



# Financial Statements

Directors' Report	18
Income Statements	23
Balance Sheets	24
Statements Of Changes In Equity	26
Cash Flow Statements	28
Notes On The Financial Statements	30
Statement By Directors	72
Statutory Declaration	72
Report Of The Auditors	73

# 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 2007.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the Group consist of the manufacture, assembly and export of electronic and electrical consumer and industrial products and engaging in the business of silk screen printing, marketing of silk screen printing, embroidery and desktop prepress. There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	Group RM	Company RM
Net (loss)/profit for the financial year	(10,482,320)	1,162,660
Attributable to :		
Equity holders of the company	(7,364,678)	1,162,660
Minority interest	(3,117,642)	0
Net (loss)/profit for the year	(10,482,320)	1,162,660

## DIVIDENDS

Since the end of the previous financial year, the Company had not paid any dividend. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2007.

## 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' Report (cont'd)

## DIRECTORS

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

Dato' Hilmi Bin Haji Abdul Rashid  
Kang Ching Hong  
Siti Rohani Binti A. Manan  
Cherng Chin Guan  
Yeo Eng Hui  
Wan Hung See

## 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 the Director is a member, or with a company in which the Director has a substantial financial interest except that certain Directors received remuneration as Directors/executives from the Company's substantial shareholders.

## 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:

Shares in the Company	Number of ordinary shares of RM1 each			
	At 1.1.2007/ Date of declaration <sup>(#)</sup>	Acquired	Disposed	At 31.12.2007
Direct:				
Kang Ching Hong	20,000	0	0	20,000
Cherng Chin Guan	104,000	3,126,400	0	3,230,400
Indirect:				
Wan Hung See (#)	1,711,500	765,800	(1,190,000)	1,287,300

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



# Directors' Report (cont'd)

## EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

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

The salient features of the ESOS are as follows:

- (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 options over ordinary shares of the Company are as follows:

	Number of ordinary shares under options
At 1 January 2007	332,000
Lapsed	(45,000)
At 31 December 2007	287,000

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 options over ordinary shares.

# Directors' Report (cont'd)

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and the Company 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 including 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 or 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 or the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors,

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



# Directors' Report (cont'd)

## SIGNIFICANT EVENTS

On 18 July 2007, the Company's 70% owned subsidiary, S.G. Silk Screen Industries Sdn. Bhd. ("SSI") declared an interim Dividend in Specie of 600 shares at par value of USD1,000 per share ("SSI Dividend in Specie"), equivalent to 60% equity interest in the capital of SSI's wholly-owned subsidiary, Sing Guan Silk Screen (Cambodia) Co. Ltd. for the financial year ended 31 December 2007 and that the SSI Dividend in Specie is equivalent to a net Dividend sum of RM2,759,495 after deducting Malaysia Income Tax of 27%.

On 12 October 2007, the Company proposed to acquire 350 shares of par value USD1,000.00 each from SSI, representing 35% equity interest in the capital of Sing Guan Silk Screen (Cambodia) Co. Ltd. for a total consideration of USD711,200 which is equivalent to approximately RM2,441,550. ("Proposed Acquisition")

The Proposed Acquisition was completed on 14 December 2007.

## AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 22 April 2008.

**WAN HUNG SEE**  
DIRECTOR

**CHERNG CHIN GUAN**  
DIRECTOR

# Income Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Group 2007 RM	2006 RM	Company 2007 RM	2006 RM
REVENUE	6	42,303,240	50,362,931	960,000	720,000
COST OF SALES		(40,286,475)	(38,310,567)	0	0
GROSS PROFIT		2,016,765	12,052,364	960,000	720,000
OTHER OPERATING INCOME		319,971	1,008,249	1,929,522	126,447
ADMINISTRATIVE EXPENSES		(8,805,401)	(8,572,281)	(1,382,705)	(1,331,424)
SELLING AND MARKETING EXPENSES		(1,339,544)	(1,363,756)	0	0
OTHER OPERATING EXPENSES					
- ALLOWANCES FOR:					
- DIMINUTION IN VALUE OF INVESTMENTS		0	(777,016)	0	0
- INVESTMENT WRITTEN OFF		(254,384)	0	0	0
- DOUBTFUL DEBTS WRITTEN BACK/(OFF)		138,959	0	150,000	(9,617)
- OTHERS		(217,164)	(242,368)	0	0
FINANCE COSTS	7	(2,321,904)	(1,264,918)	(6,492)	(9,326)
SHARE OF RESULTS OF:					
- JOINTLY CONTROLLED ENTITY		0	(11,689)	0	0
(LOSS)/PROFIT BEFORE TAXATION	8	(10,462,702)	828,585	1,650,325	(503,920)
TAXATION	9	(19,618)	16,648	(487,665)	(1,075)
(LOSS)/PROFIT AFTER TAXATION		(10,482,320)	845,233	1,162,660	(504,995)
ATTRIBUTABLE TO:					
- EQUITY HOLDERS OF THE COMPANY		(7,364,678)	747,554	1,162,660	(504,995)
MINORITY INTERESTS		(3,117,642)	97,679	0	0
		(10,482,320)	845,233	1,162,660	(504,995)
(LOSS)/EARNINGS PER SHARE	10				
- BASIC		(16.37 sen)	1.66 sen	N/A	N/A
- DILUTED		N/A	N/A	N/A	N/A

The notes on pages 30 to 71 form part of these financial statements.



# Balance Sheets

AS AT 31 DECEMBER 2007

	Note	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	11	34,543,967	34,766,337	147,557	239,034
Prepaid land leases	12	89,018	90,232	0	0
Subsidiaries	13	0	0	66,032,037	62,183,149
Long term investments	14	1	254,385	1	1
Goodwill on consolidation	15	22,690,457	22,690,457	0	0
		57,323,443	57,801,411	66,179,595	62,422,184
<b>CURRENT ASSETS</b>					
Non-current asset held for sale	16	210,000	210,000	0	0
Inventories	17	5,499,472	5,264,254	0	0
Amounts due from related parties	18	0	0	1,316,814	1,411,232
Receivables	19	17,567,211	16,321,091	56,122	68,748
Taxation recoverable		736,295	787,567	363,718	179,714
Deposits, bank and cash balances	20	3,891,960	4,683,959	69,632	16,187
		27,904,938	27,266,871	1,806,286	1,675,881
<b>LESS CURRENT LIABILITIES</b>					
Amounts due to related parties	18	1,824,169	2,719,328	15,231,833	12,480,369
Payables	21	10,027,311	11,872,849	116,771	102,365
Borrowings	22				
- bank overdrafts		16,302,117	10,448,690	0	0
- others		12,005,590	5,204,629	43,549	40,716
		40,159,187	30,245,496	15,392,153	12,623,450
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(12,254,249)	(2,978,625)	(13,585,867)	(10,947,569)
<b>LESS NON-CURRENT LIABILITIES</b>					
Borrowings	22	10,830,106	9,669,048	34,483	78,030
Deferred taxation	23	17,506	584,133	0	0
		10,847,612	10,253,181	34,483	78,030
		34,221,582	44,569,605	52,559,245	51,396,585

The notes on pages 30 to 71 form part of these financial statements.



# Balance Sheets (cont'd)

AS AT 31 DECEMBER 2007

	Note	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
<b>CAPITAL AND RESERVES</b>					
Share capital	24	45,000,000	45,000,000	45,000,000	45,000,000
Reserves	25	12,829,079	12,835,746	12,760,293	12,760,293
Accumulated losses		(25,773,300)	(18,408,622)	(5,201,048)	(6,363,708)
		32,055,779	39,427,124	52,559,245	51,396,585
<b>MINORITY INTERESTS</b>		2,165,803	5,142,481	0	0
<b>TOTAL EQUITY</b>		34,221,582	44,569,605	52,559,245	51,396,585

The notes on pages 30 to 71 form part of these financial statements.

# Statements Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

GROUP	Attributable to equity holders of the Company					Minority interests RM	Total equity RM
	Issued and fully paid ordinary shares of RM1 each Number of shares	Nominal value RM	Non- distributable reserves RM	Accumulated losses RM	Total RM		
At 1 January 2006	45,000,000	45,000,000	13,618,412	(19,156,176)	39,462,236	8,182,977	47,645,213
Acquisition of 19% effective equity interest in subsidiaries	0	0	0	0	0	(3,011,791)	(3,011,791)
Foreign currency translation differences	0	0	(782,666)	0	(782,666)	(126,384)	(909,050)
Net profit for the financial year	0	0	0	747,554	747,554	97,679	845,233
At 31 December 2006	45,000,000	45,000,000	12,835,746	(18,408,622)	39,427,124	5,142,481	44,569,605
At 1 January 2007	45,000,000	45,000,000	12,835,746	(18,408,622)	39,427,124	5,142,481	44,569,605
Foreign currency translation differences	0	0	(6,667)	0	(6,667)	140,964	134,297
Net loss for the financial year	0	0	0	(7,364,678)	(7,364,678)	(3,117,642)	(10,482,320)
At 31 December 2007	45,000,000	45,000,000	12,829,079	(25,773,300)	32,055,779	2,165,803	34,221,582

The notes on pages 30 to 71 form part of these financial statements.



# Statements Of Changes In Equity (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

COMPANY	Issued and fully paid ordinary shares of RM1 each		Non- distributable share premium RM	Accumulated losses RM	Total RM
	Number of shares	Nominal value RM			
At 1 January 2006	45,000,000	45,000,000	12,760,293	(5,858,713)	51,901,580
Net loss for the financial year	0	0	0	(504,995)	(504,995)
At 31 December 2006	45,000,000	45,000,000	12,760,293	(6,363,708)	51,396,585
At 1 January 2007	45,000,000	45,000,000	12,760,293	(6,363,708)	51,396,585
Net profit for the financial year	0	0	0	1,162,660	1,162,660
At 31 December 2007	45,000,000	45,000,000	12,760,293	(5,201,048)	52,559,245

The notes on pages 30 to 71 form part of these financial statements.

# Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	40,786,401	56,141,538	0	0
Cash payments to suppliers and employees	(46,914,477)	(55,209,166)	(1,604,289)	(2,351,428)
Cash flow (used in)/from operations	(6,128,076)	932,372	(1,604,289)	(2,351,428)
Tax paid	(536,096)	(883,936)	(671,669)	(60,038)
Tax refunded	1,393	0	0	0
Net operating cash flow	(6,662,779)	48,436	(2,275,958)	(2,411,466)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of business of a jointly controlled entity	0	(1,615,913)	0	0
Dividends from marketable securities	0	12,000	0	0
Dividend received	0	0	1,927,866	0
Interest received	139,749	163,126	1,656	4,525
Investing in a subsidiary	0	0	(1,407,342)	0
Placement of fixed deposits	(1,433,646)	(303,342)	0	0
Proceeds from disposal of marketable securities	232,164	2,222,463	0	0
Proceeds from disposal of property, plant and equipment	788,900	288,961	0	2,500
Purchase of property, plant and equipment	(2,103,476)	(3,376,763)	(2,465)	(37,247)
Purchase of shares from minority interests	0	(7,426,742)	0	0
Purchase of equity investment	0	(1,031,400)	0	0
Net investing cash flow	(2,376,309)	(11,067,610)	519,715	(30,222)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advances (to)/from related companies	(1,495,447)	3,076,155	1,856,896	2,431,555
Changes in banking facilities	6,888,843	0	0	0
Interest paid	(2,321,904)	(1,264,918)	(6,492)	(9,326)
Repayment of hire-purchase liabilities	(1,832,548)	(910,027)	(40,716)	(37,883)
Receipt of short term borrowings	1,221,460	1,372,522	0	0
Repayment of bank borrowings	(1,322,924)	(551,685)	0	0
Net financing cash flow	1,137,480	1,722,047	1,809,688	2,384,346

The notes on pages 30 to 71 form part of these financial statements.



# Cash Flow Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
CHANGES IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	(7,901,608)	(9,297,127)	53,445	(57,342)
FOREIGN CURRENCY TRANSLATION DIFFERENCES	402,774	(14,487)	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(8,258,425)	1,053,189	16,187	73,529
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 26)	(15,757,259)	(8,258,425)	69,632	16,187

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM5,482,837 and RM2,465 (2006: RM11,869,061 and RM37,247) respectively of which RM3,354,336 and Nil (2006: RM5,899,776 and Nil) was acquired by means of hire-purchase, Nil and Nil (2006: RM498,540 and Nil) was acquired by means of term loan, and RM25,025 and Nil (2006: RM2,093,982 and Nil) is reflected in payables. The balance of RM2,103,476 and RM2,465 (2006: RM3,376,763 and RM37,247) was paid by cash.

The notes on pages 30 to 71 form part of these financial statements.

# Notes On The Financial Statements

## 1 GENERAL INFORMATION

The principal activity of the Company is that of an investment holding company. The principal activities of the Group consist of the manufacture, assembly and export of electronic and electrical consumer and industrial products, and engaging in the business of silk screen printing, marketing of silk screen printing, embroidery and desktop prepress.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on 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 Financial Reporting Standards (FRSs), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The preparation of financial statements in conformity with the Financial Reporting Standards in Malaysia requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4 on the financial statements.



# Notes On The Financial Statements (cont'd)

## 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(a) Standards, amendments to published standards and interpretations that are effective

(i) FRS 117 Leases and FRS 124 Related Parties Disclosure that are effective for the Group's annual reporting date, 31 December, 2007. The principal effects of the change in accounting policy resulting from the adopting of FRS117 and FRS 124 are disclosed in Note 31.

(ii) The new standards, amendments to published standards and interpretations that are mandatory for the Group's financial periods beginning on or after 1 January 2008 or later periods, but which the Group has not early adopted, are as follows:

• FRS 6	Exploration for and Evaluation of Mineral Resources #
• FRS 107	Cash Flow Statement
• FRS 111	Construction Contracts #
• FRS 112	Income Taxes
• FRS 118	Revenue
• FRS 119	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
• FRS 120	Accounting for Government Grants and Disclosure of Government Assistance #
• FRS 126	Accounting and Reporting by Retirement Benefit Plans
• FRS 129	Financial Reporting in Hyperinflationary Economies
• FRS 134	Interim Financial Reporting
• FRS 137	Provisions, Contingent Liabilities and Contingent Assets
• Amendment to FRS 121	The effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation #
• IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities #
• IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments #
• IC Interpretation 5	Right to interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds #
• IC Interpretation 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment #
• IC Interpretation 7	Applying the restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies #
• IC Interpretation 8	Scope of FRS 2

The above FRSs will not have any material financial impact on the Group and on the Company.

• FRS 139	Financial Instruments - Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board)
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The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139. The other FRSs, amendments to FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application.

# These FRS are not relevant to the Group's and Company's operations

# Notes On The Financial Statements (cont'd)

## 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) Economic entities in the Group

#### (i) Subsidiaries

Subsidiaries 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, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The subsidiaries are consolidated using the purchase 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 122<sup>2004</sup> Business Combinations and FRS 3 Business Combinations to apply these standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these standards.

Under the purchase method of accounting, the subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Refer Note 3(b) for the accounting policy on goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiary's identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary's equity since that date.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.



# Notes On The Financial Statements (cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Economic entities in the Group (cont'd)

#### (i) Subsidiaries (cont'd)

Under the merger method of accounting, the results of a subsidiary were presented as if the merger had been effected throughout the period in which the merger occurred and previous financial periods. The assets and liabilities combined were accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger was cancelled with the values of the shares received. Any resulting credit difference was classified as equity and regarded as a non-distributable reserve. Any resulting debit difference was adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which were attributable to share capital of the merged enterprises, to the extent that they had not been capitalised by a debit difference, were reclassified and presented as movement in other capital reserves.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary, to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the consolidated income statement.

#### (ii) Transactions with minority interests

For purchases of a subsidiary's equity shares from minority interests for cash consideration and the purchase price is established at fair value, the accretion of the Group's interests in the subsidiary is treated as purchase of equity interest under the acquisition method of accounting. The identifiable assets and liabilities acquired are adjusted to their fair values, with the resulting difference being attributed to goodwill or negative goodwill.

Disposals of equity shares to minority interests for cash consideration and at fair value result in gains and losses for the Group and are recorded in the income statement. The gain or loss is the difference between the Group's share of net assets immediately before and immediately after the disposal and a ratable portion of goodwill is realised.

For purchases from or disposals to minority interests for consideration other than cash and not at fair value, the accretion or dilution of the Group's interests is treated as an equity transaction between the subsidiary and its shareholders. The difference between the Group's share of net assets immediately before and immediately after the change in stake and any consideration received or paid is adjusted to or against the Group's reserves.

All other changes in stakes and changes in composition of the Group are treated as equity transactions between the Group and its majority and minority shareholders. The difference between the Group's share of net assets before and after the change, and any consideration received or paid is adjusted to or against the Group's reserves.

# Notes On The Financial Statements (cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates. Refer Note 3(f) for the accounting policy on impairment of assets.

### (c) 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.

Other property, plant and equipment are depreciated on the straight-line basis to write off the cost of the assets, or their revalued amounts, to their residual values over 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%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Factory buildings in a subsidiary, 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 factory buildings in the subsidiary has been credited into the revaluation reserve. On disposal of these revalued assets, the amounts in the revaluation reserve are transferred to retained earnings.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.



# Notes On The Financial Statements (cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Property, plant and equipment (cont'd)

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(f) for the accounting policy on impairment of assets.

### (d) Prepaid operating leases

The Group adopted new standard FRS 117 - Leases that requires the classification of long term leasehold land as prepaid land lease payment. Consequently, amortisation of prepaid land lease payment is recognised, separately from depreciation of property, plant and equipment. The change in accounting policy was accounted for retrospectively and the impact are set out in Note 31. Prepaid lease payment is amortised equally over the period of 99 years.

### (e) Investments

Investments in subsidiaries, jointly controlled entities and associates 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(f) for the accounting policy on impairment of assets.

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the financial year in which the decline is identified.

### (f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An 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 fair value less costs to sell 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 (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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. Impairment losses on goodwill are not reversed. In respect of other assets, 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.



# Notes On The Financial Statements (cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) 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 related production overheads. It excludes borrowing costs.

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

### (h) Non-current assets classified as assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

### (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.

### (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 with original maturities of three months or less and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

### (k) Leases

#### (i) 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 lease liability. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### (ii) 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.



# Notes On The Financial Statements (cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Employee benefits

#### (i) Short term 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.

#### (ii) Post-employment benefits

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### (m) Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### (n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

# Notes On The Financial Statements (cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Income tax

Current taxation is determined according to the taxation laws of the jurisdiction in which the Company and its subsidiaries.

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. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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 subsidiaries 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.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

### (p) Share capital

#### (i) Classification

Ordinary shares are classified as equity. Distributions to holders of a financial instrument classified as an equity instrument is charged directly to equity.

#### (ii) Dividends to shareholders of the Company

Dividends are recognised as liabilities in the period in which they are declared.

### (q) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combinations, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.



# Notes On The Financial Statements (cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Contingent liabilities and contingent assets (cont'd)

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions and the information about the contingent liabilities acquired are disclosed in the financial statements.

Subsequent to initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of FRS 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118 Revenue.

### (r) Revenue recognition

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

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

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

### (s) Foreign currencies

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

#### (ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### (iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

# Notes On The Financial Statements (cont'd)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (s) Foreign currencies (cont'd)

#### (iii) Group companies (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### (t) Financial instruments

#### (i) Description

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.

#### (ii) 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.

#### (iii) 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.

### (u) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those segments operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.



# Notes On The Financial Statements (cont'd)

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's result and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Assessment regarding impairment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

The recoverable amounts of cash generating units were determined based on the value in use calculations. The calculations require the use of estimates as set out in Note 15 to the financial statements.

(b) Assessment regarding diminution in value of unquoted investment

An allowance for diminution in value of investment in an unquoted corporation has been made against the carrying value of the investment up to the Group's share of the net assets of that corporation. In the absence of other more reliable means to estimate the fair value of the investment due to constraints of timeliness and cost, the Directors regard the Group's share of net assets of the corporation to be a reasonable approximation of the fair value of its investment in that corporation.

(c) Depreciation of plant and machinery

The cost of plant and machinery for printing of silk screen, manufacture, assembly of electronic and electrical consumer and industrial products are depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 14 years. These are common estimated life expectancies applied in the silk screen and electronics industries. Changes in the expected level of usage and technological developments could impact the economics useful lives and residual values of these assets; therefore future depreciation charge could be revised.

## 5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks encompassing foreign currency exchange 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.

# Notes On The Financial Statements (cont'd)

## 5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### Foreign currency exchange risk (cont'd)

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.

### 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 and cash flow risks

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 interest rate risk arises primarily from interest bearing borrowings. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

## 6 REVENUE

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Sale of goods	15,240,503	22,959,385	0	0
Printing and embroidery services	27,062,737	27,403,546	0	0
Management fees	0	0	960,000	720,000
	42,303,240	50,362,931	960,000	720,000



# Notes On The Financial Statements (cont'd)

## 7 FINANCE COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Bank overdraft interest	(1,100,272)	(907,385)	0	0
Hire-purchase interest	(504,889)	(230,849)	(6,492)	(9,326)
Other interest expense	(716,743)	(126,684)	0	0
	(2,321,904)	(1,264,918)	(6,492)	(9,326)

## 8 (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
(Loss)/profit before taxation is stated after charging:				
Amortisation of prepaid land lease	1,214	1,213	0	0
Auditors' remuneration				
- statutory audit	128,649	138,795	25,000	27,000
- under provision on previous year	66,825	30,750	60,825	0
- other services	16,270	13,500	2,100	3,000
Depreciation	5,047,309	2,302,782	93,942	102,263
Inventories written off	113,348	46,739	0	0
Loss on disposal of property, plant and equipment	0	1,310	0	599
Other investments written off	254,384	0	0	0
Property, plant and equipment written off	267,143	2,253	0	0
Rental of building	1,514,928	957,624	75,293	75,293
Rental of equipment	1,440	360	0	0
Rental of hostel	45,850	0	0	0
Staff costs* (including Executive Directors' remuneration other than fees)	14,901,189	13,931,563	668,527	785,451
Net loss on foreign exchange:				
- realised	448,021	232,721	0	1,679
- unrealised	333,905	283,055	0	0
Raw materials and consumables used	18,727,879	21,805,196	0	0
Changes in inventories of finished goods and work in progress	(596,398)	325,702	0	0

# Notes On The Financial Statements (cont'd)

## 8 (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
and after crediting:				
Allowance for doubtful debts written back/(off)	138,959	0	150,000	(9,617)
Dividends received (gross) from marketable securities quoted in Malaysia	0	12,000	0	0
Dividends received (gross) from unquoted shares in Malaysia	0	0	1,927,866	0
Gain on disposal of marketable securities	0	157,482	0	0
Gain on disposal of property, plant and equipment	79,427	149,080	0	0
Interest income	139,749	158,319	1,656	4,525
Net gain on foreign exchange:				
- realised	6,916	114,826	0	0
- unrealised	0	176,705	0	118,593
* Staff costs comprise the following:				
Wages, salaries and bonus	13,829,215	12,822,306	594,550	549,596
Ex-gratia payments	0	180,000	0	180,000
Defined contribution plan	729,763	797,108	71,348	54,574
Other benefits	342,211	132,149	2,629	1,281
	14,901,189	13,931,563	668,527	785,451

Directors' remuneration comprises the following:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Fees	136,817	147,500	154,500	147,500
Salaries and bonus	1,074,404	1,071,038	276,000	326,887
Ex-gratia payments	0	180,000	0	180,000
Defined contribution plan	107,165	98,908	33,120	27,168
Other benefits	4,278	1,727	2,500	258
	1,322,664	1,499,173	466,120	681,813

The estimated monetary value of benefits otherwise than in cash received and receivable during the financial year by Directors of the Group and of the Company are RM31,654 (2006: RM4,935) and RM17,400 (2006: RM Nil) respectively.



# Notes On The Financial Statements (cont'd)

## 9 TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Income tax:				
Provision for the year	534,916	148,847	487,665	1,165
Under/(over) provision in respect of previous financial year	51,059	(90,653)	0	(90)
Charge for the year	585,975	58,194	487,665	1,075
Balance at 1 January	(787,567)	38,175	(179,714)	(120,751)
	(201,592)	96,369	307,951	(119,676)
Tax paid	(536,096)	(883,936)	(671,669)	(60,038)
Tax refunded	1,393	0	0	0
Balance at 31st December	(736,295)	(787,567)	(363,718)	(179,714)
	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Major components of tax expenses/(income) are:				
In respect of current financial year:				
- Malaysian income tax	500,457	148,847	487,665	(1,165)
- Foreign income tax	34,459	0	0	0
	534,916	148,847	487,665	(1,165)
In respect of previous financial year:				
- Malaysian income tax	51,059	(90,653)	0	90
- Foreign income tax	0	0	0	0
	51,059	(90,653)	0	90
Deferred taxation (Note 23)				
Deferred tax credit related to the reversal of temporary differences	(2,108,662)	(74,842)	24,311	0
Under provision of deferred tax in respect of previous financial year	99,368	0	0	0
Write down of deferred tax assets	1,442,937	0	(24,311)	0
	(566,357)	(74,842)	0	0
Taxation expense/(income)	19,618	(16,648)	487,665	1,075

# Notes On The Financial Statements (cont'd)

## 9 TAXATION (cont'd)

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
(Loss)/Profit before taxation	(10,462,702)	828,585	1,650,325	(503,920)
Taxation calculated at an income tax rate of 27% (2006: 28%)	(2,824,930)	232,004	445,588	(141,098)
Tax effects of:				
- Share of results of jointly controlled entity and associates	0	3,273	0	0
- Different taxation rates in other countries	(127,099)	16,197	0	0
- Lower taxation rate for SME*	(3,005)	(4,711)	0	0
- Expenses not deductible for taxation purposes	1,484,193	663,379	61,225	166,877
- Income not subject to taxation	(20,421)	(381,152)	0	0
- Deductible temporary differences not recognised	0	(25,779)	0	(25,779)
- Effect on opening deferred tax of reduction income tax rates	37,787	0	5,163	0
- Tax incentives	(120,271)	(150,956)	0	0
- Utilised capital allowance brought forward	0	(48,589)	0	0
- Taxable income utilised for off-set against business loss	0	(142,761)	0	0
- Others	0	1,165	0	(1,165)
- Under/(over) provision for taxation in respect of previous financial year	51,059	(90,653)	0	90
- Under/(over) provision of deferred tax in respect of previous financial years	99,368	(42,065)	0	0
- Deferred tax assets not recognised during the year	1,442,937	(46,000)	(24,311)	0
Tax expense/(credit)	19,618	(16,648)	487,665	1,075

\* 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 27% (2006:28%) is still applicable.

Subject to the confirmation by the relevant tax authorities, the Group has unused tax losses amounting to approximately RM7,821,436 (2006: RM489,000).



# Notes On The Financial Statements (cont'd)

## 10 (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

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

	2007	2006
(Loss)/profit attributable to ordinary equity holders of the Company for the financial year	(RM7,364,678)	RM747,554
Number of ordinary shares in issue	45,000,000	45,000,000
Basic (loss)/earnings per share	(16.37 sen)	1.66 sen

### (b) Diluted (loss)/earnings per share

For the diluted (loss)/earnings per share calculation, the number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, which are share options granted under the Company's Employees' Share Option Scheme. 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 option price 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 computation of diluted earnings per share is made as the potential ordinary shares are anti-dilutive.

## 11 PROPERTY, PLANT AND EQUIPMENT

### (a) Group

2007	Opening net book value RM	Additions RM	Disposals/ written off RM	Depreciation RM	Foreign exchange fluctuations RM	Closing net book value RM
At valuation:						
Factory buildings	1,371,265	0	0	(53,600)	0	1,317,665
At cost:						
Freehold land	1,571,800	31,313	0	0	0	1,603,113
Factory buildings	5,673,769	73,065	0	(127,204)	1	5,619,631
Plant and machinery	22,183,758	4,631,807	(851,633)	(3,793,387)	249,819	22,420,364
Furniture, fixtures and equipment	2,214,418	584,908	(58,676)	(538,084)	48,667	2,251,233
Tools and equipment	140,595	32,469	(439)	(54,187)	0	118,438
Motor vehicles	1,595,854	129,275	(66,320)	(465,969)	20,683	1,213,523
Renovation	14,878	0	0	(14,878)	0	0
	33,395,072	5,482,837	(977,068)	(4,993,709)	319,170	33,226,302
	34,766,337	5,482,837	(977,068)	(5,047,309)	319,170	34,543,967

# Notes On The Financial Statements (cont'd)

## 11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Group (cont'd)

2007						Valuation/ cost RM	Accumulated depreciation RM	Net book value RM	
At valuation:									
Factory buildings						2,680,000	(1,362,335)	1,317,665	
At cost:									
Freehold land						1,603,113	0	1,603,113	
Factory buildings						6,564,667	(945,036)	5,619,631	
Plant and machinery						31,848,187	(9,427,823)	22,420,364	
Furniture, fixtures and equipment						4,981,258	(2,730,025)	2,251,233	
Tools and equipment						1,971,228	(1,852,790)	118,438	
Electrical fittings						368,920	(368,920)	0	
Motor vehicles						2,626,390	(1,412,867)	1,213,523	
Renovation						59,512	(59,512)	0	
						50,023,275	(16,796,973)	33,226,302	
						52,703,275	(18,159,308)	34,543,967	
2006	Opening net book value RM	Acquisition of jointly controlled entity RM	Additions RM	Disposals/ written off RM	Deprecia- tion RM	Effect of adopting FRS 117 RM	Reclassified to assets held for sales RM	Foreign exchange fluctuations RM	Closing net book value RM
At valuation:									
Long leasehold land	91,444	0	0	0	(1,212)	(90,232)	0	0	0
Factory buildings	1,424,865	0	0	0	(53,600)	0	0	0	1,371,265
	1,516,309	0	0	0	(54,812)	(90,232)	0	0	1,371,265
At cost:									
Freehold land	551,800	0	1,020,000	0	0	0	0	0	1,571,800
Factory buildings	3,376,000	0	2,380,000	0	(82,232)	0	0	1	5,673,769
Plant and machinery	6,707,376	10,799,074	6,462,253	(66,975)	(1,352,732)	0	(210,000)	(155,238)	22,183,758
Furniture, fixtures and equipment	1,808,505	167,937	689,471	(22,559)	(413,751)	0	0	(15,185)	2,214,418
Tools and equipment	141,521	0	48,750	(2,946)	(46,730)	0	0	0	140,595
Motor vehicles	635,892	70,407	1,268,587	(50,963)	(322,768)	0	0	(5,301)	1,595,854
Renovation	44,635	0	0	0	(29,757)	0	0	0	14,878
	13,265,729	11,037,418	11,869,061	(143,443)	(2,247,970)	0	(210,000)	(175,723)	33,395,072
	14,782,038	11,037,418	11,869,061	(143,443)	(2,302,782)	(90,232)	(210,000)	(175,723)	34,766,337



# Notes On The Financial Statements (cont'd)

## 11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Group (cont'd)

2006	Valuation/ cost RM	Accumulated Depreciation RM	Effect of adopting FRS 117 RM	Net book value RM
At valuation:				
Long leasehold land	120,000	(29,768)	(90,232)	0
Factory buildings	2,680,000	(1,308,735)	0	1,371,265
	2,800,000	(1,338,503)	(90,232)	1,371,265
At cost:				
Freehold land	1,571,800	0	0	1,571,800
Factory buildings	6,491,601	(817,832)	0	5,673,769
Plant and machinery	29,162,091	(6,978,333)	0	22,183,758
Furniture, fixtures and equipment	4,763,853	(2,549,435)	0	2,214,418
Tools and equipment	1,954,689	(1,814,094)	0	140,595
Electrical fittings	368,920	(368,920)	0	-
Motor vehicles	2,827,942	(1,232,088)	0	1,595,854
Renovation	59,555	(44,677)	0	14,878
	47,200,451	(13,805,379)	0	33,395,072
	50,000,451	(15,143,882)	(90,232)	34,766,337

The valuation of the factory buildings in a subsidiary, 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 current replacement cost method for the factory buildings. The 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 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 accumulated depreciation, the net book value of each class of property, plant and equipment would have been as follows:

	2007 RM	2006 RM
Factory buildings	735,879	765,802

The net book value of assets acquired under hire-purchase of the Group at the balance sheet date is RM9,777,326 (2006: RM8,277,973).

# Notes On The Financial Statements (cont'd)

## 11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### (a) Group (cont'd)

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

	2007 RM	2006 RM
Freehold land	1,603,113	1,571,800
Factory buildings	3,153,470	3,142,339
	4,756,583	4,714,139

Cost of fully depreciated assets still in use at balance sheet date

	2007 RM	Group 2006 RM
- Electrical fittings	368,920	368,920
- Furniture, fixture and equipment	1,336,962	1,181,981
- Motor vehicles	563,631	658,579
- Plant and machinery	2,434,197	2,387,537
- Tools and equipment	1,693,490	1,702,509
- Renovation	59,512	0
	6,456,712	6,299,526

### (b) Company

2007	Opening net book value RM	Additions RM	Disposals RM	Depreciation RM	Closing net book value RM
At cost –					
Furniture, fixtures and equipment	70,189	2,465	0	(19,464)	53,190
Renovation	14,878	0	0	(14,878)	0
Motor vehicles	153,967	0	0	(59,600)	94,367
	239,034	2,465	0	(93,942)	147,557



# Notes On The Financial Statements (cont'd)

## 11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Company (cont'd)

2007				Cost RM	Accumulated depreciation RM	Net book value RM
At cost –						
Furniture, fixtures and equipment				123,016	(69,826)	53,190
Renovation				59,512	(59,512)	0
Motor vehicles				298,000	(203,633)	94,367
				480,528	(332,971)	147,557
2006	Opening net book value RM	Additions RM	Disposals RM	Depreciation RM		Closing net book value RM
At cost –						
Furniture, fixtures and equipment	48,948	37,247	(3,099)	(12,907)		70,189
Renovation	44,635	0	0	(29,757)		14,878
Motor vehicles	213,566	0	0	(59,599)		153,967
	307,149	37,247	(3,099)	(102,263)		239,034
2006				Cost RM	Accumulated depreciation RM	Net book value RM
At cost –						
Furniture, fixtures and equipment				120,550	(50,361)	70,189
Renovation				59,512	(44,634)	14,878
Motor vehicles				298,000	(144,033)	153,967
				478,062	(239,028)	239,034

The net book value of assets acquired under hire-purchase of the Company at the balance sheet date is RM94,367 (2006: RM153,967).

# Notes On The Financial Statements (cont'd)

## 11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Company (cont'd)

Cost of fully depreciated assets still in use at balance sheet date

	Company	
	2007 RM	2006 RM
- Electrical fittings	0	0
- Furniture, fixture and equipment	27,268	6,119
- Motor vehicles	0	0
- Plant and machinery	0	0
- Tools and equipment	0	0
- Renovation	59,512	0
	86,780	6,119

## 12 PREPAID LAND LEASES

	Group	
	2007 RM	2006 RM
As at the beginning of the financial year	120,000	120,000
Additions	0	0
Disposals	0	0
As at the end of the financial year	120,000	120,000
Accumulated amortisation		
As at the beginning of the financial year	29,768	28,555
Charge for the financial year	1,214	1,213
As at the end of the financial year	30,982	29,768
Net book value as at the end of the financial year	89,018	90,232

Prepaid land leases were previously classified as long term leasehold land within property, plant and equipment.

The prepaid land leases comprise long leasehold land.



# Notes On The Financial Statements (cont'd)

## 13 SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Unquoted shares, at cost:		
- In Malaysia	62,183,145	62,183,149
- Outside Malaysia	3,848,892	0
	66,032,037	62,183,149

The details of the subsidiaries are as follows:

Name	Country of incorporation	Effective interest 2007 %	2006 %	Principal activities
<b>Held by the Company</b>				
Singatronics (Malaysia) Sdn. Bhd. *	Malaysia	100.0	100.0	Manufacture, assembly and export of electronic and electrical consumer and industrial products.
ASTRAL-GMO Sdn. Bhd. *	Malaysia	100.0	100.0	Engaged in the business of trading of the electronic and electrical consumer and industrial products.
S.G. Silk Screen Industries Sdn. Bhd. *	Malaysia	70.0	70.0	Engaged in the business of silk screen printing and embroidery.
Sing Guan Silk Screen (Cambodia) Co. Ltd. **	Cambodia	80.5	70.0	Engaged in the business of silk screen printing.
Widacity Investments Pte. Ltd. @	Singapore	N/A	100.0	The company has been struck off
<b>Held by Singatronics (Malaysia) Sdn. Bhd.</b>				
S.G. Silk Screen Industries Sdn. Bhd. *	Malaysia	19.0	19.0	Engaged in the business of silk screen printing and embroidery.
Sing Guan Silk Screen (Cambodia) Co. Ltd. **	Cambodia	12.0	19.0	Engaged in the business of silk screen printing.

# Notes On The Financial Statements (cont'd)

## 13 SUBSIDIARIES (CONT'D)

Name	Country of incorporation	Effective interest		Principal activities
		2007 %	2006 %	
Held by S.G. Silk Screen Industries Sdn. Bhd.				
S.G. Graphic Sdn. Bhd. *	Malaysia	70.0	70.0	Engaged in the business of desktop prepress.
Sing Guan Silk Screen (Cambodia) Co. Ltd. **	Cambodia	3.5	70.0	Engaged in the business of silk screen printing.
K.S.G. Silk Screen Sdn. Bhd. #	Brunei	69.6	69.6	Engaged in the business of silk screen printing.
S.G. Global Holdings Pte. Ltd. #	Singapore	70.0	70.0	Investment holding.
Held by S.G. Global Holdings Pte. Ltd.				
S.G. Silk Screen (Shanghai) Co. Ltd. *	People's Republic of China	70.0	70.0	Engaged in the business of silk screen printing.
JC Equities Pte. Ltd. #	Singapore	70.0	70.0	Investment holding.
Sing Guan Silk Screen & Marketing Pte. Ltd. #	Singapore	70.0	70.0	Engaged in the business of marketing of silk screen printing.

\* Audited by SQ Morison.

\*\* Audited by affiliates of SQ Morison

# Audited by firms other than SQ Morison.

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

### Acquisition of Subsidiary

On 18 July 2007, the Company's 70% owned subsidiary, S.G. Silk Screen Industries Sdn. Bhd. ("SSI") declared an interim Dividend in Specie of 600 Shares at par value of USD1,000 per share ("SSI Dividend in Specie. equivalent to 60% equity interest in the capital of SSI's wholly-owned subsidiary, Sing Guan Silk Screen (Cambodia) Co. Ltd. for the financial year ended 31 December 2007 and that the SSI Dividend in Specie is equivalent to a net Dividend sum of RM2,759,495 after deducting Malaysia Income Tax of 27%.

On 12 October 2007, the Company proposed to acquire 350 share of par value USD1,000 each from SSI, representing 35% equity interest in the capital of Sing Guan Silk Screen (Cambodia) Co. Ltd. for a total consideration of USD711,200 which is equivalent to approximately RM2,441,550 (Proposed Acquisition").

The Proposed Acquisition was completed on 14 December 2007.



# Notes On The Financial Statements (cont'd)

## 14 LONG TERM INVESTMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unquoted convertible preference shares in an overseas corporation, at cost	7,600,800	7,600,800	7,600,800	7,600,800
Unquoted shares in other corporation, at cost	1,031,400	1,031,400	0	0
Less:				
Allowance for diminution in value	(7,600,799)	(8,377,815)	(7,600,799)	(7,600,799)
Investment written off	(1,031,400)	0	0	0
	1	254,385	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.

Shares in other corporation represent investment of a subsidiary, Singatronics (Malaysia) Sdn. Bhd. ("SMSB") in Solid Micron Materials Pte. Ltd. ("SMM"), a company incorporated in Republic of Singapore involved in the design and manufacture of industrial and consumer electrical equipment and devices. SMSB's equity interest in SMM amounts to 47.37% of the total issued and paid-up capital of SMM. However, the Directors of the Group do not regard this company to be an associate as the Group does not have any representation on the board of directors nor participation in policy-making processes in SMM. The Group also has no managerial involvement or significant transactions with SMM.

## 15 GOODWILL ON CONSOLIDATION

	Group	
	2007 RM	2006 RM
Cost:		
At 1 January	22,690,457	16,876,873
Acquisition of additional 19% of equity interest in S.G. Silk Screen Industries Sdn. Bhd.	0	4,414,951
Acquisition of business of a jointly controlled entity	0	1,441,703
Foreign currency translation differences	0	(43,070)
At 31 December	22,690,457	22,690,457

Goodwill is allocated to the Group's cash-generating units (CGU) within the silk screen printing and embroidery business segment identified according to the country of operation as follows:

	2007 RM	2006 RM
Malaysia	9,059,697	9,059,697
China	7,038,854	7,038,854
Cambodia	6,591,906	6,591,906
	22,690,457	22,690,457

# Notes On The Financial Statements (cont'd)

## 15 GOODWILL ON CONSOLIDATION (CONT'D)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the Directors covering a 3-year period. Cash flows beyond the 3-year period are projected to be constant following the third budget year as the Directors took into account uncertainties inherent in the business. The discount rate of 8.0% used is pre-tax and reflects specific risks relating to the business segment.

## 16 NON-CURRENT ASSET HELD FOR SALE

	2007 RM	Group 2006 RM
Machineries	210,000	210,000

The asset's carrying amount approximate the fair value of the asset as at 31 December 2007.

## 17 INVENTORIES

	2007 RM	Group 2006 RM
At cost:		
Raw materials	4,427,375	4,794,400
Work in progress	88,351	136,631
Finished goods	983,746	339,069
	5,499,472	5,270,100
Allowance for obsolete stocks	0	(5,846)
	5,499,472	5,264,254

## 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 related parties	Relationship
FirstLink Investments Corporation Limited	Substantial shareholder (2005 only)
Koh Kwee Chai	Shareholder and key management personnel
Cherng Chin Guan	Substantial Shareholder and Executive Director
Wong Kwee Ann	Director in S.G. Silk Screen Industries Sdn Bhd



# Notes On The Financial Statements (cont'd)

## 18 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Amounts due from related parties

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
<b>Non-trade</b>				
<b>Subsidiaries:</b>				
ASTRAL-GMO Sdn. Bhd.	0	0	0	91,140
S.G. Silk Screen Industries Sdn. Bhd.	0	0	1,316,814	1,320,092
	0	0	1,316,814	1,411,232

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:

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Ringgit Malaysia	0	0	1,316,814	1,411,232

(c) Amounts due to related parties:

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
<b>Non-trade</b>				
<b>Subsidiaries:</b>				
ASTRAL-GMO Sdn. Bhd.	0	0	101,785	0
Tropical Purpose Sdn. Bhd.	0	0	0	1
Singatronics (Malaysia) Sdn. Bhd.	0	0	11,248,437	9,741,139
Sing Guan Silk Screen (Cambodia) Co. Ltd.	0	0	3,693,504	2,630,057
<b>Others:</b>				
Koh Kwee Chai	267,163	1,969,328	188,107	109,172
Cherng Chin Guan	0	750,000	0	0
Wong Kwee Ann	1,557,006	0	0	0
	1,824,169	2,719,328	15,231,833	12,480,369

# Notes On The Financial Statements (cont'd)

## 18 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

### (c) Amounts due to related parties: (cont'd)

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		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	1,824,169	2,719,328	11,538,329	9,850,312
US Dollar	0	0	3,693,504	2,630,057
	1,824,169	2,719,328	15,231,833	12,480,369

### (d) Significant related party transactions

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Singatronics (Malaysia) Sdn. Bhd.				
- Receipt of advances	0	0	1,940,000	3,652,030
- Repayment of advances	0	0	950,000	0
- Management fees charged	0	0	480,000	360,000
- Payments made on behalf for	0	0	552,702	3,536,029
- Settlement made on behalf by	0	0	1,550,000	0
FirstLink Investments Corporation Limited				
- Payments made on behalf	0	41,683	0	41,683
- Repayment of advances	0	350,999	0	350,999
Sing Guan Silk Screen (Cambodia) Co. Ltd.				
- Receipt of advances	0	0	171,896	2,749,560
- Settlement made on behalf by	0	0	891,550	0
S.G. Silk Screen Industries Sdn. Bhd.				
- Receipt of advances	0	0	1,500,000	1,900,005
- Repayment of advances	0	0	1,000,000	1,000,000
- Management fees charged	0	0	480,000	360,000
- Payments made on behalf for	0	0	16,722	0
Koh Kwee Chai				
- Receipt of advances	80,000	4,110,156	80,000	1,100,000
- Repayment of advances	1,781,000	2,135,000	0	985,000



# Notes On The Financial Statements (cont'd)

## 18 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(d) Significant related party transactions (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cherng Chin Guan				
- Receipt of advances	0	750,000	0	0
- Repayment of advances	750,000	0	0	0
Wong Kwee Ann				
- Receipt of advances	64,044	1,000,000	0	0

The transactions above were based on the agreed terms between the respective companies within the group and its related parties.

## 19 RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables	13,578,419	13,913,924	0	0
Less: Allowance for doubtful debts	(30,431)	(19,390)	0	0
	13,547,988	13,894,534	0	0
Other receivables	4,297,665	4,570,487	0	1,600,000
Less: Allowance for doubtful debts	(2,234,492)	(3,834,492)	0	(1,600,000)
	2,063,173	735,995	0	0
Creditors' advances	122,423	274,450	0	0
Deposits	1,183,811	786,261	46,998	58,808
Prepayments	645,466	578,169	9,124	9,940
Staff loans	4,350	51,682	0	0
	17,567,211	16,321,091	56,122	68,748

The credit terms of the trade receivables of the Group range from 30 to 90 days (2006: 30 to 90 days).

# Notes On The Financial Statements (cont'd)

## 19 RECEIVABLES (CONT'D)

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	2,739,121	1,402,061	0	0
US Dollar	9,911,127	9,944,862	0	0
Euro	881,360	612,718	0	0
Singapore Dollar	16,380	24,371	0	0
Renminbi	0	1,910,522	0	0
	13,547,988	13,894,534	0	0

## 20 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits with licensed banks	3,347,102	3,423,694	0	0
Cash and bank balances	544,858	1,260,265	69,632	16,187
	3,891,960	4,683,959	69,632	16,187

The effective interest rates of the deposits of the Group at the balance sheet date range from 3.1% to 3.9% (2006: 1.0% to 4.8%).

The deposits of the Group have maturities which range from 30 to 365 days (2006: 11 to 365 days) at the balance sheet date. Bank balances are deposits held at call with banks.

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	2,510,150	2,233,933	69,632	16,187
US Dollar	1,219,078	2,198,453	0	0
Singapore Dollar	7,091	1,027	0	0
Renminbi	155,641	250,256	0	0
Brunei Dollar	0	290	0	0
	3,891,960	4,683,959	69,632	16,187



# Notes On The Financial Statements (cont'd)

## 21 PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade payables	5,423,363	4,856,904	0	0
Customer advances	28,539	30,435	0	0
Other payables	1,657,260	5,077,194	27,729	0
Accrued expenses	2,021,014	724,533	27,600	30,000
Payroll liabilities	897,135	1,183,783	61,442	72,365
	10,027,311	11,872,849	116,771	102,365

The credit terms of the trade payables of the Group range from 7 to 90 days (2006: 7 to 90 days).

The currency exposure profile of trade payables of the Group is as follows:

	Group	
	2007 RM	2006 RM
Ringgit Malaysia	3,015,998	2,864,477
US Dollar	2,320,493	1,895,194
Euro	13	15,936
Singapore Dollar	68,419	17,540
Renminbi	18,440	63,757
	5,423,363	4,856,904

The currency exposure profile of non-trade payables of the Group and the Company is as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	2,776,821	5,135,266	116,771	102,365
US Dollar	1,573,884	1,687,769	0	0
Singapore Dollar	22,987	78,508	0	0
Renminbi	216,022	106,077	0	0
Brunei Dollar	14,234	8,325	0	0
	4,603,948	7,015,945	116,771	102,365

## 22 BORROWINGS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Current</b>				
Bank overdrafts - (Secured)	15,386,537	10,448,690	0	0
Bank overdrafts - (Unsecured)	915,580	0	0	0
Bankers' acceptances - (Secured)	3,780,761	1,687,000	0	0
Bankers' acceptances - (Unsecured)	5,142,000	203,000	0	0

# Notes On The Financial Statements (cont'd)

## 22 BORROWINGS (CONT'D)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Current</b>				
Trust receipts - (Secured)	0	153,522	0	0
Term loan - (Secured)	1,008,126	1,708,669	0	0
Hire-purchase liabilities	2,074,703	1,452,438	43,549	40,716
	28,307,707	15,653,319	43,549	40,716
<b>Non-current</b>				
Term loan (Secured)	4,879,844	4,610,275	0	0
Hire-purchase liabilities	5,950,262	5,058,773	34,483	78,030
	10,830,106	9,669,048	34,483	78,030
<b>Total</b>				
Bank overdrafts - (Secured)	15,386,537	10,448,690	0	0
Bank overdrafts - (Unsecured)	915,580	0	0	0
Bankers' acceptances - (Secured)	3,780,761	1,687,000	0	0
Bankers' acceptances - (Unsecured)	5,142,000	203,000	0	0
Trust receipts - (Secured)	0	153,522	0	0
Term loan - (Secured)	5,887,970	6,318,944	0	0
Hire-purchase liabilities	8,024,965	6,511,211	78,032	118,746
	39,137,813	25,322,367	78,032	118,746

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

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Bank overdrafts				
- (Secured and Unsecured)	8.3	5.8 - 8.3	Nil	Nil
Bankers' acceptances				
- (Secured and Unsecured)	3.8 - 5.3	1.3 - 4.1	Nil	Nil
Trust receipt - (Secured)	0.5 - 1.8	1.8	Nil	Nil
Term loan - (Secured)	5.8 - 8.3	5.8 - 8.3	Nil	Nil
Hire-purchase liabilities	3.6 - 9.6	4.7 - 13.8	6.5	7.0

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Term loan - (Secured)	4,756,583	6,318,000	0	0
Hire-purchase liabilities	10,083,762	6,629,000	170,000	118,000



# Notes On The Financial Statements (cont'd)

## 22 BORROWINGS (CONT'D)

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

	Group		Company	
	2007	2006	2007	2006
(a) Term loan - (Secured)				
Repayments due:				
- not later than 1 year	1,008,126	1,708,669	0	0
- later than 1 year and not later than 2 years	1,115,522	1,538,980	0	0
- later than 2 years and not later than 3 years	977,696	1,170,953	0	0
- later than 3 years and not later than 4 years	1,035,751	991,502	0	0
- later than 4 years and not later than 5 years	760,083	908,840	0	0
- later than 5 years	990,792	0	0	0
	5,887,970	6,318,944	0	0
	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
(b) Hire-purchase liabilities				
Commitments for repayments:				
- not later than 1 year	2,481,388	1,860,220	47,208	47,208
- later than 1 year and not later than 2 years	2,318,968	1,700,704	35,366	47,208
- later than 2 years and not later than 3 years	2,190,650	1,527,316	0	35,366
- later than 3 years and not later than 4 years	1,800,523	1,398,998	0	0
- later than 4 years and not later than 5 years	384,256	856,012	0	0
- later than 5 years	0	216,329	0	0
	9,175,785	7,559,579	82,574	129,782
Unexpired hire-purchase interest	(1,150,820)	(1,048,368)	(4,542)	(11,036)
	8,024,965	6,511,211	78,032	118,746

# Notes On The Financial Statements (cont'd)

## 22 BORROWINGS (CONT'D)

The maturity profiles of the term loan and hire-purchase liabilities are as follows: (Cont'd)

Repayments due:				
- not later than 1 year	2,074,703	1,452,438	43,549	40,716
- later than 1 year and not later than 2 years	2,006,008	1,407,767	34,483	43,549
- later than 2 years and not later than 3 years	1,965,729	1,330,364	0	34,481
- later than 3 years and not later than 4 years	1,641,101	1,290,082	0	0
- later than 4 years and not later than 5 years	337,424	822,400	0	0
- later than 5 years	0	208,160	0	0
	8,024,965	6,511,211	78,032	118,746

The secured bank overdrafts, secured bankers' acceptances, trust receipts and term loan are secured over certain freehold land and factory buildings of the Group (Note 11) and certain deposits with a licensed bank (Note 26), properties of a third party, and guaranteed by certain directors of the subsidiaries and corporate guarantee by the Company. The unsecured bank overdrafts and bankers' acceptance are secured by way of a negative pledge over the entire present and future assets of a subsidiary, Singatronics (Malaysia) Sdn. Bhd.

## 23 DEFERRED TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 January	584,133	659,006	0	0
Recognised in income statement (Note 9)	(566,357)	(74,842)	0	0
Translation differences	(270)	(31)	0	0
At 31 December	17,506	584,133	0	0
	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Presented after appropriate offsetting as follow:				
Deferred tax liabilities	2,035,820	677,133	6,313	0
Deferred tax assets	(2,018,314)	(93,000)	(6,313)	0
	17,506	584,133	0	0



# Notes On The Financial Statements (cont'd)

## 23 DEFERRED TAXATION (CONT'D)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
(a) Deferred tax liabilities of the Group and company:				
Deferred tax liabilities	2,035,820	677,133	6,313	0
Property, plant and equipment and others				
At 1 January	677,133	659,006	0	0
Recognised in income statement	1,358,957	18,158	6,313	0
Translation differences	(270)	(31)	0	0
At 31 December	2,035,820	677,133	6,313	0
(b) Deferred tax assets of the Group and company:				
Unutilised tax losses and unabsorbed capital allowances				
At 1 January	93,000	0	0	0
Recognised in income statement	1,925,314	93,000	6,313	0
At 31 December	2,018,314	93,000	6,313	0

The unused tax losses of the Group for which no deferred tax benefit has been recognised as at 31 December 2007 amounted to RM1,999,693 (2006: RM136,886)

## 24 SHARE CAPITAL

	Group and Company	
	2007 RM	2006 RM
Ordinary shares of RM1.00 each:		
Authorised	100,000,000	100,000,000
Issued and fully paid	45,000,000	45,000,000

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

The salient features of the ESOS are as follows:

- 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;
- the ESOS shall be for a duration of 10 years;
- eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee subject to the employees, inter-alia, being at least 18 years of age and confirmed in service on the offer date;

# Notes On The Financial Statements (cont'd)

## 24 SHARE CAPITAL (CONT'D)

- (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
<b>2007</b>							
4 July 2002	3 January 2012	2.00	332,000	0	0	(45,000)	287,000
<b>2006</b>							
4 July 2002	3 January 2012	2.00	420,000	0	0	(88,000)	332,000

The number of share options vested as at the financial year end is 287,000 (2006: 332,000).

## 25 RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable reserves:				
- Share premium	12,760,293	12,760,293	12,760,293	12,760,293
- Revaluation reserve	854,145	854,145	0	0
- Foreign currency translation reserve	(785,359)	(778,692)	0	0
	12,829,079	12,835,746	12,760,293	12,760,293

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.



# Notes On The Financial Statements (cont'd)

## 26 CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits, bank and cash balances (Note 20)	3,891,960	4,683,959	69,632	16,187
Bank overdrafts (Note 22)	(16,302,117)	(10,448,690)	0	0
	(12,410,157)	(5,764,731)	69,632	16,187
Deposits pledged as security with a licensed bank	(3,347,102)	(2,493,694)	0	0
	(15,757,259)	(8,258,425)	69,632	16,187

## 27 GROUP SEGMENTAL REPORTING

The Group is organised into 3 main business segments:

- Electronics and electrical – manufacture and sale of a range of electronics and electrical consumer and industrial products.
- Silk screen printing and embroidery – rendering of a range of silk screen printing and embroidery services.
- Investment holding.

The Group's electronics and electrical segment operates out of Malaysia and sells to countries such as Japan, Germany, Australia, Cambodia, China and Singapore. The Group's silk screen printing and embroidery segment mainly renders services in Malaysia, China and Cambodia.

Inter-segment transactions have been entered into in the normal course of business and have been established on agreed terms and conditions between the segments.

### Primary reporting format – Business segments

	2007				2006			
	Electronic and electrical consumer and industrial products RM	Silk screen printing and embroidery RM	Investment holding RM	Total RM	Electronic and electrical consumer and industrial products RM	Silk screen printing and embroidery RM	Investment holding RM	Total RM
<b>Revenue</b>								
Total revenue	15,240,503	27,062,737	960,000	43,263,240	22,959,385	27,403,546	720,000	51,082,931
Inter-segment revenue	0	0	(960,000)	(960,000)	0	0	(720,000)	(720,000)
External revenue	15,240,503	27,062,737	0	42,303,240	22,959,385	27,403,546	0	50,362,931

# Notes On The Financial Statements (cont'd)

## 27 GROUP SEGMENTAL REPORTING (CONT'D)

	2007				2006			
	Electronic and electrical consumer and industrial products RM	Silk screen printing and embroidery RM	Investment holding RM	Total RM	Electronic and electrical consumer and industrial products RM	Silk screen printing and embroidery RM	Investment holding RM	Total RM
<b>Results</b>								
Segment results	(2,934,867)	(5,072,975)	(272,705)	(8,280,547)	633,302	3,315,727	(2,004,663)	1,944,366
Unallocated income				139,749				160,826
Finance costs				(2,321,904)				(1,264,918)
Share of results of:								
- jointly controlled entity				0				(11,689)
(Loss)/profit before taxation				(10,462,702)				828,585
Taxation				(19,618)				16,648
(Loss)/Profit after taxation				(10,482,320)				845,233
<b>Other information</b>								
Segment assets	15,310,449	65,561,223	273,312	81,144,984	11,862,853	67,019,758	1,974,410	80,857,021
Unallocated assets				4,083,397				4,211,261
Total assets				85,228,381				85,068,282
Segment liabilities	1,291,841	10,254,761	304,878	11,851,480	4,205,248	8,776,256	1,813,673	14,795,177
Unallocated liabilities				39,155,319				25,703,500
Total liabilities				51,006,799				40,498,677
<b>Other information</b>								
Capital expenditure	3,468,062	2,012,310	2,465	5,482,837	416,638	28,696,067	37,247	29,149,952
Depreciation	637,373	4,315,994	93,942	5,047,309	398,975	1,801,544	102,263	2,302,782
<b>Other non-cash expenses</b>								
Inventories written off	113,348	0	0	113,348	46,739	0	0	46,739
Property, plant and equipment written off	0	267,143	0	267,143	0	2,253	0	2,253
Allowance for doubtful debts	11,041	0	0	11,041	0	0	0	0
Other investment written off	254,384	0	0	254,384	0	0	0	0

Unallocated income consists of interest income.

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

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



# Notes On The Financial Statements (cont'd)

## 27 GROUP SEGMENTAL REPORTING (CONT'D)

### Secondary reporting format – Geographical segments

	2007						
	Malaysia RM	Japan RM	Germany RM	Australia RM	Cambodia RM	Other countries RM	Total RM
<b>Revenue</b>							
External revenue	6,341,607	674,323	2,773,313	4,164,295	24,533,567	3,816,135	42,303,240
<b>Assets</b>							
Segment assets	64,071,111	0	0	0	13,563,057	7,594,213	85,228,381
Total assets							85,228,381
<b>Other information</b>							
Capital expenditure	4,229,683	0	0	0	1,083,915	169,239	5,482,837

  

	2006						
	Malaysia RM	Japan RM	Germany RM	Australia RM	Cambodia RM	Other countries RM	Total RM
<b>Revenue</b>							
External revenue	12,257,791	9,054,967	6,690,508	4,026,161	12,324,525	6,008,979	50,362,931
<b>Assets</b>							
Segment assets	47,946,132	0	0	0	28,257,735	8,864,415	85,068,282
Total assets							85,068,282
<b>Other information</b>							
Capital expenditure	12,995,425	0	0	0	14,606,443	1,548,084	29,149,952

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

# Notes On The Financial Statements (cont'd)

## 28 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	2007 RM	Group 2006 RM
Future minimum lease payments:		
- not later than 1 year	39,150	653,443
- later than 1 year and not later than 5 years	22,650	779,999
	61,800	1,433,442

## 29 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

	2007 RM	Group 2006 RM
Contracted but not provided for:		
- Property, plant and equipment	0	3,997,672
- Renovation	0	147,918
	0	4,145,590

## 30 CONTINGENT LIABILITIES

The Company has given unsecured guarantees to banks amounting to RM30,844,364 (2006: RM29,846,197) for banking facilities extended to subsidiaries of which RM26,906,478 (2006: RM22,615,081 ) has been drawdown at 31 December 2007.



# Notes On The Financial Statements (cont'd)

## 31 CHANGE IN ACCOUNTING POLICIES

The following describes the impact of new standards on the financial statements of the Group and the Company:

- (a) FRS 117 - requires leasehold land to be treated as operating lease. The Group has applied FRS 117 retrospectively on or after 1 January 2007. Consequently from the adoption of FRS 117, the Group and the Company has reclassified the leasehold land as prepaid land leases payment instead of property, plant and equipment. The prepaid land lease payments are amortised on a straight-line basis over the remaining lease period.
- (b) Restatement of the financial statements for the financial year ended 31 December 2006

The following table sets out the material adjustments that have been made in accordance with the transitional and new provisions of the respective FRSs to each of the line items in the Group's and the Company's balance sheet for the financial year ended 31 December 2006.

	Effects of change in accounting policies		
	As previously reported RM	FRS 117 RM	As restated RM
<b>Group</b>			
Balance Sheet as at 31 December 2006			
Property, plant and equipment	34,856,569	(90,232)	34,766,337
Prepaid operating leases	0	90,232	90,232

The adoption of the other standards, amendments to published standards and IC Interpretations as set out in Note 2(a) on the financial statements did not have a material impact on the financial statements of the Group and the Company.

## 32 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 22 April 2008.

# Statement By Directors

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

We, Cherng Chin Guan and Wan Hung See, two of the Directors of Astral Supreme Berhad, state that in the opinion of the Directors, the financial statements set out on pages 23 to 71 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 2007 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 for Entities Other than Private Entities.

Signed on behalf of the Board of Directors in accordance with their resolution dated 22 April 2008.

**WAN HUNG SEE**  
DIRECTOR

**CHERNG CHIN GUAN**  
DIRECTOR

# Statutory Declaration

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

I, Cherng Chin Guan, 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 23 to 71 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHERNG CHIN GUAN

Subscribed and solemnly declared by the abovenamed Cherng Chin Guan in Petaling Jaya, Selangor, on 22 April 2008.

Before me

COMMISSIONER FOR OATHS

S. Selvarajah  
No. B144  
Pesuruhjaya Sumpah  
92M Jalan SS21/39  
Damansara Utama  
Petaling Jaya



# Report Of The Auditors

TO THE MEMBERS OF ASTRAL SUPREME BERHAD (INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 23 to 71 of Astral Supreme Berhad, comprising of the balance sheet and the notes to the financial statements at 31st December 2007 and the income statements, the statements of changes in equity and the cash flow statements for the year ended on that date.

This report is made solely to the company's members, as a body, in accordance with Section 174 (1) of the Companies Act, 1965. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

The financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards 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 at 31st December 2007 and the results of their operations, the changes in equity and the cash flows of the group and the company for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries 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 names of the subsidiary companies of which we have not acted as the auditors are disclosed in Note 13 to the financial statements.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification or any adverse comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

**SQ Morison (AF-1428)**  
**Chartered Accountants (Malaysia)**

**Seah Cheoh Wah - Partner**  
**No. 997/03/10 (J/PH)**

Dated:

# 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 31.12.2007) 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	26	3,872,844	24.9.1997*
26-30 Jalan Seroja 39 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim	Factory and office building	1,290/1,353	Freehold	14	1,128,000	
31, Jalan Dedap 46 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim	Residential	143/143	Freehold	19.5	169,178	
No 11 Jalan Firma 2 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru Johor Darul Takzim	Land and factory building	4,047/5,102	Freehold	14	3,459,405	

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



# Shareholding Statistics

AS AT 31 MARCH 2008

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	: 2,370

## 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	876	36.96	859,300	1.91
1,001 to 10,000	1,207	50.93	5,249,400	11.66
10,001 to 100,000	240	10.13	6,622,400	14.72
100,001 to less than 5% of issued shares	42	1.77	18,895,600	41.99
5% and above of issued shares	3	0.13	13,373,200	29.72
Total	2,370	100.00	45,000,000	100.00

## TOP THIRTY SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Lembaga Tabung Haji	6,786,000	15.08
2. Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Wong Kwee Kai	3,802,500	8.45
3. Mayban Nominees (Tempatan) Sdn. Bhd. pledged securities account for Cherng Chin Guan	2,784,700	6.19
4. Picamas Nominees (Tempatan) Sdn. Bhd. pledged securities account for Alunan Serata Sdn. Bhd.	2,200,000	4.89
5. ECML Nominees (Tempatan) Sdn. Bhd. pledged securities account for Koh Kwee Chai	1,578,800	3.51
6. HDM Nominees (Asing) Sdn. Bhd. Phillip Securities Pte. Ltd. for Kun Swee Tiong	1,550,800	3.45
7. DB (Malaysia) Nominee (Asing) Sdn. Bhd. Exempt AN for Deutsche Bank AG London (PB Priam)	1,478,800	3.29
8. Khoo Ken Seong	930,200	2.07
9. Tay Chye Huat	800,000	1.78
10. Kevin Wee Teck Jin	796,000	1.77
11. Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Cherng Chin Guan	640,500	1.42
12. Picavest Sdn. Bhd.	633,100	1.41
13. RHB Capital Nominees (Tempatan) Sdn. Bhd. pledged securities account for Lim Sin Kheang (CEB)	519,900	1.16
14. HDM Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Firstlink Investments Corporation Limited	500,000	1.11

# Shareholding Statistics (cont'd)

AS AT 31 MARCH 2008

## TOP THIRTY SHAREHOLDERS (CONT'D)

Name of Shareholders	No. of Shares	%
15. Chu Siew Lai	500,000	1.11
16. Lim Sin Kheang	499,700	1.11
17. Koh Kooi Boon	482,700	1.07
18. Ng Yoke Hua	480,000	1.07
19. Wong Kwee Boon	440,000	0.98
20. Tan Lan Chen	431,800	0.96
21. RHB Capital Nominees (Tempatan) Sdn. Bhd. pledged securities account for Koh Kwee Chai (CEB)	430,000	0.96
22. Low Lei Bee	403,200	0.90
23. Ngoh Bee Bee	341,900	0.76
24. Chu Siew Lai	300,000	0.67
25. Wong Cheng Kee	248,700	0.55
26. Ong Tai Poh	238,300	0.53
27. Firstlink Investments Corporation Limited	200,000	0.44
28. Kiing Sie Ing	150,000	0.33
29. HDM Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Chua Chin Lan @ Seah Chin Lan, Tjoa Seah Tjin Lan	150,000	0.33
30. Lim Boon Min	150,000	0.33
<b>Total</b>	<b>30,447,600</b>	<b>67.68</b>

## SUBSTANTIAL SHAREHOLDERS

(According to the Register of Substantial Shareholders as at 31 March 2008)

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. Lembaga Tabung Haji	6,786,000	15.08	-	-
2. Wong Kwee Kai	3,802,500	8.45	-	-
3. Cherng Chin Guan	3,426,200	7.61	-	-



# Shareholding Statistics (cont'd)

AS AT 31 MARCH 2008

## DIRECTORS' INTEREST IN THE COMPANY

(According to the Register of Directors' Shareholdings as at 31 March 2008)

Name of Director	No. of shares of RM1.00 each			
	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. Kang Ching Hong	20,000 <sup>1</sup>	0.04	-	-
2. Cherng Chin Guan	3,426,200 <sup>2</sup>	7.61	-	-
3. Wan Hung See	-	-	2,008,800 <sup>3</sup>	4.46

### Notes:

<sup>1</sup> registered in the name of HSBC Nominees (Tempatan) Sdn. Bhd.

<sup>2</sup> 2,784,700, 640,500 and 1,000 shares are registered in the names of Mayban Nominees (Tempatan) Sdn. Bhd., Kenanga Nominees (Tempatan) Sdn. Bhd. and HLG Nominees (Tempatan) Sdn. Bhd. respectively.

<sup>3</sup> Indirect interest through spouse - 1,578,800 and 430,000 shares are registered in the names of ECML Nominees (Tempatan) Sdn. Bhd. and RHB Capital Nominees (Tempatan) Sdn. Bhd. respectively.

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of ASTRAL SUPREME BERHAD will be held at VIP Lounge, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 22 May 2008 at 9.00 a.m. to conduct the following businesses:-

## Agenda

### As Ordinary Business

1. To receive the audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**
2. To approve the payment of Directors' fees for the year ended 31 December 2007. **Ordinary Resolution 2**
3. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association:-  
  - (i) Mr. Kang Ching Hong **Ordinary Resolution 3**
  - (ii) Puan Siti Rohani binti A. Manan **Ordinary Resolution 4**
4. To re-appoint Messrs SQ Morison as Auditors of the Company and authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

### As Special Business

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

#### **Authority for the Directors 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 and allot shares in the Company from time to time, at such price, upon such terms and conditions, for such purposes and to such person or persons 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 Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**Ordinary Resolution 6**

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

#### **Proposed Allocation of Options to Ms. Wan Hung See, an Executive Director of the Company**

"THAT the Company and the Board of Directors be and are hereby authorised at any time and from time to time to offer and grant to Ms. Wan Hung See, an Executive Director of the Company, options to subscribe for up to 300,000 new ordinary shares of RM1.00 each in the Company available under the Employees' Share Option Scheme ("ESOS") and to allot and issue from time to time new shares pursuant to the acceptance of the offer and to exercise of such options, subject always to such terms and conditions contained in the By-Laws governing and constituting the ESOS (as may be amended, varied or supplemented from time to time) and prevailing guidelines issued by relevant authorities."

**Ordinary Resolution 7**



# Notice Of Annual General Meeting (con't)

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

**Proposed Allocation of Options to Mr. Cherng Chin Guan, an Executive Director of the Company**

"THAT the Company and the Board of Directors be and are hereby authorised at any time and from time to time to offer and grant to Mr. Cherng Chin Guan, an Executive Director of the Company, options to subscribe for up to 300,000 new ordinary shares of RM1.00 each in the Company available under the Employees' Share Option Scheme ("ESOS") and to allot and issue from time to time new shares pursuant to the acceptance of the offer and to exercise of such options, subject always to such terms and conditions contained in the By-Laws governing and constituting the ESOS (as may be amended, varied or supplemented from time to time) and prevailing guidelines issued by relevant authorities."

**Ordinary Resolution 8**

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

By order of the Board

Low Pooi Ming  
Lee Ming Leong  
Company Secretaries

Kuala Lumpur  
30 April 2008

**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.

# Notice Of Annual General Meeting (con't)

## Explanatory notes on special business

### Ordinary Resolution 6 : 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, 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.*

### Ordinary Resolution 7 : Proposed Allocation of Options to Ms. Wan Hung See, an Executive Director of the Company

*The proposed ordinary resolution 7, if passed, will give the Directors the flexibility under the By-Laws governing the Company's Employees' Share Option Scheme ("ESOS"), to offer and grant options to Ms. Wan Hung See, an Executive Director of the Company, to subscribe for up to 300,000 shares, and to allot and issue shares upon the exercise of such options, subject to the limitation that not more than 50% of the shares available under the ESOS shall be allocated, in aggregate, to Executive Directors and senior management. Ms. Wan Hung See is interested in the proposed resolution and has abstained from all deliberations and voting on the proposed resolution, and will abstain from any future deliberations and voting at the Board Meeting(s) to offer and grant options to her. She has also undertaken to ensure that person(s) connected to her will abstain from voting on the proposed resolution at the Annual General Meeting ("AGM").*

### Ordinary Resolution 8 : Proposed Allocation of Options to Mr. Cherng Chin Guan, an Executive Director of the Company

*The proposed ordinary resolution 8, if passed, will give the Directors the flexibility under the By-Laws governing the Company's ESOS, to offer and grant options to Mr. Cherng Chin Guan, an Executive Director of the Company, to subscribe for up to 300,000 shares, and to allot and issue shares upon the exercise of such options, subject to the limitation that not more than 50% of the shares available under the ESOS shall be allocated, in aggregate, to Executive Directors and senior management. Mr. Cherng Chin Guan is interested in the proposed resolution and has abstained from all deliberations and voting on the proposed resolution, and will abstain from any future deliberations and voting at the Board Meeting(s) to offer and grant options to him. He has also undertaken to abstain from voting in respect of his direct shareholdings in the Company at the AGM. In addition, he has undertaken to ensure that person(s) connected to him will abstain from voting on the proposed resolution at the AGM.*

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The profiles of the Directors who are standing for re-election are set out in the section entitled "Directors' Profiles" on page 6.
2. The details of the Directors' shareholdings in the Company are set out in the section entitled "Shareholding Statistics" on page 77.
3. None of the Directors have any direct interests in the Company's subsidiaries.



# Proxy Form

No. of Shares Held

\*I/We \_\_\_\_\_, CDS A/C No.

\_\_\_\_\_ of \_\_\_\_\_

being a member of Astral Supreme Berhad ("the Company") hereby appoint \*the Chairman of the Meeting or

\_\_\_\_\_, NRIC No. \_\_\_\_\_

of \_\_\_\_\_

\_\_\_\_\_

or failing \*him/her \_\_\_\_\_, NRIC No. \_\_\_\_\_

of \_\_\_\_\_

as \*my/our \*proxy/proxies to vote for \*me/us at the Tenth Annual General Meeting of the Company to be held at VIP Lounge, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 22 May 2008 at 9.00 a.m. and at any adjournment thereof.

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

*\* delete whichever is inapplicable*

	Resolution	For	Against
1.	To receive the audited Financial Statements and Reports		
2.	To approve the payment of Directors' fees		
3.	To re-elect Mr. Kang Ching Hong as a Director pursuant to the Company's Articles of Association		
4.	To re-elect Puan Siti Rohani binti A. Manan as a Director pursuant to the Company's Articles of Association		
5.	To re-appoint Messrs SQ Morison as Auditors		
6.	To approve resolution on authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
7.	To approve proposed allocation of options to Ms. Wan Hung See		
8.	To approve proposed allocation of options to Mr. Cherng Chin Guan		

Signature \_\_\_\_\_

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008

## 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.

*Then fold here*

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

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# **ASTRAL**

**S U P R E M E**

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