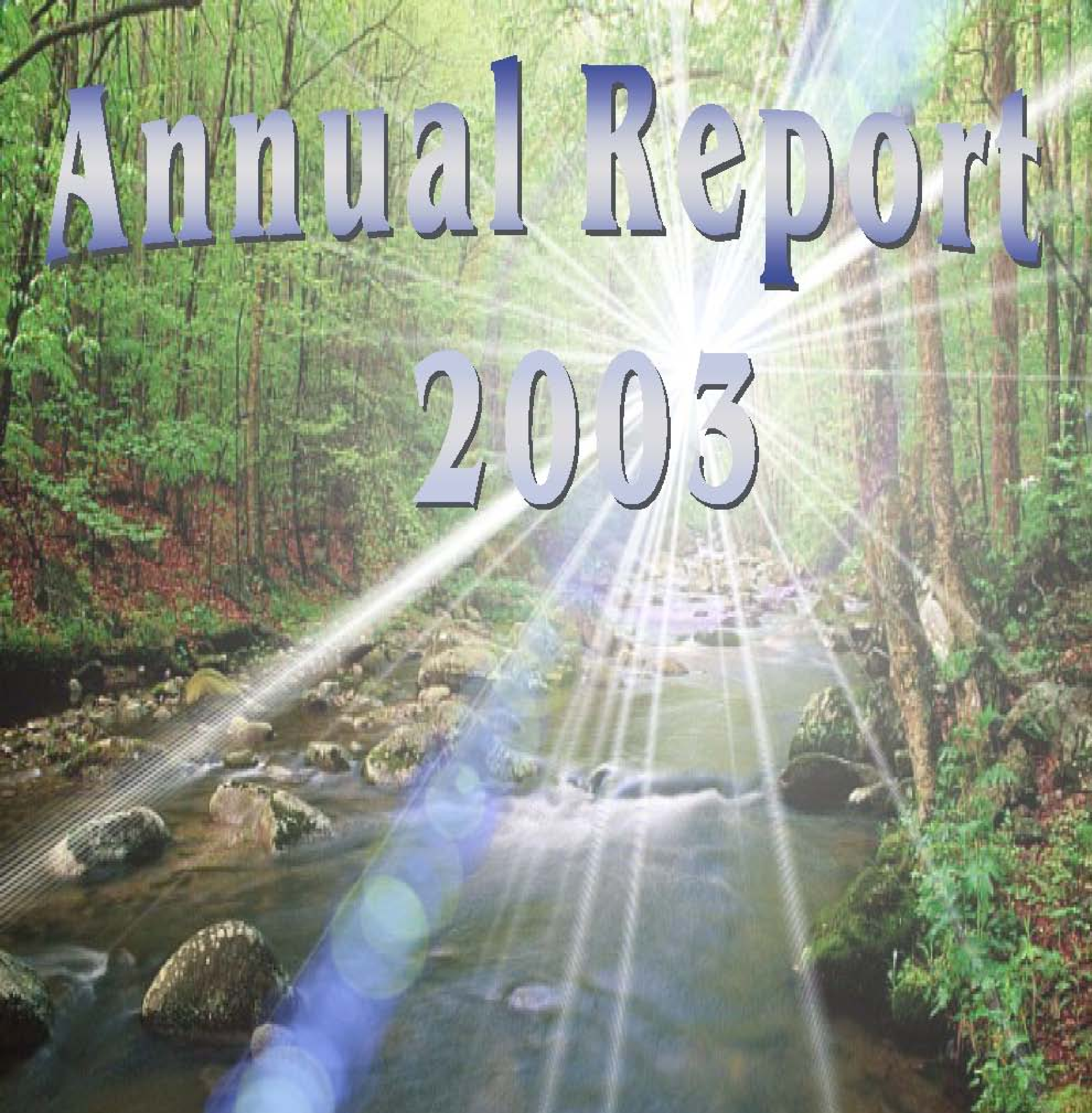
Annual Report 2003



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

(A MESDAQ Listed Company)

Lot 172, Jalan PKNK 3/8, Kawasan Perusahaan Sungai Petani,
08000 Sungai Petani, Kedah D.A., Malaysia

Tel: (60-4) 441-1822 (hunting line) Fax: (60-4) 441-1755

Homepage: www.supercomal.com.my

E-Mail: sales@supercomal.com.my

Designed by: Jerry

TÜV CERT
DIN EN ISO 9002
QS-9000
Certificate:04100

RWTÜV Certified Company

The Cover Rationale:

The cover depicts the Environmental Concerns of the Responsible Manufacturers around the world. The "Go Green" label has become the new standards to strive for by most manufacturers in the new millennium.

It may not be mandatory for our cables to be completely Cadmium Free and Lead free since it is only enforceable for products to be shipped to the EEC, but nonetheless since the beginning of this year. We have completely retooled our production to a Heavy metal Free as well as Hardazous Chemical free.

Now our customers both local and internationals can be assured of getting Environmentally Friendly cables for their products.

The cover with the tree motif reflects our company's dedication to the caring of out precious environment.

Contents

Notice Of Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at ____ on ____________________ at __________ for the following purposes:-

A G E N D A

1. To receive the Audited Financial Statements for the year ended December 31, 2003 together with the reports of the Directors and Auditors thereon. (Resolution 1)

2. To declare a First and Final Dividend of 5 sen per share exempt from Income Tax for the year ended December 31, 2003. (Resolution 2)

3. To approve the payment of Directors' fees for the year ended December 31, 2003. (Resolution 3)

4. To re-elect En. Nik Abd Aziz Bin Mohd Kamaludin, a Director retiring under the provision of Article 133 of the Articles of Association of the Company. (Resolution 4)

5. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 5)

6. 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 Bursa Malaysia Securities Berhad 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 of Bursa Malaysia Securities Berhad." (Resolution 6)

7. 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:

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 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.

Explanatory Note On Special Business:

The proposed Resolution No. 6 (Item No. 6), 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 a First and Final Dividend of 5 sen per share exempt from Income Tax for the year ended December 31, 2003, if approved, will be paid on _______________ to depositors registered in the Records of Depositors at the close of business on _______________.

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 ________________ in respect of transfers;

b) shares bought on the MESDAQ Market on a cum entitlement basis according to the Listing of Requirements of Bursa Malaysia for the MESDAQ Market.

By Order of the Board

KHOO LAY TATT
MAICSA 7029262
Secretary

Penang
Date:

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

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 Bursa Malaysia Securities Berhad

Audit Committee

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

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 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 with 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. The Committee for the year 2004 is authorised to set up a risk management unit to ensure that all risks are accounted for and handled in accordance to the powers rested to the management.

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 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

Dear Shareholders, it is time again for me to inform and update you on the performance of your company. I must acknowledge that it is something that I look forward to as it is always satisfying reporting profitable operations that benefits all of us. The year under review is full of surprises and indeed is an eventful one. The adversities of war, disease such as SARS and political upheavals like the Bali Bombing seems to put travel to a halt and with that the vigor of trade has also slowed down. On the local front, nonetheless, great things were achieved, Dato Sri Abdullah who became the prime minister of Malaysia and Dato Sri Najib's appointment as his deputy received an unparsed dented approvals by the investing public when the KLSE breach the 800 marks.

The GDP for the year was 4.8% despite the fact that budgetary assumption was only 4.5%. Manufacturing once again became the key output driver with exports earning in excess of RM18 billions.

STB

Under the roof of Supercomal Technologies Berhad (STB) is the core operation center that processed raw copper wire of large diameter to be drawn into fine gauge as thin as 0.05mm. STB houses the copper drawing operations, the polymer manufacturing plant, the cable stranding plant and more than 11 lines of cable extrusion machines under the cable produce sections. This is the area where more than one million meters of various types of cables were produced each month. It has always been profitable but for the year 2003, lower orders of better margin cables plus the surge in copper price towards the last quarter of the year has put a dent in its profit track records.

However, let me assure you that this is a one time-off occasion and by the time this report goes out to you. STB's operation is back to almost 75% efficiency and should post profit like always. STB's operation is not expected to incur any further capital cost as most of the machines are fully refurbished in 2002 and 2003 with the exception of upgrading our polymer manufacturing plant to cater for a wider range of material such as Polyurethane, Polypropylene and rayon. This is part of the company's move to go completely "Green" whereby PVC coating or insulation by the year 2005 may no longer be allowed for all cables going into the EEC and the United States.

I am proud to inform you that we are currently the only cable manufacturing company in Malaysia that have been entered into the SONY "Green Book Registry", which means that SONY worldwide has endorsed our manufacturing facility as Lead and Cadmium Free as well as all Chemicals used at our premise comply to their strict environmental standard. This is indeed an honour and a prestigious achievement to your company and I am proud to be a part of it.

On top of that we have also passed the QS-9000, PSA and ISO standards for automotive cable manufacturer. This then will enable us to either sell our roll automotive cables to harness manufacture who in turn assembles car wire harness both for export and local brands.

SAC

Supercomal Advanced Cables Sdn Bhd is a wholly owned subsidiary of STB which housed the Local Area Network cable production. Your Company has spent more than RM9 million in these operations to cater for the growing demand of Dato Networking in the ASEAN region. While many companies are involved in this type of cable production especially the Category 5E and Category 6 cable have ceased their operations due to diminishing profit, SAC on the other hand has grown from strength to strength.

The company has since shift its operation to produce higher margin Data cables such as the 25 pair up to 100 pair of Cat.5 and up to 25 pair Cat.5E cables. Please be informed that we are currently the only cable company in Malaysia producing such products and awaiting approvals from EIA/TIA testing bodies. Nonetheless, the products have been privately accepted and endorsed by our Multi National Customers.

In the middle of the year, SAC has been approached by Automotive parts manufacture APMI on a collaborate basic to develop the complete automotive harness for Proton and Peugeot Cars in (Egypt operations). In the short period of time both our Engineering team and APMI Engineers have managed to put up an automotive assembly line that will become the next major profit contributor for the company. The company shall continue to work hand in hand with APMI for future automotive cables developments and is expected to produce 5,000 – 8,000 sets per month by the turn of 2004.

However, there will be no significant effect to profit for the year 2003 since actual productions and orders will only come in the year 2004. The expected turnover for this project will be in the region of RM2.5 million per month and should contribute 50 percent on the month to month turnover of the group. Profit margins will depend very much on the price of copper and the other major raw materials such as PVC compounds and price of terminals and connectors. Since the project is new we will only be able to gauge its true profit margin when the operation reached its optimum capacity.

CHANGE IN PRODUCTION FOCUS

It is interesting to note that over the past six years since listed your company has always been very dynamic and very customer focused.

In the early 90's, Speaker Cables and Audio Video Cables are the star products garnering almost 60 percent of total turnover. In the late 90's, computer and mouse cables took the lead. Now the market has since shifted to China where the bulk of Consumer Electrical and Electronic products were produced.

In order to stay competitive the company has dedicated resources in the R&D to create more value added products in the cable assemblies operations. The focus on producing bright quality connectors and terminals for companies such as some of the well know companies from Europe and North America can provide your company with the staying power it needed in the highly competitive cable industries.

Your company now is fully focused in producing cables and wire harness that requires a high level of technological advancement such as the 1394 cables for the digital electronic products to replace the traditional A/V product.

The automotive wire harness may be new to your company but, we are already working closely with the electronic designer of vehicles to look into a common vehicle platform to provide harness in modular forms. Your company sees this as a major contributor to long term profitably.

As for the LAN cable, your company shall invest further into upgrading its current line of machines to cater for the multi core (25-100 pairs) cables for outdoor use as the normal 4 pair UTP LAN cables become matures and margin diminishes from 30% to only 8-10%. One major reason for the decline is that more and more desktop systems are going wireless and it is estimated that wireless will account for approximately 4 - 5% of all the parts in the LAN in 2005, up from one percent in 2001. However small network systems and SOHO (Small Office Home Office) system will still largely depend on Copper based Cables.

Having said all that, I have only one regret and that is your company was quoted by MESDAQ under an industrial sector. That makes your company become "just another cable manufacturer", while indeed what we do is beyond manufacturing. We in fact are ahead of all the electrical and electronic products in the backroom R&D to determine and design the best cable assemblies and cable harness to cater for the new and emerging technology, especially the digital products.

FINANCIAL PERFORMANCE

Reflecting what has been achieved in the year 2003, I am pleased to announce that despite all the negativities and adversities, your company's performance is once again commendable. For the year ended 31st December 2003 the turnover of the group stood at RM41.82 million, which recorded a 7 percent increase against last year turnover of RM38.88 million. The group's net profit on the other hand declined by 18 percent to RM2.14 million against RM2.63 million recorded in 2002. This was mainly due to higher cost of raw materials and the diminishing margin of profit since the group was unable to adjust price upwards in a short period of time.

DIVIDENDS & BONUS SHARES

Your board of Directors is pleased to recommend a final exempt dividend of 5 sen per ordinary share. This motion is being considered as a way of expressing our gratitude as well as creating more liquidity in the market. It is hoped that after you have approved the motion, the share price will be more reflective of the true worth of the company.

FUTURE OUTLOOK

I am tempted to say that the year 2004, may be a very successful year for your company but, I must admit that the uncertainties in the commodities market may have a depressing effect, especially on the price of copper and PVC compound which is expected to be around USD2,900 for the copper price and USD 700/metric tonne for the PVC compounds.

However, the focus on automotive cable in 2002 and 2003 will bear fruit in 2004, the company is now poised to take on a full scale automotive harness production and is expected to contribute a gross annual turnover of RM20 million in this sector alone.

The emergence of new desktop computers will also contribute to additional demands for computer cables in 2004 as the older generation computers of the year 2000 got replaced and we have to achieve RM5 million sales for this type of cables.

I was also informed by the management of your company that the demand for instrument cables from our new major clients from United States will also grow to roughly RM5 million a year.
All said and done the gross turnover for 2004 is expected to exceed the RM50 million mark and will be the first in the history of your company.

On the other end, the year 2004 is the election year for most ASEAN countries and if the sovereign stability of this region is intact than there will be an inflows of Foreign Direct Investments (FDI's) which will create more jobs and demands for manufactured goods will be outstanding.

This will then result in a better than average performance in the stock market and hopefully your investment in the company will grow significantly over this period.

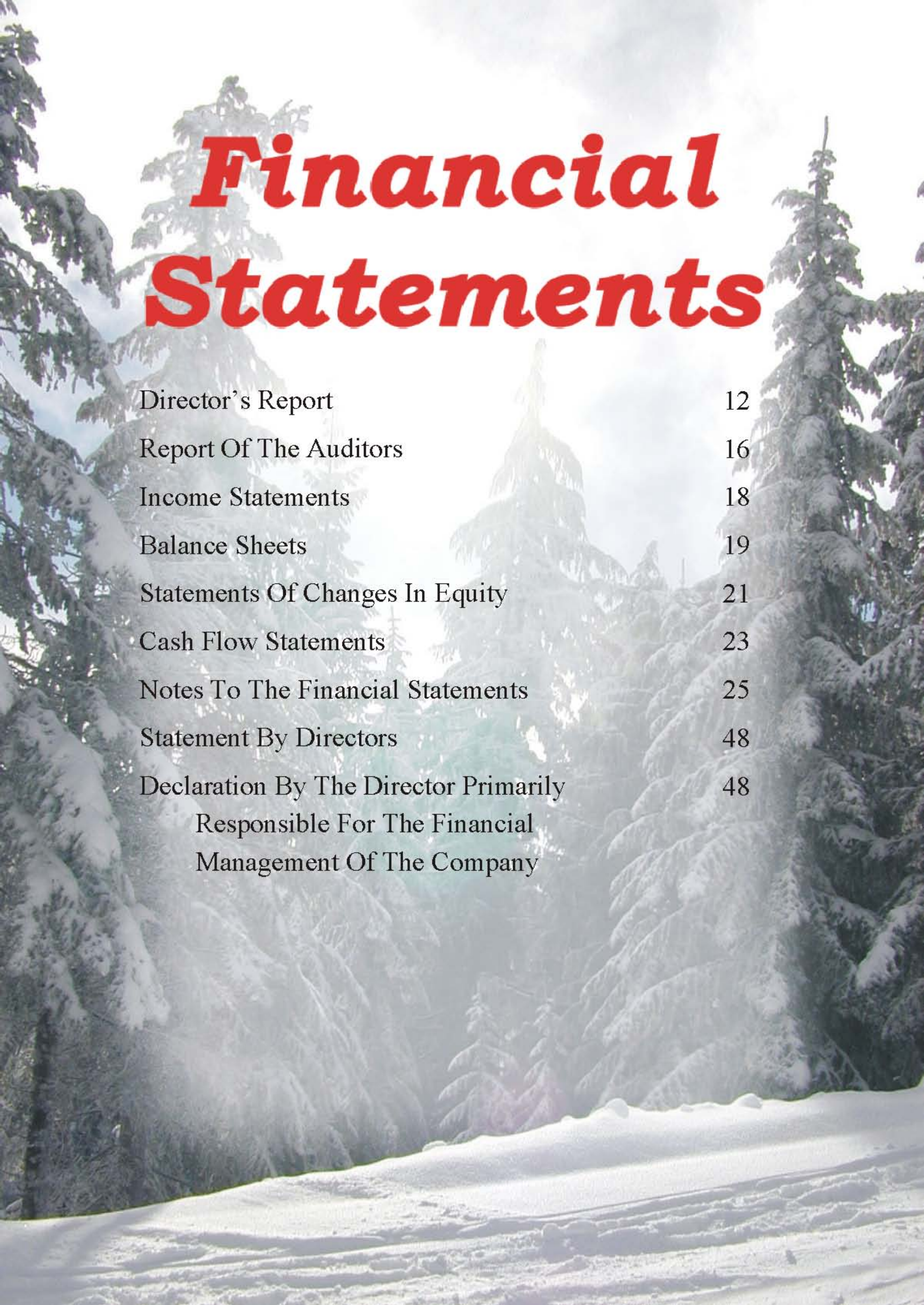
ACKNOWLEDGEMENT

I would like to end my statement by once again thanking the Board Members who have shown the utmost wisdom in guiding the company through the rough and turbulent year. My gratitude also goes to the management of the company for their professionalism in performing their duties. I'm deeply touched by the commitments that have been given by all level of management and I thank you for your dedication and hard work.

Your Chairman of the Board

____

Dato Mohd Supardi Mohd Noor



Financial Statements

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, 2003.

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

	The Group RM	The Company RM
Net profit/ (loss) after tax for the year	2,144,553	(711,135)

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

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.

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 no allowance for doubtful debts is required; 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 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.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Significant events subsequent to the balance sheet date is disclosed in Note 26 to the Financial Statements.

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

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:

	No. of ordinary shares of RM1 each			
Shares in the Company	**Balance as of 1.1.2003**	**Bought**	**Sold**	**Balance as of 31.12.2003**
Direct interest:				
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
Indirect interest:				
Mohamad Suparadi Bin Md. Noor	30,000	-	-	30,000
Shiue, Jong-Zone	2,679,000	-	-	2,679,000
Wu, Chung-Jung	4,254,800	-	-	4,254,800
Wu, Huei-Chung	6,190,800	-	-	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 12, 2004

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, 2003 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, 2003 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.

(FORWARD)

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

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
2225/04/06 (J)
Partner

Penang,

April 12, 2004

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Note	The Group 2003 RM	The Group 2002 RM	The Company 2003 RM	The Company 2002 RM
Revenue		**41,821,821**	38,884,813	**20,638,718**	24,190,786
Other operating income		**2,056,906**	1,557,036	**2,294,329**	1,637,365
Changes in inventories of finished goods and work in progress		**1,712,889**	142,142	**537,775**	(2,229,368)
Raw materials used		**(25,124,776)**	(20,012,059)	**(14,808,637)**	(11,591,461)
Purchase of finished goods		**-**	-	**(320,682)**	(1,464,724)
Staff costs	4	**(8,090,965)**	(7,854,580)	**(3,720,425)**	(4,658,775)
Depreciation of property, plant and equipment		**(3,751,992)**	(3,649,670)	**(2,358,472)**	(2,508,897)
Other operating expenses		**(6,392,786)**	(5,630,683)	**(3,049,496)**	(3,418,052)
Profit/ (loss) from operations		**2,231,097**	3,436,999	**(786,890)**	(43,126)
Finance costs		**(185,299)**	(275,374)	**-**	(831)
Profit/ (loss) before tax	5	**2,045,798**	3,161,625	**(786,890)**	(43,957)
Tax income/ (expense)	6	**98,755**	(529,789)	**75,755**	(89,789)
Net profit/ (loss) after tax for the year		**2,144,553**	2,631,836	**(711,135)**	(133,746)
Basic earnings per ordinary share	7	**11 sen**	13 sen		

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

BALANCE SHEETS
AS OF DECEMBER 31, 2003

		The Group		The Company	
	Note	**2003**	**2002**	**2003**	**2002**
		RM	**RM**	**RM**	**RM**
PROPERTY, PLANT AND EQUIPMENT	8	**24,001,944**	24,950,103	**14,532,020**	15,921,789
INVESTMENT IN A SUBSIDIARY COMPANY	9	**-**	-	**5,000,002**	5,000,002
CURRENT ASSETS					
Inventories	10	**13,382,839**	11,834,704	**4,900,831**	3,955,604
Trade receivables	11	**14,493,953**	9,859,830	**4,360,937**	3,857,288
Other receivables and prepaid expenses	12	**1,150,753**	627,142	**512,737**	445,678
Tax recoverable		**54,332**	-	**54,332**	-
Amount owing by a subsidiary company	13	**-**	-	**19,765,332**	14,337,106
Short-term deposits with licensed banks		**4,730,000**	10,027,000	**2,000,000**	7,747,000
Cash and bank balances		**1,328,141**	1,012,791	**715,918**	490,437
Total Current Assets		**35,140,018**	33,361,467	**32,310,087**	30,833,113
CURRENT LIABILITIES					
Trade payables	14	**4,539,737**	2,998,162	**1,781,502**	487,243
Other payables and accrued expenses	15	**3,007,506**	2,883,465	**650,109**	1,038,206
Long-term loan -current portion	16	**830,588**	759,943	**-**	-
Amount owing to a subsidiary company	13	**-**	-	**4,085,144**	2,040,590
Tax liabilities		**168,500**	24,621	**-**	24,621
Total Current Liabilities		**8,546,331**	6,666,191	**6,516,755**	3,590,660
NET CURRENT ASSETS		**26,593,687**	26,695,276	**25,793,332**	27,242,453
		50,595,631	51,645,379	**45,325,354**	48,164,244

(FORWARD)

BALANCE SHEETS
AS OF DECEMBER 31, 2003

		The Group		The Company	
	Note	**2003**	**2002**	**2003**	**2002**
		RM	**RM**	**RM**	**RM**
SHARE CAPITAL	17	**20,250,000**	20,250,000	**20,250,000**	20,250,000
RESERVES	18	**28,303,212**	28,183,659	**24,421,840**	27,157,975
SHAREHOLDERS' EQUITY		**48,553,212**	48,433,659	**44,671,840**	47,407,975
LONG-TERM AND DEFERRED LIABILITIES					
Long-term loan	16	**1,150,905**	2,015,451	**-**	-
Deferred tax liabilities	19	**891,514**	1,196,269	**653,514**	756,269
Total Long-Term and Deferred Liabilities		**2,042,419**	3,211,720	**653,514**	756,269
		50,595,631	51,645,379	**45,325,354**	48,164,244

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

The Group	**Note**	**Share Capital**	**Share Premium**	**Revaluation Reserve**	**Retained Profit**	**Total**
		RM	**RM**	**RM**	**RM**	**RM**
Balance as of January 1, 2002:						
As previously stated		20,250,000	5,936,954	2,628,730	19,692,163	48,507,847
Prior years adjustments	21	-	-	(877,525)	196,501	(681,024)
Restated balance		20,250,000	5,936,954	1,751,205	19,888,664	47,826,823
Net gain not recognised in the income statements:						
Realisation of revaluation surplus		-	-	(35,371)	35,371	-
Net profit after tax for the year		-	-	-	2,631,836	2,631,836
Dividends	20	-	-	-	(2,025,000)	(2,025,000)
Balance as of December 31, 2002:						
As previously stated		20,250,000	5,936,954	2,628,730	20,285,244	49,100,928
Prior years adjustments	21	-	-	(912,896)	245,627	(667,269)
Restated balance		20,250,000	5,936,954	1,715,834	20,530,871	48,433,659
Net gains not recognised in the income statements:						
Realisation of revaluation surplus		-	-	(35,371)	35,371	-
Net profit after tax for the year		-	-	-	2,144,553	2,144,553
Dividends	20	-	-	-	(2,025,000)	(2,025,000)
Balance as of December 31, 2003		20,250,000	5,936,954	1,680,463	20,685,795	48,553,212

(FORWARD)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

The Company	**Note**	**Share Capital**	**Share Premium**	**Revaluation Reserve**	**Retained Profit**	**Total**
		RM	**RM**	**RM**	**RM**	**RM**
Balance as of January 1, 2002:						
As previously stated		20,250,000	5,936,954	2,628,730	21,432,061	50,247,745
Prior years adjustments	21	-	-	(877,525)	196,501	(681,024)
Restated balance		20,250,000	5,936,954	1,751,205	21,628,562	49,566,721
Net gain not recognised in the income statements:						
Realisation of revaluation surplus		-	-	(35,371)	35,371	-
Net loss after tax for the year		-	-	-	(133,746)	(133,746)
Dividends	20	-	-	-	(2,025,000)	(2,025,000)
Balance as of December 31, 2002						
As previously stated		20,250,000	5,936,954	2,628,730	19,259,560	48,075,244
Prior years adjustments	21	-	-	(912,896)	245,627	(667,269)
Restated balance		20,250,000	5,936,954	1,715,834	19,505,187	47,407,975
Net gain not recognised in the income statements:						
Realisation of revaluation surplus		-	-	(35,371)	35,371	-
Net loss after tax for the year		-	-	-	(711,135)	(711,135)
Dividends	20	-	-	-	(2,025,000)	(2,025,000)
Balance as of December 31, 2003		20,250,000	5,936,954	1,680,463	16,804,423	44,671,840

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

	The Group 2003 RM	The Group 2002 RM	The Company 2003 RM	The Company 2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/ (loss) before tax	**2,045,798**	3,161,625	**(786,890)**	(43,957)
Adjustments for:				
Depreciation of property, plant and equipment	**3,751,992**	3,649,670	**2,358,472**	2,508,897
Interest expenses	**185,299**	275,374	**-**	831
Bad debts written off	**44,236**	-	**-**	-
Property, plant and equipment written off	**15,896**	-	**14,446**	-
Allowance for slow moving inventories no longer required	**(228,256)**	(529,642)	**(228,256)**	(529,642)
Interest income	**(129,667)**	(212,881)	**(102,150)**	(210,134)
Gain on disposal of property, plant and equipment	**(95,459)**	(68,039)	**(87,252)**	(69,507)
Allowance for doubtful debts no longer required	**-**	(83,828)	**-**	(83,828)
Operating profit before working capital changes	**5,589,839**	6,192,279	**1,168,370**	1,572,660
(Increase)/ Decrease in:				
Inventories	**(1,319,879)**	(1,458,610)	**(716,971)**	5,320,676
Trade receivables	**(4,678,359)**	(1,253,889)	**(503,649)**	4,450,326
Other receivables and prepaid expenses	**(523,611)**	(16,713)	**(67,059)**	132,111
Amount owing by a subsidiary company	**-**	-	**(5,428,226)**	(10,508,104)
Increase/ (Decrease) in:				
Trade payables	**1,541,575**	100,862	**1,294,259**	(2,221,985)
Other payables and accrued expenses	**124,041**	523,255	**(388,097)**	(1,263,750)
Amount owing to a subsidiary company	**-**	-	**2,044,554**	1,154,220
Cash generated from/ (used in) operations	**733,606**	4,087,184	**(2,596,819)**	(1,363,846)

(FORWARD)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Tax paid	**(116,453)**	(486,855)	**(105,953)**	(486,855)
Net cash generated from/(used in) operating activities	**617,153**	3,600,329	**(2,702,772)**	(1,850,701)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	**129,667**	212,881	**102,150**	210,134
Proceeds from disposal of property, plant and equipment	**113,373**	77,992	**96,096**	77,160
Purchase of property, plant and equipment	**(2,837,643)**	(3,355,464)	**(991,993)**	(1,620,461)
Net cash used in investing activities	**(2,594,603)**	(3,064,591)	**(793,747)**	(1,333,167)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	**(2,025,000)**	(2,025,000)	**(2,025,000)**	(2,025,000)
Repayment of long-term loan	**(793,901)**	(704,658)	**-**	-
Interest paid	**(185,299)**	(275,374)	**-**	(831)
Repayment of hire-purchase payable	**-**	(2,669)	**-**	(2,669)
Net cash used in financing activities	**(3,004,200)**	(3,007,701)	**(2,025,000)**	(2,028,500)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,981,650)**	(2,471,963)	**(5,521,519)**	(5,212,368)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**11,039,791**	13,511,754	**8,237,437**	13,449,805
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 22)	**6,058,141**	11,039,791	**2,715,918**	8,237,437

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

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 (MASB).

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on April 12, 2004.

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

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates approximating those 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. Gains and losses arising from foreign currency conversions are taken up in income statements.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2003 RM	2002 RM
1 United States Dollar	**3.80**	3.80
1 Singapore Dollar	**2.23**	2.19
1 Swiss Franc	**3.06**	2.74
100 Thai Baht	**9.59**	8.81

Income Tax

In the previous financial year, the tax effects of transactions are recognised, using the "income statement liability" method, in the year such transactions enter into the determination of net income, regardless of when they are recognised for tax purposes. Where timing differences would give rise to net deferred tax asset, the tax effects are generally recognised on actual realisation.

During the current financial year, the Group and the Company changed their accounting policy in accounting for deferred tax in accordance with MASB Standard No. 25, Income Taxes which became mandatory effective on July 1, 2002. Under MASB 25, deferred tax is accounted for using the "balance sheet liability" method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Under MASB 25, deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

The effects of the change in accounting policy on the financial statements on the current year and prior years are shown in Note 21.

Borrowing Costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

Employee Benefit Costs

i. Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the employees' provident fund. Such contributions are recognised as expenses in the income statements as incurred.

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:

	Rates
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, 2003, the unexpired lease period of the Group's and of the Company's long leasehold land is 52 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 revaluations for such assets. Effective from December 31, 1997, no further revaluations were carried out. The aggregate carrying value of such assets as of December 31, 2003 amounted to RM5,543,139 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 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 or cyrstallisation of deferred tax liabilities on revaluation surplus, the amounts in revaluation reserve account relating to the relevant assets 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 recognised 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 realisable value. Net realisable 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 is made based on estimates of possible losses which may arise from non-collection of certain receivables accounts.

Borrowings and Payables

Borrowings and payables are stated at cost.

Share Capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, otherwise it is charged to the income statements.

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.

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the leased assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

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 and the Company has a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. GENERAL INFORMATION

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Staff costs:				
Contributions to Employees' Provident Fund	483,669	489,294	256,052	330,104
Other staff costs	7,607,296	7,365,286	3,464,373	4,328,671
	8,090,965	7,854,580	3,720,425	4,658,775
Number of directors and employees at end of year:				
Directors	10	10	8	8
Employees	526	514	162	175

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 3rd Floor, Wisma Wang, 251-A, Jalan Burma, 10350 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:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
After charging:				
Directors' remuneration:				
Fees	**180,000**	168,000	**168,000**	168,000
Employees' provident fund	**72,768**	67,524	**72,768**	67,524
Other emoluments	**626,770**	590,750	**620,770**	578,750
Interest on:				
Long-term loan	**185,299**	274,543	**-**	-
Hire-purchase	**-**	831	**-**	831
Hostel rental	**69,830**	54,763	**22,110**	36,070
Bad debts written off	**44,236**	-	**-**	-
Audit fee:				
Current	**28,000**	26,000	**15,000**	18,000
Under/ (Over)provision in prior year	**2,000**	-	**(3,000)**	-
Realised loss on foreign exchange	**24,614**	41,427	**13,847**	44,621
Property plant and equipment written off	**15,896**	-	**14,446**	-
Factory rental	**-**	21,600	**-**	21,600
And crediting:				
Allowance for slow moving inventories no longer required	**228,256**	529,642	**228,256**	529,642
Interest income	**129,667**	212,881	**102,150**	210,134
Gain on disposal of property, plant and equipment	**95,459**	68,039	**87,252**	69,507
Allowance for doubtful debts no longer required	**-**	83,828	**-**	83,828
Rental income	**-**	-	**660,000**	300,000

6. TAX INCOME/ (EXPENSE)

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Current tax:				
Current year	**(206,000)**	(58,000)	**(27,000)**	(58,000)
Underprovision in prior year	**-**	(60,544)	**-**	(60,544)
Deferred tax (Note 19):				
Deferred tax (expense)/ income relating to the origination and reversal of temporary differences in current year	**(101,000)**	(425,000)	**5,000**	15,000
Overprovision of deferred tax liabilities in prior year	**392,000**	-	**84,000**	-
	291,000	(425,000)	**89,000**	15,000
Annual crystallisation of deferred tax on revaluation surplus	**13,755**	13,755	**13,755**	13,755
	98,755	(529,789)	**75,755**	(89,789)

Current tax expense of the Company provided in 2003 and 2002 are in respect of interest income.

The subsidiary company has been granted pioneer status 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). During the financial year, the subsidiary company has obtained pioneer certificate from MITI in which the production day has been fixed on August 1, 2000.

The numerical reconciliations between the tax (income)/ expense and the product of accounting profit/ (loss) multiplied by the applicable tax rate are as follows:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Accounting profit/ (loss)	**2,045,798**	3,161,625	**(786,890)**	(43,957)
Tax amount on accounting profit/ (loss) at the statutory income tax rate of 28%	**573,000**	886,000	**(220,000)**	(12,000)

(FORWARD)

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Tax effect on non-taxable or non-deductible items:				
Non-taxable income	**(562,000)**	(3,000)	**(17,000)**	(1,000)
Non-deductible expenses	**99,000**	82,000	**62,000**	56,000
Net deferred tax income not recognised	**197,000**	-	**197,000**	-
Recognition of previously unrecognised deferred tax income	**-**	(482,000)	**-**	-
Under/ (over)provision in prior years:				
Current tax	**-**	60,544	**-**	60,544
Deferred tax	**(392,000)**	-	**(84,000)**	-
Annual crystallisation of deferred tax on revaluation surplus	**(13,755)**	(13,755)	**(13,755)**	(13,755)
Tax (income)/ expense	**(98,755)**	529,789	**(75,755)**	89,789

The estimated amount of tax savings included in net income of the Group for 2003 as a result of the realisation of unabsorbed capital allowances and carryforward tax losses were RM30,000 (2002: Nil) and RM35,000 (2002: Nil) respectively.

As of December 31, 2003, the estimated amount of unabsorbed capital allowances of the Group and of the Company, for which no deferred tax asset is recognised in the financial statements, which is available to set off against future taxable income is as follows:

	The Group and the Company	
	2003	**2002**
	RM	**RM**
Unabsorbed capital allowances	**3,486,000**	-

The unabsorbed capital allowances are subject to agreement by the tax authority.

7. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is calculated by dividing the Group's net profit after tax of RM2,144,553 (2002: RM2,631,836) by the number of ordinary shares in issue during the year of 20,250,000 (2002: 20,250,000).

8. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost or Valuation	Beginning of year	Additions	Disposals/ Write off	End of year
	RM	RM	RM	RM
2003:				
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	**26,209,671**	**1,233,587**	**(50,166)**	**27,393,092**
Furniture and fittings	**1,075,029**	**134,900**	**-**	**1,209,929**
Office equipment	**1,134,006**	**51,210**	**(54,724)**	**1,130,492**
Tools and equipment	**3,472,708**	**824,018**	**(1,500)**	**4,295,226**
Motor vehicles	**746,889**	**290,933**	**(125,913)**	**911,909**
Electrical installation	**1,244,064**	**-**	**-**	**1,244,064**
Moulds and dies	**3,455,330**	**302,995**	**-**	**3,758,325**
	48,461,281	**2,837,643**	**(232,303)**	**51,066,621**
2002	45,806,700	3,355,464	(700,883)	48,461,281

Accumulated Depreciation	Beginning of year	Charge for the year	Disposals/ Write off	End of year
	RM	RM	RM	RM
2003:				
Long leasehold land				
- at 1997 valuation	**134,483**	**24,828**	**-**	**159,311**
- at cost	**106,960**	**29,171**	**-**	**136,131**
Factory buildings				
- at 1997 valuation	**529,750**	**97,800**	**-**	**627,550**
- at cost	**107,723**	**63,201**	**-**	**170,924**
Plant and machinery	**16,994,396**	**2,259,310**	**(41,096)**	**19,212,610**
Furniture and fittings	**473,500**	**106,028**	**-**	**579,528**
Office equipment	**635,980**	**84,331**	**(37,730)**	**682,581**
Tools and equipment	**1,147,636**	**381,224**	**(50)**	**1,528,810**
Motor vehicles	**581,727**	**90,588**	**(119,617)**	**552,698**
Electrical installation	**552,054**	**115,784**	**-**	**667,838**
Moulds and dies	**2,246,969**	**499,727**	**-**	**2,746,696**
	23,511,178	**3,751,992**	**(198,493)**	**27,064,677**
2002	20,552,438	3,649,670	(690,930)	23,511,178

The Company

Cost or Valuation	Beginning of year	Additions	Disposals/ Written off	End of year
	RM	RM	RM	RM
2003:				
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	**18,513,205**	**563,954**	**(32,889)**	**19,044,270**
Furniture and fittings	**950,796**	**83,900**	**-**	**1,034,696**
Office equipment	**1,115,373**	**27,163**	**(54,724)**	**1,087,812**
Tools and equipment	**3,018,933**	**28,280**	**-**	**3,047,213**
Motor vehicles	**688,775**	**145,467**	**(125,913)**	**708,329**
Electrical installation	**954,503**	**-**	**-**	**954,503**
Moulds and dies	**3,165,361**	**143,229**	**-**	**3,308,590**
	36,443,946	**991,993**	**(213,526)**	**37,222,413**
2002	35,522,035	1,620,461	(698,550)	36,443,946

Accumulated Depreciation	Beginning of year	Charge for the year	Disposals/ Written off	End of year
	RM	RM	RM	RM
2003:				
Long leasehold land				
- at 1997 valuation	**134,483**	**24,828**	**-**	**159,311**
Factory building				
- at 1997 valuation	**529,750**	**97,800**	**-**	**627,550**
- at cost	**37,494**	**34,140**	**-**	**71,634**
Plant and machinery	**14,373,240**	**1,156,576**	**(32,889)**	**15,496,927**
Furniture and fittings	**459,289**	**88,538**	**-**	**547,827**
Office equipment	**634,236**	**81,589**	**(37,730)**	**678,095**
Tools and equipment	**1,085,021**	**302,605**	**-**	**1,387,626**
Motor vehicles	**576,884**	**59,570**	**(119,617)**	**516,837**
Electrical installation	**482,993**	**86,828**	**-**	**569,821**
Moulds and dies	**2,208,767**	**425,998**	**-**	**2,634,765**
	20,522,157	**2,358,472**	**(190,236)**	**22,690,393**
2002	18,704,157	2,508,897	(690,897)	20,522,157

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Net Book Value:				
Long leasehold land				
- at 1997 valuation	**1,280,689**	1,305,517	**1,280,689**	1,305,517
- at cost	**1,497,443**	1,526,614	**-**	-
Factory buildings				
- at 1997 valuation	**4,262,450**	4,360,250	**4,262,450**	4,360,250
- at cost	**2,989,086**	3,052,287	**1,635,366**	1,669,506
Plant and machinery	**8,180,482**	9,215,275	**3,547,343**	4,139,965
Furniture and fittings	**630,401**	601,529	**486,869**	491,507
Office equipment	**447,911**	498,026	**409,717**	481,137
Tools and equipment	**2,766,416**	2,325,072	**1,659,587**	1,933,912
Motor vehicles	**359,211**	165,162	**191,492**	111,891
Electrical installation	**576,226**	692,010	**384,682**	471,510
Moulds and dies	**1,011,629**	1,208,361	**673,825**	956,594
	24,001,944	24,950,103	**14,532,020**	15,921,789

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. The surplus arising from the revaluations was credited to revaluation reserve.

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

	2003	**2002**
	RM	**RM**
Cost	**4,062,636**	4,062,636
Less: Accumulated depreciation	**(878,271)**	(797,714)
Net book value	**3,184,365**	3,264,922

Certain property, plant and equipment of the Group and of the Company with a total carrying value of RM15,013,063 (2002: RM14,694,081) and RM5,543,139 (2002: RM5,665,767) 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 16.

9. INVESTMENT IN A SUBSIDIARY COMPANY

	The Company	
	2003	**2002**
	RM	**RM**
Unquoted shares, at cost	**5,000,002**	5,000,002

The Company has 100% (2002: 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

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
At cost:				
Raw materials	**6,478,053**	6,765,866	**2,122,808**	1,842,005
Work-in-progress	**2,400,108**	1,756,140	**777,307**	671,791
Finished goods	**3,006,099**	2,126,728	**1,934,448**	1,370,565
Spare parts	**73,025**	81,590	**66,268**	71,243
	11,957,285	10,730,324	**4,900,831**	3,955,604
At net realisable value:				
Raw materials	**130,219**	226,851	**130,219**	226,851
Less: Allowance for slow moving inventories	**(130,219)**	(226,851)	**(130,219)**	(226,851)
	-	-	**-**	-
Finished goods	**1,457,206**	1,267,656	**31,652**	163,276
Less: Allowance for slow moving inventories	**(31,652)**	(163,276)	**(31,652)**	(163,276)
	1,425,554	1,104,380	**-**	-
	13,382,839	11,834,704	**4,900,831**	3,955,604

Certain inventories of the Group with a carrying value of RM8,482,008 (2002: RM7,879,100) are pledged to a local licensed bank as securities for banking facilities granted to the subsidiary company as mentioned in Note 16.

11. TRADE RECEIVABLES

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted to customers of the Company ranges from 30 to 90 days (2002: 30 to 90 days). The credit period granted to the customers of the subsidiary company ranges from 30 to 60 days (2002: 30 days).

Included in trade receivables of the Group and of the Company is an amount of RM23,143 (2002: RM29,080) 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:

	The Group and the Company	
	2003	**2002**
	RM	**RM**
Sales of finished goods	**85,359**	77,174

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.

Analysis of trade receivables by currencies:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**10,699,919**	6,544,996	**3,456,095**	3,319,697
United States Dollar	**3,682,202**	3,009,097	**796,810**	231,854
Singapore Dollar	**111,832**	305,737	**108,032**	305,737
	14,493,953	9,859,830	**4,360,937**	3,857,288

12. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Other receivables	**482,503**	220,790	**304,680**	220,790
Refundable deposits	**85,375**	77,038	**39,965**	42,158
Prepaid expenses	**582,875**	329,314	**168,092**	182,730
	1,150,753	627,142	**512,737**	445,678

Analysis of other receivables by currencies:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**436,969**	220,790	**304,680**	220,790
Swiss Franc	**45,534**	-	**-**	-
	482,503	220,790	**304,680**	220,790

13. SIGNIFICANT INTERCOMPANY TRANSACTIONS

The amount owing by/ (to) a subsidiary company arose mainly from trade transactions and advances which 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:

	The Company	
	2003	**2002**
	RM	**RM**
Sales of raw materials	**101,204**	-
Sales of finished goods	**5,461,050**	3,250,059
Purchase of finished goods	**320,682**	1,464,724
Rental receivable	**660,000**	300,000
Purchase of raw materials	**62,285**	284,951
Purchase of plant and equipment	**171,267**	36,521
Sub-contract charges receivable	**43,953**	11,963

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 credit period granted to the Company for trade purchases ranges from 14 to 60 days (2002: 14 to 60 days). The credit period granted to the subsidiary company for trade purchases ranges from 30 to 60 days (2002: 30 to 60 days).

Analysis of trade payables by currencies:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**3,159,699**	809,338	**1,720,284**	423,807
United States Dollar	**1,265,595**	2,095,629	**61,218**	63,436
Singapore Dollar	**114,443**	93,195	**-**	-
	4,539,737	2,998,162	**1,781,502**	487,243

15. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Other payables	**2,294,549**	2,205,300	**288,526**	659,440
Accrued expenses	**712,957**	678,165	**361,583**	378,766
	3,007,506	2,883,465	**650,109**	1,038,206

Other payables comprise amount outstanding for ongoing costs.

Analysis of other payables and accrued expenses by currencies:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**1,638,904**	1,758,699	**649,425**	1,038,206
United States Dollar	**1,360,794**	1,124,766	**684**	-
Thai Baht	**5,713**	-	**-**	-
Singapore Dollar	**2,095**	-	**-**	-
	3,007,506	2,883,465	**650,109**	1,038,206

16. LONG-TERM LOAN

	The Group	
	2003	**2002**
	RM	**RM**
Secured:		
Amount outstanding	**1,981,493**	2,775,394
Less: Portion due within one year	**(830,588)**	(759,943)
Portion due after one year	**1,150,905**	2,015,451

The non-current portion is repayable as follows:

	The Group	
	2003	**2002**
	RM	**RM**
Later than 1 year and not later than 2 years	**892,882**	828,041
Later than 2 years and not than 5 years	**258,023**	1,187,410
	1,150,905	2,015,451

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 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) A negative pledge 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 interest rate for the term loan is 7.5% (2002: 7.9%).

17. SHARE CAPITAL

	2003	**2002**
	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

18. RESERVES

	The Group 2003 RM	The Group 2002 RM	The Company 2003 RM	The Company 2002 RM
Non-distributable:				
Share premium	**5,936,954**	5,936,954	**5,936,954**	5,936,954
Revaluation reserve	**1,680,463**	1,715,834	**1,680,463**	1,715,834
	7,617,417	7,652,788	**7,617,417**	7,652,788
Distributable:				
Retained profit	**20,685,795**	20,530,871	**16,804,423**	19,505,187
	28,303,212	28,183,659	**24,421,840**	27,157,975

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, net of the related deferred tax liabilities.

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.

19. DEFERRED TAX LIABILITIES

	The Group 2003 RM	The Group 2002 RM	The Company 2003 RM	The Company 2002 RM
Balance at beginning of year				
As previously stated	**529,000**	104,000	**89,000**	104,000
Prior years adjustments (Note 21)	**667,269**	681,024	**667,269**	681,024
	1,196,269	785,024	**756,269**	785,024
Transfer (to)/ from income statements (Note 6)	**(291,000)**	425,000	**(89,000)**	(15,000)
Annual crystallisation of deferred tax on revaluation surplus	**(13,755)**	(13,755)	**(13,755)**	(13,755)
Balance at end of year	**891,514**	1,196,269	**653,514**	756,269

A deferred tax income of RM13,755 (2002: RM13,755) was recognised by the Group by a transfer from the deferred tax liabilities of the Group to the income statements. This relates to the difference between the actual depreciation on the revalued properties and equivalent depreciation based on the cost of the properties of the Group. In addition, an amount of RM35,371 (2002: RM35,371) was transferred from revaluation reserve of the Group to retained profit.

The deferred tax liabilities are in respect of the following:

	Deferred Tax Assets/ (Liabilities)			
	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Tax effect of revaluation surplus	**(653,514)**	(667,269)	**(653,514)**	(667,269)
Tax effect of temporary differences between capital allowances and depreciation of property, plant and equipment	**(238,000)**	(1,377,000)	**-**	(722,000)
Tax effect in respect of:				
Unabsorbed capital allowances	**-**	621,000	**-**	524,000
Carryforward tax losses	**-**	118,000	**-**	-
Other temporary differences	**-**	109,000	**-**	109,000
	(891,514)	(1,196,269)	**(653,514)**	(756,269)

As mentioned in Note 3, the tax effects of temporary differences which give rise to net deferred tax assets are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered. As of December 31, 2003, there was no evidence that it is probable that future taxable profit will allow the deferred tax assets to be recovered and the amount of deferred tax assets, calculated at applicable tax rate, which is not recognised in the financial statements, is as follows:

	Deferred Tax Assets/ (Liabilities)	
	The Group and the Company	
	2003	2002
	RM	RM
Tax effect of temporary differences between capital allowances and depreciation of property, plant and equipment	**(825,000)**	-
Tax effect in respect of:		
Unabsorbed capital allowances	**976,000**	-
Other temporary differences	**46,000**	-
	197,000	-

20. DIVIDENDS

	The Group and the Company	
	2003	2002
	RM	RM
Dividends declared and paid:		
Final tax exempt dividend of 5 sen per ordinary share, for 2002 and 2001 respectively	**1,012,500**	1,012,500
Special tax exempt dividend of 5 sen per ordinary share, for 2002 and 2001 respectively	**1,012,500**	1,012,500
	2,025,000	2,025,000

21. PRIOR YEARS ADJUSTMENTS

During the financial year, the Group and the Company changed their accounting policies on the recognition of deferred tax liabilities on the revaluation surplus arising from the revaluation of property, plant and equipment to comply with MASB 25 Income Taxes and annual crystallisation of revaluation surplus to comply with MASB 15 Property, Plant and Equipment.

Previously, the tax effects relating to the increase in the carrying values of the revalued properties were not provided for as there was no intention to dispose of these assets in the foreseeable future and annual crystallisation of revaluation surplus through use is not transferred to retained profit. Upon adoption of MASB 15 and MASB 25, the Group and the Company transfer each year from revaluation surplus to retained profit the difference between the actual depreciation on the revalued properties and equivalent depreciation based on the cost of the properties and also recognise the deferred tax liabilities in respect of asset revaluations.

The effects of the changes in accounting policies on the recognition of deferred tax liabilities in respect of asset revaluations and annual crystallisation of deferred tax liabilities on revaluation surplus is to increase deferred tax income and net profit for the current financial year of the Group and of the Company by RM13,755.

These accounting changes have been accounted for retrospectively and the effects on prior years have been taken up as prior years adjustments in the financial statements. Accordingly, the following accounts in prior years have been restated to reflect the effects of the accounting changes:

	As previously reported	Adjustments	As restated
	RM	RM	RM
The Group			
Financial year ended December 31, 2002			
Income statements			
Tax expense	543,544	(13,755)	529,789
Net profit after tax for the year	2,618,081	13,755	2,631,836

(FORWARD)

	As previously reported RM	Adjustments RM	As restated RM
As of December 31, 2002			
Balance sheets			
Retained profit at end of year	20,285,244	245,627	20,530,871
Revaluation reserve	2,628,730	(912,896)	1,715,834
Deferred tax liabilities	529,000	667,269	1,196,269
As of December 31, 2001			
Balance sheets			
Retained profit at end of year	19,692,163	196,501	19,888,664
Revaluation reserve	2,628,730	(877,525)	1,751,205
Deferred tax liabilities	104,000	681,024	785,024
The Company			
Financial year ended December 31, 2002			
Income statements			
Tax expense	103,544	(13,755)	89,789
Net loss after tax for the year	(147,501)	13,755	(133,746)
As of December 31, 2002			
Balance sheets			
Retained profit at end of year	19,259,560	245,627	19,505,187
Revaluation reserve	2,628,730	(912,896)	1,715,834
Deferred tax liabilities	89,000	667,269	756,269
As of December 31, 2001			
Balance sheets			
Retained profit at end of year	21,432,061	196,501	21,628,562
Revaluation reserve	2,628,730	(877,525)	1,751,205
Deferred tax liabilities	104,000	681,024	785,024

22. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Short-term deposits with licensed banks	**4,730,000**	10,027,000	**2,000,000**	7,747,000
Cash and bank balances	**1,328,141**	1,012,791	**715,918**	490,437
	6,058,141	11,039,791	**2,715,918**	8,237,437

Analysis of cash and cash equivalents by currencies:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**4,730,431**	10,616,508	**2,710,194**	7,939,541
United States Dollar	**1,327,710**	423,283	**5,724**	297,896
	6,058,141	11,039,791	**2,715,918**	8,237,437

The short-term deposits with licensed banks are maturing in January 2004 and carry effective interest rates ranging from 0.7% to 2.2% (2002: 1.1% to 2.2%).

23. LEASE COMMITMENTS

As of December 31, 2003, non-cancelable long-term lease commitments pertaining to the Group and the Company in respect of rental of premises are as follows:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**
Not later than 1 year	**42,640**	622,820	**4,080**	6,800
Later than 1 year but not later than 5 years	**10,400**	-	**-**	-
	53,040	622,820	**4,080**	6,800

24. FINANCIAL INSTRUMENTS

a. Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, 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. The short-term deposits are placed with reputable banks. The Group does not use derivative financial instruments to hedge its risk.

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 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 practises 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. Credit Risk

The maximum credit risk associated with recognised 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.

c. Fair Values

As of December 31, 2003, the fair value of term loan estimated by using discounted cash flow analysis based on current borrowings rates for similar types of borrowing arrangements is as follows:

	The Group	
	Carrying Amount	Fair Value
	RM	RM
Financial liability		
Term loan	1,981,493	1,981,493

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

25. 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.

26. SUBSEQUENT EVENTS

Subsequent to December 31, 2003, the directors of the Company have resolved that the Company proposed:

i) a bonus issue of 4,050,000 new ordinary shares of RM1 each on the basis of one new bonus share for every five existing ordinary shares held; and

ii) a share split of every one existing ordinary share of par value of RM1 each into ten ordinary shares of par value of RM0.10 each.

These proposals are subject to the approval of the relevant authorities and the members of the Company.

27. CONTINGENT LIABILITIES

As of December 31, 2003, the Company is contingently liable to an amount of RM7,200,000 (2002: RM7,200,000) in respect of corporate guarantee given to a local bank on banking facilities granted to and utilised by the subsidiary company.

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, 2003 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 12, 2004

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
GEORGETOWN in the State of PENANG
on April 12, 2004

WU,CHUNG-JUNG

Before me,

G.M. GOVINDASAMY
Commissioner for Oaths

GROUP PROPERTIES AS AT DECEMBER 31st 2003

The details of the landed properties owned by the STB Group as at December 31st 2003 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 31.2003 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	5,543,139^
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	4,486,529^^

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 2003 was RM1,280,689 whilst the net book value of the buildings was RM4,262,450.

** 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 2003 was RM1,497,443 whilst the net book value of the buildings was RM2,989,086.

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

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL AS AT APRIL 30, 2004

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 APRIL 30, 2004

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	3	0.31	100	0.00
100 – 999	412	43.28	171,600	0.85
1,000 – 4,999	344	36.13	600,100	2.96
5,000 – 10,000	122	12.81	809,600	4.00
10,001 – 100,000	55	5.78	1,505,200	7.43
100,001 – 1,000,000	11	1.16	2,727,600	13.47
Above 1,000,000	5	0.53	14,435,800	71.29
Total	952	100.00	20,250,000	100.00

TOP TWENTY SHAREHOLDERS AS AT APRIL 30, 2004

	Name	Shareholdings	%
1.	Perbadanan Nasional Berhad	5,160,000	25.48
2.	Shiue, Jong-Zone	3,782,800	18.68
3.	Wu, Chung-Jung	2,207,000	10.90
4.	HSBC Nominees (Asing) Sdn. Bhd. Qualifier : HSBCIT HK for Suez Asia Holdings Pte. Ltd.	1,982,000	9.79
5.	Liu Kuo, Ling-Miao	1,304,000	6.44
6.	Pacific Rotary Sdn. Bhd.	431,900	2.13
7.	CIMB Securities Sdn. Bhd. Qualifier : IVT for CIMB Securites Sdn. Bhd. (MESDAQ)	308,700	1.52
8.	Lin Ho, Shu-Li	284,000	1.40
9.	Wu, Huei-Chung	271,000	1.34
10.	Ooi Chuan Guan	260,000	1.28
11.	Chen Cheng-Chun	253,000	1.25
12.	Lo, Chin-Song	237,000	1.17
13.	Jimmy Lim Thaw Chay	201,000	0.99
14.	Lee, Chao-Chih	190,000	0.94
15.	Lo, Fu-Yuan	190,000	0.94
16.	Shiue, Jyh-Jeh	101,000	0.50
17.	Hsueh, Chih-Yu	100,000	0.49
18.	Tseng Chin-Tang, Samuel	94,000	0.46
19.	Chien Chih-Chin	91,000	0.45
20.	Wang Yu-Chuan	78,300	0.39
	Total	17,526,700	86.54

Statistics Of Shareholdings

(Continued)

SUBSTANTIAL SHAREHOLDERS AS AT APRIL 30, 2004

	Name	Direct Shareholdings	%	Indirect Shareholdings	%
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.	1,982,000	9.79	-	-
7.	Suez Industries SA	-	-	2,985,900(d)	14.75
8.	Credit Agricole Indosuez	-	-	2,985,900(e)	14.75
9.	Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	100,000	0.49	6,361,800(f)	31.42
10.	Shiue, Jyh-Jeh	101,000	0.50	6,360,800(g)	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) Indirect interest through its controlling stake in Suez Asia Holdings Pte. Ltd. (SAHPL)

(e) Indirect interest through its stake in SAHPL

(f) 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

(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
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	100,000

Statistics Of Shareholdings

(Continued)

DIRECTORS' SHAREHOLDINGS AS AT APRIL 30, 2004

	Name	Direct No. of units held	%	Indirect No. of units held	%
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 Fourteenth Annual General Meeting of the Company to be held at ____ on ________________ at ___________ 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, 2003 together with the reports of the Directors and Auditors thereon.		
2. To declare a First and Final Dividend of 5 sen per share exempt from Income Tax for the year ended December 31, 2003.		
3. To approve the payment of Directors' fees for the year ended December 31, 2003.		
4. To re-elect En. Nik Abd Aziz Bin Mohd. Kamaludin, a Director retiring under the provision of Article 133 of the Articles of Association of the Company.		
5. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
6. As a Special Business: Ordinary Resolution 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……………………….............., 2004.

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.

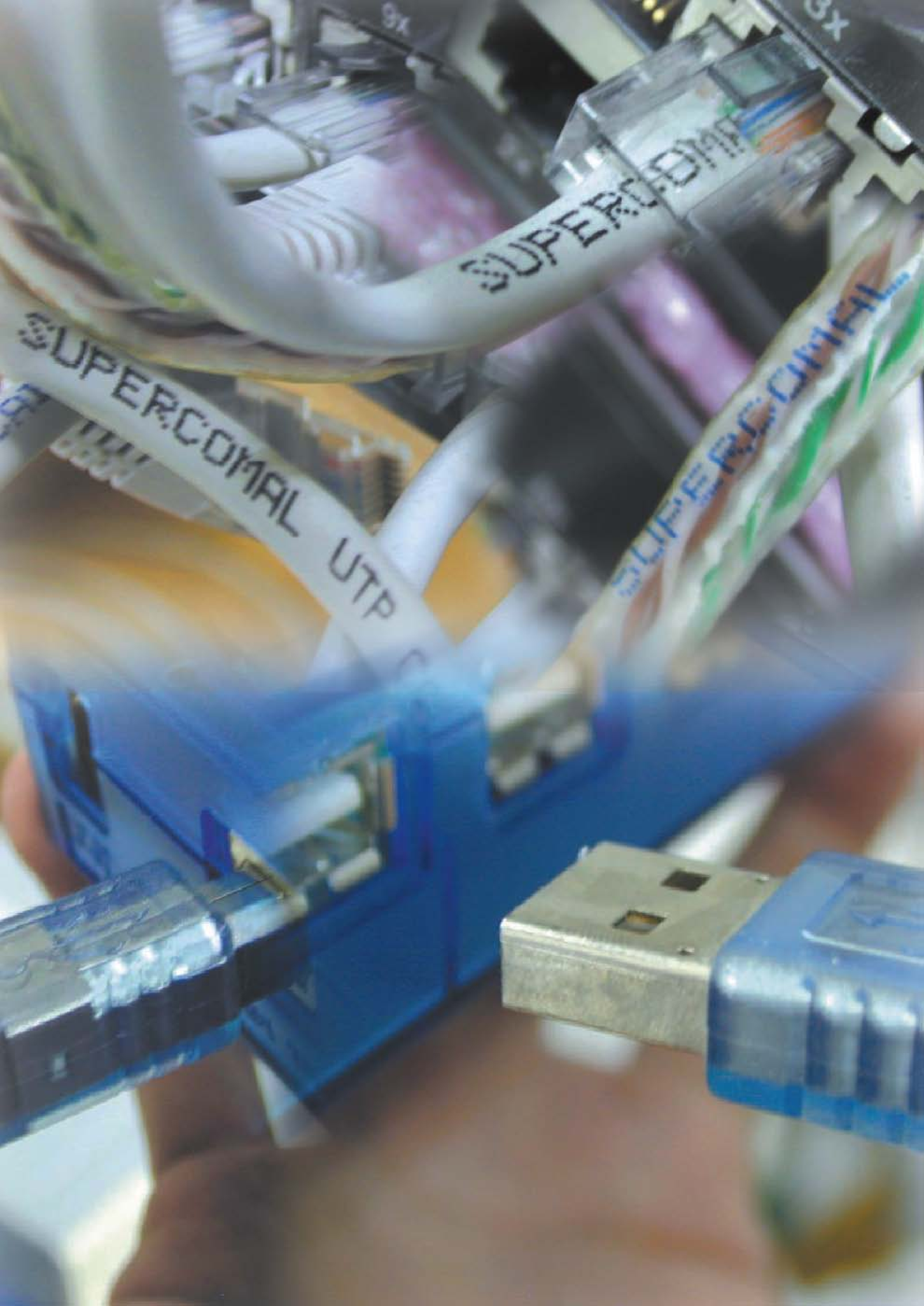
If the appointor is a corporation, this form must be executed under its Common Seal.

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
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