

Annual Report



2001



SUPERCOMAL TECHNOLOGIES BERHAD (STB) (197527-H)

(A MESDAQ Listed Company)

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at The Gurney Function Hall 1, Level 2, The Gurney Resort Hotel & Residences, 18 Persiaran Gurney, 10250 Penang on Monday, June 24, 2002 at 11.30 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended December 31, 2001 together with the reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a Final Dividend of 5 sen per share exempt from Income Tax for the year ended December 31, 2001. (Resolution 2)
3. To declare a Special Dividend of 5 sen per share exempt from Income Tax for the year ended December 31, 2001. (Resolution 3)
4. To approve the payment of Directors' fees for the year ended December 31, 2001. (Resolution 4)
5. To re-elect the following directors retiring under the provision of Article 133 of the Articles of Association of the Company:-
 - a) En. Mohamad Suparadi Bin Md. Noor; (Resolution 5)
 - b) Mr. Wu, Chung-Jung; (Resolution 6)
 - c) Mdm. Wu, Huei-Chung (Resolution 7)
 - d) Mr. Ng Kim Long; and (Resolution 8)
 - e) Mr. Cheah Khye Chuan. (Resolution 9)
6. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 10)
7. AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

Authority to Issue Shares

“That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Kuala Lumpur Stock Exchange and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and are hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the MESDAQ Market.”

(Resolution 11)

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board
KHOO LAY TATT (MAICSA 7029262)
Secretary

Penang
Date: May 31, 2002

NOTES:

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

To be valid this form duly completed must be deposited at the registered office of the Company at 3^d Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang not less than forty-eight (48) hours before the time for holding the meeting.

A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.

Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If the appointor is a corporation, this form must be executed under its Common Seal.

Explanatory Note On Special Business:

The proposed Resolution No. 11 (Item No. 7), if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

Notice Of Dividend Entitlement And Payment

NOTICE IS HEREBY GIVEN that the following dividends for the year ended December 31, 2001, if approved, will be paid on July 5, 2002 to depositors registered in the Records of Depositors at the close of business on June 28, 2002.

1. Final Dividend of 5 sen per share exempt from Income Tax; and
2. Special Dividend of 5 sen per share exempt from Income Tax.

A Depositor shall qualify for entitlement to the Dividend in respect of:-

- a) shares transferred into the Depositor's Securities Account before 12.30 p.m. on June 28, 2002 in respect of ordinary transfers;
- b) shares bought on the MESDAQ Market on a cum entitlement basis according to the Listing of Requirements of the Kuala Lumpur Stock Exchange for the MESDAQ Market.

By Order of the Board

KHOO LAY TATT
MAICSA 7029262
Secretary

Penang
Date: May 31, 2002

Corporate Information

BOARD OF DIRECTORS

Mohamad Suparadi Bin Md. Noor	Non-Executive Chairman
Wu, Chung-Jung	Deputy Chairman
Shiue, Jong-Zone	Managing Director
Nik Abd Aziz Bin Mohd. Kamaludin	Executive Director
Wu, Huei-Chung	Executive Director
Ng Kim Long	Independent and Non-Executive Director
Cheah Khye Chuan	Independent and Non-Executive Director
Dzulkifli Bin Mohamed	Non-Executive Director

COMPANY SECRETARY

Khoo Lay Tatt (MAICSA 7029262)

AUDIT COMMITTEE

Cheah Khye Chuan	Chairman (Independent & Non-Executive Director)
Ng Kim Long	Member (Independent & Non-Executive Director)
Mohamad Suparadi Bin Md. Noor	Member (Non-Executive Director)

AUDITORS

Messrs. Deloitte KassimChan
Chartered Accountants
4th Floor, Wisma Wang
251-A Jalan Burma
10350 Penang
Tel: 04-2288255
Fax: 04-2288355

SPONSOR

Commerce International Merchant Bankers Berhad
8th Floor Bangunan CIMB
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur
Tel: 03-20848888
Fax: 03-20848899

REGISTERED OFFICE

3rd Floor, Wisma Wang
251-A Jalan Burma
10350 Penang
Tel: 04-2288155
Fax: 04-2692386

SOLICITORS

Messrs. Ong & Manecksha
Suite 503, 5th Floor Penang Plaza
Jalan Burma
10050 Penang
Tel: 04-2275811
Fax: 04-2265366

PRINCIPAL BANKERS

Malayan Banking Berhad
EON Bank Berhad

REGISTRAR

PFA Registration Services Sdn. Bhd.
1301 Level 13, Uptown 1
No. 1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-77254888
Fax: 03-77222311

STOCK EXCHANGE LISTING

MESDAQ Market of the Kuala Lumpur Stock Exchange.

Audit Committee

Mr. Cheah Khye Chuan	<i>Chairman</i>	<i>(Independent & Non-Executive Director)</i>
En. Mohamad Suparadi Bin Md Noor	<i>Member</i>	<i>(Non-Executive Director)</i>
Mr. Ng Kim Long	<i>Member</i>	<i>(Independent & Non-Executive Director)</i>

TERMS OF REFERENCE OF AUDIT COMMITTEE

Composition

The Committee shall consist of at least three (3) members but not more than five (5) members, appointed by the Board from amongst the Directors, comprising a majority of directors independent of management and executive functions (“independent non-executive Director”). The Chairman of the Audit Committee shall be appointed by the Board from amongst the independent non-executive Directors.

Meeting

The Committee shall meet not less than four (4) times a year and as many times as the Committee deems necessary.

The quorum for meeting of the Audit Committee shall be two (2) members who are independent non-executive Directors.

The Company Secretary shall be the Secretary of the Audit Committee.

The Committee may require the members of management, the internal auditor and representative of the external auditors to attend any of its meetings as it determines.

AUTHORITY

The Audit Committee shall be granted the authority to investigate any activity of the Company and its subsidiaries and all employees shall be directed to cooperate by members of the Committee. The Committee shall be empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

RESPONSIBILITIES

The Audit Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and its subsidiaries and the sufficiency of auditing relating thereto.

SPECIFIC DUTIES

The duties of the Audit Committee are as follows:

- To review with the auditors, the scope of the external audit and discuss the results of their examination and their evaluation of the system of internal accounting controls.
- To review the scope and result of the internal audit procedures.
- To review the external audit reports on the financial statements.
- To review the financial statements with management and the auditors prior to them being approved by the full Board.
- To review interim financial information and press releases relating to financial matters of importance.
- To review the accounting policies adopted, and changes in accounting principles or practice and the level of prudence applied in areas requiring judgement.
- To review any significant related party transaction that may arise within the Company or Group.
- To review any significant transaction which are not a normal part of the Company’s business.
- To review the effectiveness of management information and other systems of control within the Company.
- To review the assistance given by the Company’s officers to the auditors.
- To consider any matter the auditors wish to bring to the attention of the Board of Directors.
- To recommend to the Board of Directors the retention or non-retention of the external auditors.
- Such other responsibilities as may be agreed to by the Audit Committee and the Board of Directors.

Chairman's Review



“The year 2002 is the year full of expectations and anticipations for our company. We are expecting to see the economies of the ASEAN market recovering or at least to stabilise. We are expecting that our company and others like ours in the MESDAQ move into Kuala Lumpur Stock Exchange. Our Directors also anticipate that, the volume of sales will remain bullish for our new range of advanced cable and wire products especially for CAT 5E, CAT 6 and Automotive Cables.

However, some of our predictions came through sheer hard work and right decision while others, like the September 11th bombing, was beyond anybody's expectations.

Nevertheless, I am proud to present to you, on behalf of the Board of Directors, the Annual Report and Financial Statements of the Group and the Company for the financial year ended December 31st 2001.”

FINANCIAL PERFORMANCE

Our company through its able management has implemented certain strategic actions that were geared to sustain the sluggish market experienced by the Electrical and Electronic Sector in the United States.

As a result of the various actions, for the year ended December 31st 2001, the turnover of the Group was RM40.76 millions, recorded a 3.53% decrease against last year's performance. The Group's net profits after tax for the year also decreased to RM1.78 millions against last year's profit of RM2.56 millions. However, on the company basis STB registered a profit of RM3.22 millions compared to only RM2.83 millions for the year ended December 31st 2000.

This is attributed to the Group's decision to provide an allowance for slow moving inventories by RM 919.7 thousand. In addition, there is also a three-fold increase in the interest expenses as compared to last year's result.

The sharp increase in the allowance for slow moving inventories is part of management process to reorganise its purchasing and inventory management in line with STB's major customer who is currently practicing JIT and TQM. You will see the result of a more efficient inventory management of the company's financial performance for the year 2002 is announced.

I asked you to take this slightly better than poor performance as like taking a “bitter pill” in order to make you better and recover faster. I say this because our analysts from CIMB are confident that the overall global electrical and electronic sector will recover in the year 2002. At the time of this writing I was told that our company's order have gained quite considerable from this recovery.

DIVIDENDS

I am pleased to announce to you, our loyal investors and shareholders, in spite of the slightly below average profit performance of the Group, the Board of Directors is recommending a total of 5% dividend for the year under review plus another 5% special “loyalty” dividend making it a total of 10% dividend for the year. This was possible in view of the fact that the Group have a cash reserve of RM 19 millions which is almost 50% of the current market capitalisation of our company.

DIVIDENDS

I must recall that in the year 2001, the company STB has undergone a refurbishment exercise whilst Supercomal Advanced Cables SDN. BHD. (SAC) has started production in the Cat. 5 and Cat. 5E LAN Cables.

However, in the year under review, STB once again has undergone a house clearing exercise to improve further its capabilities especially after obtaining the prestigious QS 9000 award. This will put STB as the forerunner in Malaysia to produce Automotive Cables both for local as well as the ASEAN market. Orders for these types of cables will contribute significantly for the year 2002 and beyond. SAC on the other hand, is still in its learning curve, however orders for Cat. 5 and Cat. 5E with higher pair variant (from 25 pairs to 100 pairs) cables are being requested by our customers. The Group believes that SAC is only one currently manufacturing such cables in Malaysia.

These projects may not see any significant financial contribution to the profit of the Group in the year 2001 but will definitely contribute significantly for the year 2002 onwards.

FUTURE OUTLOOK

Once again the company's top management and your Directors are faced with the mammoth task of steering STB into better and brighter domain. The breaking down of trade walls under AFTA in 2003 is worrying many electrical and electronic companies including those in the Power Cable Sector.

But for STB, we are confident that AFTA will pave way for us to start our marketing efforts to countries like Thailand for our Automotive Cables, Indonesia for our Data or LAN Cables and Singapore for our special flat speaker cables for the computer market.

The Group will provide a higher marketing budget for year 2002 to enable our marketing team to introduce our product range to our target customers as well as to launch road shows in the whole region. STB is confident that our superior products and fast turnaround time will still be the main stay of our competitive edge above and over our competitors. The Board of Directors is confident that the management will do their best to take advantage of our position to penetrate into the ASEAN and Global market place.

ACKNOWLEDGEMENT

In conclusion, on behalf of the Board of Directors, I would like to thank our customers for their trust and full support especially the new customers from United States who have put their faith in our capabilities.

I wish to also record my appreciation to the Government like MITI and MIDA for their support and guidance. My appreciation also goes to the management and employees of STB for their dedication and commitments to the company.

Finally, I would like to convey my deepest gratitude and respect to our shareholders, the Board Members and to the Malaysian public at large for believing and trusting in our company.



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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors of SUPERCOMAL TECHNOLOGIES BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2001.

PRINCIPAL ACTIVITIES

The Company is principally involved in the manufacture of PVC Compound and cables/wires for electronic devices and data control switches. The subsidiary company is principally involved in the manufacture of cables/ wires for electronic devices, cable assemblies and telecommunication industries especially for LAN cables. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

	<u>The Group</u> RM	<u>The Company</u> RM
Net profit after tax for the year	<u>1,777,351</u>	<u>3,222,166</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

An interim dividend of 5 sen per ordinary share, tax exempt, amounting to RM1,012,500 declared in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

A final dividend of 5 sen per ordinary share, tax exempt, amounting to RM1,012,500 in respect of the financial year ended December 31, 2000 was declared and paid by the Company during the financial year.

The directors also proposed a final dividend of 5 sen per ordinary share, tax exempt and a special dividend of 5 sen per ordinary share, tax exempt in respect of the current financial year. The proposed final and special dividends if payable in respect of all ordinary shares in issue as at the date of the issue of the financial statements would amount to RM2,025,000 and have not been included as liabilities in the financial statements. These dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividends has not yet been determined as at the date of the issue of the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of 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 have 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 which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of 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 of 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 of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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 and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Mohamad Suparadi Bin Md. Noor
Shiue, Jong-Zone
Wu, Chung-Jung
Wu, Huei-Chung
Nik Abd Aziz Bin Mohd Kamaludin
Cheah Khye Chuan
Ng Kim Long
Dzulrifli bin Mohamed
Chen, Cheng-Chun

(resigned on August 7, 2001)

DIRECTORS' INTEREST

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

Shares in the Company	Balance	<u>No. of ordinary shares of RM1 each</u>		Balance
	as of	Bought	Sold	as of
	1.1.2001			31.12.2001
Direct interest:				
Shiue, Jong-Zone	3,982,800	-	(200,000)	3,782,800
Wu, Chung-Jung	2,207,000	-	-	2,207,000
Wu, Huei-Chung	271,000	-	-	271,000
Indirect interest:				
Mohamad Suparadi Bin Md. Noor	30,000	-	-	30,000
Shiue, Jong-Zone	2,478,000	200,000	-	2,678,000
Wu, Chung-Jung	4,253,800	200,000	(200,000)	4,253,800
Wu, Huei-Chung	6,189,800	200,000	(200,000)	6,189,800
Nik Abd Aziz Bin Mohd Kamaludin	30,000	-	-	30,000

By virtue of their interest in the shares of the Company, Mr. Shiue, Jong-Zone, Mr. Wu, Chung-Jung and Madam Wu, Huei-Chung are also deemed to have beneficial interests in the shares of the subsidiary company to the extent that Supercomal Technologies Berhad has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and a corporation in which certain directors of the Company are also shareholders as disclosed in Note 11 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

SHIUE, JONG-ZONE

MOHAMAD SUPARADI BIN MD. NOOR

Penang,

April 23, 2002

REPORT OF THE AUDITORS TO THE MEMBERS OF
SUPERCOMAL TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of December 31, 2001 and the related statements of income, changes in equity and cash flows, 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 approved standards on auditing in Malaysia. These 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of December 31, 2001 and of their results and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary company have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary company that have been 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 these purposes.

Our auditors' report on the financial statements of the subsidiary company was not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TAN BOON HOE
1836/07/03 (J)
Partner

April 23, 2002

INCOME STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2001

	Note	The Group		The Company	
		2001	2000	2001	2000
		RM	RM	RM	RM
Revenue		40,763,004	42,250,678	40,779,689	42,738,416
Other operating income		906,396	1,398,404	869,942	1,307,793
Raw materials used		(20,557,733)	(23,521,032)	(20,738,475)	(24,182,954)
Changes in inventories of finished goods and work in progress		(425,594)	919,808	(648,601)	569,433
Staff costs	4	(8,237,518)	(8,829,937)	(7,971,118)	(8,684,118)
Depreciation of property, plant and equipment		(3,759,156)	(3,322,258)	(2,741,875)	(2,887,008)
Other operating expenses		(6,174,455)	(6,157,761)	(5,874,396)	(5,903,460)
Profit from operations		2,514,944	2,737,902	3,675,166	2,958,102
Finance costs		(289,801)	(86,527)	(5,000)	(52,705)
Profit before tax	5	2,225,143	2,651,375	3,670,166	2,905,397
Income tax expense	6	(447,792)	(91,000)	(448,000)	(72,000)
Net profit after tax for the year		1,777,351	2,560,375	3,222,166	2,833,397
Basic earnings per ordinary share	7	9 sen	13 sen		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS
 AS OF DECEMBER 31, 2001

	Note	The Group		The Company	
		2001 RM	2000 RM	2001 RM	2000 RM
PROPERTY, PLANT AND EQUIPMENT	8	25,254,262	24,911,420	16,817,878	15,870,539
INVESTMENT IN A SUBSIDIARY COMPANY	9	-	-	5,000,002	5,000,002
CURRENT ASSETS					
Inventories	10	9,846,452	10,898,142	8,746,638	10,249,967
Trade receivables	11	8,522,113	11,430,283	8,223,786	11,260,359
Other receivables and prepaid expenses		610,429	339,047	577,789	311,447
Amount owing by a subsidiary company	9	-	-	2,942,632	1,761,091
Short-term deposits with licensed banks		12,730,000	7,980,000	12,730,000	7,850,000
Cash and bank balances		781,754	1,338,497	719,805	1,222,355
Total Current Assets		32,490,748	31,985,969	33,940,650	32,655,219
CURRENT LIABILITIES					
Trade payables		2,897,300	2,626,580	2,709,228	2,614,912
Other payables and accrued expenses		2,360,210	1,837,502	2,301,956	1,779,600
Hire-purchase payable	12	2,669	16,000	2,669	16,000
Long-term loan -current portion	13	704,276	440,828	-	-
Dividend payable		-	1,012,500	-	1,012,500
Tax liabilities		392,932	79,000	392,932	62,000
Total Current Liabilities		6,357,387	6,012,410	5,406,785	5,485,012
NET CURRENT ASSETS		26,133,361	25,973,559	28,533,865	27,170,207
		51,387,623	50,884,979	50,351,745	48,040,748

(FORWARD)

BALANCE SHEETS
AS OF DECEMBER 31, 2001

	Note	The Group		The Company	
		2001 RM	2000 RM	2001 RM	2000 RM
SHARE CAPITAL	14	20,250,000	20,250,000	20,250,000	20,250,000
RESERVES	15	28,257,847	27,492,996	29,997,745	27,788,079
		48,507,847	47,742,996	50,247,745	48,038,079
LONG-TERM AND DEFERRED LIABILITIES					
Hire-purchase payable	12	-	2,669	-	2,669
Long-term loan	13	2,775,776	3,139,314	-	-
Deferred tax liabilities	16	104,000	-	104,000	-
Total Long-Term and Deferred Liabilities		2,879,776	3,141,983	104,000	2,669
		51,387,623	50,884,979	50,351,745	48,040,748

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>The Group</u>	<u>Share Capital</u> RM	<u>Share Premium</u> RM	<u>Revaluation Reserve</u> RM	<u>Retained Profit</u> RM	<u>Total</u> RM
Balance as of January 1, 2000	20,250,000	5,936,954	2,628,730	17,379,437	46,195,121
Net profit after tax for the year	-	-	-	2,560,375	2,560,375
Interim dividend of 5 sen per ordinary share, tax exempt, declared and payable in respect of the financial year ended December 31, 2000	-	-	-	(1,012,500)	(1,012,500)
Balance as of December 31, 2000	20,250,000	5,936,954	2,628,730	18,927,312	47,742,996
Net profit after tax for the year	-	-	-	1,777,351	1,777,351
Final dividend of 5 sen per ordinary share, tax exempt, declared and paid in respect of the financial year ended December 31, 2000	-	-	-	(1,012,500)	(1,012,500)
Balance as of December 31, 2001	20,250,000	5,936,954	2,628,730	19,692,163	48,507,847

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>The Company</u>	<u>Share Capital</u> RM	<u>Share Premium</u> RM	<u>Revaluation Reserve</u> RM	<u>Retained Profit</u> RM	<u>Total</u> RM
Balance as of January 1, 2000	20,250,000	5,936,954	2,628,730	17,401,498	46,217,182
Net profit after tax for the year	-	-	-	2,833,397	2,833,397
Interim dividend of 5 sen per ordinary share, tax exempt, declared and payable in respect of the financial year ended December 31, 2000	-	-	-	(1,012,500)	(1,012,500)
Balance as of December 31, 2000	20,250,000	5,936,954	2,628,730	19,222,395	48,038,079
Net profit after tax for the year	-	-	-	3,222,166	3,222,166
Final dividend of 5 sen per ordinary share, tax exempt, declared and paid in respect of the financial year ended December 31, 2000	-	-	-	(1,012,500)	(1,012,500)
Balance as of December 31, 2001	20,250,000	5,936,954	2,628,730	21,432,061	50,247,745

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2001

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	2,225,143	2,651,375	3,670,166	2,905,397
Adjustments for:				
Depreciation of property, plant and equipment	3,759,156	3,322,258	2,741,875	2,887,008
Allowance for slow moving inventories	919,769	-	919,769	-
Interest expenses	289,801	86,527	5,000	52,705
Allowance for doubtful debts	173,907	229,755	173,907	229,755
Bad debts written off	75,401	17,300	75,401	17,300
Allowance for doubtful debts no longer required	(229,755)	-	(229,755)	-
Interest income	(217,218)	(138,950)	(212,622)	(71,836)
Gain on disposal of property, plant and equipment	(50,972)	(68,126)	(50,962)	(68,126)
Allowance for slow moving inventories no longer required	-	(420,745)	-	(420,745)
Operating profit before working capital changes	6,945,232	5,679,394	7,092,779	5,531,458
(Increase)/ Decrease in:				
Inventories	131,921	(2,326,726)	583,560	(1,678,551)
Trade receivables	2,888,617	(2,628,281)	3,017,020	(2,458,357)
Other receivables and prepaid expenses	(271,382)	55,765	(266,342)	55,765
Amount owing by a subsidiary company	-	-	(1,181,541)	3,904,499
Increase/ (Decrease) in:				
Trade payables	270,720	(910)	94,316	(12,578)
Other payables and accrued expenses	522,708	(933,924)	522,356	(981,826)
Cash generated from/ (used in) operations	10,487,816	(154,682)	9,862,148	4,360,410

(FORWARD)

CASH FLOW STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Tax paid	(29,860)	(12,000)	(13,068)	(10,000)
Net cash generated from/(used in) operating activities	10,457,956	(166,682)	9,849,080	4,350,410
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	217,218	138,950	212,622	71,836
Proceeds from disposal of property, plant and equipment	59,099	83,853	58,599	127,825
Purchase of property, plant and equipment	(4,110,125)	(6,600,374)	(3,696,851)	(2,699,422)
Net cash used in investing activities	(3,833,808)	(6,377,571)	(3,425,630)	(2,499,761)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long-term loan	423,273	3,556,012	-	-
Dividends paid	(2,025,000)	(1,012,500)	(2,025,000)	(1,012,500)
Repayment of long-term loan	(523,363)	-	-	-
Interest paid	(289,801)	(62,397)	(5,000)	(52,705)
Repayment of hire-purchase payable	(16,000)	(196,136)	(16,000)	(196,136)
Net cash (used in)/ generated from financing activities	(2,430,891)	2,284,979	(2,046,000)	(1,261,341)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	4,193,257	(4,259,274)	4,377,450	589,308
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,318,497	13,577,771	9,072,355	8,483,047
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	13,511,754	9,318,497	13,449,805	9,072,355

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. PRINCIPAL ACTIVITIES

The Company is principally involved in the manufacture of PVC Compound and cables/wires for electronic devices and data control switches. The subsidiary company is principally involved in the manufacture of cables/wires for electronic devices, cable assemblies and telecommunication industries especially for LAN cables. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless stated otherwise in the accounting policies mentioned below:

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and the subsidiary company made up to the end of the financial year. All intercompany transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. The Group adopts the acquisition method of consolidation.

A subsidiary company is a company in which the Group has power to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Revenue and Revenue Recognition

Revenue represents gross invoiced values of sales less returns and discounts.

Sales revenue are recognised upon delivery of products and when the risks and rewards of ownership have passed. Other revenue are recognised on an accrual basis.

Income Tax

The tax effects of transactions are generally recognised, using the liability method, when such transactions enter into the determination of net income regardless of when they are recognised for tax purposes. However, where timing differences give rise to net deferred tax assets, the tax effects are recognised generally on actual realisation.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing on the transaction dates or, where settlement of liabilities and receivables have not yet taken place at the end of the financial year, at the approximate exchange rates prevailing on that date. All foreign exchange gains or losses are taken up in the income statements.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation of property, plant and equipment is computed on the straight-line method based on the estimated useful lives of the various property, plant and equipment at the following annual rates:

	<u>Rates</u>
Long leasehold land	1.72% & 1.79%
Factory buildings	2%
Plant and machinery	10% & 15%
Furniture and fittings	10%
Office equipment	10%
Tools and equipment	10%
Motor vehicles	20%
Electrical installation	10%
Moulds and dies	20%

As of December 31, 2001, the unexpired lease period of the Group's and of the Company's long leasehold land are 54 years.

The Company carried some of its long leasehold land and factory building at revalued amount. These assets shall be revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in the carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gains or losses arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retained profit account.

Investments

Investment in subsidiary company, which is eliminated on consolidation, is stated at cost in the Company's financial statements.

Investments in subsidiary company is only written down when the directors consider that there is a permanent diminution in the value of the investments.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method.

Cost of raw materials consists of the purchase price plus the cost of bringing the inventories to their present location while the cost of work-in-progress and finished goods consists of the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Allowance is made for obsolete, slow moving or defective items, where appropriate.

Receivables

Bad debts are written off while allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivables accounts.

Hire-Purchase

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations are treated as liabilities. Interest is allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Cash and Cash Equivalents

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

4. GENERAL INFORMATION

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Number of directors and employees at end of year:				
Directors	10	10	8	9
Employees	556	609	538	593

Staff costs include directors' remuneration, salaries, bonuses, contributions to employees' provident fund and all other staff related expenses.

The Company's registered office and principal place of business are at 3^d Floor, Wisma Wang, 251-A Jalan Burma, 10350 Georgetown, Penang, Malaysia and Lot 172, Jalan PKNK 3/8, Kawasan Perusahaan Sungai Petani, 08000 Sungai Petani, Kedah, Malaysia respectively.

5. PROFIT BEFORE TAX

Profit before tax is arrived at:

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
After charging:				
Allowance for slow moving inventories	919,769	-	919,769	-
Directors' remuneration:				
Fees	174,000	214,400	174,000	214,400
Other emoluments	671,654	697,303	665,654	696,803
Interest on:				
Long-term loan	284,769	33,822	-	-
Hire-purchase	5,000	6,607	5,000	6,607
Overdraft	32	-	-	-
Finance lease	-	46,098	-	46,098
Allowance for doubtful debts	173,907	229,755	173,907	229,755
Factory rental	129,600	130,200	129,600	130,200
Bad debts written off	75,401	17,300	75,401	17,300
Hostel rental	55,800	47,630	55,200	47,630
Realised loss on foreign exchange	42,747	42,712	35,372	42,495
Audit fee:				
Current	26,000	28,000	18,000	18,000
(Over)/ underprovision in prior year	(2,000)	(4,000)	-	3,000
And crediting:				
Allowance for doubtful debts no longer required	229,755	-	229,755	-
Interest income	217,218	138,950	212,622	71,836
Gain on disposal of property, plant and equipment	50,972	68,126	50,962	68,126
Allowance for slow moving inventories no longer required	-	420,745	-	420,745

6. INCOME TAX EXPENSE

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Estimated tax payable:				
Current year	344,000	91,000	344,000	72,000
Overprovision in prior year	(208)	-	-	-
Deferred tax (Note 16)	104,000	-	104,000	-
	447,792	91,000	448,000	72,000

The Company's effective tax rate in 2001 is lower than the statutory income tax rate due mainly to the claim of reinvestment allowances.

The Company's effective tax rate in 2000 was lower than the statutory income tax rate due mainly to the availability of unabsorbed capital allowances and reinvestment allowances.

No income tax expense is provided for the subsidiary company in 2001 in view of the losses incurred. Although the subsidiary company incurred a loss in 2000, income tax expense was provided for in respect of the interest income.

The subsidiary company has been granted pioneer status in principle by Ministry of International Trade and Industry (MITI) for the manufacture of cables/ wires for electronic devices. Under this incentive, 70% of the subsidiary company's statutory income from the production of cables/ wires for electronic devices will be exempted from income tax for a period of five years commencing from the production day (the commencement date of tax free period). The production day has not been fixed as of December 31, 2001.

7. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is calculated by dividing the Group's net profit after tax of RM1,777,351 (2000: RM2,560,375) by the number of ordinary shares in issue during the year of 20,250,000 (2000: 20,250,000).

8. PROPERTY, PLANT AND EQUIPMENT

<u>The Group</u>				
Cost Unless Stated Otherwise	Beginning of year	Additions	Disposals	End of year
	RM	RM	RM	RM
2001:				
Long leasehold land				
- at 1997 valuation	1,440,000	-	-	1,440,000
- at cost	1,633,574	-	-	1,633,574
Factory buildings				
- at 1997 valuation	4,890,000	-	-	4,890,000
- at cost	1,453,010	1,707,000	-	3,160,010
Plant and machinery	23,901,396	1,249,144	(67,010)	25,083,530
Furniture and fittings	843,072	79,230	-	922,302
Office equipment	1,021,735	93,170	(12,738)	1,102,167
Tools and equipment	2,429,092	361,466	-	2,790,558
Motor vehicles	728,800	107,982	(94,570)	742,212
Electrical installation	916,040	22,190	-	938,230
Moulds and dies	2,614,174	489,943	-	3,104,117
	41,870,893	4,110,125	(174,318)	45,806,700
2000	36,237,195	6,600,374	(966,676)	41,870,893
<u>Accumulated Depreciation</u>	Beginning of year	Charge for the year	Disposals	End of year
	RM	RM	RM	RM
2001:				
Long leasehold land				
- at 1997 valuation	82,000	27,655	-	109,655
- at cost	46,298	31,491	-	77,789
Factory buildings				
- at 1997 valuation	334,150	97,800	-	431,950
- at cost	12,108	32,414	-	44,522
Plant and machinery	13,008,667	2,443,562	(63,806)	15,388,423
Furniture and fittings	287,760	86,323	-	374,083
Office equipment	450,115	102,164	(7,815)	544,464
Tools and equipment	585,355	261,597	-	846,952
Motor vehicles	546,184	100,770	(94,570)	552,384
Electrical installation	353,174	89,819	-	442,993
Moulds and dies	1,253,662	485,561	-	1,739,223
	16,959,473	3,759,156	(166,191)	20,552,438
2000	14,588,164	3,322,258	(950,949)	16,959,473

<u>The Company</u>				
<u>Cost Unless Stated Otherwise</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>End Of year</u>
	RM	RM	RM	RM
2001:				
Long leasehold land				
- at 1997 valuation	1,440,000	-	-	1,440,000
Factory building				
- at 1997 valuation	4,890,000	-	-	4,890,000
- at cost	-	1,707,000	-	1,707,000
Plant and machinery	17,612,609	961,819	(66,520)	18,507,908
Furniture and fittings	804,243	79,070	-	883,313
Office equipment	1,019,070	93,170	(12,738)	1,099,502
Tools and equipment	2,295,750	255,284	-	2,551,034
Motor vehicles	728,800	107,982	(94,570)	742,212
Electrical installation	631,809	21,300	-	653,109
Moulds and dies	2,576,731	471,226	-	3,047,957
	31,999,012	3,696,851	(173,828)	35,522,035
2000	30,705,988	2,699,422	(1,406,398)	31,999,012
<u>Accumulated Depreciation</u>	<u>Beginning of year</u>	<u>Charge for the year</u>	<u>Disposals</u>	<u>End of year</u>
	RM	RM	RM	RM
2001:				
Long leasehold land				
- at 1997 valuation	82,000	27,655	-	109,655
Factory building				
- at 1997 valuation	334,150	97,800	-	431,950
- at cost	-	3,354	-	3,354
Plant and machinery	12,258,044	1,549,947	(63,806)	13,744,185
Furniture and fittings	286,172	82,433	-	368,605
Office equipment	450,047	101,898	(7,815)	544,130
Tools and equipment	579,927	239,755	-	819,682
Motor vehicles	546,184	100,770	(94,570)	552,384
Electrical installation	341,407	61,314	-	402,721
Moulds and dies	1,250,542	476,949	-	1,727,491
	16,128,473	2,741,875	(166,191)	18,704,157
2000	14,588,164	2,887,008	(1,346,699)	16,128,473

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Net Book Value:				
Long leasehold land				
- at 1997 valuation	1,330,345	1,358,000	1,330,345	1,358,000
- at cost	1,555,785	1,587,276	-	-
Factory buildings				
- at 1997 valuation	4,458,050	4,555,850	4,458,050	4,555,850
- at cost	3,115,488	1,440,902	1,703,646	-
Plant and machinery	9,695,107	10,892,729	4,763,723	5,354,565
Furniture and fittings	548,219	555,312	514,708	518,071
Office equipment	557,703	571,620	555,372	569,023
Tools and equipment	1,943,606	1,843,737	1,731,352	1,715,823
Motor vehicles	189,828	182,616	189,828	182,616
Electrical installation	495,237	562,866	250,388	290,402
Moulds and dies	1,364,894	1,360,512	1,320,466	1,326,189
	25,254,262	24,911,420	16,817,878	15,870,539

The long leasehold land and factory building were revalued in 1997 based on the reports by independent firms of professional valuers using open market values on the existing use basis. The surplus arising from the revaluations of RM2,628,730 was credited to revaluation reserve. The tax effects relating to the increase in the carrying values of the revalued property are not disclosed or provided for, as there is no intention to dispose of these assets in the foreseeable future.

The historical costs of the long leasehold land and factory building of the Group and of the Company which were revalued are as follows:

	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>
Cost	4,062,636	4,062,636
Accumulated depreciation	(717,158)	(636,601)
Net book value at end of year	3,345,478	3,426,035

As of December 31, 2001, a motor vehicle of the Group and of the Company with a total carrying value of RM2,628 (2000: RM34,164) was acquired under hire-purchase arrangement, of which instalments are still outstanding.

Certain property, plant and equipment of the Group and of the Company with a total carrying value of RM14,224,779 (2000: RM14,954,731) and RM5,788,395 (2000: RM5,913,850) respectively are pledged to certain local banks as securities for banking facilities granted to the Company and the subsidiary company as mentioned in Note 13.

9. INVESTMENT IN A SUBSIDIARY COMPANY

	<u>The Company</u>	
	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>
Unquoted shares, at cost	5,000,002	5,000,002

The Company has 100% (2000: 100%) of the equity interest in Supercomal Advanced Cables Sdn. Bhd., a company incorporated in Malaysia. The subsidiary company is principally involved in the manufacture of cables/wires for electronic devices, cable assemblies and telecommunication industries especially for LAN cables.

The amount owing by a subsidiary company arose mainly from trade transactions and advances which are unsecured, interest free and have no fixed term of repayment.

Significant transactions with the subsidiary company during the financial year were as follows:

	<u>The Company</u>	
	<u>2001</u>	<u>2000</u>
	RM	RM
Sales of finished goods	1,105,080	974,822
Sales of plant and equipment	-	43,972
Purchase of raw materials	1,023,869	765,038
Purchase of plant and equipment	-	51,763

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

10. INVENTORIES

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	RM	RM	RM	RM
At cost:				
Raw materials	5,040,279	5,389,294	4,528,553	5,096,880
Work-in-progress	2,107,538	2,078,187	1,690,326	1,800,850
Finished goods	2,614,207	3,355,789	2,458,037	3,282,751
Spare parts	84,428	74,872	69,722	69,486
	9,846,452	10,898,142	8,746,638	10,249,967
At net realisable value:				
Raw materials	633,132	-	633,132	-
Less: Allowance for slow moving inventories	(633,132)	-	(633,132)	-
	-	-	-	-
Finished goods	286,637	-	286,637	-
Less: Allowance for slow moving inventories	(286,637)	-	(286,637)	-
	-	-	-	-
	9,846,452	10,898,142	8,746,638	10,249,967

Certain inventories of the Group with a carrying value of RM1,099,814 (2000: RM648,175) are pledged to a local bank as securities for banking facilities granted to the subsidiary company as mentioned in Note 13.

11. TRADE RECEIVABLES

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Trade receivables	8,696,020	11,660,038	8,397,693	11,490,114
Less: Allowance for doubtful debts	(173,907)	(229,755)	(173,907)	(229,755)
	8,522,113	11,430,283	8,223,786	11,260,359

Included in trade receivables of the Group and of the Company is an amount of RM43,362 (2000: RM137,267) owing by King Royal Electric Inc., a company in which certain directors of the Company, Mr. Shiue, Jong-Zone, Mr. Wu, Chung-Jung and Madam Wu, Huei-Chung have substantial financial interest. Significant transactions with the related party during the financial year were as follows:

	<u>The Group and the Company</u>	
	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>
Sales of finished goods	159,724	289,732

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

12. HIRE-PURCHASE PAYABLE

	<u>The Group and the Company</u>	
	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>
Total outstanding	3,500	24,500
Less: Interest-in-suspense outstanding	(831)	(5,831)
Principal outstanding	2,669	18,669
Less: Portion due within one year	(2,669)	(16,000)
Portion due after one year	-	2,669

The amount due to hire-purchase payable bears interest at a rate of 6.25% per annum. The long-term portion of the amount due to hire-purchase payable in 2000 is repayable in 2002.

The Company's hire-purchase payable is secured by the financial institution's charge over the assets under hire-purchase.

13. LONG-TERM LOAN

	<u>The Group</u>	
	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>
Secured:		
Amount outstanding	3,480,052	3,580,142
Less: Portion due within one year	(704,276)	(440,828)
Portion due after one year	2,775,776	3,139,314

The long-term loan obtained from a local bank bears interest at a rate of 1.5% per annum above the lending bank's base lending rate and is repayable by 60 monthly instalments of RM81,600 each (inclusive of interest) commencing on April 1, 2001.

The above long-term loan together with other banking facilities of the Group totalling RM22.2 million and of the Company totalling RM15 million are generally secured as follows:

- a) Lien holders caveat over the Company's long leasehold land and building;
- b) Negative pledge over all the Company's assets;
- c) First legal charge over the subsidiary company 's long leasehold land and building;
- d) Fixed and floating charge over all assets of the subsidiary company; and
- e) Corporate guarantee from the Company for the banking facilities obtained by the subsidiary company.

The banking facilities (other than the long-term loan) bear interests at rates ranging from 1.0% to 1.5% per annum above the lending banks' base lending rates.

14. SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
	RM	RM
Authorised 25,000,000 shares of RM1 each	25,000,000	25,000,000
Issued and fully paid 20,250,000 ordinary shares of RM1 each	20,250,000	20,250,000

15. RESERVES

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	RM	RM	RM	RM
Non-distributable:				
Share premium	5,936,954	5,936,954	5,936,954	5,936,954
Revaluation reserve	2,628,730	2,628,730	2,628,730	2,628,730
	8,565,684	8,565,684	8,565,684	8,565,684
Distributable:				
Retained profit	19,692,163	18,927,312	21,432,061	19,222,395
	28,257,847	27,492,996	29,997,745	27,788,079

The share premium arose from the issue of shares at premium, net of listing expenses written off.

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. This amount arose from the revaluation of the Company's long leasehold land and factory building as disclosed in Note 8.

Distributable reserves are those available for distribution by way of dividends. Based on the estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, the retained profit of the Company is available for distribution by way of cash dividends without incurring additional tax liability.

16. DEFERRED TAX LIABILITIES

	The Group and the Company	
	2001	2000
	RM	RM
Balance at beginning of year	-	-
Transfer from income statements (Note 6)	104,000	-
Balance at end of year	104,000	-
The deferred tax liabilities are in respect of the following:		
Tax effect of timing differences between tax capital allowance and depreciation of property, plant and equipment	361,000	-
Tax effect of other timing differences	(257,000)	-
	104,000	-

As mentioned in Note 3, the tax effects of timing differences which give rise to net deferred tax debit are recognised generally on actual realisation. As of December 31, 2001, the amount of deferred taxation, calculated at applicable tax rate, which is not recognised in the financial statements, is as follows:

	Deferred Tax Asset/ (Liability)			
	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Tax effect of timing differences between tax capital allowances and depreciation of property, plant and equipment	(523,000)	(523,000)	-	(22,000)
Tax effect of carryforward tax losses	118,000	-	-	-
Tax effect of other timing differences	887,000	589,000	-	-
	482,000	66,000	-	(22,000)
Tax effect in respect of other tax benefit:				
Unutilised reinvestment allowance	-	95,000	-	95,000
	482,000	161,000	-	73,000

As of December 31, 2001, the Group has carryforward tax losses amounting to approximately RM420,000 available for set off against future taxable income. The carryforward tax losses are subject to agreement by the tax authorities.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements consist of the following balance sheet items:

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Short-term deposits with licensed banks	12,730,000	7,980,000	12,730,000	7,850,000
Cash and bank balances	781,754	1,338,497	719,805	1,222,355
	13,511,754	9,318,497	13,449,805	9,072,355

18. LEASE COMMITMENTS

As of December 31, 2001, non-cancellable long-term lease commitments pertaining to the Group and the Company in respect of rental of premises are as follows:

	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>
2001	-	167,030
2002	33,810	11,990
	33,810	179,020

19. DIVIDENDS

An interim dividend of 5 sen per ordinary share, tax exempt, amounting to RM1,012,500 declared in the previous financial year was paid by the Company during the current financial year.

A final dividend of 5 sen per ordinary share, tax exempt, amounting to RM1,012,500 in respect of the financial year ended December 31, 2000 was declared and paid by the Company during the financial year.

The directors also proposed a final dividend of 5 sen per ordinary share, tax exempt and a special dividend of 5 sen per ordinary share, tax exempt in respect of the current financial year. The proposed final and special dividends if payable in respect of all ordinary shares in issue as at the date of the issue of the financial statements would amount to RM2,025,000 and have not been included as liabilities in the financial statements. These dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividends has not yet been determined as at the date of the issue of the financial statements.

20. CONTINGENT LIABILITY - Unsecured

As of December 31, 2001, the Company is contingently liable to the extent of RM7.2 million in respect of guarantee given for term loan and banking facilities granted by a local bank to the subsidiary company.

21. SEGMENTAL INFORMATION

The Group operates in a single business segment, namely sale of manufactured products. Accordingly, no industry segment information of the Group has been presented. Information on geographical segments is also not presented as the Group operates predominantly in Malaysia.

STATEMENT BY DIRECTORS

The Directors of SUPERCOMAL TECHNOLOGIES BERHAD state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2001 and of their results and cash flows for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

SHIUE, JONG-ZONE

MOHAMAD SUPARADI BIN. MD. NOOR

Penang,

April 23, 2002

**DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR
THE FINANCIAL MANAGEMENT OF THE COMPANY**

I, WU, CHUNG-JUNG, the director primarily responsible for the financial management of SUPERCOMAL TECHNOLOGIES BERHAD, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows, 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.

Subscribed and solemnly declared by)
the abovenamed WU, CHUNG-JUNG at) WU, CHUNG-JUNG
GEORGETOWN in the State of PENANG)
on April 23, 2002)

Before me,

G.M. GOVINDASAMY
Commissioner for Oaths

GROUP PROPERTIES AS AT DECEMBER 31ST 2001

The details of the landed properties owned by the STB Group as at December 31ST 2001 are set out below:-

Title / Location	Description	Land area/ Existing use	Built- up area sq. meters	Tenure	Approximate age years	Net book value as at December 31.2001 RM
Lot P.T. 30512 H.S.(D) 2808/95 Mukim of Sungai Petani	Two story factory buildings situated on a 60 years leased hold land with the option to extend lease for a further 30 years	12,158 sq meters; wire and cable manufacturing plant	9,566*	Leasehold expiring on 05/05/2064	Building 1 is approx. 10 years and Building 2 is approx. 6 years	5,788,395 [^]
Lot P.T. 30511 H.S.(D) 2807/95 Mukim of Sungai Petani	Two story factory buildings situated on a 60 years leased hold land with the option to extend lease for a further 30 years	20,234.3 sq meters; wire and cable manufacturing, cable assembly plant	8,470* *	Leasehold expiring on 05/05/2064	Building 3 is approx. 2 years and Building 4 is just built	4,671,273 ^{^^}

Notes:-

* There are two main buildings on the land. Building 1 measures 3,350 sq. meters whilst Building 2 measures 5,788 sq. meters. Other structures such as the guard house, pump house, canteen, etc., measure 428 sq. meters.

[^] Of the total, the net book value for the land as at December 31st 2001 was RM1,330,345 whilst the net book value of the buildings was RM4,458,050.

** There are two main buildings on the land. Building 3 measures 3,330 sq. meters whilst Building 4 measures 4,840 sq. meters. Other structures such as the guard house, parking , canteen, etc., measure approx. 300 sq. meters.

^{^^}

Of the total, the net book value for the land as at December 31st 2001 was RM1,555,785 whilst the net book value of the buildings was RM3,115,488.

Explanation on the 10% or more deviation from the results for the period under review and any published forecast or estimate.

The differences in our Group Net Profit of RM3.241 millions as reflected in our 4th quarterly report announced to the Kuala Lumpur Stock Exchange and comparing it to our final audited report for the year amounting to RM1.777 millions were due to audit adjustment as follows: -

1. We have taken out RM919,769 as Allowances for slow moving stocks. These stocks was accumulated over a period of 2 years due to : -
 - a) The Global Sourcing programmes by our major customers which requires us to forecast the quarterly order up by another 10-15% from actual order. As such some components parts have to be purchased in extra quantities.
 - b) The Just In Time (JIT) programs installed and requested by our valued customers. As such we have to keep our stock level high but when there is a rapid changes in their own finished products especially in line with the advancement in Computer parts and peripherals we are left stranded with finished goods that may or may not have future orders.
2. In line with the proper accounting practice to reflect the effect of the above we have written off RM103,278 from the slow moving stocks for the years under review.
3. During the year under review we also have decided to treat all slow paying customers as non-performing and as such we have assumed RM173,907 as provision for doubtful debts
4. The differences in the profit was also attributed to the tax provision from RM203,000 to RM447,792 which give rise to an addition of RM244,792.
5. We have also subtracted the RM15,000 from the audit fee payable to Deloitte KasimChan.
6. The reversal of other income due to internal sales between STB and SAC amounting to RM7,776

Statistics Of Shareholdings

SHARE CAPITAL AS AT MAY 7, 2002

Authorised	:	RM25,000,000.00
Issued and Fully paid-up	:	RM20,250,000.00
Class of Share	:	Ordinary Shares of RM1.00 each
Voting Right	:	One voting right for one ordinary share

DISTRIBUTION OF SHAREHOLDERS AS AT MAY 7, 2002

<u>Size of Holdings</u>	<u>No. of Holders</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
Less than 100	3	0.39	100	0.00
100 – 999	504	64.95	219,000	1.08
1,000 – 4,999	181	23.32	306,700	1.51
5,000 – 10,000	44	5.67	287,500	1.42
10,001 – 100,000	27	3.48	918,700	4.54
100,001 – 1,000,000	12	1.55	3,078,300	15.20
Above 1,000,000	5	0.64	15,439,700	76.25
Total	776	100.00	20,250,000	100.00

TOP TWENTY SHAREHOLDERS AS AT MAY 7, 2002

<u>Name</u>	<u>Shareholdings</u>	<u>%</u>
1. Perbadanan Nasional Berhad	5,160,000	25.48
2. Shiue, Jong-Zone	3,782,800	18.68
3. UOBM Nominees (Asing) Sdn. Bhd. Qualifier : Indosuez Singapore Nominees (Pte) Ltd. for Suez Asia Holdings Pte. Ltd.	2,985,900	14.75
4. Wu, Chung-Jung	2,207,000	10.90
5. Liu Kuo, Ling-Miao	1,304,000	6.44
6. Pacific Rotary Sdn. Bhd.	438,900	2.17
7. Ooi Chuan Guan	353,900	1.75
8. CIMB Securities Sdn. Bhd. Qualifier : IVT for CIMB Securites Sdn. Bhd. (MESDAQ)	308,700	1.52
9. Lin Ho, Shu-Li	284,000	1.40
10. Wu, Huei-Chung	271,000	1.34
11. Chen Cheng-Chun	253,000	1.25
12. Lo, Chin-Song	237,000	1.17
13. Chien Chih-Chin	215,400	1.06
14. Jimmy Lim Thaw Chay	201,000	0.99
15. Lo, Fu-Yuan	190,000	0.94
16. Lee, Chao-Chih	190,000	0.94
17. Hwang-DBS Securities Berhad Qualifier : IVT (SFS)	135,400	0.67
18. Shiue, Jyh-Jeh	100,000	0.49
19. Hsueh, Chih-Yu	100,000	0.49
20. Tseng Chin-Tang, Samuel	94,000	0.46
Total	18,812,000	92.89

Statistics Of Shareholdings

(Continued)

SUBSTANTIAL SHAREHOLDERS AS AT MAY 7, 2002

	<u>Name</u>	<u>Direct Shareholdings</u>	<u>%</u>	<u>Indirect Shareholdings</u>	<u>%</u>
1.	Perbadanan Nasional Berhad	5,160,000	25.48	-	-
2.	Shiue, Jong-Zone	3,782,800	18.68	2,678,000(a)	13.22
3.	Wu, Chung-Jung	2,207,000	10.90	4,253,800(b)	21.01
4.	Liu Kuo, Ling-Miao	1,304,000	6.44	-	-
5.	Wu, Huei-Chung	271,000	1.34	6,189,800(c)	30.57
6.	Suez Asia Holdings Pte. Ltd.	2,985,900(d)	14.75	-	-
7.	Suez Industries SA	-	-	2,985,900(e)	14.75
8.	Credit Agricole Indosuez	-	-	2,985,900(f)	14.75
9.	Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	100,000	0.49	6,360,800(g)	31.41
10.	Shiue, Jyh-Jeh	100,000	0.49	6,360,800(h)	31.41

Notes:-

- (a) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- | | |
|---------------------------------|-----------|
| Wu, Huei-Chung | 271,000 |
| Wu, Chung-Jung | 2,207,000 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 100,000 |
| Shiue, Jyh-Jeh | 100,000 |
- (b) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- | | |
|---------------------------------|-----------|
| Shiue, Jong-Zone | 3,782,800 |
| Wu, Huei-Chung | 271,000 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 100,000 |
| Shiue, Jyh-Jeh | 100,000 |
- (c) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- | | |
|---------------------------------|-----------|
| Shiue, Jong-Zone | 3,782,800 |
| Wu, Chung-Jung | 2,207,000 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 100,000 |
| Shiue, Jyh-Jeh | 100,000 |
- (d) Direct interest held through UOBM Nominees (Asing) Sdn. Bhd.
- (e) Indirect interest through its controlling stake in Suez Asia Holdings Pte. Ltd. (SAHPL) held through UOBM Nominees (Asing) Sdn. Bhd.
- (f) Indirect interest through its stake in SAHPL held through UOBM Nominees (Asing) Sdn. Bhd.
- (g) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- | | |
|------------------|-----------|
| Wu, Huei-Chung | 271,000 |
| Wu, Chung-Jung | 2,207,000 |
| Shiue, Jong-Zone | 3,782,800 |
| Shiue, Jyh-Jeh | 100,000 |
- (h) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- | | |
|---------------------------------|-----------|
| Wu, Huei-Chung | 271,000 |
| Wu, Chung-Jung | 2,207,000 |
| Shiue, Jong-Zone | 3,782,800 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 100,000 |

SUPERCOMAL TECHNOLOGIES BERHAD
 (Company No. 197527-H)
 (Incorporated in Malaysia)

Statistics Of Shareholdings

(Continued)

DIRECTORS' SHAREHOLDINGS AS AT MAY 7, 2002

	<u>Name</u>	<u>Direct</u>		<u>Indirect</u>	
		<u>No. of units held</u>	<u>%</u>	<u>No. of units held</u>	<u>%</u>
1.	Shiue, Jong-Zone	3,782,800	18.68	2,678,000(a)	13.22
2.	Wu, Chung-Jung	2,207,000	10.90	4,253,800(b)	21.01
3.	Mohamad Suparadi Bin Md. Noor	-	-	30,000(c)	0.15
4.	Nik Abd Aziz Bin Mohd Kamaludin	-	-	30,000(c)	0.15
5.	Wu, Huei-Chung	271,000	1.34	6,189,800(d)	30.57
6.	Cheah Khye Chuan	-	-	-	-
7.	Ng Kim Long	-	-	-	-
8.	Dzulkifli Bin Mohamed	-	-	-	-

By Virtue of their interest in shares of the Company, they are deemed interested in the shares of Supercomal Advanced Cables Sdn. Bhd., a wholly-owned subsidiary of the Company, to the extent the Company has an interest.

Notes:-

- (a) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- | | |
|---------------------------------|-----------|
| Wu, Huei-Chung | 271,000 |
| Wu, Chung-Jung | 2,207,000 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 100,000 |
| Shiue, Jyh-Jeh | 100,000 |
- (b) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- | | |
|---------------------------------|-----------|
| Shiue, Jong-Zone | 3,782,800 |
| Wu, Huei-Chung | 271,000 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 100,000 |
| Shiue, Jyh-Jeh | 100,000 |
- (c) Held indirectly through:-
- | | |
|-------------------------|--------|
| Chartplus (M) Sdn. Bhd. | 30,000 |
|-------------------------|--------|
- (d) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- | | |
|---------------------------------|-----------|
| Shiue, Jong-Zone | 3,782,800 |
| Wu, Chung-Jung | 2,207,000 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 100,000 |
| Shiue, Jyh-Jeh | 100,000 |

SUPERCOMAL TECHNOLOGIES BERHAD

(Company No. 197527-H)

(Incorporated in Malaysia)

PROXY FORM

I/We,

of

being a member/members of the abovenamed Company hereby appoint

of

as my/our proxy, to vote in my/our name(s) and on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at The Gurney Function Hall 1, Level 2, The Gurney Resort Hotel & Residences, 18 Persiaran Gurney, 10250 Penang on Monday, June 24, 2002 at 11.30 a.m. and at any adjournment thereof.

I/We hereby indicate with an "X" in the spaces provided how I/we wish my/our votes to be cast. (Unless otherwise instructed, the proxy may vote as he thinks fit)

RESOLUTIONS NO.	FOR	AGAINST
1. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2001 together with the reports of the Directors and Auditors thereon.		
2. To declare a Final Dividend of 5 sen per share exempt from Income Tax for the year ended December 31, 2001.		
3. To declare a Special Dividend of 5 sen per share exempt from Income Tax for the year ended December 31, 2001.		
4. To approve the payment of Directors' fees for the year ended December 31, 2001.		
To re-elect the following directors of the Company, retiring under the provision of Article 133 of the Articles of Association of the Company:-		
5. En. Mohamad Suparadi Bin Md. Noor		
6. Mr. Wu, Chung-Jung		
7. Mdm. Wu, Huei-Chung		
8. Mr. Ng Kim Long		
9. Mr. Cheah Khye Chuan		
10. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
11. As a Special Business: <u>Ordinary Resolution</u> To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		

Number of shares held

Signature of Member (s)

Signed this day of....., 2002.

Notes:

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

To be valid this form duly completed must be deposited at the registered office of the Company at 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang not less than forty-eight (48) hours before the time for holding the meeting.

A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.

Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

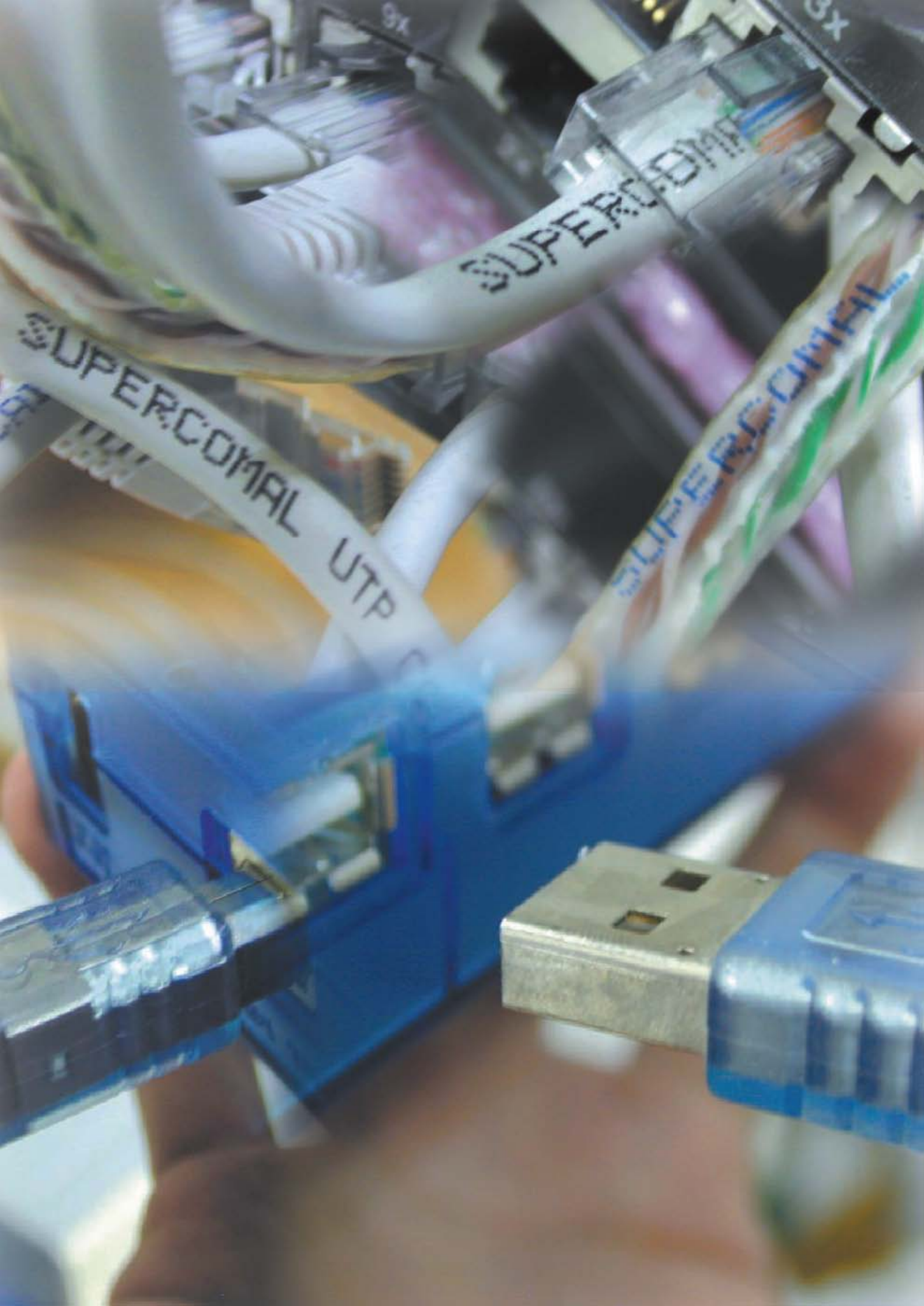
If the appointor is a corporation, this form must be executed under its Common Seal.

Please fold here to seal

Affix
Stamp
Here

The Company Secretary
Supercomal Technologies Berhad (197527-H)
3rd Floor, Wisma Wang
251-A Jalan Burma
10350 Penang, Malaysia

Please fold here to seal



SUPERCOMAL

SUPERCOMAL UTP

SUPERCOMAL