727	0	189,998	0
	<u>8,622,386</u>	<u>0</u>	<u>189,998</u>	<u>0</u>

The effective interest rates for the borrowings at the balance sheet date are as follows:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Bank overdrafts	4 - 16	Nil	Nil	Nil
Bankers' acceptances	4.7	Nil	Nil	Nil
Term loan	5.5	Nil	Nil	Nil
Hire purchase liabilities	5.6 - 19.2	Nil	6.7	Nil

The fair values of the term loan and hire purchase liabilities at the balance sheet date are approximately as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Term loan	912,000	0	0	0
Hire purchase liabilities	1,826,000	0	192,000	0

NOTES ON THE FINANCIAL STATEMENTS

(continued)

22 BORROWINGS (continued)

The maturity profiles of the term loan and hire purchase liabilities are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) Term loan				
Repayments due:				
- not later than 1 year	174,670	0	0	0
- later than 1 year and not later than 5 years	764,883	0	0	0
	<u>939,553</u>	<u>0</u>	<u>0</u>	<u>0</u>
(b) Hire purchase liabilities				
Commitments for repayments:				
- not later than 1 year	644,011	0	47,208	0
- later than 1 year and not later than 2 years	1,470,109	0	176,990	0
	<u>2,114,120</u>	<u>0</u>	<u>224,198</u>	<u>0</u>
Unexpired hire-purchase interest	(271,393)	0	(34,200)	0
	<u>1,842,727</u>	<u>0</u>	<u>189,998</u>	<u>0</u>
Repayments due:				
- not later than 1 year	531,227	0	33,369	0
- later than 1 year and not later than 5 years	1,311,500	0	156,629	0
	<u>1,842,727</u>	<u>0</u>	<u>189,998</u>	<u>0</u>

The borrowings are predominantly related to S.G. Silk Screen Industries Sdn. Bhd.. The bank overdrafts, bankers acceptances and term loan are secured over certain freehold land and factory buildings of the Group (Note 10), certain deposits with a licensed bank of the Group (Note 26), properties of a third party and guaranteed by certain Directors of the subsidiary companies.

23 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2004 RM	2003 RM
Deferred tax liabilities	620,068	234,000

NOTES ON THE FINANCIAL STATEMENTS

(continued)

23 DEFERRED TAXATION (continued)

The movements relating to deferred taxation are as follows:

	Group	
	2004 RM	2003 RM
At 1 January	234,000	271,000
In respect of the current financial year (Note 8):		
- Property, plant and equipment	293,344	(77,000)
- Allowances	18,000	40,000
	311,344	(37,000)
In respect of prior financial years (Note 8):		
- Property, plant and equipment	(109,000)	0
Acquisition of subsidiary companies	181,251	0
Foreign currency translation differences	2,473	0
At 31 December	620,068	234,000

The components (subject to income tax) relating to deferred taxation are as follows:

	Group	
	2004 RM	2003 RM
Deferred tax assets (prior to offsetting):		
- Property, plant and equipment	(5,434)	(145,000)
- Allowances	0	(18,000)
	(5,434)	(163,000)
Offsetting	5,434	163,000
Deferred tax assets (after offsetting)	0	0
Deferred tax liabilities (prior to offsetting):		
- Property, plant and equipment	625,502	397,000
Offsetting	(5,434)	(163,000)
Deferred tax liabilities (after offsetting)	620,068	234,000

The amounts of deductible temporary differences and unused tax losses of the Group for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group	
	2004 RM	2003 RM
Deductible temporary differences	2,065	240,000
Tax losses	418,210	0

NOTES ON THE FINANCIAL STATEMENTS

(continued)

24 SHARE CAPITAL

	Group and Company	
	2004	2003
	RM	RM
Ordinary shares of RM1.00 each:		
Authorised	100,000,000	100,000,000
Issued and fully paid	45,000,000	45,000,000

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:

- (a) 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 fully paid ordinary share capital of the Company;
- (b) the ESOS shall be for a duration of 10 years;
- (c) 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;
- (d) 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 a general meeting;
- (e) 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;
- (f) 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
- (g) the ESOS Committee shall have the discretion to determine the manner in which an option may be exercised during the option period.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

24 SHARE CAPITAL (continued)

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

Grant date	Expiry date	Exercise price RM/share	At beginning of the financial year	Granted	Exercised	Lapsed	At end of the financial year
2004 4 July 2002	3 January 2012	2.00	501,000	0	0	(46,000)	455,000
2003 4 July 2002	3 January 2012	2.00	601,000	0	0	(100,000)	501,000

The number of share options vested as at the financial year end is 455,000 (2003: 501,000).

25 RESERVES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-distributable reserves:				
- Share premium	4,510,291	4,510,291	4,510,291	4,510,291
- Revaluation reserve	854,145	854,145	0	0
- Foreign currency translation reserve	(1,945)	0	0	0
	<u>5,362,491</u>	<u>5,364,436</u>	<u>4,510,291</u>	<u>4,510,291</u>
Accumulated losses	(8,322,010)	(6,843,485)	(2,287,234)	(845,856)
	<u>(2,959,519)</u>	<u>(1,479,049)</u>	<u>2,223,057</u>	<u>3,664,435</u>

The revaluation reserve represents revaluation surplus on long leasehold land and factory buildings (net of deferred tax liability) of Singatronics (Malaysia) Sdn. Bhd..

NOTES ON THE FINANCIAL STATEMENTS

(continued)

26 CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits, bank and cash balances (Note 20)	11,075,474	21,381,784	2,848,547	14,726,158
Bank overdrafts (Note 22)	(5,244,106)	0	0	0
	5,831,368	21,381,784	2,848,547	14,726,158
Deposits pledged as security with a licensed bank	(1,915,713)	0	0	0
	3,915,655	21,381,784	2,848,547	14,726,158

27 ACQUISITION OF SUBSIDIARY COMPANIES

On 3 June 2004, the Company entered into a Share Sale Agreement ("SSA") with the shareholders of S.G. Silk Screen Industries Sdn. Bhd. ("SSI") to:

- (a) acquire 51% equity interest in SSI for a cash consideration of RM19,380,000; and
- (b) enter into a Call and Put Option Agreement ("CPOA") whereby the shareholders of SSI grant the Company with an option to acquire, and the Company grants the shareholders of SSI with an option to sell, an additional 19% equity interest in SSI for a cash consideration not exceeding RM7,222,000.

The salient terms in the SSA for the payment of the cash consideration of RM19,380,000 for the acquisition of 51% equity interest are as follows:

- (a) a sum of RM1,938,000, being 10% of the total cash consideration, shall be paid by the Company to the shareholders of SSI as a deposit and in part payment of the total cash consideration upon the execution of the SSA;
- (b) a sum of RM13,115,000 shall be paid by the Company to the shareholders of SSI upon the completion of the SSA;
- (c) a sum of RM3,175,000 shall be paid by the Company to a solicitor, acting as the stakeholder, who will then pay that amount to the shareholders of SSI, upon the achievement of the consolidated profit after taxation guarantee of SSI for the financial year ended 31 December 2004 amounting to RM4,750,000, or the shareholders of SSI making good the shortfall in that guaranteed profit; and
- (d) a sum of RM1,152,000 shall be paid by the Company to the shareholders of SSI upon the achievement of the consolidated profit after taxation guarantee of SSI for the financial year ending 31 December 2005 amounting to RM5,250,000 or the shareholders of SSI making good the shortfall in that guaranteed profit;

The shareholders of the Company approved the acquisition in an extraordinary general meeting held on 8 September 2004. The acquisition was completed on 23 September 2004 and SSI became a subsidiary company of the Company on that date.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

27 ACQUISITION OF SUBSIDIARY COMPANIES (continued)

The effect of the acquisition on the financial results of the Group during the financial year is as follows:

	2004 RM
Revenue	6,449,514
Share of results of associated companies	77,203
Share of results of jointly controlled entity	(16,157)
Other income	70,273
Expenses	(4,073,962)
Profit before taxation	2,506,871
Taxation	(399,982)
Profit after taxation	2,106,889
Minority interest	(1,032,844)
Increase in the profit for the financial year of the Group	1,074,045

The effect of the acquisition on the financial position of the Group at the financial year end is as follows:

	2004 RM
Non-current assets (including goodwill on consolidation of SSI)	26,827,863
Current assets	14,041,091
Current liabilities	(12,074,391)
Non-current liabilities	(1,950,828)
Minority interest	(5,588,491)
Increase in the net assets as at the financial year end of the Group	(21,255,244)

NOTES ON THE FINANCIAL STATEMENTS

(continued)

27 ACQUISITION OF SUBSIDIARY COMPANIES (continued)

The details of the identifiable net assets acquired, goodwill on consolidation and cash flow arising from the acquisition are as follows:

	At date of acquisition RM
Property, plant and equipment	7,759,531
Associated companies	897,714
Jointly controlled entity	357,724
Inventories	1,374,787
Amounts due from related parties	285,150
Receivables	8,161,179
Deposits, bank and cash balances	834,228
Payables	(5,031,839)
Borrowings (including bank overdraft of RM4,571,010)	(7,168,690)
Deferred taxation	(181,252)
Minority interest	(4,557,258)
Fair value of net assets acquired	2,731,274
Goodwill on consolidation (Note 15)	17,451,873
Cost of acquisition	20,183,147
Cash consideration	19,380,000
Expenses directly attributable to the acquisition	803,147
Cost of acquisition	20,183,147
Unpaid portion:	
- cash consideration contingent upon the achievement of the guaranteed profit for the financial year ending 31 December 2005	(1,152,000)
- expenses directly attributable to the acquisition	(675,000)
	(1,827,000)
Purchase consideration paid in cash by the Company	18,356,147
Add:	
Bank overdraft, net of deposits, bank and cash balances	3,736,782
Cash outflow of the Group on acquisition	22,092,929

28 FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except as set out in Note 22 on the financial statements.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

29 GROUP SEGMENTAL REPORTING

Primary reporting format – Business segments

	2004				2003			
	Electronic and electrical consumer and industrial products RM	Silk screen printing RM	Investment holding RM	Total RM	Electronic and electrical consumer and industrial products RM	Investment holding RM	Total RM	
<u>Revenue</u>								
Total revenue	21,318,901	6,392,584	56,930	27,768,415	16,176,141	2,250,000	18,426,141	
Intersegment revenue	0	0	0	0	0	(2,250,000)	(2,250,000)	
External revenue	21,318,901	6,392,584	56,930	27,768,415	16,176,141	0	16,176,141	
<u>Results</u>								
Segment result	722,891	2,548,823	(1,345,590)	1,926,124	(304,594)	(8,502,893)	(8,807,487)	
Unallocated income				555,726			1,246,859	
Unallocated expense				(2,128,800)			0	
Profit/(loss) from operations				353,050			(7,560,628)	
Finance costs				(126,403)			0	
Share of results of:								
- associated companies				77,203			0	
- jointly controlled entity				(16,157)			0	
Profit/(loss) before taxation				287,693			(7,560,628)	
Taxation				(733,374)			(228,306)	
Loss after taxation				(445,681)			(7,788,934)	
Minority interest				(1,032,844)			0	
Loss for the financial year				(1,478,525)			(7,788,934)	
<u>Other information</u>								
Segment assets	10,923,491	37,060,709	4,784,722	52,768,922	11,802,498	7,955,061	19,757,559	
Associated companies and jointly controlled entity				1,354,361			0	
Unallocated assets				11,064,981			25,256,453	
Total assets				65,188,264			45,014,012	
Segment liabilities	836,548	4,464,325	2,998,512	8,299,385	1,160,357	98,704	1,259,061	
Unallocated liabilities				9,259,907			234,000	
Total liabilities				17,559,292			1,493,061	

NOTES ON THE FINANCIAL STATEMENTS

(continued)

29 GROUP SEGMENTAL REPORTING (continued)

Primary reporting format – Business segments (continued)

	2004				2003		
	Electronic and electrical consumer and industrial products RM	Silk screen printing RM	Investment holding RM	Total RM	Electronic and electrical consumer and industrial products RM	Investment holding RM	Total RM
<u>Other information</u>							
Capital expenditure	744,747	25,699,528	808,824	27,253,099	99,833	229,571	329,404
Depreciation	738,857	193,730	138,261	1,070,848	819,287	92,585	911,872
<u>Other non-cash expenses</u>							
Allowance for diminution in value of marketable securities	0	0	2,128,800	2,128,800	0	0	0
Allowance for diminution in value of long term investment	0	0	0	0	0	7,600,799	7,600,799
Inventories written off	41,289	0	0	41,289	150,436	0	150,436
Property, plant and equipment written off	0	0	173,577	173,577	0	0	0

Intersegment revenue represents dividend income. Unallocated income includes gross dividends from marketable securities and interest income while unallocated expenses include allowances for diminution in value of marketable securities.

Segment assets consist of property, plant and equipment, goodwill on consolidation and operating assets but exclude marketable securities, deposits with licensed banks, finance companies and securities company and taxation recoverable. Segment liabilities represent operating liabilities but exclude income tax liabilities and borrowings.

Capital expenditure comprises the additions to property, plant and equipment and goodwill on consolidation.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

29 GROUP SEGMENTAL REPORTING (continued)

Secondary reporting format – Geographical segments

	2004					Total RM
	Malaysia RM	Japan RM	Germany RM	Australia RM	Other countries RM	
<u>Revenue</u>						
External revenue	1,873,914	9,687,852	4,799,181	5,527,151	5,880,317	27,768,415
<u>Assets</u>						
Segment assets	45,479,158	0	0	0	7,289,764	52,768,922
Associated companies and jointly controlled entity	0	0	0	0	1,354,361	1,354,361
Other assets	9,540,338	0	0	0	1,524,643	11,064,981
Total assets	55,019,496	0	0	0	10,168,768	65,188,264
<u>Other information</u>						
Capital expenditure	24,610,219	0	0	0	2,642,880	27,253,099

	2003					Total RM
	Malaysia RM	Japan RM	Germany RM	Australia RM	Other countries RM	
<u>Revenue</u>						
External revenue	0	9,007,590	3,292,836	2,819,349	1,056,366	16,176,141
<u>Assets</u>						
Segment assets	19,757,558	0	0	0	1	19,757,559
Associated companies and jointly controlled entity	0	0	0	0	0	0
Other assets	25,256,453	0	0	0	0	25,256,453
Total assets	45,014,011	0	0	0	1	45,014,012
<u>Other information</u>						
Capital expenditure	329,404	0	0	0	0	329,404

With the exception of the countries disclosed above, no other individual country contributed more than 10% of the external revenue, total assets and capital expenditure. In determining the geographical segments of the Group, revenue is based on the country in which the customer is located while assets and capital expenditure are determined based on the location of the assets.

NOTES ON THE FINANCIAL STATEMENTS

(continued)

30 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	2004 RM	Group 2003 RM
Future minimum lease payments:		
- not later than 1 year	343,545	0
- later than 1 year and not later than 5 years	614,681	0
	<u>958,226</u>	<u>0</u>

31 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current financial year's presentation. The details of the comparative figures that have been reclassified are as follows:

Group	As previously reported RM	Reclassification RM	As reclassified RM
Directors' remuneration:			
- fees	109,500	0	109,500
- salaries and bonus	218,419	(218,419)	0
- defined contribution plan	26,220	(26,220)	0
- other benefits	2,124	(2,124)	0
	<u>356,263</u>	<u>(246,763)</u>	<u>109,500</u>
Staff costs:			
- wages, salaries and bonus	3,721,952	218,419	3,940,371
- defined contribution plan	432,017	26,220	458,237
- other benefits	80,310	2,124	82,434
	<u>4,234,279</u>	<u>246,763</u>	<u>4,481,042</u>

32 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 7 April 2005.

STATEMENT BY DIRECTORS

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

We, Kee Chit Huei and Wong Siu Kay, two of the Directors of Astral Supreme Berhad, state that in the opinion of the Directors, the financial statements set out on pages 27 to 65 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 2004 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 provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 7 April 2005.

KEE CHIT HUEI
DIRECTOR

WONG SIU KAY
DIRECTOR

STATUTORY DECLARATION

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

I, Kee Chit Huei, 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 27 to 65 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.

KEE CHIT HUEI

Subscribed and solemnly declared by the abovenamed Kee Chit Huei at Kuala Lumpur, in Wilayah Persekutuan, on 7 April 2005, before me.

COMMISSIONER FOR OATHS

Abas Bin Hasan
No. W392
Pesuruhjaya Sumpah
1st Floor Putra Flatlet
101, Jalan Putra
50350 Kuala Lumpur

REPORT OF THE AUDITORS

TO THE MEMBERS OF ASTRAL SUPREME BERHAD

(COMPANY NO. 442371 A)
(INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 27 to 65. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 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 2004 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 by the subsidiary companies of which we have acted as the auditors have been properly kept in accordance with the provisions of the Act.

REPORT OF THE AUDITORS
TO THE MEMBERS OF ASTRAL SUPREME BERHAD
(COMPANY NO. 442371 A)
(INCORPORATED IN MALAYSIA)
(continued)

The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 11 on the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

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.

The auditors' 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
(2082/09/06 (J))
Partner of the firm

PROPERTIES OF THE GROUP

DETAILS OF PROPERTIES

Address	Description/ Existing use	Land Area/ Built-up Area (sq. meter)	Tenure	Approximate Age of Building (Years)	Net Book Value (as at 31.12.2004) RM	Date of last evaluation
Plot 20, HS(M) 2/1981 Kulim Industrial Estate Mukim of Sungei Seluang District of Kulim Kedah Darul Aman	Land and electronics factory building	10,036/6,624	60 years of leasehold expiring on 9.1.2041	23	4,233,089	24.9.1997*
26-30, Jalan Seroja 39 Taman Johor Jaya 81100 Johor Bahru Johor	Factory and office building	1,290/1,353	Freehold	12	1,171,200	
31, Jalan Dedap 46 Taman Johor Jaya 81100 Johor Bahru	Residential	143/143	Freehold	17.5	176,886	

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

SHAREHOLDING STATISTICS

AS AT 21 MARCH 2005

Authorised Capital	: RM100,000,000.00
Issued And Paid-Up Capital	: RM45,000,000.00
Class of Share	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per ordinary share
Number of Shareholders	: 2,711

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	2	0.07	100	0.00
100 to 1,000	1,199	44.23	1,189,700	2.64
1,001 to 10,000	1,339	49.39	5,046,300	11.21
10,001 to 100,000	150	5.53	3,456,700	7.68
100,001 to less than 5% of issued shares	18	0.66	11,221,200	24.94
5% and above of issued shares	3	0.11	24,086,000	53.52
Total	2,711	100.00	45,000,000	100.00

TOP THIRTY SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Mayban Securities Nominees (Asing) Sdn Bhd, pledged securities account for Firstlink Investments Corporation Limited (REM 688-Margin)	8,800,000	19.56
2. Firstlink Investments Corporation Limited	8,500,000	18.89
3. Lembaga Tabung Haji	6,786,000	15.08
4. Picamas Nominees (Tempatan) Sdn Bhd, Picavest Sdn Bhd	2,240,000	4.98
5. Picamas Nominees (Tempatan) Sdn Bhd, pledged securities account for Alunan Serata Sdn Bhd	2,200,000	4.89
6. HLB Nominees (Tempatan) Sdn Bhd, pledged securities account for Ang Swee Kin	1,951,200	4.34
7. Ngu Tieng Lung	1,900,000	4.22
8. Employees Provident Fund Board	562,000	1.25
9. Mohd Najib Bin Mashhor	392,900	0.87
10. HLB Nominees (Tempatan) Sdn Bhd, pledged securities account for Yap Kong Yeaw	363,700	0.81
11. HDM Nominees (Asing) Sdn Bhd, UOB Kay Hian Private Limited for Winrox Investments Ltd (TPC)	349,300	0.78
12. Zainuddin Bin Mohd Radzi	200,000	0.44
13. Amanah Raya Berhad, Amittikal	163,100	0.36
14. Citicorp Nominees (Tempatan) Sdn Bhd, pledged securities account for Yap Kong Yeaw (473512)	131,000	0.29
15. Rafeah Binti Jaafar	124,000	0.28
16. Looi Chin Seng	120,000	0.27
17. Affin-Acf Nominees (Tempatan) Sdn Bhd, pledged securities account for Yap Kong Yeaw	110,800	0.25

SHAREHOLDING STATISTICS

AS AT 21 MARCH 2005

(continued)

TOP THIRTY SHAREHOLDERS (continued)

Name of Shareholders	No. of Shares	%
18. Cimsec Nominees (Tempatan) Sdn Bhd, CIMB for Yap Kong Yeaw (Margin-MM1108)	106,700	0.24
19. AM Nominees (Tempatan) Sdn Bhd, Malaysia France Institute Sdn Bhd	104,300	0.23
20. Ong Beng Khoon	101,700	0.23
21. Lee Boon	100,500	0.22
22. Tan Sing Kah	88,100	0.20
23. Ng Yoke Hua	86,000	0.19
24. Teng U Heng	81,000	0.18
25. Leow Guan Seng	80,000	0.18
26. PM Nominees (Tempatan) Sdn Bhd, pledged securities account for Andrew Ooi Soon Hock (E)	77,000	0.17
27. Mohd Junid Bin Itam Suliman	70,000	0.16
28. Alliancegroup Nominees (Tempatan) Sdn Bhd, Alliance Capital Asset Management Sdn Bhd for Ooi Tong Sun	57,000	0.13
29. Chua Tua Soon @ Chua Siow Seng	54,000	0.12
30. Mayban Nominees (Tempatan) Sdn Bhd, pledged securities account for See Hock Hian (318AC1455)	50,300	0.11
Total	35,950,600	79.92

SUBSTANTIAL SHAREHOLDERS

(According to the Register of Substantial Shareholders as at 13 April 2005)

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. FirstLink Investments Corporation Limited (f.k.a Singatronics Limited)	17,300,000	38.45	-	-
2. Lembaga Tabung Haji	6,786,000	15.08	-	-

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.

SHAREHOLDING STATISTICS

AS AT 21 MARCH 2005

(continued)

DIRECTORS' INTEREST IN THE COMPANY OR ITS RELATED CORPORATIONS ACCORDING TO THE REGISTER OF DIRECTORS SHAREHOLDING AS AT 13 APRIL 2005

Name of Director	Astral Supreme Berhad No. of shares of RM1.00 Each			
	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. Yong Loong Chen	668,300	1.48*	-	-
2. Ang Seng Wong	1,024,100	2.28*	-	-

Notes:

* Shares are registered in the name of HLB Nominees (Tempatan) Sdn Bhd

	FirstLink Investments Corporation Limited (f.k.a Singatronics Limited) (related corporation) Options over number of Shares of S\$0.20 Each	
	Number of Option Shares	Price per Options Shares S\$
1. Kee Chit Huei	2,000,000	0.314
2. Wong Siu Kay	2,000,000	0.314
3. Y.B. Dato' Hilmi Bin Haji Abdul Rashid	100,000	0.314
4. Yong Loong Chen	100,000	0.314
5. Ang Seng Wong	200,000	0.314

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, on Thursday, 26 May 2005 at 9.30 a.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 2004 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees for the year ended 31 December 2004. **(Resolution 2)**
3. To re-elect Mr Yong Loong Chen who retires pursuant to Article 80 of the Company's Articles of Association. **(Resolution 3)**
4. To re-elect Dato' Wan Malek Bin Ibrahim who retires pursuant to Article 79 of the Company's Articles of Association. **(Resolution 4)**
5. To re-elect Mr Ang Seng Wong who retires pursuant to Article 79 of the Company's Articles of Association. **(Resolution 5)**
6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 6)**

As Special Business :

7. To consider and, if thought fit, pass the following Ordinary Resolution:

Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

"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 Malaysia Securities Exchange Bhd and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 7)**

8. To consider and, if thought fit, pass any resolution of which notice in accordance with Section 151 of the Companies Act, 1965 has been given.

NOTICE OF ANNUAL GENERAL MEETING

(continued)

By Order of the Board

Coral Hong Kim Heong
Company Secretary

Kuala Lumpur
29 April 2005

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 7 : 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. Seventh Annual General Meeting of Astral Supreme Bhd

Venue : Banquet Hall, Kuala Lumpur Golf & Country Club,
No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur

Date : Thursday, 26 May 2005

Time : 9.30 a.m.

2. Names Of Directors Standing For Re-election

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

Mr Yong Loong Chen Article 80 (*Resolution 3*)

Dato' Wan Malek Bin Ibrahim Article 79 (*Resolution 4*)

Mr Ang Seng Wong Article 79 (*Resolution 5*)

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

Details of Directors who are standing for re-election are set out in the Profiles Of The Board Of Directors and Shareholding Statistics sections of the Annual Report 2004.

4. Details of Attendance of Directors at Board Meetings

The Board met five times during the year ended 31 December 2004. Details of each Director's attendance are given below :

Directors	Number of meetings attended
Dato' Wan Malek Bin Ibrahim (appointed on 28 June 2004)	3/3
Wong Siu Kay	5/5
Kee Chit Huei	5/5
Y.B. Dato' Hilmi Bin Haji Abdul Rashid	5/5
Yong Loong Chen	5/5

PROXY FORM



ASTRAL SUPREME BERHAD

442371-A

REGISTERED OFFICE

Level 25 Menara HLA, No. 3, Jalan Kia Peng, 50450 Kuala Lumpur.

*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 Seventh Annual General Meeting of the Company to be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 26 May 2005 at 9.30 a.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 the payment of Directors' Fees		
No.3	To re-elect Mr Yong Loong Chen as a Director pursuant to the Company's Articles of Association		
No.4	To re-elect Dato' Wan Malek Bin Ibrahim as a Director pursuant to the Company's Articles of Association		
No.5	To re-elect Mr Ang Seng Wong as a Director pursuant to the Company's Articles of Association		
No.6	To re-appoint Messrs. PricewaterhouseCoopers as Auditors		
No.7	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 _____ 2005

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.
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 appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

* Delete where not applicable.

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stamp
here

The Company Secretary
ASTRAL SUPREME BERHAD
(442371-A)

Level 25, Menara HLA
No. 3, Jalan Kia Peng
50450 Kuala Lumpur

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ASTRAL SUPREME BERHAD

442371-A

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Tel +6 03 2163 3268 Fax +6 03 2161 7066