ASTRAL SUPREME

Astral Supreme Berhad

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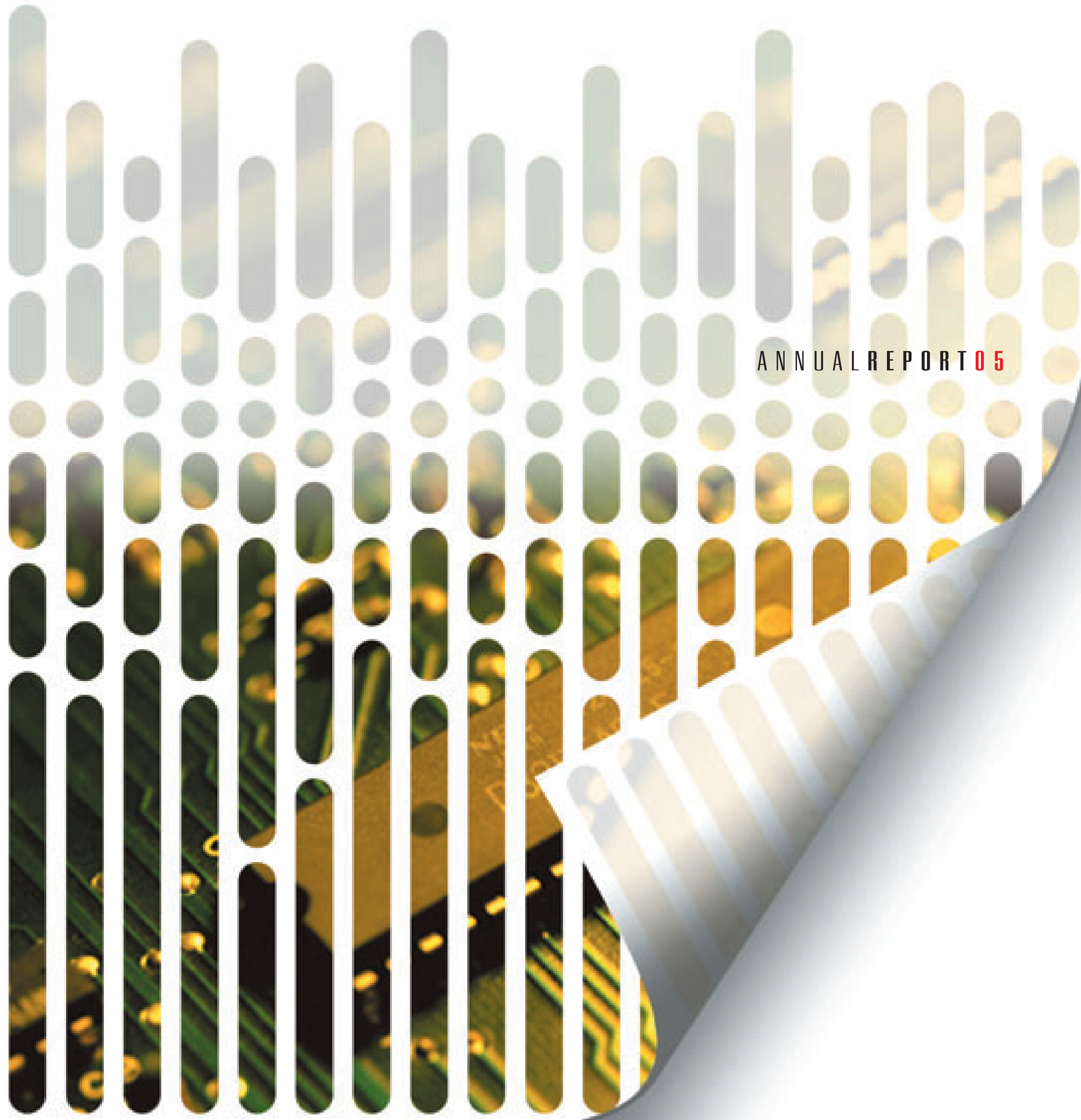
ANNUAL REPORT 05



Astral Supreme Berhad

Contents

Board Of Directors
Ling Yew Kong (Chairman)
(Executive Director)

Ling Ewe Chong @ Yew Chong
(Executive Director)

Lee Yuen Wai
(Executive Director)

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

Kang Ching Hong
(Independent Non-Executive Director)

Yap Chee Wee
(Non-Independent Non-Executive Director)

Siti Rohani Binti A. Manan
(Non-Independent Non-Executive Director)

Audit Committee
Y.B. Dato' Hilmi Bin Haji Abdul Rashid
(Chairman)

Kang Ching Hong
(Member)

Yap Chee Wee
(Member)

Nomination Committee
Yap Chee Wee
(Chairman)

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

Kang Ching Hong
(Member)

Remuneration Committee
Kang Ching Hong
(Chairman)

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

Ling Yew Kong
(Member)

Company Secretaries
Lee Ming Leong (MAICSA 7006926)
Low Pooi Ming (MAICSA 7006832)

Registered Office
No. 1-1, 1st Floor, Jalan 3/116D
Kuchai Entrepreneurs' Park
58200 Kuala Lumpur
Tel: 03-7983 1088
Fax: 03-7984 9612

Corporate Office
Unit 11-09, 9th Floor,
The Boulevard, Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2288 1768
Fax: 03-2282 2768

Main Business Offices
Kulim
Singatronics (Malaysia) Sdn Bhd
Lot 20, Kulim Industrial Estate
09000 Kulim
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
Hong Leong Bank Berhad
Alliance Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
DBS Bank Ltd, Singapore

Stock Exchange Listing
Second Board of the Bursa Malaysia Securities Berhad

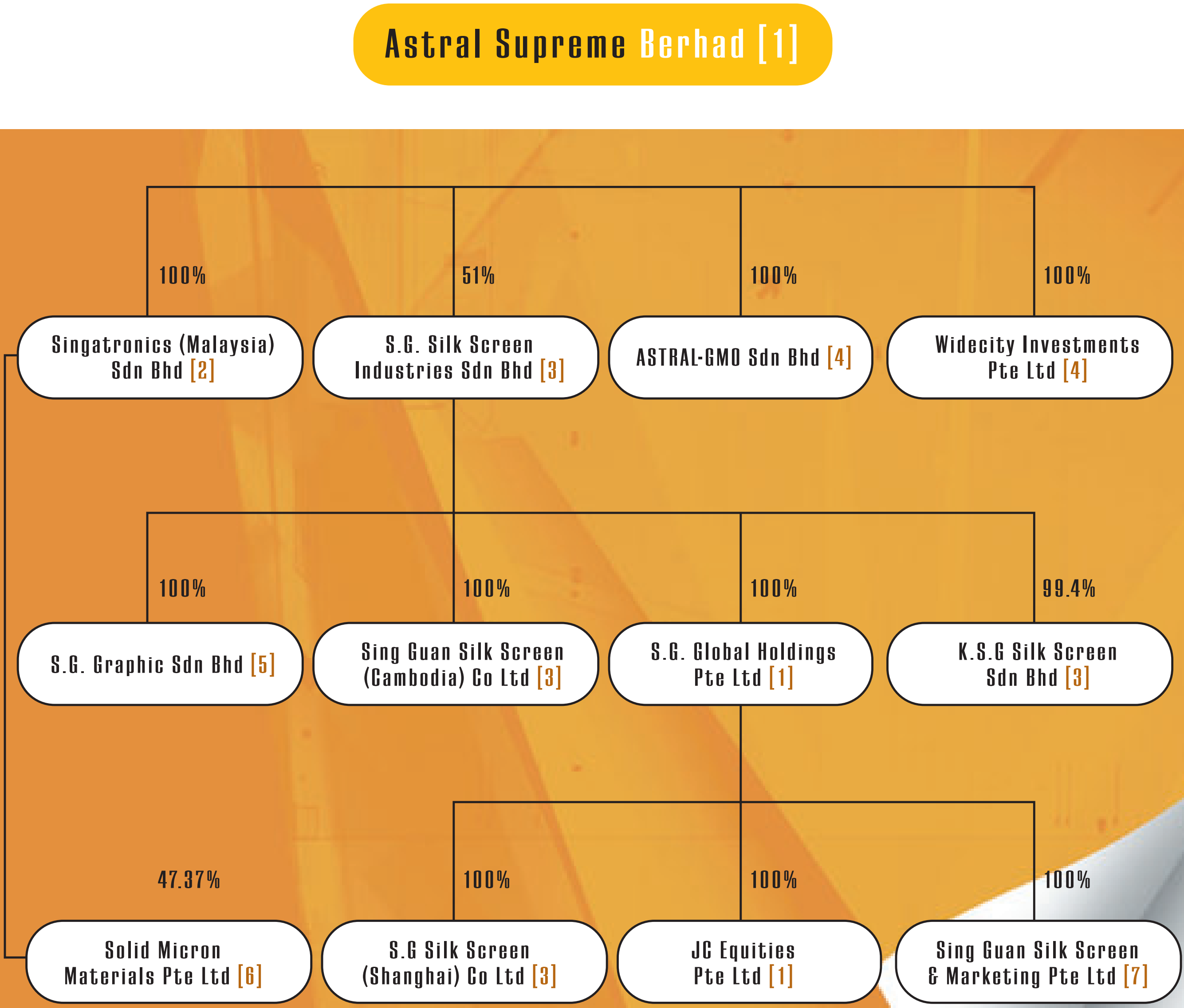
Place of Incorporation and Domicile
Malaysia

Stock Short Name
ASUPREM

Stock Code
7070

Sector
Industrial Products

Group Structure



Note:

[1] Investment Holding
[2] Manufacture, Assembly and Export of Electronic and Electrical Consumer and Industrial Products
[3] Silkscreen Printing
[4] Dormant
[5] Desktop Prepress
[6] Industrial Design, Marketing and Electronics Contract Manufacturing
[7] Marketing of Silkscreen Printing

LING YEW KONG

Executive Chairman
Malaysian, aged 40

Mr Ling was appointed to the Board of Directors of the Company on 9 February 2006 as an Executive Chairman and is a member of the Remuneration Committee. Mr Ling is the substantial shareholder of FirstLink Investments Corporation Ltd, which in turn is a substantial shareholder of the Company. He is also the Chairman/Managing Director since 20 May 2005.

Mr Ling holds a Bachelor of Commerce (major in Accounting) from Murdoch University, Western Australia. He is a fellow member of Australian Society of Certified Practising Accountants. Mr Ling started his career as a professional for various financial institutions in Singapore. In 1991, he joined Ernst & Young as an Auditor. In 1993, he was a Finance Manager in Keppel Securities Pte Ltd, before joining the Deutsche Morgan Grenfell & Partners Securities Pte Ltd in 1994 as its Vice President where he managed equity investments for high networth investors. He became Head of Sales for private and corporate clients in Socgen Crosby Securities Pte Ltd in 1996. In 2001, he joined IPCO International Ltd as Executive Director/Chief Operating Officer. He was responsible for the day-to-day operations of the infrastructure projects in particular, managing the 240 kilometres toll road in Guangzhou, China.

LING EWE CHONG @ YEW CHONG

Executive Director
Malaysian, aged 42

Mr Ling was appointed to the Board of Directors of the Company on 16 June 2005 as an Executive Director.

Mr Ling holds a Diploma in Automobile Engineering from FIT College, Malaysia. He is a Managing Director of a three-star hotel in Sarawak from 1987 till present. He is also a Manager for both investment holding companies, Ling Chai Hiong Sdn Bhd and Bintulu Nusantara Sdn Bhd, during the period 1997 to 2005.

LEE YUEN WAI

Executive Director
Singaporean, aged 38

Mr Lee was appointed to the Board of Directors of the Company on 1 December 2005 as an Executive Director. He is the Deputy Chairman of FirstLink Investments Corporation Ltd, a substantial shareholder of the Company.

Mr Lee was educated in United Kingdom and member of the United Kingdom and Singapore Bars. He was a corporate lawyer by training, specializing in corporate finance, mergers and acquisitions, corporate restructuring as well as private equity investments.

Y.B. DATO' HILMI BIN HAJI ABDUL RASHID

Independent Non-Executive Director
Malaysian, aged 52

Y.B. Dato' Hilmi was appointed to the Board of Directors of the Company on 12 September 2003 as Independent Non-Executive Director. He is the Chairman of the Audit Committee and member for both the Nomination and Remuneration Committees.

Y.B. 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 Deputy Chairman of UMNO, Kepala Batas Division, the Chairman of PERDA (Penang Regional Development Authority) and the Chairman of Penang Public Account Committee (PAC).

KANG CHING HONG

Independent Non-Executive Director
Malaysian, aged 38

Mr Kang was appointed to the Board of Directors of the Company on 13 September 2005 as Independent Non-Executive Director. He is the Chairman of the Remuneration Committee and member for both the Audit and Nomination Committees.

Mr Kang is a Certified Public Accountant (MICPA) and a member of Malaysian Institute of Accountants (MIA). Mr Kang has more than 16 years' experience in audit, accounting, management and corporate finance.

Mr Kang joined KPMG as an external auditor in 1989 before joining Arab Malaysian Corporation Berhad as a Corporate Services Manager in 1993. Since then he has held Senior Corporate Planning and Executive Director positions in listed companies. Mr Kang has in-depth knowledge in the area of Debt Restructuring, Corporate Finance and Merger and Acquisitions. In 2003, he joined a boutique consultancy firm as an Executive Director providing corporate advisory services.

Currently Mr Kang is a consultant and Senior General Manager in a public listed company. He is also a non-executive director in Jin Lin Wood Industries Berhad.

Directors' Profiles

YAP CHEE WEE

Non-Independent Non-Executive Director
Singaporean, aged 34

Mr Yap was appointed to the Board of Directors of the Company on 29 September 2005 as Non-Independent Non-Executive Director. He is the Chairman of the Nomination Committee and a member of the Audit Committee. Mr Yap is the Chief Investment Officer of FirstLink Investments Corporation Ltd, a substantial shareholder of the Company.

Mr Yap holds a Bachelor of Accountancy from Nanyang Technological University, Singapore. He is also a Chartered Financial Analyst since 1999. Mr Yap started his career as an Auditor with PricewaterhouseCoopers. From 1997 to 1999, he was a corporate finance professional with Nikko Merchant Bank and Deloitte & Touche. From 1999 to 2005, he was a venture capital fund manager with OCBC, Wearnes & Walden, where his experience covers the entire investment process from deal sourcing to divestment.

SITI ROHANI BINTI A. MANAN

Non-Independent Non-Executive Director
Malaysian, aged 51

Puan Siti Rohani was appointed to the Board of Directors of the Company on 13 March 2006 as Non-Independent Non-Executive Director.

Puan Siti Rohani holds a Bachelor of Economics from University of Malaya, Malaysia. From 1981 to 1984, Puan Siti Rohani was an Analyst (Economics) with Kompleks Kewangan (M) Bhd. In 1984, she joined Lembaga Tabung Haji as a Manager (Equity) and was subsequently promoted to Senior Manager (Investment Analysis) in 1993. In 1997, she became its General Manager (Investment Development) till present. Besides, she sits on the Board of Directors of a number of public listed companies. The companies are SDKM Fibres, Wires & Cables Bhd; TSH Resources Bhd and Englotechs Holding Bhd.

Mr Ling Yew Kong and Mr Ling Ewe Chong @ Yew Chong are siblings. The other Directors do not 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

The Group intends to increase the production capacity of its plants in Malaysia, Cambodia and Shanghai, in respond to increased demand from existing and new customers

DEAR SHAREHOLDERS

2005 was a reasonably good year for the Group. Our subsidiary S.G. Silk Screen Industries Sdn Bhd ("SSI") achieved its profit guarantee of RM5.250 million on the back of strong revenue.

Our other significant subsidiary, Singatronics (Malaysia) Sdn Bhd ("SMSB"), continued to maintain its earnings inspite of the difficult business environment for electronics contract manufacturing.

FINANCIAL REVIEW

For the financial year ended 31 December 2005 ("FY 2005"), the Group's turnover increased by 82% to RM50.531 million (2004: RM27.768 million). Gross profit doubled to RM14.932 million (2004: RM7.267 million). The increase was due mainly to the Group consolidating the full year results of SSI, compared to only 3 months in the previous financial year.

However, the Group's net loss rose by 75% to RM2.584 million (2004: RM1.479 million). This was due primarily to allowances made for doubtful debts of RM3.834 million and the diminution in value of quoted securities of RM0.614 million. The Group would have been profitable if not for these allowances. These allowances for doubtful debts were related to failed investments entered into by the previous management team and are non-recurrent.

DIVISIONAL REVIEW

Silkscreen Printing Division

The diversification of the Group's investments through the acquisition of a 51% interest in SSI in September 2004 was successful. For FY 2005, SSI reported strong revenue of RM26.585 million (which represents 53% of the Group's total revenue) and profit before tax of RM5.962 million.

Electronics Contract Manufacturing Division

SMSB recorded a 12% increase in revenue to RM23.946 million (2004: RM21.319 million). SMSB's gross profit margin improved marginally from 16% to 17%.

CORPORATE DEVELOPMENT

In July 2005, SSI disposed its 25% equity interest in all four of its loss-making South America associates for a sale consideration of approximately RM1.718 million.

In February 2006, SMSB entered into a Joint Venture Agreement ("JV") with Solid Micron Materials Pte Ltd ("SMM") for the development of an Industrial Design and Marketing Division in Singapore. Pursuant to the JV, SMSB invested approximately RM1.031 million for 47.37% equity interest in SMM.

DIVIDEND

The Directors are not recommending any payment of final dividend.

PROSPECTS

For the coming year, SSI Group intends to increase the production capacity of its plants in Malaysia, Cambodia and Shanghai, in respond to increased demand from existing and new customers. In addition, SSI intends to embark on new products using fire retardant fabrics and direct flocking processes. As such, SSI expects its operating performance to improve in 2006.

As for SMSB, it operates in a very competitive environment especially with the rise of China as a major electronics contract manufacturing hub. Revenues and margins for SMSB are not expected to improve significantly. The management will continue to seek investment opportunities that add-value to SMSB to enable SMSB to move up the value-chain.

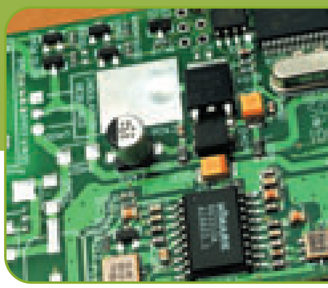
APPRECIATION

I wish to extend our appreciation to our former Board members namely Dato' Wan Malek Ibrahim, Mr Yong Loong Chen, Mr Kee Chit Huei, Mr Wong Siu Kay, Mr Ang Seng Wong, Mr Lim Hak Nguang and En. Mohamed Shafeii Bin Abdul Gaffoor for their contributions to our Group during their tenures.

On behalf of the Board of Directors, I would also like to express my sincere appreciation to all our business associates, clients, shareholders and financial partners for their continuous support; as well as to our management team and staff for their commitment and efforts. We look forward to your continued support in 2006.

Ling Yew Kong
Chairman

28 March 2006



Corporate Governance Statement

The Board of Directors is committed to ensuring that the highest standards of corporate governance are practised 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 2005.

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.

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

As at 31 December 2005, the Board comprises six Directors, with two Executive Directors, one Non-Independent Non-Executive Chairman, two Independent Non-Executive Directors and one Non–Independent Non-Executive Director. The Independent Non-Executive Directors, are independent of management and have no relationships which would interfere with the exercise of their independent judgment.

The Board provides strategic input and direction to the business. The Non-Executive Chairman leads the Board while the Executive Directors are responsible for the day-to-day operations of the Group.

No individual or group of individuals dominates the Board's decision making.

(c) Board Meetings

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

The Board met five times during the year ended 31 December 2005. 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.

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.

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, with exception of Mr Ling Yew Kong who was only appointed on 9 February 2006, have attended the Bursa Malaysia Securities Bhd's Mandatory Accreditation Program ("MAP").

Apart from the MAP, the Directors have also attended courses and forums as shown below:-

Name of Director	Details of courses attended		
	Date	Title	Organizer
Kang Ching Hong	1&2 December 2005	Managing Going Global Strategies	Bursatra Sdn Bhd
	5&6 December 2005	Implementing Financial Reporting Standards	Deloitte Kassim Chan
	14&15 December 2005	Managing Corporate Turnaround and Change Management	Bursatra Sdn Bhd
Ling Ewe Chong @ Yew Chong	20 October 2005	New Financial Reporting Standard Form	Bursa Malaysia Berhad
	19 November 2005	Board Room Briefing for Director/CFO	Result Business Consulting
Y.B. Dato' Hilmi Bin Haji Abdul Rashid	3 December 2005	Enhancing Corporate Governance In Mergers & Acquisitions	Kancil Academy Sdn Bhd
	14 & 15 December 2005	Managing Corporate Turnaround and Change Management	Bursatra Sdn Bhd

Yap Chee Wee and Lee Yuen Wai have not attended any training, other than MAP, in view of the short time frame since their appointment as Directors. Ling Yew Kong will be attending the MAP in 2006.

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. The Remuneration Committee is responsible for recommending to the Board the remuneration of executive directors in all its form. The Board as a whole determines the level of remuneration of non-executive and executive directors. The aggregate annual directors' fees as recommended by the Board must be approved by the shareholders at the Annual General Meeting.

(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 2005 categorised into appropriate components is as follows:-

	Executive Directors RM	Non-Executive Directors RM
Fees	-	89,000 (1)
Salaries and Bonus	301,500 (2)	-
Ex-Gratia Payments	150,000	-
Benefits–In-Kind	8,700 (3)	-
Other Benefits	40,000 (4)	
Total	500,200	89,000

(1) Out of RM89,000 of fees, RM30,000 was paid to previous directors
(2) Out of RM301,500 of salaries and bonus, RM82,000 was paid to previous directors
(3) Out of RM8,700 benefit-in-kind, RM7,200 was paid to a previous director
(4) Out of RM40,000 of other benefits, RM20,000 was paid to a previous director

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

	Executive Directors	Non-Executive Directors
Below RM50,000	2 (1)	6 (2)
RM50,001 – RM100,000	1	-
RM100,001 – RM150,000	1	-
RM150,001 – RM200,000	-	-
RM200,001 - RM250,000	1 (3)	-
RM250,001 - RM300,000	-	-
RM300,001 – RM350,000	-	-

(1) Out of two directors, one director has resigned
(2) Out of six directors, two directors have resigned
(3) The Director has resigned.

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 2005, are as follows:-

Mohamed Shafeii Bin Abdul Gaffoor
(Chairman)

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

Kang Ching Hong
(Member)

Mohamed Shafeii Bin Abdul Gaffoor ceased as Chairman of the Nomination Committee on 9 February, 2006 and in place thereof, Yap Chee Wee was appointed as Chairman of the Nomination Committee on even date.

(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 2005, are as follows:-

Kang Ching Hong
(Chairman)

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

Mohamed Shafeii Bin Abdul Gaffoor
(Member)

Mohamed Shafeii Bin Abdul Gaffoor ceased as member of the Remuneration Committee on 9 February, 2006 and in place thereof, Ling Yew Kong was appointed as a member on even date.

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 16 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 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 Berhad. Members of the public can obtain the full financial results and the Company's announcements from Bursa Malaysia Securities Berhad's website or the Company's corporate office.

The Board has identified Kang Ching Hong as the Independent Non-Executive Director to whom shareholders can address their concerns.

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.

As at 31 December 2005, the Company's Board comprises six members, of which two members are Independent Non-Executive Directors. The Directors regard the interests of minority shareholders of the Company as adequately served by the two Independent Non-Executive Directors who have a wealth of business and financial knowledge and experience.

(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.

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 2005, 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 2005.

(b) Options, Warrants Or Convertible Securities Exercised

The Company has not issued any options, warrants or convertible securities during the financial year. There was no exercise of options during the financial year.

(c) American Depository Receipt ("ADR") Or Global Depository 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 RM1,500 for the financial year.

(f) Variance From Unaudited Results Previously Announced

There is no variance of 10% or more between the audited results for the financial year and the unaudited results previously announced by the Company.

(g) Profit Guarantee

The Company and/or its subsidiaries have not made or issued any profit guarantee.

(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 2005.

Statement On Internal Control

INTRODUCTION

The Board acknowledges its responsibility for maintaining a sound system of internal controls and for reviewing its adequacy and integrity in order to safeguard the Group's assets and therefore the shareholders' investments 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 Berhad 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 2005, 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 Berhad.

INTERNAL CONTROL

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

The Group's systems of internal controls comprise the following key elements:

- **Board and Management Meetings**

  Regular Board and management meetings at Company and subsidiary company levels are being held to assess performance and controls in all facets of operations.

- **Field Visits**

  There are regular visits to the 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 systems. Management reported on the progress of the action plans for identified risks to the Board through regular Board Meetings held for the financial year ended 31 December 2005.

- **Control Procedures**

  Operating Procedures Manuals, which set out the policies, procedures and practices to be complied in accordance to the MS ISO 9001:2000 Standard, 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 matters requiring Board approval.

- **Reporting and Review**

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

- **Annual Budgeting Process**

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

- **Quality Control**

  In relation to the Group's core 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**

  In June 2005, the Group terminated the services of the previous Internal Audit service provider and employed an Internal Auditor in the last quarter of the financial year ended 31 December 2005 as their replacement to provide internal audit services to the Group. However, the Internal Auditor has resigned in January 2006. Prior to his resignation, the Internal Auditor was in the process of developing an updated Internal Audit Plan to be used when carrying out internal audit work. The Audit Committee is currently in the process of evaluating the outsourcing of the Internal Audit Function to continue the development of the Internal Audit Plan.

  In addition, the External Auditors' management letter may indicate deficiencies noted during financial audits and the corresponding responses from the Management. 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 controls and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

  The nature of the risks means that events may occur which would give rise to unanticipated or unavoidable losses. The Group's systems of internal controls are designed to provide reasonable but not absolute assurance against the risk of material errors, fraud or losses from occurring. It is possible that internal controls may be circumvented or overridden.

  Furthermore, because of changing circumstances and conditions, the effectiveness of internal control systems may vary over time. The rationale of the systems of internal controls is to enable the Group to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all risks.

  The Board is of the view that there are no significant breakdowns or weaknesses in the systems of internal control of the Group that may result in material losses incurred by the Group for the financial year ended 31 December 2005. The Group continues to take the necessary measures to strengthen its internal controls.

Audit Committee Report

I. MEMBERSHIP

The Audit Committee comprises the following members:

Chairman
YB Dato' Hilmi Bin Haji Abdul Rashid (appointed on 14/11/2003)
(Independent Non-Executive Director)

Members
Kang Ching Hong (appointed on 13/09/2005)
(Independent Non-Executive Director)
Yap Chee Wee (appointed on 09/02/2006)
(Non-Independent Non-Executive Director)
Mohamed Shafeii Bin Abdul Gaffoor (appointed on 14/09/2005, resigned on 09/02/2006)
(Non-Independent Non-Executive Director)
Yong Loong Chen (resigned on 25/05/2005)
(Independent Non-Executive Director)
Kee Chit Huei (resigned on 14/09/2005)
(Managing Director)
Lim Hak Nguang (appointed on 08/06/2005, resigned on 08/09/2005)
(Independent Non-Executive Director)

II. TERMS OF REFERENCE OF THE COMMITTEE

1. Constitution

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

2. Membership And Meetings

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

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

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

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

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

3. Authority

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

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

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

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

5. Review Of The Committee

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

6. Duties

The duties of the Committee are to:-

a) consider the appointment, resignation and dismissal of the external auditors and the audit fee;
b) review the nature and scope of the audit with the internal (if any) and external auditors before the audit commences;
c) review the quarterly and annual financial statements of the Group, focusing on the matters set out below, and thereafter to submit them to the Board:-
    (i) any changes in accounting policies and practices;
    (ii) significant and unusual events;
    (iii) significant adjustments arising from the audit;
    (iv) the going concern assumption;
    (v) compliance with accounting standards and other legal requirements.

d) discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;
e) review with the external auditor, his evaluation of the system of internal controls;
f) review the audit reports and management letters prepared by the external auditors, the major findings and management's responses thereto;
g) where an internal audit function exists:-
    (i) review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
    (ii) review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
    (iii) review any appraisal or assessment of the performance of members of the internal audit function;
    (iv) approve any appointment or termination of senior staff members of the internal audit function;
    (v) be informed of any resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
h) consider any related party transactions and conflict of interest situations that may arise within the Group;
i) consider the major findings of internal investigations and management's response;
j) review the assistance given by the Group's employees to the auditors; and
k) consider any other issues as may be designated by the Board from time to time.

III. SUMMARY OF ACTIVITIES

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

1. Reviewed the quarterly and annual financial statements of the Group prior to presentation for the Board's approval.
2. Considered and recommended to the Board the re-appointment 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. Recommended to the Board the approval of appointment of an internal auditor.
7. Reviewed the adequacy of the scope of the internal audit plan for 2005.
8. Reviewed and discussed the Internal Audit Reports with the internal auditors and management at its quarterly meetings.
9. (a) Reviewed the by-laws 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 ESOS to/or by employee and/or director during the year.

IV. INTERNAL AUDIT FUNCTION

The Company had appointed an independent internal auditor who reported directly to the Audit Committee. However, the internal auditor has resigned in January 2006. The Audit Committee is currently in the process of evaluating the outsourcing of the internal audit function. 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 2005. Details of each Committee member's attendance are given below:-

Directors	Number of meetings attended
Y.B. Dato' Hilmi Bin Haji Abdul Rashid	4/4
Kang Ching Hong	1/1
Mohamed Shafeii Bin Abdul Gaffoor	1/1
Yong Loong Chen	1/1
Kee Chit Huei	3/3
Lim Hak Nguang	0/1

Financial Statements

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 2005.

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.

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(loss) after taxation	4,776	(3,571,479)
Minority interests	(2,588,940)	0
Loss for the financial year	(2,584,164)	(3,571,479)

DIVIDENDS

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2005.

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.

DIRECTORS

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

Y.B. Dato' Hilmi Bin Haji Abdul Rashid	
Mohamed Shafeii Bin Abdul Gaffoor	(appointed on 26.5.2005; resigned on 9.2.2006)
Ling Ewe Chong @ Yew Chong	(appointed on 16.6.2005)
Kang Ching Hong	(appointed on 13.9.2005)
Yap Chee Wee	(appointed on 29.9.2005)
Lee Yuen Wai	(appointed on 1.12.2005)
Ling Yew Kong	(appointed on 9.2.2006)
Siti Rohani Binti A. Manan	(appointed on 13.3.2006)
Ang Seng Wong	(appointed on 13.4.2005; resigned on 16.8.2005)
Eugene Lee Hong Whye	(appointed on 3.5.2005; resigned on 20.5.2005)
Chai Chin Cheok	(appointed on 3.5.2005; resigned on 20.5.2005)
Lim Hak Nguang	(appointed on 3.6.2005; resigned on 8.9.2005)
Yong Loong Chen	(resigned on 25.5.2005)
Dato' Wan Malek @ Mohamad Saleh Bin Ibrahim	(resigned on 25.5.2005)
Wong Siu Kay	(resigned on 1.6.2005)
Kee Chit Huei	(resigned on 14.9.2005)

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.

DIRECTORS' INTERESTS IN SHARES

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:

	Number of ordinary shares of RM1 each			
Shares in the Company	**At date of appointment**	**Acquired**	**Disposed**	**At 31.12.2005**
Ling Ewe Chong @ Yew Chong (direct)	2,100	0	0	2,100
Kang Ching Hong (direct)	20,000	0	0	20,000

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.

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 2005	455,000
Lapsed	(35,000)
At 31 December 2005	420,000

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.

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, except as disclosed in Note 30(b) in the financial statements.

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.

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 (other than the allowances for doubtful debts disclosed on the face of the income statements); and

(b) except as disclosed in Note 30(c) in the financial statements, 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 28 March 2006.

LING EWE CHONG @ YEW CHONG
DIRECTOR

LEE YUEN WAI
DIRECTOR

Income Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
REVENUE	5	50,531,011	27,768,415	0	0
COST OF SALES		(35,599,018)	(20,501,708)	0	0
GROSS PROFIT		14,931,993	7,266,707	0	0
OTHER OPERATING INCOME		1,061,731	1,268,365	35,167	346,215
ADMINISTRATIVE EXPENSES		(8,091,901)	(5,294,978)	(1,984,243)	(1,735,065)
SELLING AND MARKETING EXPENSES		(1,448,686)	(664,420)	0	0
OTHER OPERATING EXPENSES					
- ALLOWANCES FOR:					
- DIMINUTION IN VALUE OF MARKETABLE SECURITIES		(614,000)	(2,128,800)	0	0
- DOUBTFUL DEBTS		(3,834,492)	(9,863)	(1,600,000)	0
- OTHERS		(220,753)	(83,961)	0	0
PROFIT/(LOSS) FROM OPERATIONS	6	1,783,892	353,050	(3,549,076)	(1,388,850)
FINANCE COSTS	7	(694,505)	(126,403)	(13,840)	(1,800)
SHARE OF RESULTS OF:					
- ASSOCIATED COMPANIES		(354,294)	77,203	0	0
- JOINTLY CONTROLLED ENTITY		243,989	(16,157)	0	0
PROFIT/(LOSS) BEFORE TAXATION		979,082	287,693	(3,562,916)	(1,390,650)
TAXATION	8	(974,306)	(733,374)	(8,563)	(50,728)
PROFIT/(LOSS) AFTER TAXATION		4,776	(445,681)	(3,571,479)	(1,441,378)
MINORITY INTERESTS		(2,588,940)	(1,032,844)	0	0
LOSS FOR THE FINANCIAL YEAR		(2,584,164)	(1,478,525)	(3,571,479)	(1,441,378)
LOSS PER SHARE	9				
- BASIC		(5.74 sen)	(3.29 sen)	N/A	N/A
- DILUTED		(5.74 sen)	(3.29 sen)	N/A	N/A

The notes on pages 34 to 72 form part of these financial statements.

Balance Sheets
AS AT 31 DECEMBER 2005

	Note	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
NON-CURRENT ASSETS					
Property, plant and equipment	10	14,782,038	13,830,737	307,149	735,391
Subsidiary companies	11	0	0	53,933,147	53,933,147
Associated companies	12	0	1,012,794	0	0
Jointly controlled entity	13	583,114	341,567	0	0
Long term investment	14	1	1	1	1
Goodwill on consolidation	15	16,876,873	17,475,036	0	0
Amounts due from related parties	18	3,719,029	0	0	0
		35,961,055	32,660,135	54,240,297	54,668,539
CURRENT ASSETS					
Short term investments	16	2,064,981	3,136,921	0	0
Inventories	17	4,673,704	3,940,119	0	0
Amounts due from related parties	18	672,788	1,381,133	495,801	124,519
Receivables	19	15,844,859	12,862,135	65,041	1,126,249
Taxation recoverable		128,751	132,347	120,751	77,602
Deposits, bank and cash balances	20	8,459,476	11,075,474	73,529	2,848,547
		31,844,559	32,528,129	755,122	4,176,917
LESS CURRENT LIABILITIES					
Amounts due to related parties	18	7,593	0	9,985,137	9,581,873
Payables	21	10,421,240	8,299,385	1,202,075	1,850,528
Borrowings	22	6,902,132	6,546,003	37,883	33,369
Taxation		166,926	17,453	0	0
		17,497,891	14,862,841	11,225,095	11,465,770
NET CURRENT ASSETS/ (LIABILITIES)		14,346,668	17,665,288	(10,469,973)	(7,288,853)
LESS NON-CURRENT LIABILITIES					
Borrowings	22	2,003,504	2,076,383	118,746	156,629
Deferred taxation	23	659,006	620,068	0	0
		2,662,510	2,696,451	118,746	156,629
		47,645,213	47,628,972	43,651,578	47,223,057
CAPITAL AND RESERVES					
Share capital	24	45,000,000	45,000,000	45,000,000	45,000,000
Reserves	25	5,368,410	5,362,491	4,510,291	4,510,291
Accumulated losses		(10,906,174)	(8,322,010)	(5,858,713)	(2,287,234)
SHAREHOLDERS' FUNDS		39,462,236	42,040,481	43,651,578	47,223,057
MINORITY INTERESTS		8,182,977	5,588,491	0	0
		47,645,213	47,628,972	43,651,578	47,223,057

The notes on pages 34 to 72 form part of these financial statements.

Statements Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Issued and fully paid ordinary shares of RM1 each		Non-distributable reserves	(Accumulated losses)	Total
	Number of shares	Nominal value RM	RM	RM	RM
GROUP					
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
At 1 January 2005	45,000,000	45,000,000	5,362,491	(8,322,010)	42,040,481
Loss for the financial year	0	0	0	(2,584,164)	(2,584,164)
Foreign currency translation differences	0	0	5,919	0	5,919
At 31 December 2005	45,000,000	45,000,000	5,368,410	(10,906,174)	39,462,236
COMPANY					
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
At 1 January 2005	45,000,000	45,000,000	4,510,291	(2,287,234)	47,223,057
Loss for the financial year	0	0	0	(3,571,479)	(3,571,479)
At 31 December 2005	45,000,000	45,000,000	4,510,291	(5,858,713)	43,651,578

The notes on pages 34 to 72 form part of these financial statements.

Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	46,333,338	27,330,344	0	0
Cash payments to suppliers and employees	(41,977,812)	(25,581,807)	(2,846,882)	(2,326,331)
Cash flow from/(used in) operations	4,355,526	1,748,537	(2,846,882)	(2,326,331)
Taxation paid	(781,224)	(393,345)	(51,712)	(119,167)
Net operating cash flow	3,574,302	1,355,192	(2,898,594)	(2,445,498)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary companies	0	(22,092,929)	0	(18,356,147)
Advances to related companies	(3,366,365)	(135,569)	0	0
Dividends from marketable securities	125,000	189,430	0	0
Interest received	158,319	386,496	34,249	220,962
Placement of fixed deposits	(260,000)	(1,584,643)	0	0
Proceeds from disposal of marketable securities	508,070	569,064	0	0
Proceeds from disposal of property, plant and equipment	636,139	142,700	207,782	0
Purchase of property, plant and equipment	(3,029,722)	(1,356,474)	(103,228)	(608,824)
Redemption of other short term investment	0	5,500,000	0	0
Net investing cash flow	(5,228,559)	(18,381,925)	138,803	(18,744,009)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances (to)/from related companies	(356,307)	0	31,982	9,323,698
Interest paid	(694,505)	(126,403)	(13,840)	(1,800)
Repayment of hire-purchase liabilities	(834,365)	(144,268)	(33,369)	(10,002)
Receipt of short term borrowings	75,000	0	0	0
Repayment of short term borrowings	0	(32,000)	0	0
Receipt of term loan	947,500	0	0	0
Repayment of term loan	(387,870)	(60,137)	0	0
Net financing cash flow	(1,250,547)	(362,808)	(15,227)	9,311,896

The notes on pages 34 to 72 form part of these financial statements.

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
CHANGES IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	(2,904,804)	(17,389,541)	(2,775,018)	(11,877,611)
FOREIGN CURRENCY TRANSLATION DIFFERENCES	42,338	(76,588)	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	3,915,655	21,381,784	2,848,547	14,726,158
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 26)	1,053,189	3,915,655	73,529	2,848,547

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM3,545,442 (2004: RM2,041,695) and RM103,228 (2004: RM808,824) respectively of which RM515,720 (2004: RM685,221) and RM Nil (2004: RM200,000) respectively was acquired by means of hire-purchase. The balance of RM3,029,722 (2004: RM1,356,474) and RM103,228 (2004: RM608,824) respectively was paid by cash.

The notes on pages 34 to 72 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.

The number of staff employed by the Group and by the Company at the end of the financial year are 1,354 (2004: 670) and 2 (2004: 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:

Registered office –
No. 1-1, 1st Floor Jalan 3/116D
Kuchai Entrepreneurs' Park
58200 Kuala Lumpur

Principal place of business –
Unit 11-09, 9th Floor
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 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 MASB approved accounting standards in Malaysia. The new names of the approved accounting standards in Malaysia, i.e. Financial Reporting Standards ("FRS"), are adopted in the financial statements in place of the MASB Standards.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Subsidiary companies (continued)

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 FRS Standard 122: "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.

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 interests are 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 interests.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Associated companies (continued)

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments (continued)

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by the category of investment. Cost is derived from the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

Increases/decreases in the carrying amount of marketable securities are credited/charged to the income statement. On disposal of these marketable securities, the difference between the net 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 from operations.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level 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 financial 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 an 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 amounts 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.

(j) Cash and cash equivalents

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Finance lease

Leases of assets where the Group assumes substantially all the benefits and risk 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 hire-purchase liability. 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 the jurisdiction in which the Company and its subsidiary companies, associated companies and jointly controlled entities operate.

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.

(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 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Foreign currencies (continued)

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	2005 RM	2004 RM
1 US Dollar	3.7800	3.8000
1 Euro	4.4700	4.9462
1 Singapore Dollar	2.2703	2.3223
1 HK Dollar	0.4865	0.4879
1 Renminbi	0.4686	0.4626

(o) 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.

(i) Financial instruments recognised on the balance sheet

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

(ii) Fair value estimation for disclosure purposes

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

(p) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition (continued)

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.

(q) 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.

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.

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, Singapore 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. The Group will also use foreign exchange forward contracts to hedge against the foreign currency exchange risk where appropriate.

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

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.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES [CONTINUED]

Credit risk

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. Credit policies for new major customers are subject to 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 that 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. The investments in financial assets are mainly short term in nature and are not held for speculative purposes.

5 REVENUE

Revenue of the Group represents the invoiced value of goods sold less returns.

6 PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Profit/(loss) from operations is stated after charging:				
Auditors' remuneration	174,209	142,774	22,200	22,200
Directors' remuneration*	1,222,575	90,000	627,938	90,000
Fees paid to a former Director in respect of services rendered in a professional capacity	101,309	0	101,309	0
Depreciation	1,825,268	1,070,848	165,211	138,261
Inventories written off	135,307	41,289	0	0
Loss on disposal of marketable securities	0	29,089	0	0
Loss on disposal of property, plant and equipment	26,196	0	13,907	0

6 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Property, plant and equipment written off	150,100	173,577	144,570	173,577
Realised foreign exchange loss	167,472	6,323	0	0
Rental of building	995,735	427,730	179,646	265,801
Rental of equipment	1,070	1,420	0	0
Staff costs** (excluding Directors' remuneration)	11,783,855	6,147,283	226,904	151,365
and after crediting:				
Allowance for doubtful debts written back	3,468	0	0	0
Dividends received (gross) from marketable securities quoted in Malaysia	125,000	189,430	0	0
Gain on disposal of associated companies	460,477	0	0	0
Gain on disposal of marketable securities	50,130	0	0	0
Gain on disposal of property, plant and equipment	49,845	33,818	0	0
Interest income	158,319	366,296	34,249	205,912
Realised foreign exchange gain	1,938	13,572	918	0
*Directors' remuneration comprises the following:				
Fees	89,000	90,000	89,000	90,000
Salaries and bonus	835,281	0	301,508	0
Ex-gratia payments	150,000	0	150,000	0
Defined contribution plan	108,162	0	47,453	0
Other benefits	40,132	0	39,977	0
	1,222,575	90,000	627,938	90,000
**Staff costs comprise the following:				
Wages, salaries and bonus	10,783,554	5,480,145	192,531	123,981
Defined contribution plan	684,249	520,027	32,405	25,754
Other benefits	316,052	147,111	1,968	1,630
	11,783,855	6,147,283	226,904	151,365

The estimated monetary values of benefits otherwise than in cash receivable during the financial year by Directors of the Group and of the Company are RM12,523 (2004: RM17,213) and RM8,700 (2004: RM17,213) respectively.

7 FINANCE COSTS

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Bank overdraft interest	392,569	53,893	0	0
Hire-purchase interest	141,808	66,840	13,840	1,800
Other interest expense	160,128	5,670	0	0
	694,505	126,403	13,840	1,800

8 TAXATION

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
In respect of the current financial year:				
- Malaysian income tax	(869,087)	(535,638)	(9,200)	(55,000)
- Foreign income tax	(1,389)	0	0	0
- Deferred taxation (Note 23)	(50,835)	(311,344)	0	0
	(921,311)	(846,982)	(9,200)	(55,000)
In respect of prior financial years:				
- Malaysian income tax	(59,848)	4,608	637	4,272
- Foreign income tax	(4,030)	0	0	0
- Deferred taxation (Note 23)	10,883	109,000	0	0
	(52,995)	113,608	637	4,272
Tax expense	(974,306)	(733,374)	(8,563)	(50,728)

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

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Profit/(loss) before taxation	979,082	287,693	(3,562,916)	(1,390,650)
Taxation calculated at an income tax rate of 28% (2004: 28%)	(274,143)	(80,554)	997,616	389,382
Tax effects of:				
- different taxation rates in other countries	427,561	352,234	0	0
- lower taxation rate for SME*	12,123	4,000	0	0
- expenses not deductible for taxation purposes	(1,966,467)	(1,645,521)	(1,006,983)	(483,439)
- income not subject to taxation	111,099	112,313	257	39,285

8 TAXATION [CONTINUED]

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
- deductible temporary differences not recognised	(65,658)	0	0	0
- previously unrecognised deductible temporary differences now recognised	0	12,680	0	0
- previously unrecognised tax losses now recognised	307,269	4,899	0	0
- tax incentives	523,483	390,763	0	0
- over/(under)provision in respect of prior financial years	(52,995)	113,608	637	4,272
- others	3,422	2,204	(90)	(228)
Tax expense	(974,306)	(733,374)	(8,563)	(50,728)

* As gazetted in the Finance Act 2003, the income tax rate for the first chargeable income of RM500,000 for small and medium scale companies ("SME") with paid-up share capital of RM2.5 million and below is reduced to 20%. For chargeable income in excess of RM500,000, income tax at the rate of 28% is still applicable.

Subject to the confirmation by the relevant tax authorities, the Group and the Company have unused tax losses amounting to approximately RM324,000 (2004: RM1,248,000) and RM nil (2004: RM nil) respectively.

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:

	2005	2004
Loss for the financial year	(RM2,584,164)	(RM1,478,525)
Number of ordinary shares in issue	45,000,000	45,000,000
Basic loss per share	(5.74 sen)	(3.29 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.

9 LOSS PER SHARE (CONTINUED)

(b) Diluted loss per share (continued)

	2005	2004
Loss for the financial year	(RM2,584,164)	(RM1,478,525)
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	(5.74 sen)	(3.29 sen)

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

10 PROPERTY, PLANT AND EQUIPMENT

(a) Group

2005	Opening net book value RM	Additions RM	Disposals/ written off RM	Deprecia-tion RM	Foreign exchange fluctuations RM	Closing net book value RM
At valuation:						
Long leasehold land	92,656	0	0	(1,212)	0	91,444
Factory buildings	1,478,465	0	0	(53,600)	0	1,424,865
	1,571,121	0	0	(54,812)	0	1,516,309
At cost:						
Freehold land	551,800	0	0	0	0	551,800
Factory buildings	3,458,234	0	0	(82,233)	0	3,376,001
Plant and machinery	4,735,733	2,901,110	(52,299)	(857,639)	(24,090)	6,702,815
Furniture, fixtures and equipment	774,133	321,242	(11,119)	(229,126)	12,073	867,203
Tools and equipment	153,970	58,620	(762)	(61,307)	0	150,521
Electrical fittings	320,251	84,549	0	(47,407)	3,520	360,913
Motor vehicles	1,495,605	18,192	(560,291)	(320,233)	2,621	635,894
Renovation	769,890	161,729	(138,117)	(172,511)	(409)	620,582
	12,259,616	3,545,442	(762,588)	(1,770,456)	(6,285)	13,265,729
	13,830,737	3,545,442	(762,588)	(1,825,268)	(6,285)	14,782,038

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Group (continued)

2005	Valuation/cost RM	Accumulated depreciation RM	Net book value RM
At valuation:			
Long leasehold land	120,000	(28,556)	91,444
Factory buildings	2,680,000	(1,255,135)	1,424,865
	2,800,000	(1,283,691)	1,516,309
At cost:			
Freehold land	551,800	0	551,800
Factory buildings	4,111,601	(735,600)	3,376,001
Plant and machinery	11,699,464	(4,996,649)	6,702,815
Furniture, fixtures and equipment	2,423,540	(1,556,337)	867,203
Tools and equipment	1,936,909	(1,786,388)	150,521
Electrical fittings	876,061	(515,148)	360,913
Motor vehicles	1,860,165	(1,224,271)	635,894
Renovation	938,160	(317,578)	620,582
	24,397,700	(11,131,971)	13,265,729
	27,197,700	(12,415,662)	14,782,038

2004	Opening net book value RM	Acquisition of subsidiary companies RM	Additions RM	Disposals/ written off RM	Deprecia- tion RM	Foreign exchange fluctuations RM	Closing net book value RM
At valuation:							
Long leasehold land	93,868	0	0	0	(1,212)	0	92,656
Factory buildings	1,532,065	0	0	0	(53,600)	0	1,478,465
	1,625,933	0	0	0	(54,812)	0	1,571,121
At cost:							
Freehold land	0	551,800	0	0	0	0	551,800
Factory buildings	2,727,237	800,507	0	0	(69,510)	0	3,458,234
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
	3,730,880	7,759,531	2,041,695	(282,459)	(1,016,036)	26,005	12,259,616
	5,356,813	7,759,531	2,041,695	(282,459)	(1,070,848)	26,005	13,830,737

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Group (continued)

2004	Valuation/cost RM	Accumulated depreciation RM	Net book value RM
At valuation:			
Long leasehold land	120,000	(27,344)	92,656
Factory buildings	2,680,000	(1,201,535)	1,478,465
	2,800,000	(1,228,879)	1,571,121
At cost:			
Freehold land	551,800	0	551,800
Factory buildings	4,111,601	(653,367)	3,458,234
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
	22,336,656	(10,077,040)	12,259,616
	25,136,656	(11,305,919)	13,830,737

The valuation of the long leasehold land and factory buildings in a subsidiary company, Singatronics (Malaysia) Sdn. Bhd., was 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:

	2005 RM	2004 RM
Long leasehold land	89,690	90,879
Factory buildings	795,725	825,648
	885,415	916,527

The net book value of assets acquired under hire-purchase of the Group at the balance sheet date is RM2,929,960 (2004: RM3,088,442).

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Group (continued)

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

	2005 RM	2004 RM
Freehold land	551,800	551,800
Factory buildings	796,265	796,265
	1,348,065	1,348,065

(b) Company

2005	Opening net book value RM	Additions RM	Disposals/ written off RM	Depreciation RM	Closing net book value RM
At cost –					
Furniture, fixtures and equipment	30,468	43,716	(7,664)	(17,572)	48,948
Renovation	187,824	59,512	(138,117)	(64,584)	44,635
Motor vehicles	517,099	0	(220,478)	(83,055)	213,566
	735,391	103,228	(366,259)	(165,211)	307,149

2005	Cost RM	Accumulated depreciation RM	Net book value RM
At cost –			
Furniture, fixtures and equipment	86,949	(38,001)	48,948
Renovation	59,512	(14,877)	44,635
Motor vehicles	298,000	(84,434)	213,566
	444,461	(137,312)	307,149

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
	238,405	808,824	(173,577)	(138,261)	735,391

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Company (continued)

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
	908,785	(173,394)	735,391

The net book value of assets acquired under hire-purchase of the Company at the balance sheet date is RM213,566 (2004: RM273,167).

11 SUBSIDIARY COMPANIES

	Company 2005 RM	Company 2004 RM
Unquoted shares, at cost	53,933,147	53,933,147

The details of the subsidiary companies are as follows:

Name	Country of incorporation	Group's effective interest 2005 %	Group's effective interest 2004 %	Principal activities
Held by the Company				
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 2005.
S.G. Silk Screen Industries Sdn. Bhd. *	Malaysia	51	51	Engaged in the business of silk screen printing.
Widecity Investments Pte. Ltd. @	Singapore	100	100	The company has not commenced operation as at 31 December 2005.

11 SUBSIDIARY COMPANIES (CONTINUED)

Name	Country of incorporation	Group's effective interest 2005 %	Group's effective interest 2004 %	Principal activities
Held by S.G. Silk Screen Industries Sdn. Bhd.				
S.G. Graphic Sdn. Bhd. *	Malaysia	51	51	Engaged in the business of desktop prepress.
Sing Guan Silk Screen (Cambodia) Co. Ltd. #	Cambodia	51	51	Engaged in the business of silk screen printing.
K.S.G. Silk Screen Sdn. Bhd. #	Brunei	50.7	50.7	Engaged in the business of silk screen printing.
S.G. Global Holdings Pte. Ltd. #	Singapore	51	51	Investment holding.
Held by S.G. Global Holdings Pte. Ltd.				
S.G. Silk Screen (Shanghai) Co. Ltd. #	People's Republic of China	51	51	Engaged in the business of silk screen printing.
JC Equities Pte. Ltd. #	Singapore	51	51	Investment holding.
Sing Guan Silk Screen & Marketing Pte. Ltd. #	Singapore	51	N/A	Engaged in the business of marketing 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.

12 ASSOCIATED COMPANIES

	Group 2005 RM	Group 2004 RM
Share of net assets	0	1,012,794

The details of the associated companies are as follows:

Name	Country of incorporation	Equity interest held by JC Equities Pte. Ltd. 2005 %	Equity interest held by JC Equities Pte. Ltd. 2004 %	Principal activities
S.G. Silk Screen Industries (HN) SA de CV	Honduras	0	25	Engaged in the business of silk screen printing and embroidery.
S.G. Silk Screen Industries (SAL) SA de CV	El Salvador	0	25	Engaged in the business of silk screen printing and embroidery.
Uniwear Embroidery (2002) Honduras S.A. de C.V.	Honduras	0	25	Engaged in the business of silk screen printing and embroidery.
Bloom Embroidery (SAL) S.A. de C.V.	El Salvador	0	25	Engaged in the business of silk screen printing and embroidery.

On 1 July 2005, JC Equities Pte. Ltd. ("JCE") disposed of its 25% equity interest in all of its associated companies and debts amounting to USD154,861 (equivalent to RM597,066) due from two of those associated companies for a total consideration of SGD1 million (equivalent to RM2.268 million). The gain on the disposal of the equity interest in the associated companies is shown in Note 6.

The total consideration of SGD1 million was satisfied by the delivery of 10 units of used embroidery machines from the purchaser. The price of each used embroidery machine was based on the valuation agreed between JCE and the purchaser.

The 10 units of used embroidery machines were subsequently disposed to the jointly controlled entity of the Group operating under the name of Sing Guan Silk Screen (Cambodia) Co. Ltd. for a sales consideration of USD600,000 (equivalent to RM2.268 million) (Note 18).

13 JOINTLY CONTROLLED ENTITY

	Group 2005 RM	Group 2004 RM
Share of net assets	583,114	341,567

S.G. Silk Screen Industries Sdn Bhd has a 50% effective 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:

	Group 2005 RM	Group 2004 RM
Non-current assets	4,419,164	1,167,662
Current assets	1,891,644	446,032
Current liabilities	(1,168,498)	(405,827)
Non-current liabilities	(4,559,196)	(866,300)
Net assets	583,114	341,567

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

	Group 2005 RM	Group 2004 RM
Revenue	2,324,266	324,416
Expenses	(2,080,277)	(340,573)
Profit/(loss) before taxation	243,989	(16,157)
Taxation	0	0
Profit/(loss) after taxation	243,989	(16,157)

14 LONG TERM INVESTMENT

	Group and Company 2005 RM	Group and Company 2004 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 allowance for diminution in value of the investment was made in the financial year ended 31 December 2003.

15 GOODWILL ON CONSOLIDATION

	Group 2005 RM	Group 2004 RM
Goodwill on consolidation	16,883,439	17,451,873
Foreign currency translation differences	(6,566)	23,163
	16,876,873	17,475,036

16 SHORT TERM INVESTMENTS

	Group 2005 RM	Group 2004 RM
Marketable securities quoted in Malaysia	2,064,981	3,136,921
Market values of marketable securities	2,065,000	3,137,000

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

17 INVENTORIES

	Group 2005 RM	Group 2004 RM
At cost:		
Raw materials	3,872,302	2,915,616
Work in progress	211,218	89,050
Finished goods	590,184	935,453
	4,673,704	3,940,119

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 party and relationship

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

18 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Amounts due from related parties

	Group		Company	
	2005 RM	**2004 RM**	**2005 RM**	**2004 RM**
(i) Under non-current assets				
Non-trade				
Sing Guan Silk Screen (Cambodia) Co. Ltd. - jointly controlled entity	3,719,029	0	0	0

The above amount is unsecured and interest free. The Group has indicated that the amount will not be recalled within the next 12 months.

	Group		Company	
	2005 RM	**2004 RM**	**2005 RM**	**2004 RM**
(ii) Under current assets				
Trade				
Sing Guan Silk Screen Pte. Ltd.	273,404	485,629	0	0
S.G. Silk Screen Industries (HN) S.A. de C.V.	0	10,560	0	0
S.G. Silk Screen Industries (SAL) S.A. de C.V.	0	160,522	0	0
Sing Guan Silk Screen (Cambodia) Co. Ltd. - jointly controlled entity	0	336,274	0	0
Non-trade				
ASTRAL-GMO Sdn. Bhd.	0	0	88,234	86,384
Widecity Investments Pte. Ltd.	0	0	3,679	1,771
FirstLink Investments Corporation Limited	392,671	36,364	392,671	36,364
Sing Guan Silk Screen Pte. Ltd	6,713	6,088	0	0
S.G. Silk Screen Industries Sdn. Bhd.	0	0	11,217	0
S.G. Silk Screen Industries (SAL) S.A. de C.V.	0	345,696	0	0
	672,788	1,381,133	495,801	124,519

The above non-trade amounts are unsecured and interest free with no fixed terms of repayment.

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

	Group		Company	
	2005 RM	**2004 RM**	**2005 RM**	**2004 RM**
Ringgit Malaysia	0	0	99,451	86,384
US Dollar	3,992,835	853,052	0	0
Singapore Dollar	398,982	528,081	396,350	38,135
	4,391,817	1,381,133	495,801	124,519

18 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Amounts due to related parties:

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Non-trade				
Singatronics (Malaysia) Sdn. Bhd.	0	0	9,985,137	9,581,873
Sing Guan Silk Screen Pte. Ltd.	7,593	0	0	0
	7,593	0	9,985,137	9,581,873

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

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

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Ringgit Malaysia	0	0	9,985,137	9,581,873
US Dollar	7,593	0	0	0
	7,593	0	9,985,137	9,581,873

(d) Significant related party transactions

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Singatronics (Malaysia) Sdn. Bhd.				
- Advances received	0	0	1,600,000	0
- Repayment of advances	0	0	1,100,000	0
FirstLink Investments Corporation Limited				
- Fees charged	101,309	89,801	101,309	89,801
- Payment made on behalf	211,651	0	211,651	0
- Proceeds from disposal of property, plant and equipment received on behalf	207,432	0	207,432	0
Sing Guan Silk Screen (Cambodia) Co. Ltd. – jointly controlled entity				
- Advances given	1,455,469	0	0	0
- Sales of machinery	2,268,000	0	0	0

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

19 RECEIVABLES

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Trade receivables	14,700,794	8,357,294	0	0
Less: Allowance for doubtful debts	(19,390)	(22,958)	0	0
	14,681,404	8,334,336	0	0
Other receivables	4,102,240	2,448,857	1,600,560	2,587
Less: Allowance for doubtful debts	(3,834,492)	0	(1,600,000)	0
	267,748	2,448,857	560	2,587
Creditor advances	116,681	175,561	0	0
Deposits	288,620	1,579,156	44,038	1,112,726
Prepayments	346,132	222,859	20,443	10,936
Staff loans	144,274	101,366	0	0
	15,844,859	12,862,135	65,041	1,126,249

The credit terms of the trade receivables of the Group range from payment in advance to 90 days (2004: payment in advance to 90 days). Based on the Group's historical collection record and 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 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Ringgit Malaysia	3,629,526	1,162,647	0	0
US Dollar	9,162,012	5,848,741	0	0
Euro	332,533	189,016	0	0
Singapore Dollar	89,563	42,130	0	0
Renminbi	1,467,770	1,091,802	0	0
	14,681,404	8,334,336	0	0

20 DEPOSITS, BANK AND CASH BALANCES

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Deposits with licensed banks	7,240,352	5,295,713	0	0
Deposit held at securities company	0	2,500,000	0	2,500,000
Cash and bank balances	1,219,124	3,279,761	73,529	348,547
	8,459,476	11,075,474	73,529	2,848,547

The effective interest rates of the deposits of the Group and of the Company at the balance sheet date are 1.0% to 4.2% (2004: 1% to 3%) and Nil (2004: 2.0%) respectively.

The deposits of the Group and of the Company have maturities which range from 9 to 343 days (2004: 6 to 322 days) and Nil (2004: Nil) 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 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Ringgit Malaysia	6,363,199	6,738,639	73,529	2,848,547
US Dollar	839,523	4,037,433	0	0
Singapore Dollar	1,161,219	34,625	0	0
Renminbi	95,249	264,777	0	0
Brunei Dollar	286	0	0	0
	8,459,476	11,075,474	73,529	2,848,547

21 PAYABLES

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Trade payables	4,872,129	2,712,931	0	0
Customer advances	119,336	126,245	0	0
Other payables	4,022,202	3,979,883	1,152,000	1,827,000
Accrued expenses	569,622	804,878	22,700	23,500
Payroll liabilities	837,951	675,448	27,375	28
	10,421,240	8,299,385	1,202,075	1,850,528

The credit terms of the trade payables of the Group range from payment in advance to 90 days (2004: payment in advance to 60 days).

21 PAYABLES (CONTINUED)

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Ringgit Malaysia	3,185,661	1,930,334	0	0
US Dollar	1,486,419	635,359	0	0
Euro	0	23	0	0
Singapore Dollar	139,113	4,224	0	0
HK Dollar	13,445	95,304	0	0
Renminbi	47,491	47,687	0	0
	4,872,129	2,712,931	0	0

22 BORROWINGS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Current				
Bank overdrafts	5,215,935	5,244,106	0	0
Bankers' acceptances	671,000	596,000	0	0
Term loan	513,363	174,670	0	0
Hire-purchase liabilities	501,834	531,227	37,883	33,369
	6,902,132	6,546,003	37,883	33,369
Non-current				
Term loan	983,876	764,883	0	0
Hire-purchase liabilities	1,019,628	1,311,500	118,746	156,629
	2,003,504	2,076,383	118,746	156,629
Total				
Bank overdrafts	5,215,935	5,244,106	0	0
Bankers' acceptances	671,000	596,000	0	0
Term loan	1,497,239	939,553	0	0
Hire-purchase liabilities	1,521,462	1,842,727	156,629	189,998
	8,905,636	8,622,386	156,629	189,998

22 BORROWINGS (CONTINUED)

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

	Group		Company	
	2005	**2004**	**2005**	**2004**
	%	**%**	**%**	**%**
Bank overdrafts	5.8 - 18.0	4 - 16	Nil	Nil
Bankers' acceptances	5.1	4.7	Nil	Nil
Term loan	5.7 - 9.3	5.5	Nil	Nil
Hire-purchase liabilities	6.5 - 13.8	5.6 – 19.2	6.8	6.7

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

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM	**RM**	**RM**	**RM**
Term loan	1,451,000	912,000	0	0
Hire-purchase liabilities	1,521,000	1,826,000	156,000	192,000

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

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM	**RM**	**RM**	**RM**
(a) Term loan				
Repayments due:				
- not later than 1 year	513,363	174,670	0	0
- later than 1 year and not later than 5 years	983,876	764,883	0	0
	1,497,239	939,553	0	0
(b) Hire-purchase liabilities				
Commitments for repayments:				
- not later than 1 year	599,778	644,011	47,208	47,208
- later than 1 year and not later than 5 years	1,107,639	1,470,109	129,782	176,990
- later than 5 years	12,084	0	0	0
	1,719,501	2,114,120	176,990	224,198
Unexpired hire-purchase interest	(198,039)	(271,393)	(20,361)	(34,200)
	1,521,462	1,842,727	156,629	189,998

22 BORROWINGS (CONTINUED)

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Repayments due:				
- not later than 1 year	501,834	531,227	37,883	33,369
- later than 1 year and not later than 5 years	1,007,924	1,311,500	118,746	156,629
- later than 5 years	11,704	0	0	0
	1,521,462	1,842,727	156,629	189,998

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 tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group 2005 RM	Group 2004 RM
Deferred tax liabilities	659,006	620,068

The movements relating to deferred taxation are as follows:

	Group 2005 RM	Group 2004 RM
At 1 January	620,068	234,000
In respect of the current financial year (Note 8):		
- Property, plant and equipment	50,835	293,344
- Allowances	0	18,000
	50,835	311,344
In respect of prior financial years (Note 8):		
- Property, plant and equipment	(10,883)	(109,000)
Acquisition of subsidiary companies	0	181,251
Foreign currency translation differences	(1,014)	2,473
At 31 December	659,006	620,068

23 DEFERRED TAXATION (CONTINUED)

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

	Group 2005 RM	Group 2004 RM
Deferred tax assets (prior to offsetting):		
- Property, plant and equipment	0	(5,434)
Offsetting	0	5,434
Deferred tax assets (after offsetting)	0	0
Deferred tax liabilities (prior to offsetting):		
- Property, plant and equipment	659,006	625,502
Offsetting	0	(5,434)
Deferred tax liabilities (after offsetting)	659,006	620,068

The tax effects of the 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 2005 RM	Group 2004 RM
Deductible temporary differences	65,658	2,065
Unused tax losses	107,912	418,210

24 SHARE CAPITAL

	Group and Company 2005 RM	Group and Company 2004 RM
Ordinary shares of RM1.00 each:		
Authorised	100,000,000	100,000,000
Issued and fully paid	45,000,000	45,000,000

24 SHARE CAPITAL (CONTINUED)

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.

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
2005							
4 July 2002	3 January 2012	2.00	455,000	0	0	(35,000)	420,000
2004							
4 July 2002	3 January 2012	2.00	501,000	0	0	(46,000)	455,000

The number of share options vested as at the financial year end is 420,000 (2004: 455,000).

25 RESERVES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 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	3,974	(1,945)	0	0
	5,368,410	5,362,491	4,510,291	4,510,291

The revaluation reserve represents revaluation surplus on long leasehold land and factory buildings amounting to RM1,186,145 (net of deferred tax liability of RM332,000) of Singatronics (Malaysia) Sdn. Bhd..

26 CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Deposits, bank and cash balances (Note 20)	8,459,476	11,075,474	73,529	2,848,547
Bank overdrafts (Note 22)	(5,215,935)	(5,244,106)	0	0
	3,243,541	5,831,368	73,529	2,848,547
Deposits pledged as security with a licensed bank	(2,190,352)	(1,915,713)	0	0
	1,053,189	3,915,655	73,529	2,848,547

27 ACQUISITION OF SUBSIDIARY COMPANIES

(a) Acquisition of Sing Guan Silk Screen & Marketing Pte. Ltd.

During the current financial year, S.G. Global Holdings Pte. Ltd. ("SGGH"), a 51% equity interest subsidiary company of the Company, subscribed for 100% equity interest in Sing Guan Silk Screen & Marketing Pte. Ltd. ("SG Marketing") on 5 May 2005 consisting of 2 new ordinary shares of SGD1.00 (equivalent to RM2) each for cash.

The acquisition has no effect on the financial results of the Group during the financial year as SG Marketing only traded with its fellow subsidiary companies.

The acquisition also has no effect on the financial position of the Group at the financial year end as the assets and liabilities of SG Marketing consist of amounts due from and amounts due to fellow subsidiary companies respectively.

27 ACQUISITION OF SUBSIDIARY COMPANIES (CONTINUED)

(a) Acquisition of Sing Guan Silk Screen & Marketing Pte. Ltd. (continued)

The details of the net assets acquired and cash flow arising from the acquisition are as follows:

	At date of acquisition RM
Fair value of net assets acquired	
- Cash in hand	2
Total purchase consideration satisfied by cash	2
Less : Cash and cash equivalents acquired	(2)
Cash outflow on acquisition	0

(b) Acquisition of S.G. Silk Screen Industries Sdn. Bhd.

(1) Share Sale Agreement (2004)

On 3 June 2004, the Company entered into a Share Sale Agreement ("SSA") with Wong Kwee Kai, Wong Kwee Ping and Wong Teck Chee ("Vendors") to acquire 51% equity interest in S.G. Silk Screen Industries Sdn. Bhd. ("SSI") for a cash consideration of RM19,380,000. 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.

The salient terms in the SSA are as follows:

(i) a sum of RM1,938,000, being 10% of the total cash consideration, shall be paid by the Company to the Vendors as a deposit and in part payment of the total cash consideration upon the execution of the SSA;

(ii) a sum of RM13,115,000 shall be paid by the Company to the Vendors upon the completion of the SSA;

(iii) a sum of RM3,175,000 shall be paid by the Company, upon the completion of the SSA, to a solicitor, acting as the stakeholder, who will then pay that amount to the Vendors upon either SSI achieving its guarantee of consolidated profit after taxation amounting to RM4,750,000 for the financial year ended 31 December 2004 or the Vendors making good the shortfall in that guaranteed profit; and

(iv) a sum of RM1,152,000 shall be paid by the Company to the Vendors upon either SSI achieving its guarantee of consolidated profit after taxation amounting to RM5,250,000 for the financial year ended 31 December 2005 or the Vendors making good the shortfall in that guaranteed profit;

27 ACQUISITION OF SUBSIDIARY COMPANIES (CONTINUED)

(b) Acquisition of S.G. Silk Screen Industries Sdn. Bhd. (continued)

As at the balance sheet date and at the date of this report, the Company has paid the sums described in points (i), (ii) and (iii) above.

(2) Effect of the acquisition (2004)

The effect of the acquisition on the financial results of the Group during the financial year ended 31 December 2004 was as follows:

	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 interests	(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 ended 31 December 2004 was as follows:

	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 interests	(5,588,491)
Increase in the net assets as at the financial year end of the Group	(21,255,244)

27 ACQUISITION OF SUBSIDIARY COMPANIES (CONTINUED)

(b) Acquisition of S.G. Silk Screen Industries Sdn. Bhd. (continued)

The details of the identifiable net assets acquired, goodwill on consolidation and cash flow at the date of the acquisition were as follows:

	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 interests	(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

The details of the identifiable net assets acquired, goodwill on consolidation and cash flow at the date of the acquisition were as follows:

	RM
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 ended 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

27 ACQUISITION OF SUBSIDIARY COMPANIES (CONTINUED)

(b) Acquisition of S.G. Silk Screen Industries Sdn. Bhd. (continued)

(3) Call and Put Option Agreement (2004)

On 3 June 2004, the Company also entered into a Call and Put Option Agreement ("CPOA") whereby the Vendors grant the Company a Call Option to acquire, and the Company grants the Vendors a Put Option to dispose, an additional 19% equity interest in SSI for a cash consideration not exceeding RM7,222,000.

The Call Option is exercisable within the period from the date of completion of the SSA to no later than 3 months from the date of confirmation of the audited consolidated profit after taxation of SSI for the financial year ended 31 December 2005. The Put Option is exercisable no later than 30 days after the achievement of the guaranteed profit for the financial year ended 31 December 2005.

The shareholders of the Company approved the granting of the Call and Put Option in the extraordinary general meeting held on 8 September 2004.

(4) Deed of Variation

On 20 March 2006, the Company entered into a Deed of Variation ("Variation Deed") with the Vendors whereby the sum of RM1,152,000 described in point (1)(iv) above shall instead be paid by the Company to the Vendors within 30 days from the date of the Variation Deed.

The Variation Deed also contained the following salient terms with regards to the CPOA:

(i) the Company grants the Vendors up to 30 June 2006 to collect the trade receivables of SSI and its subsidiary companies amounting to RM12,654,838 at 31 December 2005 ("Accounts Receivables");

(ii) the amount of Accounts Receivables not collected by 30 June 2006 will be adjusted against the consolidated profit after taxation of SSI for the financial year ended 31 December 2005 for the purposes of calculating the guaranteed profit defined in the CPOA ("Adjusted Profit After Taxation");

(iii) in the event the Adjusted Profit After Taxation is less than the guaranteed profit of RM5,250,000, the Vendors will make good that shortfall; and

(iv) the CPOA will be effective from the date of the confirmation of the Adjusted Profit After Taxation.

28 GROUP SEGMENTAL REPORTING

Primary reporting format – Business segments

	2005				2004			
	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	Silk screen printing RM	Investment holding RM	Total RM
Revenue								
Total revenue	23,946,098	26,528,640	56,273	50,531,011	21,318,901	6,392,584	56,930	27,768,415
Intersegment revenue	0	0	0	0	0	0	0	0
External revenue	23,946,098	26,528,640	56,273	50,531,011	21,318,901	6,392,584	56,930	27,768,415
Results								
Segment result	1,188,570	6,228,176	(1,978,288)	5,438,458	722,891	2,548,823	(1,345,590)	1,926,124
Unallocated income				793,926				555,726
Unallocated expense				(4,448,492)				(2,128,800)
Profit from operations				1,783,892				353,050
Finance costs				(694,505)				(126,403)
Share of results of:								
- associated companies				(354,294)				77,203
- jointly controlled entity				243,989				(16,157)
Profit before taxation				979,082				287,693
Taxation				(974,306)				(733,374)
Profit/(loss) after taxation				4,776				(445,681)
Minority interests				(2,588,940)				(1,032,844)
Loss for the financial year				(2,584,164)				(1,478,525)

28 GROUP SEGMENTAL REPORTING (CONTINUED)

Primary reporting format – Business segments (continued)

	2005				2004			
	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	Silk screen printing RM	Investment holding RM	Total RM
Other information								
Segment assets	10,554,826	46,393,683	839,907	57,788,416	10,923,491	37,060,709	4,784,722	52,768,922
Associated companies and jointly controlled entity				583,114				1,354,361
Unallocated assets				9,434,084				11,064,981
Total assets				67,805,614				65,188,264
Segment liabilities	1,377,575	6,723,137	2,328,121	10,428,833	836,548	4,464,325	2,998,512	8,299,385
Unallocated liabilities				9,731,568				9,259,907
Total liabilities				20,160,401				17,559,292
Other information								
Capital expenditure	638,808	2,803,406	103,228	3,545,442	744,747	25,699,528	808,824	27,253,099
Depreciation	443,272	1,216,785	165,211	1,825,268	738,857	193,730	138,261	1,070,848
Other non-cash expenses								
Allowance for doubtful debts	0	0	0	0	0	9,863	0	9,863
Inventories written off	135,307	0	0	135,307	41,289	0	0	41,289
Property, plant and equipment written off	0	5,530	144,570	150,100	0	0	173,577	173,577

Unallocated income comprise gross dividends from marketable securities, gain on disposal of marketable securities, interest income and gain on disposal of associated companies while unallocated expenses include allowances for diminution in value of marketable securities and allowances for doubtful debts.

Unallocated assets consist of marketable securities, deposits with licensed banks, finance companies and securities company and taxation recoverable while unallocated liabilities represent include income tax liabilities and borrowings.

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

28 GROUP SEGMENTAL REPORTING (CONTINUED)

Secondary reporting format – Geographical segments

	2005						
	Malaysia RM	**Japan RM**	**Germany RM**	**Australia RM**	**Cambodia RM**	**Other countries RM**	**Total RM**
Revenue							
External revenue	15,239,964	12,335,449	6,301,727	1,432,642	8,294,409	6,926,820	50,531,011
Assets							
Segment assets	51,156,765	0	0	0	12,001,466	4,064,269	67,222,500
Associated companies and jointly controlled entity							583,114
Total assets							67,805,614
Other information							
Capital expenditure	1,889,700	0	0	0	1,563,599	92,143	3,545,442

	2004						
	Malaysia RM	**Japan RM**	**Germany RM**	**Australia RM**	**Cambodia RM**	**Other countries RM**	**Total RM**
Revenue							
External revenue	1,873,914	9,687,852	4,799,181	5,527,151	1,954,572	3,925,745	27,768,415
Assets							
Segment assets	55,019,496	0	0	0	3,673,448	5,140,959	63,833,903
Associated companies and jointly controlled entity							1,354,361
Total assets							65,188,264
Other information							
Capital expenditure	24,610,219	0	0	0	1,095,091	1,547,789	27,253,099

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.

29 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group 2005 RM	Group 2004 RM
Future minimum lease payments:		
- not later than 1 year	551,937	343,545
- later than 1 year and not later than 5 years	733,798	614,681
	1,285,735	958,226

30 EVENTS AFTER BALANCE SHEET DATE

(a) On 14 February 2006, Singatronics (Malaysia) Sdn. Bhd. ("SMSB"), a 100% equity interest subsidiary company of the Company, entered into an agreement with Solid Micron Materials Pte. Ltd. ("SMM"), a company incorporated in Singapore, for the development of an industrial design and marketing division in Singapore. Pursuant to the terms of the agreement, SMSB subscribed for and was allocated 450,000 ordinary shares of SGD1 (equivalent to RM2.2920) each in SMM, representing 47.37% of the issued and paid up share capital of SMM, for a total cash consideration of SGD450,000 (equivalent to RM1,031,400) on 16 February 2006.

(b) On 20 March 2006, the Company entered into a Deed of Charge ("Charge Deed") with Wong Kwee Ann and Wong Teck Chee ("the Chargors") where, in return for the Company executing a corporate guarantee of RM6,198,000 to a financial institution as security for additional banking facilities granted to SSI, the Chargors will execute a first fixed charge over their shares in SSI as security ("Charged Shares") to the Company. The Charged Shares collectively amount to RM1,068,600 (comprising 1,068,600 ordinary shares of RM1 each) and collectively represent 30% of the issued and paid up share capital of SSI.

(c) On 20 March 2006, the Company entered into a Deed of Variation with the Vendors for the shares in SSI as disclosed in Note 27(b)(4).

31 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 March 2006.

Statement By Directors

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

We, Ling Ewe Chong @ Yew Chong and Lee Yuen Wai, two of the Directors of Astral Supreme Berhad, state that in the opinion of the Directors, the financial statements set out on pages 29 to 72 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 2005 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 MASB approved accounting standards in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 March 2006.

LING EWE CHONG @ YEW CHONG	LEE YUEN WAI
DIRECTOR	DIRECTOR

Statutory Declaration

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

I, Ling Yew Kong, 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 29 to 72 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, in accordance with the provisions set out in the legislation for statutory declarations in Singapore.

LING YEW KONG

Subscribed and solemnly declared by the abovenamed Ling Yew Kong in Singapore on 28 March 2006, before me.

NOTARY PUBLIC
SINGAPORE

Tek Heng
N2005/0377

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 29 to 72. 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 MASB 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 2005 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.

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

Penang

28 March 2006

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 31.12.2005) 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	24	4,113,007	24.9.1997*
26-30 Jalan Seroja 39 Taman Johor Jaya 81100 Johor Bahru	Factory and office building	1,290/1,353	Freehold	13	676,800	
31, Jalan Dedap 46 Taman Johor Jaya 81100 Johor Bahru	Residential	143/143	Freehold	18.5	102,502	

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

Shareholding Statistics

AS AT 28 FEBRUARY, 2006

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	:	2,466

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	2	0.08	100	0.00
100 to 1,000	1,012	41.04	995,900	2.21
1,001 to 10,000	1,226	49.72	4,917,800	10.93
10,001 to 100,000	205	8.31	5,122,700	11.38
100,001 to less than 5% of issued shares	18	0.73	9,877,500	21.95
5% and above of issued shares	3	0.12	24,086,000	53.53
Total	2,466	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 444-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., pledged securities account for Alunan Serata Sdn. Bhd.	2,200,000	4.89
5.	HLB Nominees (Tempatan) Sdn. Bhd., pledged securities account for Ang Swee Kin	1,621,100	3.60
6.	HDM Nominees (Asing) Sdn. Bhd., UOB Kay Hian Pte Ltd for Quam Securities Company Limited	1,550,000	3.44
7.	HDM Nominees (Asing) Sdn. Bhd., DBS Vickers Secs (S) Pte Ltd for Firstlink Investments Corporation Limited	500,000	1.11
8.	Employees Provident Fund Board	442,800	0.98
9.	HLB Nominees (Tempatan) Sdn. Bhd., pledged securities account for Yap Kong Yeaw	350,000	0.78
10.	Mohd Najib bin Mashhor	299,800	0.67
11.	AMSEC Nominees (Tempatan) Sdn. Bhd., Kim Eng Securities Pte Ltd for Oi Way Lee	250,000	0.56
12.	Kong Aliong @ Kong Foo Liong	239,500	0.53
13.	TA Nominees (Tempatan) Sdn. Bhd., pledged securities account for Fazul Ikmar bin Mohd Som	233,400	0.52
14.	Cimsec Nominees (Tempatan) Sdn. Bhd., CIMB for Yap Kong Yeaw (Margin-MM1108)	203,800	0.45

TOP THIRTY SHAREHOLDERS (CONTINUED)

Name of Shareholders	No. of Shares	%
15. Zainuddin bin Mohd Radzi	200,000	0.44
16. Loh Sai Eng	146,500	0.33
17. Rafeah binti Jaafar	124,000	0.28
18. Kenanga Nominees (Tempatan) Sdn. Bhd., pledged securities account for Lin Fook Sing	110,000	0.24
19. Cimsec Nominees (Tempatan) Sdn. Bhd., Exempt an for CIMB-GK Securities Pte Ltd (Retail Clients)	107,000	0.24
20. Lau Sam Siong	96,000	0.21
21. Wong Teck Chee	92,100	0.20
22. Cimsec Nominees (Tempatan) Sdn. Bhd., CIMB for Cheong Kok Meng (Margin-MP0012)	90,000	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. Eu Sim Wai	75,600	0.17
28. Hee Teong Yong	75,000	0.17
29. Liew Yong Fee	60,200	0.13
30. Wong Kai Chin	60,000	0.13
Total	33,536,800	74.52

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 28 February, 2006

	Direct Interest		Indirect Interest	
Name of Shareholders	No. of Holders	%	No. of Shares	%
1. Firstlink Investments Corporation Limited	17,800,000	39.56	-	-
2. Lembaga Tabung Haji	6,786,000	15.08	-	-
3 Ang Swee Kin	5,162,800	11.47		

DIRECTORS' INTEREST IN THE COMPANY OR ITS RELATED CORPORATION

According to the Register of Directors Shareholding as at 28 February, 2006

	Astral Supreme Berhad No. of shares of RM1.00 each			
	Direct Interest		Indirect Interest	
Name of Director	No. of Holders	%	No. of Shares	%
1. Ling Ewe Chong @ Yew Chong	2,100*	0.00	-	-
2. Kang Ching Hong	20,000	0.04	-	-

Notes:
* of which 2,000 shares are registered in the name of HSBC Nominees (Tempatan) Sdn. Bhd.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth 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 Tuesday, 25 April, 2006 at 2.00 p.m to conduct the following businesses:

Agenda

As Ordinary Business

1. To receive the audited Financial Statements for the financial year ended 31 December 2005 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 2005. **(Resolution 2)**

3. To re-elect Mr. Ling Ewe Chong @ Yew Chong who retires pursuant to Article 79 of the Company's Articles of Association. **(Resolution 3)**

4. To re-elect Mr. Kang Ching Hong who retires pursuant to Article 79 of the Company's Articles of Association. **(Resolution 4)**

5. To re-elect Mr. Yap Chee Wee who retires pursuant to Article 79 of the Company's Articles of Association. **(Resolution 5)**

6. To re-elect Mr. Lee Yuen Wai who retires pursuant to Article 79 of the Company's Articles of Association. **(Resolution 6)**

7. To re-elect Mr. Ling Yew Kong who retires pursuant to Article 79 of the Company's Articles of Association. **(Resolution 7)**

8. To re-elect Puan Siti Rohani binti A. Manan who retires pursuant to Article 79 of the Company's Articles of Association. **(Resolution 8)**

9. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 9)**

As Special Business

10. 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 share 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 Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 10)**

11. 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.

By order of the Board

Low Pooi Ming
Lee Ming Leong
Company Secretaries

Kuala Lumpur
3 April 2006

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 of Companies.

3. To be valid, the duly completed proxy form must be deposited at the Registered Office of the Company at No. 1-1, 1st Floor, Jalan 3/116D, Kuchai Entrepreneurs' Park, 58200 Kuala Lumpur 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, the proxy form must be executed under its Common Seal or under the hand of its attorney.

Explanatory notes on special business

Ordinary Resolution 10 : 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 share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, if 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

Eighth Annual General Meeting of Astral Supreme Berhad

Venue	:	Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur
Date	:	Tuesday, 25 April, 2006
Time	:	2.00 p.m.

Names of Directors Standing for Re-election

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

Mr. Ling Ewe Chong	Article 79	Resolution 3
Mr. Kang Ching Hong	Article 79	Resolution 4
Mr. Yap Chee Wee	Article 79	Resolution 5
Mr. Lee Yuen Wai	Article 79	Resolution 6
Mr. Ling Yew Kong	Article 79	Resolution 7
Puan Siti Rohani Binti A. Manan	Article 79	Resolution 8

Profiles of Directors who are standing for re-election

Details of Directors who are standing for re-election are set out in the sections on Profiles of the Board of Directors on page 3 and Shareholding Statistics on page 77.

Details of Attendance of Directors at Board Meetings

The Board met five times during the financial year ended 31 December 2005. Details of attendance of Directors are given below:

Directors	**Number of meetings attended during financial year / since date appointed**
Y.B. Dato' Hilmi Bin Haji Abdul Rashid	5/5
Mr. Ling Ewe Chong	2/2
Mr. Kang Ching Hong	1/1
Mr. Yap Chee Wee	1/1
Mr. Lee Yuen Wai(1)	0/0
Mr. Ling Yew Kong(2)	0/0
Puan Siti Rohani Binti A. Manan(2)	0/0

(1) No meeting was held since Mr. Lee Yuen Wai was appointed.
(2) Mr. Ling Yew Kong and Puan Siti Rohani Binti A. Manan were appointed in Year 2006.

PROXY FORM

ASTRAL SUPREME BERHAD
442371-A

REGISTERED OFFICE
No. 1-1, 1st Floor, Jalan 3/116D, Kuchai Entrepreneurs' Park, 58200 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 Eighth 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 Tuesday, 25 April, 2006 at 2.00 p.m. and at any adjournment thereof.

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

	ORDINARY RESOLUTION	FOR	AGAINST
No. 1	To receive the Financial Statements and Reports		
No. 2	To approve the payment of Directors' Fees		
No. 3	To re-elect Mr. Ling Ewe Chong @ Yew Chong as a Director pursuant to the Company's Articles of Association		
No. 4	To re-elect Mr. Kang Ching Hong as a Director pursuant to the Company's Articles of Association		
No. 5	To re-elect Mr. Yap Chee Wee as a Director pursuant to the Company's Articles of Association		
No. 6	To re-elect Mr. Lee Yuen Wai as a Director pursuant to the Company's Articles of Association		
No. 7	To re-elect Mr. Ling Yew Kong as a Director pursuant to the Company's Articles of Association		
No. 8	To re-elect Puan Siti Rohani Binti A. Manan as a Director pursuant to the Company's Articles of Association		
No. 9	To re-appoint Messrs. PricewaterhouseCoopers as Auditors		
No. 10	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)

No. of Shares Held

Signed this ______________ day of ______________________ 2006

** Delete where not applicable*

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 of Companies.
3. To be valid, the duly completed proxy form must be deposited at the Registered Office of the Company at No. 1-1, 1st Floor, Jalan 3/116D, Kuchai Entrepreneurs' Park, 58200 Kuala Lumpur 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, the proxy form must be executed under its Common Seal or under the hand of its attorney.

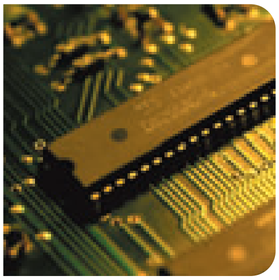
Affix Stamp Here

The Company Secretary

ASTRAL SUPREME BERHAD

[442371-A]

No. 1-1, 1st Floor, Jalan 3/116D
Kuchai Entrepreneurs' Park
58200 Kuala Lumpur



Astral Supreme Berhad
442371-A

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