

# Annual Report

## 2002



**Supercomal Technologies Berhad (STB)** (197527-H)

(A MFSDAQ Listed Company)

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Designed by: LAB







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# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Gurney Board Room of Evergreen Laurel Hotel of 53 Persiaran Gurney, 10250 Penang on June 30, 2003 at 11.30 a.m. for the following purposes: -

## A G E N D A

1. To receive the Audited Financial Statements for the year ended December 31, 2002 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, 2002. (Resolution 2)
3. To declare a Special Dividend of 5 sen per share exempt from Income Tax for the year ended December 31, 2002. (Resolution 3)
4. To approve the payment of Directors' fees for the year ended December 31, 2002. (Resolution 4)
5. To re-elect Datuk Haji Hanafi Bin Ramli, a Director retiring under the provision of Article 138 of the Articles of Association of the Company. (Resolution 5)
6. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 6)
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, the Articles of Association of the Company 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 7)

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: June 6, 2003

**NOTES:**

1. 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<sup>rd</sup> 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.

2. Please be informed that pursuant to Article 133 of the Company's Articles of Association, all directors (except a managing director) shall retire from office at least once every three years and shall be eligible for re-election. At the 12th Annual General Meeting of the Company held on June 24, 2002, all the existing directors had retired under the provision except for the Managing Director of the Company, Shiue, Jong-Zone and En. Nik Abd Aziz Bin Mohd Kamaludin (who had retired in year 2001).

**Explanatory Note On Special Business:**

The proposed Resolution No. 7 (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, 2002, if approved, will be paid on July 28, 2003 to depositors registered in the Records of Depositors at the close of business on July 8, 2003.

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 4.00 p.m. on July 8, 2003 in respect of 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: June 6, 2003

# Corporate Information

## BOARD OF DIRECTORS

Dato' 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
Datuk Haji Hanafi Bin Ramli	Non Independent and 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)
Dato' 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 &amp; Non-Executive Director)</i>
Dato' Mohamad Suparadi Bin Md Noor	<i>Member</i>	<i>(Non-Executive Director)</i>
Mr. Ng Kim Long	<i>Member</i>	<i>(Independent &amp; 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 Board from amongst the independent non-executive Directors shall appoint the Chairman of the Audit Committee.

### 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 subsidiary 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



Once again the year 2002 is an eventful one. Major happenings globally have in some way or another affected the business and the economic of the world. The war of Iraq by the Americans and the SARS outbreak in these regions have brought uncertainty in the Stock Exchange around the world. Since your business today is globally that is imparted by global consensus, events such as those things have also rippled across to your factory. STB's business has no doubt and was able to withstand the pressure but nevertheless, in some way they have slowed down our momentum to achieve better results.

In keeping-up with the economic uncertainty, your management has put up an excellent effort all around and has produced better than expected financial results. It gives me a great pleasure to present to you the financial results of Supercomal Technologies Berhad and its subsidiary, Supercomal Advanced Cables Sdn. Bhd.. Let me start by congratulating all the people concern especially the hard working and dedicated workers right to the top management, for their foresight and strategically business planning.

## FINANCIAL PERFORMANCE

For the year ended 31st December 2002, the turnover of the Group was RM 38.88 million, recorded a 4.61% decrease against last year's turnover RM 40.76 million. The Group's net profit after tax for the year has increased by 47.19 % to RM 2.62 million against last year's profit of RM1.78 million. The higher profit for the Group of RM 2.62 million goes to prove that Research and Development, coupled with innovative products has given the new profit cushions as well as retain the more important ones. I wish to record my gratitude to our valued customers who have put a lot of trust in our capabilities and in our quality control, in return they have given us the kind of orders that we greatly needed.

## DIVIDENDS

The Board of Directors is pleased to recommend a final tax-exempt dividend of 5 sen per ordinary share and a special dividend of 5 sen per ordinary share amounting to RM 2,025,000.00 for the year under review.

## FUTURE OUTLOOK

The year 2003, in my opinion is going to be full of setback after the war and the SARS outbreak that have taken places. The weakening of Taiwan economic compared to the Mainland China would eventually flood the global markets with the electronic and electrical goods. In addition, the opening up of trade Boundaries with the full implementation of AFTA will also greatly affect the prices of the electrical and electronic products.

It is therefore imperative that technology based company of yours should put more effort in year to come to spend more time on market oriented activities and not just on product development. I am confident that our team of dedicated managers will eventually find new ways to create more sales with higher profit returns, just like they have always been doing in the past years.

## ACKNOWLEDGEMENT

Finally, I wish to record my utmost appreciation to the Board of Directors who has guided the company in the right path thus providing the much-needed confidence in all the staff to dedicate themselves to the mammoth task at hand. I am also honoured to be your Chairman and thank you for giving me the opportunity to be part of this fine team of people.



# FINANCIAL STATEMENTS

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# 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, 2002.

## 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/ (loss) after tax for the year	<u>2,618,081</u>	<u>(147,501)</u>

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

## DIVIDENDS

A final dividend of 5 sen per ordinary share, tax exempt and a special dividend of 5 sen per ordinary share, tax exempt, amounting to a total of RM2,025,000 proposed in the previous financial year and dealt with in the previous directors' report were declared and paid by the Company during the current financial year.

The directors 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

The Company has granted no options 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 no allowance for doubtful debts is required; and
- (b) to ensure that any current assets which were unlikely to realize 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 inadequate to any substantial extent or require the setting up of allowance for doubtful debts in the financial statements of the Group and of the Company; 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

Datuk Haji Hanafi bin Ramli

(appointed on June 25, 2002)

Dzul kifli bin Mohamed

(resigned on May 30, 2002)



## **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:

<b>Shares in the Company</b>	<b><u>No. of ordinary shares of RM1 each</u></b>			<b>Balance as of 31.12.2002</b>
	<b>Balance as of 1.1.2002</b>	<b>Bought</b>	<b>Sold</b>	
<b>Direct interest:</b>				
Shiue, Jong-Zone	3,782,800	-	-	3,782,800
Wu, Chung-Jung	2,207,000	-	-	2,207,000
Wu, Huei-Chung	271,000	-	-	271,000
<b>Indirect interest:</b>				
Mohamad Suparadi Bin Md. Noor	30,000	-	-	30,000
Shiue, Jong-Zone	2,678,000	1,000	-	2,679,000
Wu, Chung-Jung	4,253,800	1,000	-	4,254,800
Wu, Huei-Chung	6,189,800	1,000	-	6,190,800
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 interests in the shares of the subsidiary company to the extent that Supercomal Technologies Berhad has an interest.

None of the other directors in office at the end of financial year held shares or have beneficial interest in the shares of the Company or in related company.

## **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 25, 2003

**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, 2002 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 statement 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, 2002 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

LEE CHENG HEOH  
2225/04/04 (J)  
Partner

Penang,

April 25, 2003

**INCOME STATEMENTS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

	<u>Note</u>	<u>The Group</u>		<u>The Company</u>	
		<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
		RM	RM	RM	RM
Revenue		<b>38,884,813</b>	40,763,004	<b>24,190,786</b>	40,779,689
Other operating income		<b>1,557,036</b>	906,396	<b>1,637,365</b>	869,942
Changes in inventories of finished goods and work in progress		<b>142,142</b>	(425,594)	<b>(2,229,368)</b>	(648,601)
Raw materials used		<b>(20,012,059)</b>	(20,557,733)	<b>(11,591,461)</b>	(20,738,475)
Purchase of finished goods		-	-	<b>(1,464,724)</b>	-
Staff costs	4	<b>(7,854,580)</b>	(8,237,518)	<b>(4,658,775)</b>	(7,971,118)
Depreciation of property, plant and equipment		<b>(3,649,670)</b>	(3,759,156)	<b>(2,508,897)</b>	(2,741,875)
Other operating expenses		<b>(5,630,683)</b>	(6,174,455)	<b>(3,418,052)</b>	(5,874,396)
Profit/ (loss) from operations		<b>3,436,999</b>	2,514,944	<b>(43,126)</b>	3,675,166
Finance costs		<b>(275,374)</b>	(289,801)	<b>(831)</b>	(5,000)
Profit/ (loss) before tax	5	<b>3,161,625</b>	2,225,143	<b>(43,957)</b>	3,670,166
Income tax expense	6	<b>(543,544)</b>	(447,792)	<b>(103,544)</b>	(448,000)
Net profit/ (loss) after tax for the year		<b>2,618,081</b>	1,777,351	<b>(147,501)</b>	3,222,166
Basic earnings per ordinary share	7	<b>13 sen</b>	9 sen		

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

**BALANCE SHEETS**  
AS OF DECEMBER 31, 2002

	Note	<u>The Group</u>		<u>The Company</u>	
		2002 RM	2001 RM	2002 RM	2001 RM
PROPERTY, PLANT AND EQUIPMENT	8	<b>24,950,103</b>	25,254,262	<b>15,921,789</b>	16,817,878
INVESTMENT IN A SUBSIDIARY COMPANY	9	-	-	<b>5,000,002</b>	5,000,002
<b>CURRENT ASSETS</b>					
Inventories	10	<b>11,834,704</b>	9,846,452	<b>3,955,604</b>	8,746,638
Trade receivables	11	<b>9,859,830</b>	8,522,113	<b>3,857,288</b>	8,223,786
Other receivables and prepaid expenses	12	<b>627,142</b>	610,429	<b>445,678</b>	577,789
Amount owing by a subsidiary company	13	-	-	<b>14,337,106</b>	3,829,002
Short-term deposits with a licensed bank		<b>10,027,000</b>	12,730,000	<b>7,747,000</b>	12,730,000
Cash and bank balances		<b>1,012,791</b>	781,754	<b>490,437</b>	719,805
<b>Total Current Assets</b>		<b>33,361,467</b>	32,490,748	<b>30,833,113</b>	34,827,020
<b>CURRENT LIABILITIES</b>					
Trade payables	14	<b>2,998,162</b>	2,897,300	<b>487,243</b>	2,709,228
Other payables and accrued expenses	15	<b>2,883,465</b>	2,360,210	<b>1,038,206</b>	2,301,956
Hire-purchase payable	16	-	2,669	-	2,669
Long-term loan -current portion	17	<b>759,943</b>	704,276	-	-
Amount owing to a subsidiary company	13	-	-	<b>2,040,590</b>	886,370
Tax liabilities		<b>24,621</b>	392,932	<b>24,621</b>	392,932
<b>Total Current Liabilities</b>		<b>6,666,191</b>	6,357,387	<b>3,590,660</b>	6,293,155
<b>NET CURRENT ASSETS</b>		<b>26,695,276</b>	26,133,361	<b>27,242,453</b>	28,533,865
		<b>51,645,379</b>	51,387,623	<b>48,164,244</b>	50,351,745

*(Forward)*



**BALANCE SHEETS**  
AS OF DECEMBER 31, 2002

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

	Note	<u>The Group</u>		<u>The Company</u>	
		2002 RM	2001 RM	2002 RM	2001 RM
SHARE CAPITAL	18	<b>20,250,000</b>	20,250,000	<b>20,250,000</b>	20,250,000
RESERVES	19	<b>28,850,928</b>	28,257,847	<b>27,825,244</b>	29,997,745
		<b>49,100,928</b>	48,507,847	<b>48,075,244</b>	50,247,745
LONG-TERM AND DEFERRED LIABILITIES					
Long-term loan	17	<b>2,015,451</b>	2,775,776	-	-
Deferred tax liabilities	20	<b>529,000</b>	104,000	<b>89,000</b>	104,000
Total Long-Term and Deferred Liabilities		<b>2,544,451</b>	2,879,776	<b>89,000</b>	104,000
		<b>51,645,379</b>	51,387,623	<b>48,164,244</b>	50,351,745

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

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

<b><u>The Group</u></b>	<b><u>Note</u></b>	<b><u>Share Capital RM</u></b>	<b><u>Share Premium RM</u></b>	<b><u>Revaluation Reserve RM</u></b>	<b><u>Retained Profit RM</u></b>	<b><u>Total RM</u></b>
Balance as of January 1, 2001		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
Dividends	21	-	-	-	(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
Net profit after tax for the year		-	-	-	2,618,081	2,618,081
Dividends	21	-	-	-	(2,025,000)	(2,025,000)
Balance as of December 31, 2002		20,250,000	5,936,954	2,628,730	20,285,244	49,100,928

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

<u>The Company</u>	<u>Note</u>	<u>Share Capital RM</u>	<u>Share Premium RM</u>	<u>Revaluation Reserve RM</u>	<u>Retained Profit RM</u>	<u>Total RM</u>
Balance as of January 1, 2001		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
Dividends	21	-	-	-	(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
Net loss after tax for the year		-	-	-	(147,501)	(147,501)
Dividends	21	-	-	-	(2,025,000)	(2,025,000)
Balance as of December 31, 2002		20,250,000	5,936,954	2,628,730	19,259,560	48,075,244

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

**CASH FLOW STATEMENTS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/ (loss) before tax	<b>3,161,625</b>	2,225,143	<b>(43,957)</b>	3,670,166
Adjustments for:				
Depreciation of property, plant and equipment	<b>3,649,670</b>	3,759,156	<b>2,508,897</b>	2,741,875
Interest expenses	<b>275,374</b>	289,801	<b>831</b>	5,000
Allowance for slow moving inventories no longer required	<b>(529,642)</b>	-	<b>(529,642)</b>	-
Interest income	<b>(212,881)</b>	(217,218)	<b>(210,134)</b>	(212,622)
Allowance for doubtful debts no longer required	<b>(83,828)</b>	(229,755)	<b>(83,828)</b>	(229,755)
Gain on disposal of property, plant and equipment	<b>(68,039)</b>	(50,972)	<b>(69,507)</b>	(50,962)
Allowance for slow moving inventories	-	919,769	-	919,769
Allowance for doubtful debts	-	173,907	-	173,907
Bad debts written off	-	75,401	-	75,401
Operating profit before working capital changes	<b>6,192,279</b>	6,945,232	<b>1,572,660</b>	7,092,779
(Increase)/ Decrease in:				
Inventories	<b>(1,458,610)</b>	131,921	<b>5,320,676</b>	583,560
Trade receivables	<b>(1,253,889)</b>	2,888,617	<b>4,450,326</b>	3,017,020
Other receivables and prepaid expenses	<b>(16,713)</b>	(271,382)	<b>132,111</b>	(266,342)
Amount owing by a subsidiary company	-	-	<b>(10,508,104)</b>	(2,067,911)
Increase/ (Decrease) in:				
Trade payables	<b>100,862</b>	270,720	<b>(2,221,985)</b>	94,316
Other payables and accrued expenses	<b>523,255</b>	522,708	<b>(1,263,750)</b>	522,356
Amount owing to a subsidiary company	-	-	<b>1,154,220</b>	886,370
Cash generated from/ (used in) operations	<b>4,087,184</b>	10,487,816	<b>(1,363,846)</b>	9,862,148

*(Forward)*

**CASH FLOW STATEMENTS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax paid	<b>(486,855)</b>	(29,860)	<b>(486,855)</b>	(13,068)
Net cash generated from/(used in) operating activities	<b>3,600,329</b>	10,457,956	<b>(1,850,701)</b>	9,849,080
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<b>212,881</b>	217,218	<b>210,134</b>	212,622
Proceeds from disposal of property, plant and equipment	<b>77,992</b>	59,099	<b>77,160</b>	58,599
Purchase of property, plant and equipment	<b>(3,355,464)</b>	(4,110,125)	<b>(1,620,461)</b>	(3,696,851)
Net cash used in investing activities	<b>(3,064,591)</b>	(3,833,808)	<b>(1,333,167)</b>	(3,425,630)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	<b>(2,025,000)</b>	(2,025,000)	<b>(2,025,000)</b>	(2,025,000)
Repayment of long-term loan	<b>(704,658)</b>	(523,363)	-	-
Interest paid	<b>(275,374)</b>	(289,801)	<b>(831)</b>	(5,000)
Repayment of hire-purchase payable	<b>(2,669)</b>	(16,000)	<b>(2,669)</b>	(16,000)
Proceeds from long-term loan	-	423,273	-	-
Net cash used in financing activities	<b>(3,007,701)</b>	(2,430,891)	<b>(2,028,500)</b>	(2,046,000)
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,471,963)</b>	4,193,257	<b>(5,212,368)</b>	4,377,450
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>13,511,754</b>	9,318,497	<b>13,449,805</b>	9,072,355
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 22)</b>	<b>11,039,791</b>	13,511,754	<b>8,237,437</b>	13,449,805

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



**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

**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.

The Board of Directors has approved the financial statements of the Group and of the Company for issuance on April 25, 2003.

**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 significant intercompany balances and transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The Group adopts the acquisition method of consolidation. On acquisition, the assets and liabilities of the subsidiary company are measured at their fair values at the date of acquisition.

**Revenue and Revenue Recognition**

Revenue represents gross invoiced values of goods sold less returns and discounts.

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

**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 has 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.

**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 or tax purposes. However, where timing differences give rise to net deferred tax assets, the tax effects are recognised generally on actual realization.

## **Property, Plant and Equipment**

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:

	<b><u>Rates</u></b>
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, 2002, the unexpired lease period of the Group's and of the Company's long leasehold land are 53 years.

The Group carried some of its long leasehold land and factory building at revalued amounts and placed reliance on the transitional provisions of International Accounting Standards 16 as adopted by Malaysian Accounting Standards Board which provides exemption from the need to make regular reevaluations for such assets. Effective from December 31, 1997, no further reevaluations were carried out. The aggregate carrying value of such assets as of December 31, 2002 amounted to RM5,665,767 and this amount will be depreciated over the remaining useful lives of the relevant assets.

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 recognized 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 recognized 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.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognized whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

## **Investment**

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.

Investment in subsidiary company, which is eliminated on consolidation, is stated in the Company's financial statements at cost. When there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

### **Inventories**

Inventories are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion. Cost is determined on the first-in, first-out method.

Cost of raw materials and consumables consists of the purchase price plus the cost of bringing the inventories to their present location. The cost of work-in-progress and finished goods consists of 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**

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts are made based on estimates of possible losses, which may arise from non-collection of certain receivable accounts.

### **Hire-Purchase**

Property, plant and equipment acquired under hire-purchase arrangements are capitalized 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.

### **Provisions**

Provisions are made when there is a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognized to settle the obligation and when a reliable estimate of the amount can be made.

### **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.

### **Financial Instruments**

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**4. GENERAL INFORMATION**

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Number of directors and Employees at end of year:				
Directors	10	10	8	8
Employees	514	556	175	538

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<sup>rd</sup> 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/ (LOSS) BEFORE TAX**

Profit/ (loss) before tax is arrived at:

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
After charging:				
Directors' remuneration:				
Fees	<b>168,000</b>	174,000	<b>168,000</b>	174,000
Other emoluments	<b>658,274</b>	671,654	<b>646,274</b>	665,654
Interest on:				
Long-term loan	<b>274,543</b>	284,769	-	-
Hire-purchase	<b>831</b>	5,000	<b>831</b>	5,000
Overdraft	-	32	-	-
Hostel rental	<b>54,763</b>	55,800	<b>36,070</b>	55,200
Realized loss on foreign exchange	<b>41,427</b>	42,747	<b>44,621</b>	35,372
Audit fee:				
Current	<b>26,000</b>	26,000	<b>18,000</b>	18,000
Over provision in prior year	-	(2,000)	-	-
Factory rental	<b>21,600</b>	129,600	<b>21,600</b>	129,600
Allowance for slow moving inventories	-	919,769	-	919,769
Allowance for doubtful debts	-	173,907	-	173,907
Bad debts written off	-	75,401	-	75,401

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
And crediting:				
Allowance for slow moving inventories no longer required	<b>529,642</b>	-	<b>529,642</b>	-
Interest income	<b>212,881</b>	217,218	<b>210,134</b>	212,622
Allowance for doubtful debts no longer required	<b>83,828</b>	229,755	<b>83,828</b>	229,755
Gain on disposal of property, plant and equipment	<b>68,039</b>	50,972	<b>69,507</b>	50,962
Rental income	-	-	<b>300,000</b>	-

**6. INCOME TAX EXPENSE**

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Income tax expense consist of:				
Estimated tax payable:				
Current year	<b>58,000</b>	344,000	<b>58,000</b>	344,000
Under/ (Over) provision in prior year	<b>60,544</b>	(208)	<b>60,544</b>	-
Deferred tax liabilities (Note 20)	<b>425,000</b>	104,000	<b>(15,000)</b>	104,000
	<b>543,544</b>	447,792	<b>103,544</b>	448,000

The Group's income tax expenses for 2002 reflect an effective tax rate that is lower than the statutory income tax rate due mainly to the reversal of deferred tax assets not recognized in prior year.

Income tax expense for the Company in 2002 relates to tax on interest income.

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

No income tax expense was provided for the subsidiary company in 2001 in view of the losses incurred.

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/ wire 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, 2002.

As of December 31, 2002, the approximate amount of unabsorbed capital allowances and carry forward tax losses of the Group and of the Company are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Unabsorbed capital allowances	<b>2,218,000</b>	3,168,000	<b>1,871,000</b>	-
Carry forward tax losses	<b>421,000</b>	421,000	-	-

The unabsorbed capital allowances and carry forward tax losses are subject to agreement by the tax authorities.

**7. EARNINGS PER ORDINARY SHARE**

The basic earnings per ordinary share is calculated by dividing the Group's net profit after tax of RM2,618,081 (2001: RM1,777,351) by the number of ordinary shares in issue during the year of 20,250,000 (2001: 20,250,000).

## 8. PROPERTY, PLANT AND EQUIPMENT

### The Group

<b>Cost or Valuation</b>	<b>Beginning of year</b>	<b>Additions</b>	<b>Disposals</b>	<b>End of year</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2002:</b>				
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	3,160,010	-	-	3,160,010
Plant and machinery	25,083,530	1,761,199	(635,058)	26,209,671
Furniture and fittings	922,302	152,727	-	1,075,029
Office equipment	1,102,167	35,053	(3,214)	1,134,006
Tools and equipment	2,790,558	684,482	(2,332)	3,472,708
Motor vehicles	742,212	62,414	(57,737)	746,889
Electrical installation	938,230	305,834	-	1,244,064
Moulds and dies	3,104,117	353,755	(2,542)	3,455,330
	<b>45,806,700</b>	<b>3,355,464</b>	<b>(700,883)</b>	<b>48,461,281</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
<b>2001</b>				
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
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	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
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	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>
	<b>41,870,893</b>	<b>4,110,125</b>	<b>(174,318)</b>	<b>45,806,700</b>

**The Company**

<u>Cost or Valuation</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>End of year</u>
	RM	RM	RM	RM
<b>2002:</b>				
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	18,507,908	640,354	(635,057)	18,513,205
Furniture and fittings	883,313	67,483	-	950,796
Office equipment	1,099,502	19,085	(3,214)	1,115,373
Tools and equipment	2,551,034	467,899	-	3,018,933
Motor vehicles	742,212	4,300	(57,737)	688,775
Electrical installation	653,109	301,394	-	954,503
Moulds and dies	3,047,957	119,946	(2,542)	3,165,361
	<u>35,522,035</u>	<u>1,620,461</u>	<u>(698,550)</u>	<u>36,443,946</u>
<b>2001</b>	<u>31,999,012</u>	<u>3,696,851</u>	<u>(173,828)</u>	<u>35,522,035</u>
<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
<b>2002:</b>				
Long leasehold land				
- at 1997 valuation	109,655	24,828	-	134,483
Factory building				
- at 1997 valuation	431,950	97,800	-	529,750
- at cost	3,354	34,140	-	37,494
Plant and machinery	13,744,185	1,264,112	(635,057)	14,373,240
Furniture and fittings	368,605	90,684	-	459,289
Office equipment	544,130	91,210	(1,104)	634,236
Tools and equipment	819,682	265,339	-	1,085,021
Motor vehicles	552,384	78,770	(54,270)	576,884
Electrical installation	402,721	80,272	-	482,993
Moulds and dies	1,727,491	481,742	(466)	2,208,767
	<u>18,704,157</u>	<u>2,508,897</u>	<u>(690,897)</u>	<u>20,522,157</u>
<b>2001</b>	<u>16,128,473</u>	<u>2,741,875</u>	<u>(166,191)</u>	<u>18,704,157</u>



	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Net Book Value:				
Long leasehold land				
- at 1997 valuation	<b>1,305,517</b>	1,330,345	<b>1,305,517</b>	1,330,345
- at cost	<b>1,526,614</b>	1,555,785	-	-
Factory buildings				
- at 1997 valuation	<b>4,360,250</b>	4,458,050	<b>4,360,250</b>	4,458,050
- at cost	<b>3,052,287</b>	3,115,488	<b>1,669,506</b>	1,703,646
Plant and machinery	<b>9,215,275</b>	9,695,107	<b>4,139,965</b>	4,763,723
Furniture and fittings	<b>601,529</b>	548,219	<b>491,507</b>	514,708
Office equipment	<b>498,026</b>	557,703	<b>481,137</b>	555,372
Tools and equipment	<b>2,325,072</b>	1,943,606	<b>1,933,912</b>	1,731,352
Motor vehicles	<b>165,162</b>	189,828	<b>111,891</b>	189,828
Electrical installation	<b>692,010</b>	495,237	<b>471,510</b>	250,388
Moulds and dies	<b>1,208,361</b>	1,364,894	<b>956,594</b>	1,320,466
	<b>24,950,103</b>	25,254,262	<b>15,921,789</b>	16,817,878

The long leasehold land and factory building were revalued in 1997 based on the reports by independent firms of professional values using open market values on the existing use. 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>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>
Cost	<b>4,062,636</b>	4,062,636
Less: Accumulated depreciation	<b>(797,714)</b>	(717,158)
Net book value	<b>3,264,922</b>	3,345,478

Certain property, plant and equipment of the Group and of the Company with a total carrying value of RM14,694,081 (2001: RM14,224,779) and RM5,665,767 (2001: RM5,788,395) respectively are pledged to certain local licensed banks as securities for banking facilities granted to the Company and the subsidiary company as mentioned in Note 17.

## 9. INVESTMENT IN A SUBSIDIARY COMPANY

	<u>The Company</u>	
	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>
Unquoted shares, at cost	<b>5,000,002</b>	5,000,002

The Company has 100% (2001: 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.

## 10. INVENTORIES

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
At cost:				
Raw materials	<b>6,765,866</b>	5,040,279	<b>1,842,005</b>	4,528,553
Work-in-progress	<b>1,756,140</b>	2,107,538	<b>671,791</b>	1,690,326
Finished goods	<b>2,126,728</b>	2,614,207	<b>1,370,565</b>	2,458,037
Spare parts	<b>81,590</b>	84,428	<b>71,243</b>	69,722
	<b>10,730,324</b>	9,846,452	<b>3,955,604</b>	8,746,638
At net realizable value:				
Raw materials	<b>226,851</b>	633,132	<b>226,851</b>	633,132
Less: Allowance for slow moving inventories	<b>(226,851)</b>	(633,132)	<b>(226,851)</b>	(633,132)
	-	-	-	-
Finished goods	<b>1,267,656</b>	286,637	<b>163,276</b>	286,637
Less: Allowance for slow moving inventories	<b>(163,276)</b>	(286,637)	<b>(163,276)</b>	(286,637)
	<b>1,104,380</b>	-	-	-
	<b>11,834,704</b>	9,846,452	<b>3,955,604</b>	8,746,638

Certain inventories of the Group with a carrying value of RM7,879,100 (2001: RM1,099,814) are pledged to a local licensed bank as securities for banking facilities granted to the subsidiary company as mentioned in Note 17.

## 11. TRADE RECEIVABLES

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Trade receivables	<b>9,859,830</b>	8,696,020	<b>3,857,288</b>	8,397,693
Less: Allowance for doubtful debts	-	(173,907)	-	(173,907)
	<b>9,859,830</b>	8,522,113	<b>3,857,288</b>	8,223,786

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted to customers of the Company is 30 to 90 days (2001: 30 to 90 days). The credit period granted to the customers of the subsidiary company is 30 days (2001: 30 days). An allowance has been made for estimated irrecoverable amounts from the sales of goods of Nil (2001: RM173,907). This allowance has been determined by reference to past default experience.

Included in trade receivables of the Group and of the Company is an amount of RM29,080 (2001: RM43,362) 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 between the Company and the above-related party during the financial year are as follows:

	<b><u>The Group and the Company</u></b>	
	<b><u>2002</u></b>	<b><u>2001</u></b>
	<b>RM</b>	<b>RM</b>
Sales of finished goods	<b>77,174</b>	159,724

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. OTHER RECEIVABLES AND PREPAID EXPENSES**

	<b><u>The Group</u></b>		<b><u>The Company</u></b>	
	<b><u>2002</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2001</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other receivables	<b>220,790</b>	320,901	<b>220,790</b>	320,901
Refundable deposits	<b>77,038</b>	109,739	<b>42,158</b>	82,139
Prepaid expenses	<b>329,314</b>	179,789	<b>182,730</b>	174,749
	<b>627,142</b>	610,429	<b>445,678</b>	577,789

**13. SIGNIFICANT INTERCOMPANY TRANSACTIONS**

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

Significant transactions between the Company and its subsidiary company during the financial year are as follows:

	<b><u>The Company</u></b>	
	<b><u>2002</u></b>	<b><u>2001</u></b>
	<b>RM</b>	<b>RM</b>
Sales of finished goods	<b>3,250,059</b>	1,105,080
Purchase of finished goods	<b>1,464,724</b>	-
Rental receivable	<b>300,000</b>	-
Purchase of raw materials	<b>284,951</b>	1,023,869
Purchase of plant and equipment	<b>36,521</b>	-
Sub-contract charges receivable	<b>11,963</b>	-

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.

**14. TRADE PAYABLES**

Trade payables comprise amounts outstanding for trade purchases. The average credit period granted to the Group and the Company for trade purchases is 14 to 60 days (2001: 14 to 60 days).

**15. OTHER PAYABLES AND ACCRUED EXPENSES**

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Other payables	<b>2,205,300</b>	1,795,017	<b>659,440</b>	1,764,429
Accrued expenses	<b>678,165</b>	565,193	<b>378,766</b>	537,527
	<b>2,883,465</b>	2,360,210	<b>1,038,206</b>	2,301,956

Other payables comprise amount outstanding for ongoing costs.

**16. HIRE-PURCHASE PAYABLE**

	<u>The Group and the Company</u>	
	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>
Total outstanding	-	3,500
Less: Interest-in-suspense outstanding	-	(831)
Principal outstanding	-	2,669
Less: Portion due within one year	-	(2,669)
Portion due after one year	-	-

The amount due to hire-purchase payable bears interest at a rate of 6.25% per annum.

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

**17. LONG-TERM LOAN**

	<u>The Group</u>	
	<u>2002</u> RM	<u>2001</u> RM
Secured:		
Amount outstanding	2,775,394	3,480,052
Less: Portion due within one year	(759,943)	(704,276)
	<hr/>	<hr/>
Portion due after one year	<u>2,015,451</u>	<u>2,775,776</u>

The long-term loan obtained from a local licensed 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 installments of RM81,600 each (inclusive of interest) commencing April 1, 2001.

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

- a) Lien holders caveat over the Company's long leasehold land and building;
- b) A negative pledges over all the Company's assets;
- c) A first legal charge over the subsidiary company 's long leasehold land and building;
- d) A fixed and floating charge over all assets of the subsidiary company; and
- e) A 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.

The effective annual interest rate for the term loan is 7.9% (2001: 8.2%).

**18. SHARE CAPITAL**

	<u>2002</u>	<u>2001</u>
	RM	RM
Authorized		
25,000,000 shares of RM1 each	25,000,000	25,000,000
	<hr/>	<hr/>
Issued and fully paid		
20,250,000 ordinary shares of RM1 each	20,250,000	20,250,000

**19. RESERVES**

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> 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
	<hr/>	<hr/>	<hr/>	<hr/>
	8,565,684	8,565,684	8,565,684	8,565,684
Distributable:				
Retained profit	20,285,244	19,692,163	19,259,560	21,432,061
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>28,850,928</u>	<u>28,257,847</u>	<u>27,825,244</u>	<u>29,997,745</u>

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.

**20. DEFERRED TAX LIABILITIES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance at beginning of year	<b>104,000</b>	-	<b>104,000</b>	-
Transfer from/ (to) income statements (Note 6)	<b>425,000</b>	104,000	<b>(15,000)</b>	104,000
Balance at end of year	<b>529,000</b>	104,000	<b>89,000</b>	104,000

The deferred tax liabilities are in respect of the following:

	<b>Deferred Tax Assets/ (Liabilities)</b>			
	<b>The Group</b>		<b>The Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax effect of timing differences between tax capital allowances and depreciation of property, plant and equipment	<b>(1,377,000)</b>	(361,000)	<b>(722,000)</b>	(361,000)
Tax effect in respect of:				
Unabsorbed capital allowances	<b>621,000</b>	-	<b>524,000</b>	-
Carry forward tax losses	<b>118,000</b>	-	-	-
Other timing differences	<b>109,000</b>	257,000	<b>109,000</b>	257,000
	<b>(529,000)</b>	(104,000)	<b>(89,000)</b>	(104,000)

As mentioned in Note 3, the tax effects of timing differences which give rise to net deferred tax assets are recognized generally on actual realization. As of December 31, 2002, the amount of deferred taxation, calculated at applicable tax rate, which is not recognised in the financial statements, is as follows:

	<b>Deferred Tax Assets/ (Liabilities)</b>			
	<b>The Group</b>		<b>The Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax effect of timing differences between tax capital allowances and depreciation of property, plant and equipment	-	(523,000)	-	-
Tax effect in respect of: Unabsorbed capital allowances	-	887,000	-	-
Carry forward tax losses	-	118,000	-	-
	<b>-</b>	<b>482,000</b>	<b>-</b>	<b>-</b>

## 21. DIVIDENDS

	<b>The Group and the Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
Dividends declared and paid:		
Final tax exempt dividend of 5 sen per ordinary share, for 2001 and 2000 respectively	<b>1,012,500</b>	1,012,500
Special tax exempt dividend of 5 sen per ordinary share, for 2001	<b>1,012,500</b>	-
	<b>2,025,000</b>	<b>1,012,500</b>

The directors 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.

## 22. CASH AND CASH EQUIVALENTS

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Short-term deposits with a licensed bank	<b>10,027,000</b>	12,730,000	<b>7,747,000</b>	12,730,000
Cash and bank balances	<b>1,012,791</b>	781,754	<b>490,437</b>	719,805
	<b>11,039,791</b>	<b>13,511,754</b>	<b>8,237,437</b>	<b>13,449,805</b>

The effective annual interest rates are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Short-term deposits with a licensed bank	<b>1.1 – 2.2</b>	1.6 – 5.1	<b>1.1 – 2.2</b>	1.6 – 5.1

### 23. LEASE COMMITMENTS

As of December 31, 2002, non-cancelable long-term lease commitments pertaining to the Group and the Company in respect of rental of premises are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Not later than 1 year	<b>622,820</b>	33,810	<b>6,800</b>	33,810

### 24. CONTINGENT LIABILITY - Unsecured

As of December 31, 2002, 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.

### 25. FINANCIAL INSTRUMENTS

#### a. Financial Risk Management Objectives and Policies

The operations of The Group are subject to a variety of financial risk, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposures to risks and/ or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

#### i. Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions and receivables and payables in foreign currencies arising from normal operating activities. The Group does not speculate in foreign currencies.

#### ii. Interest rate risk

The Group's exposure to changes in interest rate risk relates primarily to the Group's short-term deposits with licensed banks and financing through term loan.

#### iii. Market risk

The Group has in place policies to manage the Group's exposures to fluctuation in the prices of the key raw materials and commodities used in the operations.



**iv. Credit risk**

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial conditions and credit histories. The Group also ensures a number of customers so as to limit high credit concentration in a customer or customers from a particular market.

**v. Liquidity risk**

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

**vi. Cash flow risk**

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

**b. Financial Assets**

The Group's principal financial assets are cash and bank balances, demand deposits and trade and other receivables.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

**c. Financial Liabilities and Equity Instruments**

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Significant financial liabilities include trade and other payables and term loan.

Term loan is recorded at the proceeds received. Finance charges are accounted for on an accrual basis.

Equity instruments are recorded as the proceeds received.

**d. Credit Risk**

The maximum credit risk associated with recognized financial assets is the carrying amount shown in the balance sheet.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

**e. Fair Values**

As of December 31, 2002, the fair value of term loan estimated by using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements is as follows:

	<u>Note</u>	<u>The Group</u>	
		<u>Carrying</u>	<u>Fair Value</u>
		<u>Amount</u>	<u>RM</u>
		<u>RM</u>	<u>RM</u>
Financial liability			
Term loan	17	2,775,394	2,775,394

The fair values of financial assets and other financial liabilities approximate their carrying amounts because of the short maturity of these instruments.

**26. 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 stated 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, 2002 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 25, 2003

## 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 above named WU, CHUNG-JUNG at ) WU, CHUNG-JUNG

GEORGETOWN in the State of PENANG )

on April 25, 2003 )

Before me,

G.M. GOVINDASAMY  
Commissioner for Oaths

## GROUP PROPERTIES AS AT DECEMBER 31<sup>st</sup> 2002

The details of the landed properties owned by the STB Group as at December 31<sup>st</sup> 2002 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 31.2002 RM
Lot P.T. 30512 H.S.(D) 2808/95 Mukim of Sungai Petani	Two storey 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. 11 years and Building 2 is approx. 7 years	5,665,767 <sup>^</sup>
Lot P.T. 30511 H.S.(D) 2807/95 Mukim of Sungai Petani	Two storey 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. 3 years and Building 4 approx. 2 years	4,578,901 <sup>^^</sup>

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.

<sup>^</sup> Of the total, the net book value for the land as at December 31<sup>st</sup> 2002 was RM1,305,517 whilst the net book value of the buildings was RM4,360,250.

\*\* 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.

<sup>^^</sup> Of the total, the net book value for the land as at December 31<sup>st</sup> 2002 was RM1,526,614 whilst the net book value of the buildings was RM3,052,287.

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

The different in our Group Net Profit After Tax of RM 2.994 millions as reflected in our forth quarterly report announced to the Kuala Lumpur Stock Exchange and comparing it to our final audited report for the year ended 31st. December, 2002 amounting to RM 2.618 millions were mainly due to the reversal of deferred tax assets not recognised in prior year amounting to RM 425,000 was not captured during the quarterly results.

# Statistics Of Shareholdings

## SHARE CAPITAL AS AT MAY 9, 2003

Authorized	:	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 9, 2003

<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
100 – 999	488	64.13	208,000	1.03
1,000 – 4,999	181	23.78	295,000	1.46
5,000 – 10,000	44	5.78	280,600	1.39
10,001 – 100,000	27	3.55	866,900	4.28
100,001 – 1,000,000	13	1.71	3,159,700	15.60
Above 1,000,000	5	0.66	15,439,700	76.24
<b>Total</b>	<b>761</b>	<b>100.00</b>	<b>20,250,000</b>	<b>100.00</b>

## TOP TWENTY SHAREHOLDERS AS AT MAY 9, 2003

<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.	431,900	2.13
7. Ooi Chuan Guan	352,900	1.74
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	203,800	1.01
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	101,000	0.50
19. Hsueh, Chih-Yu	100,000	0.49
20. Tseng Chin-Tang, Samuel	94,000	0.46
<b>Total</b>	<b>18,793,400</b>	<b>92.80</b>

# Statistics Of Shareholdings

(Continued)

## SUBSTANTIAL SHAREHOLDERS AS AT MAY 9, 2003

	<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	2,679,000(a)	13.23
3.	Wu, Chung-Jung	2,207,000	10.90	4,254,800(b)	21.01
4.	Liu Kuo, Ling-Miao	1,304,000	6.44	-	-
5.	Wu, Huei-Chung	271,000	1.34	6,190,800(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	6,361,800(g)	31.42
10.	Shiue, Jyh-Jeh	101,000	0.50	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 101,000
- (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 101,000
- (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 101,000
- (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 101,000
- (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

# Statistics Of Shareholdings

(Continued)

## DIRECTORS' SHAREHOLDINGS AS AT MAY 9, 2003

	<u>Name</u>	Direct		Indirect	
		<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	2,679,000(a)	13.23
2.	Wu, Chung-Jung	2,207,000	10.90	4,254,800(b)	21.01
3.	Dato' 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	6,190,800(d)	30.57
6.	Cheah Khye Chuan	-	-	-	-
7.	Ng Kim Long	-	-	-	-
8.	Datuk Haji Hanafi Bin Ramli	-	-	-	-

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                  | 101,000   |
- (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                  | 101,000   |
- (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                  | 101,000   |





**SUPERCOMAL TECHNOLOGIES BERHAD**

(Company No. 197527-H)

(Incorporated in Malaysia)

**PROXY FORM**

I/We, .....

of .....

being a member/members of the above named Company hereby appoint .....

of .....

as my/our proxy, to vote in my/our name(s) and on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Gurney Board Room of Evergreen Laurel Hotel of 53 Persiaran Gurney, 10250 Penang on June 30, 2003 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 the Audited Financial Statements of the Company for the year ended December 31, 2002 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, 2002.		
3. To declare a Special Dividend of 5 sen per share exempt from Income Tax for the year ended December 31, 2002.		
4. To approve the payment of Directors' fees for the year ended December 31, 2002.		
5. To re-elect Dato' Haji Hanafi Bin Ramli, a Director retiring under the provision of Article 138 of the Articles of Association of the Company.		
6. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.		
7. 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....., 2003.

**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<sup>rd</sup> 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

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Affix  
Stamp  
Here

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

Please fold here to seal

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UTP CATEGORY 5