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STATEMENT ON CORPORATE GOVERNANCE

BOARD MATTERS

Board of Directors

Innovalues Precision Limited is headed by an effective Board that leads and controls the company. The Board of Directors as at the date of this report are :-

Goh Leng Tse	Managing Director
Hein Ke Long	Executive Director
Ong Tiak Beng	Non-Executive Director
Loo Tian Sze, Melvin	Non-Executive Director
Chow Kok Kee	Independent Director
Ong Sim Ho	Independent Director

Board Composition and Balance

The company endeavours to maintain a strong and independent element on the Board of Directors. As at the date of this report, one-third of the Board members are independent directors.

The Board is also of the opinion that its current size of 6 Board members is both effective and efficient. This conclusion was drawn after taking into consideration the nature and size of operations and the statistics drawn from Singapore Board of Directors Survey 2001 on Board composition published by the Singapore Institute of Directors.

Together, the Board members possess a balanced field of core competencies to lead the company. Details of the Board members' qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

Chairman and Managing Director

The Chairman and Managing Director of the company is Mr. Goh Leng Tse. The Board, after careful consideration, is of the opinion that the need to separate the roles of the Chairman and Managing Director is not necessary for the time being. The presence of a strong independent element and the participation of the non-executive as well as independent directors ensure that the Chairman and Managing Director does not have unfettered powers of decision.

Internal Guideline for Board Approval

The company is in the process of developing a formal internal guideline setting forth matters that require the Board of Directors approval. This guideline will be reviewed periodically to ensure its relevance to the operations of the company.

Training for Board Members

New Directors joining the Board are given an orientation program which includes the introduction of the Board members and key management staff, a 30 minutes presentation by the Managing Director and Group Financial Controller on the company, its business, governance practices, key strengths and strategies. The new Board member will also be given a tour of our plants and briefed on the technical aspects of our operations.

Board members are also encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as directors.

STATEMENT ON CORPORATE GOVERNANCE

ACCESS TO INFORMATION

Prior to each meeting, the Board is furnished with information in the form and quality that is appropriate for it to discharge its duties. The Board may communicate directly with the Management team and the Company Secretary on all matters whenever it is deemed necessary.

There is no formal procedure for directors, in the furtherance of their duties, to take independent and professional advice currently. However, directors may, on a case-to-case basis, propose to the Board the need for such independent and professional advice, the cost of which may be borne by the company.

COMMITTEES OF THE BOARD

Nominating Committee

The Nominating Committee was established at a Board Meeting held on 20 February 2002. Members of the Nominating Committee are as follows :-

Chow Kok Kee (Chairman)
Ong Sim Ho
Goh Leng Tse

The Nominating Committee is established for the purposes of ensuring that there is a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, Article 106 of the Articles of Association of the company requires all directors of the company (other than the Managing Director) to retire from office at least once every three years.

As this committee is newly constituted, no meeting has been held.

Remuneration Committee

The Remuneration Committee was established at a Board Meeting held on 20 February 2002. Members of the Remuneration Committee are as follows :-

Ong Sim Ho (Chairman)
Chow Kok Kee
Goh Leng Tse

The Remuneration Committee is established for the purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual directors. As a principle of good corporate governance, no directors should be involved in deciding his own remuneration.

Audit Committee

The audit committee comprises the following four members, including two independent directors. The members of the audit committee are :

Chow Kok Kee (Chairman)
Goh Leng Tse
Ong Sim Ho
Ong Tiak Beng

STATEMENT ON CORPORATE GOVERNANCE

Audit Committee (cont'd)

For the financial year ended 31 December 2001, the audit committee held four meetings. The audit committee performed the following functions:

1. Reviewing with the external auditors, their audit plan and the evaluation of the internal accounting controls, audit report and any matters which the external auditors wishes to discuss;
2. The review and evaluation of the overall internal control systems and procedures of the group including the appointment and scope of work of internal auditors;
3. Assessment of the level of co-operation given by the company's officers to the external and internal auditors;
4. The review of the half-yearly and annual financial statements, including announcements to shareholders and SGX prior to submission of the board;
5. Recommending to the board on the appointment of the external auditors, the audit fees and any questions of resignation or dismissal; and
6. The review of interested party transactions.

The audit committee has full access to the external auditors. The committee also received co-operation from management and was not obstructed or impeded by management in carrying out its functions during the year. Throughout the year, there was no instance of any suspected misdeed or irregularity, which was likely to have a material impact on the group's operating results and financial position.

Internal Controls and Internal Audit

The Group has appointed a consulting firm to formulate and develop a risk management framework with a view to ensure the adequacy and effectiveness of internal controls and risk management process. This firm will conduct independent studies and deliberations and will report directly to the Audit Committee.

DISCLOSURES

Attendance at Board and Specialised Committees Meetings

For period from January 2001 to December 2001

Meetings Director	Board of Directors		Audit Committee	
	Attended	Held	Attended	Held
Goh Leng Tse	3	3	4	4
Hein Ke Long	3	3	*	*
Ong Tiak Beng	3	3	2	4
Loo Tian Sze	3	3	*	*
Chow Kok Kee	3	3	4	4
Ong Sim Ho	1	3	3	4

* Not a member of the relevant committee

Article 118 of the Articles of Association of the company provides for meeting of Directors by telephone conference or other methods of simultaneous communications by electronic means.

STATEMENT ON CORPORATE GOVERNANCE

Remuneration of Directors and Top Executives of the company

Remuneration Band up to S\$250,000

Name	Fixed Salary/Fees	Variable Bonuses	Stock Options	Other Benefits/Fees
Ong Tiak Beng	33%	-	-	67%
Loo Tian Sze	100%	-	-	-
Chow Kok Kee	100%	-	-	-
Ong Sim Ho	100%	-	-	-
Lim Tee Hoon	84%	16%	-	-
Seah Chean Teng	92%	8%	-	-
Pung Tong Seng	80%	20%	-	-

Remuneration Band from S\$250,001 to S\$500,000

Name	Fixed Salary/Fees	Variable Bonuses	Stock Options	Other Benefits/Fees
Goh Leng Tse	72%	28%	-	-
Hein Ke Long	78%	22%	-	-

COMMUNICATIONS WITH SHAREHOLDERS

The company has appointed on a retainer basis a public relations firm to assist it in its communications with the shareholders. It has an investor relations website http://www.wallstraits.com/companygallery/gallery_innovalues.asp and a corporate website <http://www.innovalues.com>.

SUPPLEMENTARY INFORMATION

REMUNERATION PAID TO CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES

The company has undertaken to disclose the total remuneration paid to the controlling shareholders and their associates. Total remuneration paid to these controlling shareholders for the year under review amounted to \$831,188.

REPORT OF THE DIRECTORS

The directors of the company are pleased to present their report together with the audited financial statements of the company and of the group for the financial year ended 31 December 2001.

1 DIRECTORS AT DATE OF REPORT

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

Goh Leng Tse
Hein Ke Long
Ong Tiak Beng
Loo Tian Sze, Melvin
Chow Kok Kee
Ong Sim Ho

2 PRINCIPAL ACTIVITIES

The principal activities of the company are those of manufacturer, assembly, sub-assembly of precision turned machining parts, components and electronic and mechanical devices.

The principal activities of the subsidiaries are disclosed in notes to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

3 RESULTS FOR THE FINANCIAL YEAR

	<u>Group</u> \$'000	<u>Company</u> \$'000
Net profit for the year	4,071	1,617
Minority interests	(295)	-
Profit attributable to shareholders	3,776	1,617
Accumulated profits at beginning of year	6,531	4,472
Issue of bonus shares	(2,075)	(2,075)
Dividends paid (Note 23)	(405)	(405)
Accumulated profits at end of year	<u>7,827</u>	<u>3,609</u>

4 MATERIAL TRANSFERS TO OR FROM RESERVES OR PROVISIONS

During the financial year, there were no material transfers to or from reserves and provisions other than those disclosed in the attached financial statements.

5 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There were no acquisitions or disposals of subsidiaries during the financial year except as follows:

The company incorporated a subsidiary known as Innovalues Precision (Shanghai) Co., Ltd in the People's Republic of China ("PRC") in accordance with the relevant regulations of the PRC in relation to a wholly-owned foreign company. The structure of the wholly-owned foreign company is such that the company's registered capital of US\$500,000 (approximately S\$913,000) is to be fully contributed within 6 months from the date of obtaining a business registration licence. The licence was obtained on 12 November 2001. As at 31 December 2001, the total capital contributed amounted to \$209,974 (US\$119,985).

Subsequent to the year end, the company incorporated a wholly-owned subsidiary in Singapore known as Emulex Pte Ltd. The paid-up capital of this subsidiary is \$2.

REPORT OF THE DIRECTORS

5 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (*cont'd*)

Subsequent to the year end, the company entered into a conditional agreement to acquire the remaining shares in its 51% owned Malaysian subsidiary, Innovalues Microtech Sdn Bhd. The total consideration for the remaining 49% or 110,250 ordinary shares of RM 1 each of the issued and paid-up capital of this subsidiary under this agreement was \$679,300. The net tangible assets of the subsidiary at 31 December 2001 was \$885,114.

This acquisition is conditional upon no adverse changes in the prospects, operations or financial conditions of the subsidiary occurring on or before the completion date and all necessary approvals and consents being obtained prior to the completion date on 28 April 2002. Upon completion, the subsidiary will become a wholly-owned subsidiary of the company.

6 ISSUE OF SHARES AND DEBENTURES

At an extraordinary general meeting held on 9 February 2001, the shareholders approved, *inter alia*, the following:

- (a) an increase in the authorised share capital of the company from \$1,000,000 divided into 1,000,000 ordinary shares of \$1.00 each to \$50,000,000 divided into 50,000,000 ordinary shares of \$1.00 each;
- (b) the capitalisation of \$2,075,000 out of the company's revenue reserves by way of a bonus issue of 2,075,000 ordinary shares of \$1.00 each credited as fully paid to the shareholders of the company;
- (c) the sub-division of each ordinary share of \$1.00 each in the authorised and issued and paid-up share capital of the company into 20 ordinary shares of \$0.05 each so that the authorised share capital is \$50,000,000 divided into 1,000,000,000 shares of \$0.05 each of which 58,100,000 ordinary shares of \$0.05 each are issued and fully paid; and
- (d) the issue of 15,400,000 new ordinary shares of \$0.05 each comprising 14,400,000 shares for a cash consideration of \$0.35 each and 1,000,000 shares for a cash consideration of \$0.31 each by way of public offer and placement (initial public offer).

The net proceeds of the initial public offer were utilised to expand the group's facilities in Malaysia and Thailand, to reduce bank borrowings and as working capital.

The company was admitted to the official list of the Singapore Exchange Securities Trading Limited ("SGX") on 2 March 2001.

No debentures were issued.

Subsequent to the year end, the company announced its intention to issue 3,500,000 new ordinary shares of \$0.05 each for a cash consideration of \$0.50 each by way of a placement issue. The proceeds are to be used for the expansion of the group's production facilities in Thailand, Malaysia and PRC. The new shares will rank *pari passu* in all respects with the existing shares of the company except that they will not rank for dividends declared by the company in respect of the financial year ended 31 December 2001. Allotment and the issue of the placement shares is conditional upon approval of the SGX.

7 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

8 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act except as follows:

REPORT OF THE DIRECTORS

8 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(cont'd)*

<u>Name of directors</u>	<u>At beginning of year</u>	<u>At end of year</u>	<u>As at 21 January 2002</u>
	<u>Shares of S\$1.00 each</u>	<u>Shares of S\$0.05 each</u>	<u>Shares of S\$0.05 each</u>
<u>The company</u>			
Goh Leng Tse	270,000	19,535,000	19,636,000
Hein Ke Long	150,000	10,500,000	10,500,000
Ong Tiak Beng	200,000	14,000,000	14,000,000
Loo Tian Sze, Melvin	50,000	3,500,000	3,500,000
Chow Kok Kee	-	20,000	20,000
Ong Sim Ho	-	20,000	20,000

By virtue of section 7 of the Companies Act, the above directors of the company are deemed to have an interest in the share capital of the subsidiaries at the relevant dates.

9 DIVIDENDS

Dividends paid or declared since the end of the company's last financial year were as follows:

An interim dividend of \$0.80 per ordinary share less tax on the ordinary shares of the company amounting to \$494,680 was paid in respect of the previous financial year as proposed in the directors' report for that year.

The directors of the company now recommend that a final dividend be paid at \$0.015 per ordinary share less tax amounting to \$832,388 for the financial year just ended on the ordinary shares of the company.

10 ACTIONS RELATING TO BAD AND DOUBTFUL DEBTS

Before the income statement and the balance sheet were made out, the directors of the company took reasonable steps to ascertain that proper action had been taken in relation to the writing off of and the making of provision for bad and doubtful debts of the company and have satisfied themselves that all known bad debts if any of the company have been written off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the directors of the company are not aware of any circumstances which would render amounts if any written off or the amount of provision for bad and doubtful debts for the group of companies in the consolidated financial statements of the company inadequate to any substantial extent.

11 ACTIONS RELATING TO CURRENT ASSETS

Before the income statement and the balance sheet were made out, the directors of the company took reasonable steps to ascertain that any current assets of the company which were unlikely to realise in the ordinary course of business their book values have been written down to their estimated realisable values or were adequately provided for.

At the date of this report, the directors of the company are not aware of any circumstances which would render the value attributable to current assets in the consolidated financial statements misleading.

REPORT OF THE DIRECTORS

12 CHARGES ON ASSETS AND EXISTENCE OF CONTINGENT LIABILITIES AFTER YEAR END DATE

At the date of this report:

- a) there does not exist any charge on the assets of the company or any corporation in the group which has arisen since the end of the financial year which secures the liability of any other person except for those disclosed in the notes to the financial statements; and
- b) there does not exist any contingent liability of the company or any corporation in the group which has arisen since the end of the financial year except for those disclosed in the notes to the financial statements.

13 ABILITY TO MEET OBLIGATIONS

No contingent or other liability of the company or any corporation in the group 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 of the company, will or may substantially affect the ability of the company or any corporation in the group to meet its obligations as and when they fall due.

14 OTHER CIRCUMSTANCES AFFECTING FINANCIAL STATEMENTS

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

15 UNUSUAL ITEMS DURING THE YEAR

In the opinion of the directors of the company, the results of the operations of the company and of the group have not been substantially affected by any item, transaction or event of a material and unusual nature during the financial year except for those disclosed in the notes to the financial statements.

16 UNUSUAL ITEMS AFTER YEAR END DATE

In the opinion of the directors of the company, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of the report which would affect substantially the results of the operations of the company and of the group for the financial year in which this report is made except for those disclosed in the notes to the financial statements.

17 CONTRACTUAL BENEFITS OF DIRECTORS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

18 OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the company or any corporation in the group was granted.

REPORT OF THE DIRECTORS

19 OPTIONS EXERCISED

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

20 UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

21 AUDIT COMMITTEE

The audit committee comprises the following four members, including two independent directors. The members of the audit committee are :

Chow Kok Kee (Chairman)
Goh Leng Tse
Ong Sim Ho
Ong Tiak Beng

For the financial year ended 31 December 2001, the audit committee held four meetings. The audit committee performed the following functions:

1. Reviewing with the external auditors, their audit plan and the evaluation of the internal accounting controls, audit report and any matters which the external auditors wishes to discuss;
2. The review and evaluation of the overall internal control systems and procedures of the group including the appointment and scope of work of internal auditors;
3. Assessment of the level of co-operation given by the company's officers to the external and internal auditors;
4. The review of the half-yearly and annual financial statements, including announcements to shareholders and SGX prior to submission of the board;
5. Recommending to the board on the appointment of the external auditors, the audit fees and any questions of resignation or dismissal; and
6. The review of interested party transactions.

The audit committee has full access to the external auditors. The committee also received co-operation from management and was not obstructed or impeded by management in carrying out its functions during the year. Throughout the year, there was no instance of any suspected misdeed or irregularity, which was likely to have a material impact on the group's operating results and financial position.

The audit committee recommends the re-appointment of Chio Lim & Associates as the company's auditors at the forthcoming annual general meeting.

REPORT OF THE DIRECTORS

22 AUDITORS

The auditors, Chio Lim & Associates, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Goh Leng Tse
Director

Hein Ke Long
Director

10 April 2002

STATEMENT OF DIRECTORS

In the opinion of the directors, the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 31 December 2001 and of the results of the business of the company and of the group and of the cash flows of the group for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Goh Leng Tse
Director

Hein Ke Long
Director

10 April 2002

AUDITORS' REPORT TO THE MEMBERS OF INNOVALUES PRECISION LIMITED

We have audited the accompanying balance sheets of Innovalues Precision Limited and of the group as at 31 December 2001 and the related statements of income, changes in equity and consolidated cash flow for the year then ended. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- a) the accompanying financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
 - i) the state of affairs of the company and of the group as at 31 December 2001 and of the results and changes in equity of the company and of the group and cash flows of the group for the financial year then ended; and
 - ii) the other matters required by section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- b) the accounting and other records and the registers required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of the subsidiaries are indicated in Note 7 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that are consolidated with the financial statements of the company 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 as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification.

Chio Lim & Associates
Certified Public Accountants
Peter Jacob
(Partner-in-charge)

Singapore
10 April 2002

BALANCE SHEETS AS AT 31 DECEMBER 2001

	Notes	Group		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
ASSETS					
Current assets:					
Cash and cash equivalents	3	2,069	1,138	804	941
Trade receivables	4	8,224	8,378	6,185	7,020
Other receivables and prepayments	5	797	494	10,740	7,942
Inventories	6	3,518	2,529	955	994
Total current assets		14,608	12,539	18,684	16,897
Non-current assets:					
Investments in subsidiaries	7	-	-	1,750	1,541
Plant and equipment	8	14,930	11,716	562	1,084
Total non-current assets		14,930	11,716	2,312	2,625
Total assets		29,538	24,255	20,996	19,522
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables and accrued liabilities	9	4,353	4,143	3,777	4,022
Other payables	10	926	1,535	554	935
Short-term borrowings	11	4,618	5,675	4,223	5,675
Income tax payable		908	1,562	751	1,468
Current portion of finance leases	13	1,223	800	343	147
Total current liabilities		12,028	13,715	9,648	12,247
Non-current liabilities:					
Long-term borrowings	12	-	1,623	-	1,623
Finance leases	13	1,487	944	503	175
Deferred tax	14	149	199	113	175
Total non-current liabilities		1,636	2,766	616	1,973
Minority interests		533	238	-	-
Capital and reserves:					
Issued capital	15	3,675	830	3,675	830
Reserves	16	11,666	6,706	7,057	4,472
Total equity		15,341	7,536	10,732	5,302
Total liabilities and equity		29,538	24,255	20,996	19,522

See accompanying notes to financial statements.

INCOME STATEMENTS - YEAR ENDED 31 DECEMBER 2001

	Notes	Group		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
REVENUE	17	27,624	24,601	23,924	28,478
Cost of sales		(19,690)	(16,158)	(20,822)	(22,963)
GROSS PROFIT		7,934	8,443	3,102	5,515
Other operating income	18	138	69	81	67
Distribution costs		(741)	(534)	(408)	(246)
Administrative expenses		(3,613)	(2,581)	(2,323)	(1,744)
Other credits / (charges)	19	1,251	(300)	1,423	95
PROFIT FROM OPERATIONS		4,969	5,097	1,875	3,687
Finance costs	20	(464)	(164)	(65)	(76)
PROFIT BEFORE INCOME TAX	21	4,505	4,933	1,810	3,611
Income tax expense	22	(434)	(1,085)	(193)	(959)
NET PROFIT FOR THE YEAR		4,071	3,848	1,617	2,652
Minority interests		(295)	(64)	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		3,776	3,784	1,617	2,652
Basic earnings per share (cents)	31	5.32	6.51		
Fully diluted earnings per share (cents)	31	5.32	6.51		

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT - YEAR ENDED 31 DECEMBER 2001

	<u>Group</u>	
	2001	2000
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	4,505	4,933
Adjustments for :		
Depreciation	1,969	1,086
Interest expense	464	164
Interest income	(33)	(21)
Loss on disposal of plant and equipment	35	35
Unrealised foreign exchange adjustment	(834)	206
	<hr/>	<hr/>
Cash flows from operations before changes in working capital	6,106	6,403
Working capital changes, excluding changes relating to cash		
Inventories	(989)	(1,591)
Trade receivables	154	(4,480)
Other receivables and prepayments	(303)	(257)
Trade and other payables and accrued liabilities	821	552
	<hr/>	<hr/>
	(317)	(5,776)
Cash generated from operating activities	5,789	627
Interest paid	(464)	(164)
Income tax paid	(1,138)	(146)
Interest received	33	21
Dividends paid	(405)	(90)
	<hr/>	<hr/>
Net cash from operating activities	3,815	248
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment (See note below)	(3,354)	(7,133)
Proceeds from disposal of plant and equipment	192	274
Preliminary expenses	-	(2)
	<hr/>	<hr/>
Net cash used in investing activities	(3,162)	(6,861)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance lease obligations	(880)	(863)
Increase (decrease) in borrowings	(2,680)	7,298
Net proceeds from issue of shares	4,218	-
	<hr/>	<hr/>
Net cash from financing activities	658	6,435
Net effect of exchange rate changes in consolidating foreign subsidiaries	(380)	178
	<hr/>	<hr/>
Net increase in cash	931	-
Cash at beginning of the year (Note 3)	1,138	1,138
	<hr/>	<hr/>
Cash at end of the year (Note 3)	2,069	1,138
	<hr/>	<hr/>

Note

The group acquired plant and equipment costing \$1,845,810 (2000 : \$1,765,890) through finance leases during the year.

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER 2001

Group

	<u>Share Capital</u> \$'000	<u>Share Premium</u> \$'000	<u>Translation Reserve</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Total</u> \$'000
At 1 January 2000	830	-	(3)	2,837	3,664
Net profit for the year	-	-	-	3,784	3,784
Dividends paid (Note 23)	-	-	-	(90)	(90)
Foreign currency translation differences	-	-	178	-	178
At 31 December 2000	830	-	175	6,531	7,536
Issue of ordinary shares	770	4,580	-	-	5,350
Expenses arising from share issue	-	(1,132)	-	-	(1,132)
Issue of bonus shares	2,075	-	-	(2,075)	-
Net profit for the year	-	-	-	3,776	3,776
Dividends paid (Note 23)	-	-	-	(405)	(405)
Foreign currency translation differences	-	-	216	-	216
At 31 December 2001	3,675	3,448	391	7,827	15,341

Company

	<u>Share Capital</u> \$'000	<u>Share Premium</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Total</u> \$'000
At 1 January 2000	830	-	1,910	2,740
Net profit for the year	-	-	2,652	2,652
Dividends paid (Note 23)	-	-	(90)	(90)
At 31 December 2000	830	-	4,472	5,302
Issue of ordinary shares	770	4,580	-	5,350
Expenses arising from share issue	-	(1,132)	-	(1,132)
Issue of bonus shares	2,075	-	(2,075)	-
Net profit for the year	-	-	1,617	1,617
Dividends paid (Note 23)	-	-	(405)	(405)
At 31 December 2001	3,675	3,448	3,609	10,732

See accompanying notes to financial statements.

1. GENERAL

The company is incorporated in Singapore. The financial statements are expressed in Singapore dollars. They are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Statements of Accounting Standard. The financial statements were approved and authorised for issue to the shareholders by the board of directors on 10 April 2002.

The company's principal activities are those of manufacturer, assembly, sub-assembly of precision turned machining parts, components and electronic and mechanical devices.

The subsidiaries' principal activities are disclosed in Note 7 to the financial statements.

The company is listed on the Singapore Exchange Securities Trading Limited.

The registered office address of the company is 9 Kallang Place #07-08/10, Singapore 339154.

The company is domiciled in Singapore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION – The financial statements are prepared in accordance with the historical cost convention.

BASIS OF CONSOLIDATION – The consolidation accounting method is used for the consolidated financial statements which includes the financial statements of the company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year are consolidated from the respective dates of acquisition or up to the dates of disposal. All significant intercompany transactions and balances have been eliminated on consolidation.

Any excess of the purchase consideration over the fair value of the underlying net assets of subsidiaries acquired is accounted for as goodwill on consolidation and is amortised on a straight-line basis over its expected useful life. Useful lives vary between two and five years depending upon the nature of the acquisition, unless a longer period not exceeding twenty years can be justified. Expected useful lives are reviewed at each balance sheet date and where those differ significantly from previous estimates, amortisation periods are changed accordingly.

INVESTMENTS IN SUBSIDIARIES – Investments in subsidiaries are stated in the company's balance sheet at cost. Provision is made for impairment in value that is not considered temporary.

REVENUE RECOGNITION – Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction (including future costs) can be measured reliably. Revenue from rendering of services that are of short duration is recognised when the services are completed. Interest revenue is recognised on a time-proportion basis using the effective interest rate. Dividend revenue is recognised when the shareholders right to receive the dividend is legally established.

INVENTORIES – Inventories are measured at the lower of cost (first in first out method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

FOREIGN CURRENCY TRANSACTIONS – Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement.

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2001

TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS – In translating the financial statements of foreign subsidiaries for incorporation in the consolidated financial statements, the assets and liabilities are translated at the closing rates of exchange and income statement items are translated at the average rates of exchange. The resulting exchange differences are classified under equity until the disposal of the net investment.

INCOME TAX – Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant timing differences.

NON-CURRENT ASSETS – Non-current assets, such as plant and equipment and investments are reviewed for impairment whenever events or changes in circumstances indicate that the net book value of these assets may not be recoverable. Impairment losses are determined based on the difference between fair value, which would generally approximate estimated future cash flows discounted at the company's cost of capital or where appropriate the sale value, and net book value.

USE OF ESTIMATES – The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make 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 reporting period. Results could differ from those estimates.

DERIVATIVE FINANCIAL INSTRUMENTS – The company may, from time to time, enter into borrowing and foreign exchange arrangements or interest rate swap contracts or similar instruments as hedges against changes in interest rates or the fair value of the company's liabilities. The company does not utilise these arrangements for trading or speculative purposes.

RISK ON FINANCIAL ASSETS – Financial assets that potentially subject the company to concentrations of credit risk consist principally of cash, cash equivalents and trade and other accounts receivable. The directors believe that the financial risks associated with these financial instruments are minimal. The company places its cash with high credit quality institutions. The company performs ongoing credit evaluation of its customers' financial condition and maintains provision for doubtful receivables based upon the expected collectibility of all receivables.

FAIR VALUE OF FINANCIAL INSTRUMENTS – The carrying values of cash, accounts receivable, other current assets, short-term borrowings, accounts payable and other current liabilities approximate their fair market values due to the short-term maturity of these instruments. The fair market value of long-term debt was not determined because the book value approximates the market value.

RETIREMENT BENEFITS COSTS – Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. Contributions made to government managed retirement benefit plans such as the Central Provident Fund which specifies the employer's obligations are dealt with as defined contribution retirement benefit plans.

DEPRECIATION – Depreciation is provided on gross carrying amounts in equal annual instalments over the estimated useful lives of the assets. The annual rates of depreciation are as follows :

Plant & equipment – 10% – 33 1/3 %

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

FINANCE LEASES – A finance lease is recognised as an asset and as a liability in the balance sheet at amounts equal at the inception of the lease to the fair value of the leased assets or, if lower, at the present value of the lease payments based on the interest rate implicit in the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are allocated to each lease term so as to produce a constant rate of charge on the remaining balance of the obligations. The assets are depreciated as owned depreciable assets.

CASH – For the purpose of the cash flow statement, cash and cash equivalents consist of cash and bank balances and fixed deposits.

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2001

3. CASH AND CASH EQUIVALENTS

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Cash and bank balances	1,959	1,086	804	936
Fixed deposits	110	52	-	5
	<u>2,069</u>	<u>1,138</u>	<u>804</u>	<u>941</u>

Included in cash and cash equivalents are the following significant foreign currency balances :

	'000	'000	'000	'000
US \$	325	512	325	512
S\$ equivalent	601	887	601	887
Thai Baht	7,979	557	-	-
S\$ equivalent	334	22	-	-
RM	1,495	281	-	-
S\$ equivalent	728	128	-	-

The fixed deposits of subsidiaries amounting to \$110,354 (2000 : \$47,000) have been pledged to obtain bankers' guarantees.

The fixed deposit of the company amounting to \$5,000 for year 2000 has been pledged to obtain a guarantee for rental deposit.

4. TRADE RECEIVABLES

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Outside parties	8,374	8,528	5,208	7,170
Less: provision for doubtful debts	(150)	(150)	(150)	(150)
Subsidiaries (Note 7)	-	-	1,127	-
	<u>8,224</u>	<u>8,378</u>	<u>6,185</u>	<u>7,020</u>
Movement in provision:				
Balance at beginning of year	150	-	150	-
Charge to income statement	-	150	-	150
	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>

Included in trade receivables are the following significant foreign currency balances :

	'000	'000	'000	'000
US \$	2,654	3,792	3,264	3,792
S\$ equivalent	4,910	6,564	6,037	6,564
Thai Baht	67,435	28,297	-	-
S\$ equivalent	2,822	1,136	-	-
RM	707	489	-	-
S\$ equivalent	344	223	-	-

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2001

4. TRADE RECEIVABLES (cont'd)

The amounts due from subsidiaries are unsecured, interest free and without fixed repayment terms.

The average credit period taken by customers is about 90 days. A provision is made for estimated irrecoverable amounts from customers. This provision is determined by reference to past default experience. The directors consider that the carrying amount of trade receivables approximates their fair value.

5. OTHER RECEIVABLES AND PREPAYMENTS

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Deposits	341	151	192	42
Other receivables	57	45	25	26
Prepayments	399	298	12	183
Subsidiaries (Note 7)	-	-	10,511	7,691
	<u>797</u>	<u>494</u>	<u>10,740</u>	<u>7,942</u>

The amounts due from subsidiaries are unsecured, interest free with no fixed repayment terms.

The directors consider that the carrying amount of other receivables and prepayments approximates their fair value.

6. INVENTORIES

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Cost:				
Finished goods	1,281	1,138	900	635
Less: provision for inventories	(155)	-	(101)	-
Work-in-progress	722	416	4	182
Raw materials	1,670	975	152	177
	<u>3,518</u>	<u>2,529</u>	<u>955</u>	<u>994</u>
Movement in provision:				
Balance at beginning of year	-	-	-	-
Charge to income statement	(155)	-	(101)	-
	<u>(155)</u>	<u>-</u>	<u>(101)</u>	<u>-</u>
Balance at end of year	(155)	-	(101)	-

7. INVESTMENTS IN SUBSIDIARIES

	<u>Company</u>	
	<u>2001</u>	<u>2000</u>
	\$'000	\$'000
Unquoted equity shares, at cost	1,750	1,541
Fair values based on net book values of subsidiaries	<u>6,447</u>	<u>3,733</u>

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows :

Name of company	Principal activities	Place of business and incorporation	Percentage of equity held by the company		Cost in books of company	
			2001 %	2000 %	2001 \$'000	2000 \$'000
@ Innovalues Precision Sdn Bhd	Manufacture and sale of precision machined parts, components and sub-assemblies	Malaysia	100	100	211	211
@ Innovalues Microtech Sdn Bhd	Electroless plating	Malaysia	51	51	51	51
@ Innovalues Precision (Kluang) Sdn Bhd	Manufacture and sale of precision – machined parts, components and sub-assemblies	Malaysia	100	100	145	145
Innovalues Precision (Thailand) Limited (1)	Manufacture and sale of precision – machined parts, components and sub-assemblies	Thailand	90	90	1,134	1,134
Innovalues Precision (Shanghai) Co., Ltd (2)	Manufacture and sale of precision – machined parts components and sub-assemblies	People's Republic of China	100	–	209	–
					1,750	1,541

@ Audited by Horwath Wong & Co., a member firm of Horwath International of which Chio Lim & Associates, Singapore, is a member.

(1) Other auditors. Audited by Ernst & Young Office Limited, Bangkok, Thailand.

(2) Audited by Shu Lun Pan CPA Co., Ltd., Shanghai, PRC, a member firm of Horwath International of which Chio Lim & Associates, Singapore, is a member.

The company incorporated a subsidiary known as Innovalues Precision (Shanghai) Co., Ltd in the People's Republic of China ("PRC") in accordance with the relevant regulations of the PRC in relation to a wholly-owned foreign company. The structure of the wholly-owned foreign company is such that the company's registered capital of US\$500,000 (approximately S\$913,000) is to be fully contributed within 6 months from the date of obtaining a business registration licence. The licence was obtained on 12 November 2001. As at 31 December 2001, the total capital contributed amounted to \$209,974 (US\$119,985).

Subsequent to the year end, the company incorporated a wholly-owned subsidiary in Singapore known as Emulex Pte Ltd. The paid-up capital of this subsidiary is \$2.

Subsequent to the year end, the company entered into a conditional agreement to acquire the remaining shares in its 51% owned Malaysian subsidiary, Innovalues Microtech Sdn Bhd. The total consideration for the remaining 49% or 110,250 ordinary shares of RM 1 each of the issued and paid-up capital of this subsidiary under this agreement was \$679,300. The net tangible assets of the subsidiary at 31 December 2001 was \$885,114.

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

This acquisition is conditional upon no adverse changes in the prospects, operations or financial conditions of the subsidiary occurring on or before the completion date and all necessary approvals and consents being obtained prior to the completion date on 28 April 2002. Upon completion, the subsidiary will become a wholly-owned subsidiary of the company.

8. PLANT AND EQUIPMENT

<u>Group</u>	<u>Plant and equipment</u>
<u>Cost</u>	\$'000
As at 1.1.2001	13,035
Currency alignment	674
Additions	4,814
Disposals	(268)
	<hr/>
As at 31.12.2001	18,255
	<hr/>
<u>Depreciation</u>	
As at 1.1.2001	1,319
Currency alignment	78
For the year	1,969
Disposals	(41)
	<hr/>
As at 31.12.2001	3,325
	<hr/>
Depreciation for 2000	1,086
	<hr/>
<u>Net Book Value</u>	
As at 31.12.2000	11,716
	<hr/>
As at 31.12.2001	14,930
	<hr/>
	<hr/>
<u>Company</u>	<u>Plant and equipment</u>
<u>Cost</u>	\$'000
As at 1.1.2001	1,468
Additions	200
Disposals	(870)
	<hr/>
As at 31.12.2001	798
	<hr/>
<u>Depreciation</u>	
As at 1.1.2001	384
For the year	150
Disposals	(298)
	<hr/>
As at 31.12.2001	236
	<hr/>
Depreciation for 2000	348
	<hr/>
<u>Net Book Value</u>	
As at 31.12.2000	1,084
	<hr/>
As at 31.12.2001	562
	<hr/>

Motor vehicles costing \$334,688 (2000: \$195,688) are held in trust by certain directors of the company.

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2001

9. TRADE PAYABLES AND ACCRUED LIABILITIES

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Outside parties	3,337	3,372	934	1,483
Subsidiaries (Note 7)	-	-	2,358	2,138
Related parties (Note 25)	8	25	8	25
Accrued liabilities	1,008	746	477	376
	<u>4,353</u>	<u>4,143</u>	<u>3,777</u>	<u>4,022</u>

Included in trade payables and accrued liabilities are the following significant foreign currency balances :

	'000	'000	'000	'000
US \$	258	464	1,534	464
S\$ equivalent	<u>478</u>	<u>804</u>	<u>2,838</u>	<u>804</u>
Thai Baht	8,524	1,952	-	-
S\$ equivalent	<u>357</u>	<u>78</u>	-	-
RM	4,204	3,974	-	4,739
S\$ equivalent	<u>2,047</u>	<u>1,812</u>	-	<u>2,161</u>
Yen	68,839	31,480	-	15,750
S\$ equivalent	<u>970</u>	<u>475</u>	-	<u>238</u>

The amounts due to subsidiaries and the related parties are unsecured, interest free and without fixed repayment terms.

10. OTHER PAYABLES

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Purchase of plant and equipment	617	1,003	271	667
Director	165	-	157	-
Directors' fees	123	130	105	130
Others	21	402	21	138
	<u>926</u>	<u>1,535</u>	<u>554</u>	<u>935</u>

The advances from the director are unsecured, interest free and without fixed repayment terms.

11. SHORT-TERM BORROWINGS

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Bank overdraft (secured) (Note 12)	-	2,185	-	2,185
Bank loan (secured) (Note 12)	2,676	975	2,676	975
Bills payable to banks	1,942	2,515	1,547	2,515
	<u>4,618</u>	<u>5,675</u>	<u>4,223</u>	<u>5,675</u>

The fair value of short-term borrowings was not determined because the book values approximate the market values.

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2001

12. LONG-TERM BORROWINGS

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Bank loan (secured)	-	1,623	-	1,623

The bank loan, overdraft and other credit facilities are secured by a first fixed and floating charge over the company's assets and joint and several personal guarantees of the directors of the company. The charge and the guarantees were released on 8 January 2002.

Interest rates for the bank loan and overdraft were at 6.10% (2000: 6.25%) during the year. The bank loan is repayable in 48 equal monthly instalments from the date of disbursement. This loan was repaid in full on 7 January 2002.

13. OBLIGATIONS UNDER FINANCE LEASES

<u>Group</u>	<u>Minimum</u>	<u>Finance</u>	<u>Present</u>
<u>2001</u>	<u>Payments</u>	<u>Charges</u>	<u>Value</u>
	\$'000	\$'000	\$'000
Minimum lease payments payable:			
Due within one year	1,402	(179)	1,223
Due within 2 to 5 years	1,597	(120)	1,477
Due after 5 years	12	(2)	10
Total	3,011	(301)	2,710

Net book value of plant and equipment under finance leases 3,047

Included in the obligations under finance leases are the following significant foreign currency balances :

	<u>'000</u>
RM \$	3,788
S\$ equivalent	1,844
Thai Baht	466
S\$ equivalent	20

<u>Group</u>	<u>Minimum</u>	<u>Finance</u>	<u>Present</u>
<u>2000</u>	<u>Payments</u>	<u>Charges</u>	<u>Value</u>
	\$'000	\$'000	\$'000
Minimum lease payments payable:			
Due within one year	911	(111)	800
Due within 2 to 5 years	1,125	(181)	944
Due after 5 years	-	-	-
Total	2,036	(292)	1,744

Net book value of plant and equipment under finance leases 3,070

Included in the obligations under finance leases are the following significant foreign currency balances :

	<u>\$'000</u>
RM \$	3,022
S\$ equivalent	1,377
Thai Baht	1,132
S\$ equivalent	45

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2001

13. OBLIGATIONS UNDER FINANCE LEASES (cont'd)

<u>Company</u> <u>2001</u>	<u>Minimum</u> <u>Payments</u> \$'000	<u>Finance</u> <u>Charges</u> \$'000	<u>Present</u> <u>Value</u> \$'000
Minimum lease payments payable:			
Due within one year	380	(37)	343
Due within 2 to 5 years	553	(60)	493
Due after 5 years	12	(2)	10
Total	945	(99)	846
Net book value of plant and equipment under finance leases			292

<u>Company</u> <u>2000</u>	<u>Minimum</u> <u>Payments</u> \$'000	<u>Finance</u> <u>Charges</u> \$'000	<u>Present</u> <u>Value</u> \$'000
Minimum lease payments payable:			
Due within one year	148	(1)	147
Due within 2 to 5 years	223	(48)	175
Total	371	(49)	322
Net book value of plant and equipment under finance leases			436

It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 3 to 7 years. The rates of interest for finance leases ranged between 5% to 12% (2000: 5.5% to 12%) during the year. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The fair value of the lease obligations approximate their carrying amount. The obligations under finance leases are secured by the lessor's charge over the leased assets. Certain finance lease facilities of the group are covered by corporate guarantees given by the company.

14. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>2001</u> \$'000	<u>2000</u> \$'000	<u>2001</u> \$'000	<u>2000</u> \$'000
At beginning of the year	199	252	175	175
Reversal	(50)	(53)	(62)	-
At end of the year	149	199	113	175

The deferred tax balance is principally due to the excess of net book value over the tax written down value of plant and equipment.

15. ISSUED CAPITAL

	<u>Group & Company</u>	
	2001	2000
	\$'000	\$'000
Authorised		
1,000,000,000 ordinary shares of \$0.05 each (2000 : 1,000,000 ordinary shares of \$1.00 each)	50,000	1,000
Issued and fully paid:		
73,500,000 ordinary shares of \$0.05 each (2000 : 830,000 ordinary shares of \$1.00 each)	3,675	830

At an extraordinary general meeting held on 9 February 2001, the shareholders approved, inter alia, the following:

- (a) an increase in the authorised share capital of the company from \$1,000,000 divided into 1,000,000 ordinary shares of \$1.00 each to \$50,000,000 divided into 50,000,000 ordinary shares of \$1.00 each;
- (b) the capitalisation of \$2,075,000 out of the company's revenue reserves by way of a bonus issue of 2,075,000 ordinary shares of \$1.00 each credited as fully paid to the shareholders of the company;
- (c) the sub-division of each ordinary share of \$1.00 each in the authorised and issued and paid-up share capital of the company into 20 ordinary shares of \$0.05 each so that the authorised share capital is \$50,000,000 divided into 1,000,000,000 shares of \$0.05 each of which 58,100,000 ordinary shares of \$0.05 each are issued and fully paid; and
- (d) the issue of 15,400,000 new ordinary shares of \$0.05 each comprising 14,400,000 shares for a cash consideration of \$0.35 each and 1,000,000 shares for a cash consideration of \$0.31 each by way of public offer and placement (initial public offer).

The net proceeds of the initial public offer were utilised to expand the group's facilities in Malaysia and Thailand, to reduce bank borrowings and as working capital.

The company was admitted to the official list of the Singapore Exchange Securities Trading Limited ("SGX") on 2 March 2001.

Subsequent to the year end, the company announced its intention to issue 3,500,000 new ordinary shares of \$0.05 each for a cash consideration of \$0.50 each by way of a placement issue. The proceeds are to be used for the expansion of the group's production facilities in Thailand, Malaysia and PRC. The new shares will rank pari passu in all respects with the existing shares of the company except that they will not rank for dividends declared by the company in respect of the financial year ended 31 December 2001. Allotment and the issue of the placement shares is conditional upon approval of the SGX.

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2001

16. RESERVES

	<u>Group</u>		<u>Company</u>	
	<u>2001</u> \$'000	<u>2000</u> \$'000	<u>2001</u> \$'000	<u>2000</u> \$'000
Accumulated profits:				
At beginning of year	6,531	2,837	4,472	1,910
Issue of bonus shares	(2,075)	-	(2,075)	-
Net profit for the year	3,776	3,784	1,617	2,652
Dividends paid (Note 23)	(405)	(90)	(405)	(90)
At end of year	7,827	6,531	3,609	4,472
Share premium account:				
Share premium arising on issue of ordinary shares during the year	4,580	-	4,580	-
Expenses arising from share issue	(1,132)	-	(1,132)	-
At end of year	3,448	-	3,448	-
Foreign currency translation reserve:				
At beginning of year	175	(3)	-	-
Currency translation differences	216	178	-	-
At end of year	391	175	-	-
Total reserves	11,666	6,706	7,057	4,472

The application of the share premium account is governed by sections 69-69F of the Companies Act and is not distributable as cash dividends.

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the company.

17. REVENUE

	<u>Group</u>		<u>Company</u>	
	<u>2001</u> \$'000	<u>2000</u> \$'000	<u>2001</u> \$'000	<u>2000</u> \$'000
Sale of goods	27,624	24,601	23,924	28,478

18. OTHER OPERATING INCOME

	<u>Group</u>		<u>Company</u>	
	<u>2001</u> \$'000	<u>2000</u> \$'000	<u>2001</u> \$'000	<u>2000</u> \$'000
Interest income	33	21	31	21
Other income	105	48	50	46
	138	69	81	67

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2001

19. OTHER CREDITS / (CHARGES)

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Loss on disposal of plant and equipment	(35)	(35)	(31)	(23)
Provision for doubtful debts on trade receivables	-	(150)	-	(150)
Realised foreign exchange adjustment	452	91	462	93
Unrealised foreign exchange adjustment	834	(206)	992	175
	1,251	(300)	1,423	95

20. FINANCE COSTS

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Interest expense	464	164	65	76

21. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges and credits:

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration:				
Auditors of the company	18	18	18	18
Other auditors				
- current year	23	23	-	-
- overprovision in prior year	(2)	-	-	-
Non-audit fees				
- Auditors of the company	5	2	5	2
- Other auditors	10	5	-	-
Directors' fees				
- directors of the company	105	145	105	145
- other directors	18	-	-	-
Directors' remuneration				
- directors of the company	731	619	731	619
- other directors	344	233	-	-
Consultancy fees paid to a director	51	46	51	46
Depreciation expense	1,969	1,086	150	348
Staff costs (excluding directors)	2,639	3,072	1,314	1,172
Contributions to defined contribution plans	296	207	133	83
Provision for inventories	155	-	101	-
Inventories written off	207	-	-	-
Changes in inventories of finished goods and work-in-progress	(449)	(897)	(87)	(416)
Raw materials used	(695)	(694)	25	(118)

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2001

22. INCOME TAX EXPENSE

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
The taxation charges comprises:				
Current tax				
- current year's provision	490	1,138	255	959
- overprovision in prior years	(6)	-	-	-
Deferred tax	(50)	(53)	(62)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	434	1,085	193	959

The income tax expense in respect of the group varies from the amount of income tax expense determined by applying the Singapore tax rate of 24.5% (2000 : 25.5%) primarily due to the utilisation of reinvestment allowances claimed by a subsidiary under section 7 of the Malaysian Income Tax Act, 1967.

The income tax expense in respect of the company varies from the amount of income tax expense determined by applying the Singapore tax rate of 24.5% (2000 : 25.5%) to profit before income tax as a result of non-allowable items and certain tax exemptions available for the 2001 year.

23. DIVIDENDS

	<u>Group & Company</u>	
	<u>2001</u>	<u>2000</u>
	\$'000	\$'000
Dividends paid during the year:		
Interim dividend of \$0.80 per share less 25.5% tax	405	90

In respect of the current year, the directors propose that a final dividend of \$0.015 net of tax per share be paid to shareholders. This dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements. The proposed dividend for 2001 is payable in respect of all shares in issue at the date of these financial statements.

24. NUMBER OF EMPLOYEES

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Number of employees at end of year (including directors)	479	383	31	41

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and or directors or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements.

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2001

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

Significant related party transactions :

	<u>Group & Company</u>	
	<u>2001</u>	<u>2000</u>
	\$'000	\$'000
Purchases	16	29
Sub-contractors fees	-	87

26. OPERATING LEASE COMMITMENTS

At the balance sheet date, the commitments in respect of operating leases with a term of more than one year were as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Within 1 year	145	374	85	139
Within 2 - 5 years	48	276	82	203
Rental expense for the year	408	385	105	179

27. CAPITAL EXPENDITURE COMMITMENTS

Estimated amounts committed for future capital expenditure but not provided for in the financial statements:

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Purchase of plant and equipment	4,136	1,025	4,136	1,025

At the balance sheet date, the company had outstanding capital investment commitments amounting to approximately \$703,028 (US\$ 380,015) in respect of commitments to take up shares in a foreign subsidiary (Note 7).

28. CONTINGENT LIABILITIES

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Secured :				
Guarantee for rental deposit (Note 3)	-	17	-	17
Bankers guarantees (Note 3)	-	47	-	-
Guarantees for subsidiary's finance lease facilities	-	-	1,844	1,887
Guarantees for subsidiary's banking facilities	-	-	4,723	-
Letters of credit (Note 12)	648	591	648	591
Unsecured :				
Guarantees for rental deposits	-	38	-	38

The guarantees for the subsidiary's finance lease facilities are secured by the related finance lease assets.

29. OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The following are the principal off-balance sheet financial instruments.

Currency derivatives

The group utilises currency derivatives to eliminate or reduce the exposure of its foreign currency denominated assets and liabilities, and to hedge future transactions and cash flows. The group is party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in US\$. As a matter of principle, the group does not enter into derivative contracts for speculative purposes.

At the balance sheet date, the group had options to purchase US\$ equivalent to an amount of approximately S\$925,300 as a hedge against future exchange losses on purchases of goods. These arrangements are designed to address significant exchange exposures for the first half of 2002, and will be renewed on a revolving basis as required. At 31 December 2001, the fair value of the group's currency derivatives is estimated to be approximately S\$925,000. These amounts are based on market values of equivalent instruments at the balance sheet date and approximate the unrecognised gain arising on such contracts which has been deferred until the recognition of the gains or losses on the underlying transactions in the first half of 2002.

30. DIRECTORS REMUNERATION AND FEES

The number of directors of the company whose remuneration and fees fall between the following ranges are as follows:

	<u>Company</u>	
	<u>2001</u>	<u>2000</u>
Below \$250,000	4	2
\$250,000 – \$499,999	2	1
Total	6	3

31. EARNINGS PER SHARE

The basic and fully diluted earnings per share are calculated based on the group profit after income tax and minority interests of \$3,776,000 (2000 : \$3,784,000) and the weighted number of ordinary shares in issue during the year of 70,933,333 (2000 : 58,100,000).

32. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. The reclassifications were not significant.

33. SEGMENT REPORTING

Business Segments : For management purposes, the group is organised into two operating divisions – precision turned parts and plating. The precision turned parts segment relates to the manufacturing of customised precision turned parts and components such as printer shafts, rod carriages and sliders, pins and sleeves. The plating segment relates to the business of plating metal parts and components with materials such as nickel, zinc, silver or gold.

33. SEGMENT REPORTING (cont'd)

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets consist principally of cash and cash equivalents, receivables, inventories and plant and equipment. Segment liabilities include trade payables and accrued liabilities, borrowings, income tax payable and finance lease creditors. Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment directly attributable to each segment.

Geographical segments : The group operates in four principal geographical areas, Singapore, Malaysia ,Thailand and North and South America.

In presenting information on the basis of geographical segments, segment revenue is based on the countries of domicile of the customers. Segment assets are based on the geographical location of the assets.

Business Segments

2001

Group revenue and results

	Precision <u>turned parts</u> \$'000	Plating \$'000	Elimination \$'000	Total \$'000
Total revenue	27,624	2,637	(2,637)	27,624
Segment results	7,934	816	(816)	7,934
Other income and other credits / (charges)	1,396	(7)	-	1,389
Corporate expenses	(4,176)	(178)	-	(4,354)
Profit from operations	5,154	631	(816)	4,969
Finance costs	(452)	(12)	-	(464)
Profit before income tax	4,702	619	(816)	4,505
Income tax expense	(270)	(164)	-	(434)
Net profit for the year	4,432	455	(816)	4,071

Group assets and liabilities

Segment assets	28,833	705	-	29,538
Segment liabilities	12,838	826	-	13,664

Other information

Capital expenditure	4,540	274	-	4,814
Depreciation	1,831	138	-	1,969

33. SEGMENT REPORTING (cont'd)

Business Segments

2000

Group revenue and results

	<u>Precision turned parts</u> \$'000	<u>Plating</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
Total revenue	24,601	1,603	(1,603)	24,601
Segment results	8,443	541	(541)	8,443
Other income and other credits / (charges)	(234)	3	-	(231)
Corporate expenses	(2,982)	(133)	-	(3,115)
Profit from operations	5,227	411	(541)	5,097
Finance costs	(163)	(1)	-	(164)
Profit before income tax	5,064	410	(541)	4,933
Income tax expense	(968)	(117)	-	(1,085)
Net profit for the year	4,096	293	(541)	3,848

Group assets and liabilities

Segment assets	23,669	586	-	<u>24,255</u>
Segment liabilities	15,736	743	-	<u>16,479</u>

Other information

Capital expenditure	8,892	529		9,421
Depreciation	1,024	62		1,086

33. SEGMENT REPORTING (cont'd)

Geographical Segments

	Revenue by geographical market	
	<u>2001</u>	<u>2000</u>
	\$'000	\$'000
Singapore	8,414	13,700
Malaysia	6,958	7,396
Thailand	7,621	1,249
North and South America	3,557	1,674
Others	1,074	582
Total	<u>27,624</u>	<u>24,601</u>

	Carrying amount of segment assets		Additions to plant and equipment	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$'000	\$'000	\$'000	\$'000
Singapore	7,598	10,279	200	689
Malaysia	11,990	7,802	3,444	3,792
Thailand	9,327	6,174	714	4,940
PRC	623	-	456	-
Total	<u>29,538</u>	<u>24,255</u>	<u>4,814</u>	<u>9,421</u>

STATISTICS OF SHAREHOLDINGS AS AT 4 APRIL 2002

DISTRIBUTION OF SHAREHOLDINGS

<u>Size of Shareholdings</u>	<u>No. of Shareholders</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
1 – 1,000	69	15.44	43,000	0.06
1,001 – 10,000	236	52.80	1,172,000	1.59
10,001 – 1,000,000	136	30.42	10,540,000	14.34
1,000,001 and above	6	1.34	61,745,000	84.01
TOTAL	447	100.00	73,500,000	100.00

TWENTY LARGEST SHAREHOLDERS

<u>No.</u>	<u>Name</u>	<u>No. of Shares</u>	<u>%</u>
1	Goh Leng Tse	19,350,000	26.33
2	Ong Tiak Beng	14,000,000	19.05
3	Teo Jok Chang	10,500,000	14.29
4	Hein Ke Long	10,093,000	13.73
5	Morgan Stanley Asia (Singapore) Securities Pte Ltd	4,652,000	6.33
6	Loo Tian Sze Melvin	3,150,000	4.29
7	Koh Seng Chuah	750,000	1.02
8	UOB Kay Hian Pte Ltd	750,000	1.02
9	Hoon Eel An	714,000	0.97
10	Steven Tiong Choon Hieng	650,000	0.88
11	Hia Cher Bee	477,000	0.65
12	Koh Beow Ko	414,000	0.56
13	United Overseas Bank Nominees Pte Ltd	355,000	0.48
14	Lim May Xia Margie	314,000	0.43
15	Tan Boon Guan	298,000	0.41
16	Lim & Tan Securities Pte Ltd	265,000	0.36
17	Hoong Kim Kit	263,000	0.36
18	DBS Nominees Pte Ltd	259,000	0.35
19	Yan Xiu Yun	234,000	0.32
20	Ang Guan Ho	150,000	0.20
	TOTAL	67,638,000	92.03

SUBSTANTIAL SHAREHOLDERS AS AT 4 APRIL 2002

<u>Name of shareholders</u>	<u>Direct interest</u>		<u>Deemed interest</u>	
	<u>No. of shares</u>	<u>% of shares</u>	<u>No. of shares</u>	<u>% of shares</u>
Goh Leng Tse	19,636,000	26.72%	–	–
Ong Tiak Beng	14,000,000	19.05%	–	–
Teo Jok Chang	10,500,000	14.29%	–	–
Hein Ke Long	10,093,000	13.73%	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2002 Annual General Meeting of the shareholders of the company will be held on Thursday, 16 May 2002 at 95 South Bridge Road #07-28 Pidemco Centre Singapore 058717 at 10.00 a.m. to transact the following businesses :

AS ORDINARY BUSINESS

1. To receive the audited financial statements of the company and Reports of the Directors and Auditors for the year ended 31 December 2001. Resolution 1
2. To declare a final dividend of 1.5 cents per ordinary share less tax for the year ended 31 December 2001. Resolution 2
3. To re-elect the following directors retiring pursuant to the company's Articles of Association :

Ong Tiak Beng (Article 106)	Resolution 3
Loo Tian Sze Melvin (Article 106)	Resolution 4
4. To approve the Directors' fees for the year ended 31 December 2001. Resolution 5
5. To re-appoint the Auditors for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 6

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without amendments:

6. "That pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is given to the Directors to issue shares in the company at any time and upon such terms and conditions and for such purposes as the Directors, may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50 per centum of the issued share capital of the company for the time being, of which the aggregate number of shares issued other than on a pro-rata basis to existing shareholders of the company shall not exceed 20 per centum of the issued share capital of the company for the time being." [See Explanatory Note (i)] Resolution 7
7. "That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Innovalues Group Share Option Scheme 2001 ("the Scheme"), and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of ordinary shares in the company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of ordinary shares to be issued pursuant to the Scheme shall not exceed 15 per cent of the total issued share capital of the company at any time and from time to time." [See Explanatory Note (ii)] Resolution 8
- 8(a). "That approval be and is hereby given for the purposes of Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited for the company, its subsidiaries or any of them to enter into any of the recurrent revenue or trading transactions falling within the Interested Person Transactions as set out in pages 57 and 58 of the company's Prospectus dated 21 February 2001 with the Interested Persons described in the Prospectus and that such approval shall, unless revoked or varied by the company in general meeting, continue in force until the conclusion of the company's next Annual General Meeting." Resolution 9
- 8(b). "That authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Resolution as they may think fit." [See Explanatory Note (iii)]
9. And to transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution proposed in item 6 above, if passed, will empower the Directors of the company from the date of the above meeting until the next Annual General Meeting to issue shares in the company up to the limit as specified in the Resolution for such purposes as they consider would be in the interests of the company. This authority will continue in force until the next Annual General Meeting of the company, unless previously revoked or varied at a general meeting.
- (ii) The Ordinary Resolution proposed in item 7 above, if passed, will empower the Directors of the company to offer and grant options under the Scheme and to allot and issue shares pursuant to the exercise of options under the Scheme, subject to the terms of the resolution.
- (iii) The Ordinary Resolutions proposed in item 8 above, if passed, will renew the shareholders' mandate for recurrent revenue or trading transactions with Interested Persons and will empower the Directors of the company from the date of the above meeting until the next Annual General Meeting to do all acts necessary to give effect to the ordinary resolution. This authority will continue in force until the next Annual General Meeting of the company, unless previously revoked or varied at a general meeting.

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the company will be closed on 6 June 2002 for the purpose of determining shareholders' entitlements to the proposed final dividend of 1.5 cents per ordinary share less tax in respect of the financial year ended 31 December 2001 ("the Proposed Dividend").

Duly completed transfer received by the company's Registrar, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building Singapore 049315 up to 5.00 p.m. on 5 June 2002 will be registered before entitlements to the Proposed Dividend is determined. The Proposed Dividend, if approved by shareholders at the Annual General Meeting will be paid on 18 June 2002.

Members whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares at 5.00 p.m. on 5 June 2002 will be entitled to the Proposed Dividend.

In respect of shares in Securities Accounts with CDP, the said dividend will be paid by the company to CDP which will in turn distribute the dividend entitlements to such holders of shares in accordance with its practice.

BY ORDER OF THE BOARD

Soh Wai Kong
Company Secretary

Singapore
Date :

Note :

- a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company.
- b) If a proxy is to be appointed, the form must be deposited at the registered office of the company at 9 Kallang Place #07-08/10 Singapore 339154 not less than 48 hours before the meeting.
- c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
- d) In the case of joint shareholders, all holders must sign the form of proxy.

INNOVALUES PRECISION LIMITED

(Incorporated in Singapore)

PROXY FORM

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy form is, therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____

of _____

being a member(s) of INNOVALUES PRECISION LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the 2002 Annual General Meeting of the company to be held at 95 South Bridge Road #07-28 Pidemco Centre Singapore 058717 on Thursday, 16 May 2002 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any matter arising at the Meeting.

No.	Resolutions relating to	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2001		
2	Declaration of a Final Dividend of 1.5 cents per ordinary share less tax for the year ended 31 December 2001		
3	Re-election of Mr Ong Tiak Beng as Director		
4	Re-election of Mr Loo Tian Sze Melvin as Director		
5	Approval of Directors' fees for the year ended 31 December 2001		
6	Re-appointment of Auditors		
7	Authority to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
8	Authorise Directors to offer and grant options and issue shares in accordance with the Innovalues Group Share Option Scheme 2001		
9	Interested Person Transactions		

Signed this _____ day of _____ 2002

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

Total Number of Shares Held	
-----------------------------	--

IMPORTANT : PLEASE READ NOTES OVERLEAF

Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members.
2. A member of the company entitled to attend and vote at a meeting of the company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the company.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
4. Should you desire your proxy to vote on the resolutions set out in the Notice of Meeting and summarised above, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.
5. To be effective, the instrument appointing a proxy or proxies, must be deposited at the Registered Office of the company at 9 Kallang Place #07-08/09 Singapore 339154 not less than 48 hours before the time set for holding the Annual General Meeting.

Affix
Stamp
Here

Company Secretary
INNOVALUES PRECISION LIMITED
Blk 9, #07-08/10
Kallang Place
Singapore 339154