

# Annual Report 2004

**Supercomal Technologies Berhad (STB)** (197527-H)  
(A MESDAQ Listed Company)

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Designed by: Jerry





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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at Gurney Room, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Wednesday, June 29, 2005 at 11.00 a.m. for the following purposes:-

### A G E N D A

1. To receive the Audited Financial Statements for the year ended December 31, 2004 together with the reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a First and Final Dividend of 0.5 sen per share exempt from Income Tax for the year ended December 31, 2004. (Resolution 2)
3. To approve an increase of Directors' Fees from RM168,000.00 to RM178,500.00 and the payment of such fee to the Directors of the Company for the year ended December 31, 2004. (Resolution 3)
4. To re-elect the following directors retiring under the provision of Article 99(1) of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:-
  - a) Mr. Wu. Chung-Jung (Resolution 4)
  - b) Dato' Mohamad Suparadi Bin Md. Noor (Resolution 5)
  - c) Mdm. Wu, Huei-Chung (Resolution 6)
  - d) Mr. Ng Kim Long (Resolution 7)
  - e) Mr. Cheah Khye Chuan (Resolution 8)
5. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 9)
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 10)
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

**NOTES:**

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

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

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

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

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

**Explanatory Note On Special Business:**

The proposed Resolution No. 10 (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 0.5 sen per share exempt from Income Tax for the year ended December 31, 2004, if approved, will be paid on August 30, 2005 to depositors registered in the Records of Depositors at the close of business on August 1, 2005.

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 August 1, 2005 in respect of transfers; and
- b) shares bought on the MESDAQ Market on a cum entitlement basis according to the Listing Requirements of Bursa Malaysia for the MESDAQ Market.

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

Penang  
Date: June 7, 2005

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Dato' Mohamad Suparadi Bin Md. Noor	Non-Executive Chairman
Shiue, Jong-Zone	Managing 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
Wu, Chung-Jung	Non Independent and Non-Executive Director
Nik Abd Aziz Bin Mohd. Kamaludin	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 BANKER

Malayan Banking 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	<i>Chairman</i>	<i>(Independent &amp; Non-Executive Director)</i>
Dato' Mohamad Suparadi Bin Md Noor	<i>Member</i>	<i>(Non-Executive Director)</i>
Mr. Ng Kim Long	<i>Member</i>	<i>(Independent &amp; Non-Executive Director)</i>

### **TERMS OF REFERENCE OF AUDIT COMMITTEE**

#### **Composition**

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

#### **Meeting**

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

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

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

The Committee may require the members of management 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 2005 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



On behalf of the Board Of Director, I have the pleasure of presenting you the financial results of Supercomal Technologies Berhad and its Subsidiary, Supercomal Advanced Cables Sdn Bhd and the associated company, Supercomal Medical Products Sdn Bhd. Year of 2004 sees increase in the commodity price especially cooper which doubled up while PVC also uprised due to upsurge in price of crude oil. The competition in the market forces us to stick to the old pricing yet we are absorbing high manufacturing cost thus caused our company not performing well this year. I represent the Board Of Directors to thank to all the people's concern especially the hard working and dedicated workers right to the top management for their foresight and strategically business planning.

### FINANCIAL PERFORMANCE

For the year ended on 31<sup>st</sup> December 2004, the turnover of the Group was RM 39.02 million, recorded a decrease of 6.70% against last year's turnover of RM 41.82 million. The Group's net profit after tax for the year has decreased by RM 1.36 million from RM2.14 million to RM 0.78 million. The basic earnings per share decreased accordingly to 0.32 sen from 0.88 sen recorded previously. This decrease in profits is attributed to the lower demand as a result of stiff competition from China. Market conditions were made even more difficult when raw materials and consumables prices continued to increase.

### DIVIDENDS

The Board of Directors is pleased to recommend a final tax-exempt dividend of 0.5 sen per Ordinary Share amounting to RM 1,215,000 for the year under review.

### FUTURE OUTLOOK

In 2004, we expected some revenue from the automotive wire project which the research and development has commenced in year 2003. However, due to delay of the automotive wire project, such revenue will be expected to flow in during year 2005. The Company has invested around RM 2 million in research and development and machinery equipment for automotive wire project in year 2003 and 2004.

In year 2004, we carried out the research on automotive wire harness and undergo some trial run. The outcome is expected to bring good revenue to the Company. In year 2004, we are fortunate to be invited by NAZA Automotive Manufacturing Sdn Bhd to participate in doing wire harness for third nation car, (i.e. KIA Spectra, NAZA Ria, NAZA Citra) and expect to get order in the mid of year 2005. By 3<sup>rd</sup> quarter of year 2005, our company is also going to develop another 2 types of automotive wire project. We believe with technical competence that available from our R & D team, such project will be completed successfully.

We counted towards the year end, there will be full production of above types of automotive wire project. Our team will be ready for facing the growth of automotive wire harness in the foreseeable future. We expect to incur additional RM 2 to RM 3 million in R & D and machinery equipment in year 2005.

We have also added new machinery and equipment in Supercomal Advanced Cables Sdn Bhd's LAN Cable department to facilitate the production of CAT 3, CAT5 etc, i.e. 50 pairs, 100 pairs or even 200 pairs for local and overseas market.

At end of 2004, we invested RM 200,000 in Supercomal Medical Products Sdn Bhd which is an associated company involved in the manufacture of medical product. This Company has initially supplied samples of safety needles to one of United State of America's Original Equipment Manufacturer company and such quality has already recognised by Food and Drug Administration of

USA for exporting to USA. We expect the mass of the production in June 2005 and hopefully this will generate more revenue to the Group.

# Financial Statements

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## **DIRECTORS' REPORT**

### **DIRECTORS' REPORT**

The directors of SUPERCOMAL TECHNOLOGIES BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2004.

### **PRINCIPAL ACTIVITIES**

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

### **RESULTS OF OPERATIONS**

	<u>The Group</u> RM	<u>The Company</u> RM
Net profit after tax for the year	781,458	849,040

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**

During the financial year, a first and final dividend of 5 sen per ordinary share, tax exempt, amounting to RM1,012,500 was declared and paid in respect of the financial year ended December 31, 2003. The directors do not recommend any dividend payment in respect of 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**

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM20,250,000 divided into 20,250,000 ordinary shares of RM1 each to RM24,300,000 divided into 243,000,000 ordinary shares of RM0.10 each by way of:

- a) a bonus issue of 4,050,000 new ordinary shares of RM1 each through capitalisation of RM4,050,000 from the retained profit account on the basis of one new ordinary share of RM1 each for every five existing ordinary shares of RM1 each held; and
- b) subdivision of 24,300,000 ordinary shares of RM1 each into 243,000,000 new ordinary shares of RM0.10 each on the basis of ten (10) new ordinary shares of RM0.10 each for every one (1) existing ordinary share of RM1 each as approved in an Extraordinary General Meeting held on June 25, 2004.

The new ordinary shares rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any 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 DURING THE YEAR**

On December 24, 2004, the Company subscribed for 20% equity interest in Supercomal Medical Products Sdn. Bhd. for a total cash consideration of RM200,000.

### **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 before share split and RM0.10 each after share split**

<b><u>Shares in the Company</u></b>	<b><u>Balance as of 1.1.2004</u></b>	<b><u>Bought/ Bonus issue</u></b>	<b><u>Share split</u></b>	<b><u>Sold</u></b>	<b><u>Balance as of 31.12.2004</u></b>
Direct interest:					
Shiue, Jong-Zone	3,782,800	756,560	40,854,240	-	45,393,600
Wu, Chung-Jung	2,207,000	441,400	23,835,600	-	26,484,000
Wu, Huei-Chung	271,000	54,200	2,926,800	-	3,252,000

**No. of ordinary shares of RM1 each  
before share split and RM0.10 each after share split**

<u>Shares in the Company</u>	<u>Balance as of 1.1.2004</u>	<u>Bought/ Bonus issue</u>	<u>Share split</u>	<u>Sold</u>	<u>Balance as of 31.12.2004</u>
Indirect interest:					
Mohamad Suparadi Bin Md. Noor <sup>@</sup>	30,000	6,000	324,000	-	360,000
Shiue, Jong-Zone <sup>*</sup>	2,679,000	535,800	28,933,200	-	32,148,000
Wu, Chung-Jung <sup>#</sup>	4,254,800	850,960	45,951,840	-	51,057,600
Wu, Huei-Chung <sup>^</sup>	6,190,800	1,238,160	66,860,640	-	74,289,600
Nik Abd Aziz Bin Mohd. Kamaludin <sup>@</sup>	30,000	6,000	324,000	-	360,000

\* Deemed interested through Mr. Wu, Chung-Jung, Madam Wu, Huei-Chung and his sons.

# Deemed interested through Mr. Shiue, Jong-Zone, Madam Wu, Huei-Chung and his nephews.

^ Deemed interested through Mr. Shiue, Jong-Zone, Mr. Wu Chung-Jung and her sons.

@ Deemed interested through a corporate shareholder.

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 13 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

WU, HUEI-CHUNG

Penang,

March 14, 2005



**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, 2004 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. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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, 2004 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)

**DELOITTE KASSIMCHAN**  
**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,

March 14, 2005

**INCOME STATEMENTS**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue		<b>39,015,874</b>	41,821,821	<b>24,373,699</b>	20,638,718
Other operating income		<b>1,633,513</b>	1,927,239	<b>1,807,086</b>	2,192,179
Changes in inventories of finished goods and work in progress		<b>(1,067,310)</b>	1,712,889	<b>(89,487)</b>	537,775
Raw materials used		<b>(23,149,682)</b>	(25,124,776)	<b>(16,987,586)</b>	(14,808,637)
Purchase of finished goods		-	-	-	(320,682)
Staff costs	4	<b>(7,408,894)</b>	(8,090,965)	<b>(3,562,302)</b>	(3,720,425)
Depreciation of property, plant and equipment		<b>(3,733,517)</b>	(3,751,992)	<b>(2,184,961)</b>	(2,358,472)
Other operating expenses		<b>(4,627,713)</b>	(6,392,786)	<b>(2,649,077)</b>	(3,049,496)
Profit/ (loss) from operations		<b>662,271</b>	2,101,430	<b>707,372</b>	(889,040)
Finance costs		<b>(205,475)</b>	(185,299)	<b>(86,104)</b>	-
Income from other investments		<b>19,659</b>	129,667	<b>12,991</b>	102,150
Share of loss of associated company		<b>(6,778)</b>	-	-	-
Profit/ (loss) before tax	5	<b>469,677</b>	2,045,798	<b>634,259</b>	(786,890)
Tax income	6	<b>311,781</b>	98,755	<b>214,781</b>	75,755
Net profit/ (loss) after tax for the year		<b>781,458</b>	2,144,553	<b>849,040</b>	(711,135)
Basic earnings per ordinary share	7	<b>0.32 sen</b>	0.88 sen		

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

**BALANCE SHEETS**  
AS OF DECEMBER 31, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	8	<b>21,779,065</b>	24,001,944	<b>13,336,931</b>	14,532,020
Development costs	9	<b>1,072,092</b>	-	-	-
Investment in subsidiary company	10	-	-	<b>5,000,002</b>	5,000,002
Investment in associated company	11	<b>193,222</b>	-	<b>200,000</b>	-
<b>CURRENT ASSETS</b>					
Inventories	12	<b>12,575,178</b>	13,382,839	<b>5,200,052</b>	4,900,831
Trade receivables	13	<b>15,074,836</b>	14,493,953	<b>6,480,455</b>	4,360,937
Other receivables and prepaid expenses	14	<b>947,819</b>	1,150,753	<b>423,923</b>	512,737
Tax recoverable		<b>364,376</b>	54,332	<b>349,743</b>	54,332
Amount owing by a subsidiary company	15	-	-	<b>19,697,550</b>	19,765,332
Short-term deposits with licensed banks		-	4,730,000	-	2,000,000
Cash and bank balances		<b>4,098,137</b>	1,328,141	<b>2,385,496</b>	715,918
<b>Total Current Assets</b>		<b>33,060,346</b>	35,140,018	<b>34,537,219</b>	32,310,087
<b>CURRENT LIABILITIES</b>					
Trade payables	16	<b>2,328,398</b>	4,539,737	<b>698,111</b>	1,781,502
Other payables and accrued expenses	17	<b>2,481,733</b>	3,007,506	<b>614,195</b>	650,109
Long-term loan	18	<b>895,076</b>	830,588	-	-
Amount owing to a subsidiary company	15	-	-	<b>5,543,707</b>	4,085,144
Tax liabilities		-	168,500	-	-
Bank borrowings	19	<b>1,052,000</b>	-	<b>1,052,000</b>	-
<b>Total Current Liabilities</b>		<b>6,757,207</b>	8,546,331	<b>7,908,013</b>	6,516,755
<b>NET CURRENT ASSETS</b>		<b>26,303,139</b>	26,593,687	<b>26,629,206</b>	25,793,332
		<b>49,347,518</b>	50,595,631	<b>45,166,139</b>	45,325,354

(FORWARD)

**BALANCE SHEETS**  
 AS OF DECEMBER 31, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
SHARE CAPITAL	20	<b>24,300,000</b>	20,250,000	<b>24,300,000</b>	20,250,000
RESERVES	21	<b>24,022,170</b>	28,303,212	<b>20,208,380</b>	24,421,840
SHAREHOLDERS' EQUITY		<b>48,322,170</b>	48,553,212	<b>44,508,380</b>	44,671,840
LONG-TERM AND DEFERRED LIABILITIES					
Long-term loan	18	<b>226,589</b>	1,150,905	-	-
Deferred tax liabilities	22	<b>798,759</b>	891,514	<b>657,759</b>	653,514
Total Long-Term and Deferred Liabilities		<b>1,025,348</b>	2,042,419	<b>657,759</b>	653,514
		<b>49,347,518</b>	50,595,631	<b>45,166,139</b>	45,325,354

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

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED DECEMBER 31, 2004

<b>The Group</b>	<b>Note</b>	<b>Share Capital RM</b>	<b>Share Premium RM</b>	<b>Revaluation Reserve RM</b>	<b>Retained Profit RM</b>	<b>Total RM</b>
Balance as of January 1, 2003		20,250,000	5,936,954	1,715,834	20,530,871	48,433,659
Net gain not recognised in the income statements: Transfer of revaluation surplus		-	-	(35,371)	35,371	-
Net profit after tax for the year		-	-	-	2,144,553	2,144,553
Dividends	23	-	-	-	(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
Bonus issue of 4,050,000 new ordinary shares of RM1 each at par		4,050,000	-	-	(4,050,000)	-
Net gain not recognised in the income statements: Transfer of revaluation surplus		-	-	(35,371)	35,371	-
Net profit after tax for the year		-	-	-	781,458	781,458
Dividends	23	-	-	-	(1,012,500)	(1,012,500)
Balance as of December 31, 2004		24,300,000	5,936,954	1,645,092	16,440,124	48,322,170

(FORWARD)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

<u>The Company</u>	<u>Note</u>	<u>Share Capital</u> RM	<u>Share Premium</u> RM	<u>Revaluation Reserve</u> RM	<u>Retained Profit</u> RM	<u>Total</u> RM
Balance as of January 1, 2003		20,250,000	5,936,954	1,715,834	19,505,187	47,407,975
Net gain not recognised in the income statements: Transfer of revaluation surplus		-	-	(35,371)	35,371	-
Net loss after tax for the year		-	-	-	(711,135)	(711,135)
Dividends	23	-	-	-	(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
Bonus issue of 4,050,000 new ordinary shares of RM1 each at par		4,050,000	-	-	(4,050,000)	-
Net gain not recognised in the income statements: Transfer of revaluation surplus		-	-	(35,371)	35,371	-
Net profit after tax for the year		-	-	-	849,040	849,040
Dividends	23	-	-	-	(1,012,500)	(1,012,500)
Balance as of December 31, 2004		24,300,000	5,936,954	1,645,092	12,626,334	44,508,380

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

**CASH FLOW STATEMENTS**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/ (loss) before tax	<b>469,677</b>	2,045,798	<b>634,259</b>	(786,890)
Adjustments for:				
Depreciation of property, plant and equipment	<b>3,733,517</b>	3,751,992	<b>2,184,961</b>	2,358,472
Interest expenses	<b>205,475</b>	185,299	<b>86,104</b>	-
Bad debts written off	<b>24,902</b>	44,236	<b>19,185</b>	-
Share of results in associated company	<b>6,778</b>	-	-	-
Property, plant and equipment written off	<b>4,186</b>	15,896	<b>4,186</b>	14,446
Interest income	<b>(19,659)</b>	(129,667)	<b>(12,991)</b>	(102,150)
Allowance for slow moving inventories no longer required	<b>(18,472)</b>	(228,256)	<b>(18,472)</b>	(228,256)
Gain on disposal of property, plant and equipment	-	(95,459)	-	(87,252)
<b>Operating profit before working capital changes</b>	<b>4,406,404</b>	5,589,839	<b>2,897,232</b>	1,168,370
(Increase)/ Decrease in:				
Inventories	<b>826,133</b>	(1,319,879)	<b>(280,749)</b>	(716,971)
Trade receivables	<b>(605,785)</b>	(4,678,359)	<b>(2,138,703)</b>	(503,649)
Other receivables and prepaid expenses	<b>202,934</b>	(523,611)	<b>88,814</b>	(67,059)
Amount owing by a subsidiary company	-	-	<b>67,782</b>	(5,428,226)
Increase/ (Decrease) in:				
Trade payables	<b>(2,211,339)</b>	1,541,575	<b>(1,083,391)</b>	1,294,259
Other payables and accrued expenses	<b>(525,773)</b>	124,041	<b>(35,914)</b>	(388,097)
Amount owing to a subsidiary company	-	-	<b>1,458,563</b>	2,044,554
<b>Cash generated from/ (used in) operations</b>	<b>2,092,574</b>	733,606	<b>973,634</b>	(2,596,819)

(FORWARD)



**CASH FLOW STATEMENTS**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax paid	<b>(259,518)</b>	(116,453)	<b>(76,385)</b>	(105,953)
Net cash generated from/(used in) operating activities	<b>1,833,056</b>	617,153	<b>897,249</b>	(2,702,772)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<b>19,659</b>	129,667	<b>12,991</b>	102,150
Purchase of property, plant and equipment	<b>(1,514,824)</b>	(2,837,643)	<b>(994,058)</b>	(991,993)
Payment of capitalised development costs	<b>(1,072,092)</b>	-	-	-
Purchase of investment in associated company	<b>(200,000)</b>	-	<b>(200,000)</b>	-
Proceeds from disposal of property, plant and equipment	-	113,373	-	96,096
Net cash used in investing activities	<b>(2,767,257)</b>	(2,594,603)	<b>(1,181,067)</b>	(793,747)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in bank borrowings	<b>1,052,000</b>	-	<b>1,052,000</b>	-
Dividends paid	<b>(1,012,500)</b>	(2,025,000)	<b>(1,012,500)</b>	(2,025,000)
Repayment of long-term loan	<b>(859,828)</b>	(793,901)	-	-
Interest paid	<b>(205,475)</b>	(185,299)	<b>(86,104)</b>	-
Net cash used in financing activities	<b>(1,025,803)</b>	(3,004,200)	<b>(46,604)</b>	(2,025,000)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,960,004)</b>	(4,981,650)	<b>(330,422)</b>	(5,521,519)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>6,058,141</b>	11,039,791	<b>2,715,918</b>	8,237,437
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)</b>	<b>4,098,137</b>	6,058,141	<b>2,385,496</b>	2,715,918

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

## **NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2004

### **1. GENERAL INFORMATION**

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.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The Company's registered office and principal place of business are at 3<sup>rd</sup> 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.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on March 14, 2005.

### **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 in Malaysia.

### **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, transactions and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

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. Rental income is accrued on a time basis, by reference to the agreement entered. Interest income and other revenue are recognised on an accrual basis.

### **Foreign Currency Conversion**

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date. Translation gains and losses are recognised in the income statements as they arise.

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

	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
1 United States Dollar	<b>3.80</b>	3.80
1 Singapore Dollar	<b>2.20</b>	2.23
1 Swiss Franc	<b>3.35</b>	3.06
100 Thai Baht	<b>9.74</b>	9.59

### **Income Tax**

Deferred tax is accounted for 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.

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.

Deferred tax is charged or credited to the income statements, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

### **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. All property, plant and equipment are depreciated on a straight-line method in order to write off the cost of each asset to its residual value over its estimated useful life.

The annual depreciation rates are as follows:

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, 2004, the unexpired lease period of the Group's and of the Company's long leasehold land is 51 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, 2004 amounted to RM5,420,511 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 crystallisation 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 in Subsidiary Company**

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.

### **Investment in Associated Company**

An associated company is a non-subsiary company in which the Group holds not less than 20% of the equity voting rights as long-term investment and in which the Group is in a position to exercise significant influence in its management.

Investment in an associated company is stated at cost in the Company's financial statements. Where 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.

The Group's investment in associated company is accounted for under the equity method of accounting based of the latest management financial statements of the associated company made up to December 31, 2004. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet.

Unrealised profit and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the relevant associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

### **Research and Development Costs**

Research and development expenditure is written off as an expense except that certain development expenditure relating to specific projects intended for commercial exploitation and for which there is a clear indication of the marketability of the products being developed, is carried forward. Such deferred development expenditure will be amortised over the period of 3 years in which benefits are expected to be derived commencing in the period in which related sales are first made.

### **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 the cost is charged to the income statements if there is insufficient share premium.

### **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.

### **Contingent Liabilities**

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

4. **STAFF COSTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Staff costs:				
Contributions to Employees' Provident Fund	<b>469,049</b>	483,669	<b>258,205</b>	256,052
Other staff costs	<b>6,939,845</b>	7,607,296	<b>3,304,097</b>	3,464,373
	<b>7,408,894</b>	8,090,965	<b>3,562,302</b>	3,720,425
Number of directors and employees at end of year:				
Directors	<b>10</b>	10	<b>8</b>	8
Employees	<b>498</b>	526	<b>152</b>	162

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

5. **PROFIT/ (LOSS) BEFORE TAX**

Profit/ (loss) before tax is arrived at:

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
After charging:				
Directors' remuneration:				
Fees	<b>190,500</b>	180,000	<b>178,500</b>	168,000
Employees' provident fund	<b>70,728</b>	72,768	<b>70,728</b>	72,768
Other emoluments	<b>616,000</b>	626,770	<b>616,000</b>	620,770
Interest on:				
Long-term loan	<b>119,371</b>	185,299	-	-
Bankers' acceptance	<b>86,104</b>	-	<b>86,104</b>	-
Hostel rental	<b>106,820</b>	69,830	<b>21,932</b>	22,110
Realised loss on foreign exchange	<b>44,085</b>	24,614	-	13,847
Audit fee:				
Current	<b>34,000</b>	28,000	<b>18,000</b>	15,000
Under/ (Over)provision in prior year	-	2,000	-	(3,000)
Bad debts written off	<b>24,902</b>	44,236	<b>19,185</b>	-
Property, plant and equipment written off	<b>4,186</b>	15,896	<b>4,186</b>	14,446
Rental of equipment	<b>300</b>	-	-	-

(FORWARD)

**The Group**

**The Company**

	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
And crediting:				
Interest income	<b>19,659</b>	129,667	<b>12,991</b>	102,150
Allowance for slow moving inventories no longer required	<b>18,472</b>	228,256	<b>18,472</b>	228,256
Realised gain on foreign exchange	<b>11,938</b>	-	<b>11,938</b>	-
Gain on disposal of property, plant and equipment	-	95,459	-	87,252
Rental income	-	-	<b>840,000</b>	660,000

6. **TAX INCOME**

	<b><u>The Group</u></b>		<b><u>The Company</u></b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax expense	-	(206,000)	-	(27,000)
Deferred tax (Note 22):				
Deferred tax (expense)/ income relating to the origination and reversal of temporary differences in current year	<b>(118,000)</b>	(101,000)	<b>(215,000)</b>	5,000
Utilisation of net deferred tax assets not recognised previously	<b>197,000</b>	-	<b>197,000</b>	-
Annual crystallisation of deferred tax on revaluation surplus	<b>13,755</b>	13,755	<b>13,755</b>	13,755
	<b>92,755</b>	(87,245)	<b>(4,245)</b>	18,755
	<b>92,755</b>	(293,245)	<b>(4,245)</b>	(8,245)
Overprovision in prior years:				
Current tax	<b>219,026</b>	-	<b>219,026</b>	-
Deferred tax	-	392,000	-	84,000
	<b>219,026</b>	392,000	<b>219,026</b>	84,000
Tax income	<b>311,781</b>	98,755	<b>214,781</b>	75,755

Current tax expense of the Company provided in 2003 was 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/ wires for electronic devices will be exempted from income tax for a period of five years from August 1, 2000 to July 31, 2005.

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Accounting profit/ (loss)	<b>469,677</b>	2,045,798	<b>634,259</b>	(786,890)
Tax amount on accounting profit/ (loss) at the statutory income tax rate of 28%	<b>132,000</b>	573,000	<b>178,000</b>	(220,000)
Tax effect on non-taxable or non-deductible items:				
Non-taxable income	<b>(40,000)</b>	(562,000)	<b>(40,000)</b>	(17,000)
Non-deductible expenses	<b>71,245</b>	85,245	<b>63,245</b>	48,245
Tax saving from double deduction on research and development expenses	<b>(90,000)</b>	-	-	-
Net deferred tax income not recognised	-	197,000	-	197,000
Utilisation of net deferred tax assets not recognised previously	<b>(197,000)</b>	-	<b>(197,000)</b>	-
Difference arising due to different tax rate used in computing deferred tax	<b>31,000</b>	-	-	-
	<b>(92,755)</b>	293,245	<b>4,245</b>	8,245
Overprovision in prior years:				
Current tax	<b>(219,026)</b>	-	<b>(219,026)</b>	-
Deferred tax	-	(392,000)	-	(84,000)
Tax income	<b>(311,781)</b>	(98,755)	<b>(214,781)</b>	(75,755)

The estimated amount of tax savings included in net income of the Group and of the Company as a result of the realisation of unabsorbed capital allowances and carryforward tax losses were as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Unabsorbed capital allowances	<b>77,000</b>	30,000	<b>77,000</b>	-
Carryforward tax losses	-	35,000	-	-

As of December 31, 2004, the estimated amount of unabsorbed capital allowances and double deduction on research and development expenses carryforward of the Group and of the Company which is subject to agreement by the tax authority is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Unabsorbed capital allowances	<b>4,508,000</b>	3,486,000	<b>3,209,000</b>	3,486,000
Double deduction on research and development expenses carryforward	<b>1,072,000</b>	-	-	-

In 2003, the unabsorbed capital allowances of the Group and of the Company was not recognised as deferred tax asset in the financial statements.

## 7. EARNINGS PER ORDINARY SHARE

	<u>The Group</u>	
	<u>2004</u>	<u>2003</u>
	<u>RM</u>	<u>RM</u>
Net profit attributable to ordinary shareholder	<b>781,458</b>	2,144,553
	<u>2004</u>	<u>2003</u>
	<u>Units</u>	<u>Units</u>
Number of shares in issue as of January 1	<b>20,250,000</b>	20,250,000
Effect of bonus issue	<b>4,050,000</b>	4,050,000
Effect of share split	<b>218,700,000</b>	218,700,000
Weighted average number of ordinary shares in issue	<b>243,000,000</b>	243,000,000
Basic earnings per ordinary share (sen)	<b>0.32</b>	0.88

Comparative figures of the earnings per ordinary share have been restated to reflect the bonus issue and share split during the financial year.

8. **PROPERTY, PLANT AND EQUIPMENT**

**The Group**

<u>Cost or Valuation</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Disposals/ Write off</u>	<u>End of year</u>
	RM	RM	RM	RM
<b>2004:</b>				
Long leasehold land				
- at 1997 valuation	1,440,000	-	-	1,440,000
- at cost	1,633,574	-	-	1,633,574
Factory buildings				
- at 1997 valuation	4,890,000	-	-	4,890,000
- at cost	3,160,010	-	-	3,160,010
Plant and machinery	27,393,092	904,692	(827,279)	27,470,505
Furniture and fittings	1,209,929	8,050	-	1,217,979
Office equipment	1,130,492	22,618	(6,275)	1,146,835
Tools and equipment	4,295,226	251,917	(195)	4,546,948
Motor vehicles	911,909	-	-	911,909
Electrical installation	1,244,064	-	-	1,244,064
Moulds and dies	3,758,325	327,547	-	4,085,872
	51,066,621	1,514,824	(833,749)	51,747,696
<b>2003</b>	48,461,281	2,837,643	(232,303)	51,066,621
	<b>Beginning of year</b>	<b>Charge for the year</b>	<b>Disposals/ Write off</b>	<b>End of year</b>
	RM	RM	RM	RM
<b>2004:</b>				
Long leasehold land				
- at 1997 valuation	159,311	24,828	-	184,139
- at cost	136,131	29,171	-	165,302
Factory buildings				
- at 1997 valuation	627,550	97,800	-	725,350
- at cost	170,924	63,200	-	234,124
Plant and machinery	19,212,610	2,235,813	(827,279)	20,621,144
Furniture and fittings	579,528	109,208	-	688,736
Office equipment	682,581	83,805	(2,219)	764,167
Tools and equipment	1,528,810	439,746	(65)	1,968,491
Motor vehicles	552,698	92,265	-	644,963
Electrical installation	667,838	114,946	-	782,784
Moulds and dies	2,746,696	442,735	-	3,189,431
	27,064,677	3,733,517	(829,563)	29,968,631
<b>2003</b>	23,511,178	3,751,992	(198,493)	27,064,677

**The Company**

<b>Cost or Valuation</b>	<b>Beginning of year</b>	<b>Additions</b>	<b>Disposals/ Write off</b>	<b>End of year</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2004:</b>				
Long leasehold land				
- at 1997 valuation	1,440,000	-	-	1,440,000
Factory building				
- at 1997 valuation	4,890,000	-	-	4,890,000
- at cost	1,707,000	-	-	1,707,000
Plant and machinery	19,044,270	725,276	(827,279)	18,942,267
Furniture and fittings	1,034,696	7,000	-	1,041,696
Office equipment	1,087,812	10,368	(6,275)	1,091,905
Tools and equipment	3,047,213	203,217	(195)	3,250,235
Motor vehicles	708,329	-	-	708,329
Electrical installation	954,503	-	-	954,503
Moulds and dies	3,308,590	48,197	-	3,356,787
	37,222,413	994,058	(833,749)	37,382,722
<b>2003</b>	36,443,946	991,993	(213,526)	37,222,413
<b>Accumulated Depreciation</b>	<b>Beginning of year</b>	<b>Charge for the year</b>	<b>Disposals/ Write off</b>	<b>End of year</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2004:</b>				
Long leasehold land				
- at 1997 valuation	159,311	24,828	-	184,139
Factory building				
- at 1997 valuation	627,550	97,800	-	725,350
- at cost	71,634	34,140	-	105,774
Plant and machinery	15,496,927	1,071,025	(827,279)	15,740,673
Furniture and fittings	547,827	91,606	-	639,433
Office equipment	678,095	78,822	(2,219)	754,698
Tools and equipment	1,387,626	311,974	(65)	1,699,535
Motor vehicles	516,837	51,549	-	568,386
Electrical installation	569,821	85,990	-	655,811
Moulds and dies	2,634,765	337,227	-	2,971,992
	22,690,393	2,184,961	(829,563)	24,045,791
<b>2003</b>	20,522,157	2,358,472	(190,236)	22,690,393

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net Book Value:				
Long leasehold land				
- at 1997 valuation	<b>1,255,861</b>	1,280,689	<b>1,255,861</b>	1,280,689
- at cost	<b>1,468,272</b>	1,497,443	-	-
Factory buildings				
- at 1997 valuation	<b>4,164,650</b>	4,262,450	<b>4,164,650</b>	4,262,450
- at cost	<b>2,925,886</b>	2,989,086	<b>1,601,226</b>	1,635,366
Plant and machinery	<b>6,849,361</b>	8,180,482	<b>3,201,594</b>	3,547,343
Furniture and fittings	<b>529,243</b>	630,401	<b>402,263</b>	486,869
Office equipment	<b>382,668</b>	447,911	<b>337,207</b>	409,717
Tools and equipment	<b>2,578,457</b>	2,766,416	<b>1,550,700</b>	1,659,587
Motor vehicles	<b>266,946</b>	359,211	<b>139,943</b>	191,492
Electrical installation	<b>461,280</b>	576,226	<b>298,692</b>	384,682
Moulds and dies	<b>896,441</b>	1,011,629	<b>384,795</b>	673,825
	<b>21,779,065</b>	24,001,944	<b>13,336,931</b>	14,532,020

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 (net of related deferred tax) was credited to revaluation reserve.

Had these assets been carried at historical costs, the carrying amounts of the revalued long leasehold land and factory building of the Group and of the Company will be as follows:

	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Cost:		
Long leasehold land	<b>208,822</b>	208,822
Factory buildings	<b>3,853,814</b>	3,853,814
	<b>4,062,636</b>	4,062,636
Accumulated depreciation:		
Long leasehold land	<b>(44,983)</b>	(41,502)
Factory buildings	<b>(913,845)</b>	(836,769)
	<b>(958,828)</b>	(878,271)
Carrying amounts	<b>3,103,808</b>	3,184,365

Certain property, plant and equipment of the Group and of the Company with total carrying values of RM13,862,645 (2003: RM15,013,063) and RM5,420,511 (2003: RM5,543,139) 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 18.

9. **DEVELOPMENT COSTS**

	<b><u>The Group</u></b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
At cost:		
At beginning of year	-	-
Capitalised during the year	<b>1,072,092</b>	-
At end of year	<b>1,072,092</b>	-
Less: Amortisation of development costs		
At beginning of year	-	-
Amortisation during the year	-	-
At end of year	-	-
	<b>1,072,092</b>	-

10. **INVESTMENT IN SUBSIDIARY COMPANY**

	<b><u>The Company</u></b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	<b>5,000,002</b>	5,000,002

The Company has 100% (2003: 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.

11. **INVESTMENT IN ASSOCIATED COMPANY**

	<b><u>The Group</u></b>		<b><u>The Company</u></b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unquoted shares - at cost	<b>200,000</b>	-	<b>200,000</b>	-
Share of post-acquisition results, net of dividends received	<b>(6,778)</b>	-	-	-
	<b>193,222</b>	-	<b>200,000</b>	-

During the year, the Company subscribed for 20% equity interest in Supercomal Medical Products Sdn. Bhd., a company incorporated in Malaysia. The associated company is principally involved in the manufacture of medical safety needles and has not commenced commercial operations as of December 31, 2004.

12. **INVENTORIES**

	<b><u>The Group</u></b>		<b><u>The Company</u></b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At cost:				
Raw materials	<b>6,728,035</b>	6,478,053	<b>2,501,173</b>	2,122,808
Work-in-progress	<b>2,831,438</b>	2,400,108	<b>952,093</b>	777,307
Finished goods	<b>2,189,928</b>	3,006,099	<b>1,670,489</b>	1,934,448
Spare parts	<b>82,378</b>	73,025	<b>76,297</b>	66,268
	<b>11,831,779</b>	11,957,285	<b>5,200,052</b>	4,900,831
At net realisable value:				
Raw materials	<b>112,061</b>	130,219	<b>112,061</b>	130,219
Less: Allowance for slow moving inventories	<b>(112,061)</b>	(130,219)	<b>(112,061)</b>	(130,219)
	-	-	-	-
Finished goods	<b>774,737</b>	1,457,206	<b>31,338</b>	31,652
Less: Allowance for slow moving inventories	<b>(31,338)</b>	(31,652)	<b>(31,338)</b>	(31,652)
	<b>743,399</b>	1,425,554	-	-
	<b>12,575,178</b>	13,382,839	<b>5,200,052</b>	4,900,831

Certain inventories of the Group with a carrying value of RM7,375,126 (2003: RM8,482,008) are pledged to a local licensed bank as securities for banking facilities granted to the subsidiary company as mentioned in Note 18.

13. **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 (2003: 30 to 90 days). The credit period granted to the customers of the subsidiary company ranges from 30 to 60 days (2003: 30 to 60 days).

Included in trade receivables of the Group and of the Company is an amount of RM34,153 (2003: RM23,143) 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:

	<u>The Group and the Company</u>	
	<u>2004</u>	<u>2003</u>
	<u>RM</u>	<u>RM</u>
Sales of finished goods	<b>118,309</b>	85,359

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:

	<u>The Group</u>		<u>The Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Ringgit Malaysia	<b>11,813,480</b>	10,699,919	<b>5,817,944</b>	3,456,095
United States Dollar	<b>1,906,934</b>	3,682,202	<b>281,542</b>	796,810
Singapore Dollar	<b>1,354,422</b>	111,832	<b>380,969</b>	108,032
	<b>15,074,836</b>	14,493,953	<b>6,480,455</b>	4,360,937

14. **OTHER RECEIVABLES AND PREPAID EXPENSES**

	<u>The Group</u>		<u>The Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Other receivables	<b>307,184</b>	482,503	<b>118,184</b>	304,680
Refundable deposits	<b>112,155</b>	85,375	<b>37,365</b>	39,965
Prepaid expenses	<b>528,480</b>	582,875	<b>268,374</b>	168,092
	<b>947,819</b>	1,150,753	<b>423,923</b>	512,737

Analysis of other receivables by currencies:

	<u>The Group</u>		<u>The Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Ringgit Malaysia	<b>307,184</b>	436,969	<b>118,184</b>	304,680
Swiss Franc	-	45,534	-	-
	<b>307,184</b>	482,503	<b>118,184</b>	304,680

15. **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:

	<u>The Company</u>	
	<u>2004</u>	<u>2003</u>
	RM	RM
Sales of finished goods	4,476,714	5,461,050
Rental receivable	840,000	660,000
Purchase of raw materials	223,333	62,285
Sub-contract charges receivable	40,542	43,953
Purchase of packing materials	3,794	-
Sales of raw materials, indirect and packing materials	1,563	101,204
Purchase of finished goods	-	320,682
Purchase of property, plant and equipment	-	171,267

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.

#### 16. 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 (2003: 14 to 60 days). The credit period granted to the subsidiary company for trade purchases ranges from 30 to 60 days (2003: 30 to 60 days).

Analysis of trade payables by currencies:

	<u>The Group</u>		<u>The Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM	RM	RM	RM
Ringgit Malaysia	1,044,586	3,159,699	525,059	1,720,284
United States Dollar	1,190,202	1,265,595	173,052	61,218
Singapore Dollar	93,610	114,443	-	-
	<b>2,328,398</b>	4,539,737	<b>698,111</b>	1,781,502

#### 17. OTHER PAYABLES AND ACCRUED EXPENSES

	<u>The Group</u>		<u>The Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM	RM	RM	RM
Other payables	1,845,134	2,294,549	283,360	288,526
Accrued expenses	636,599	712,957	330,835	361,583
	<b>2,481,733</b>	3,007,506	<b>614,195</b>	650,109

Other payables comprise mainly amounts outstanding for ongoing costs.

Analysis of other payables and accrued expenses by currencies:

	<u>The Group</u>		<u>The Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Ringgit Malaysia	<b>1,186,047</b>	1,638,904	<b>612,726</b>	649,425
United States Dollar	<b>1,294,217</b>	1,360,794	-	684
Singapore Dollar	<b>1,469</b>	2,095	<b>1,469</b>	-
Thai Baht	-	5,713	-	-
	<b>2,481,733</b>	3,007,506	<b>614,195</b>	650,109

18. **LONG-TERM LOAN**

	<u>The Group</u>	
	<u>2004</u>	<u>2003</u>
	<u>RM</u>	<u>RM</u>
Secured:		
Amount outstanding	<b>1,121,665</b>	1,981,493
Less: Portion due within one year	<b>(895,076)</b>	(830,588)
Portion due after one year	<b>226,589</b>	1,150,905

The non-current portion is repayable as follows:

	<u>The Group</u>	
	<u>2004</u>	<u>2003</u>
	<u>RM</u>	<u>RM</u>
Later than 1 year and not later than 2 years	<b>226,589</b>	892,882
Later than 2 years and not later than 5 years	-	258,023
	<b>226,589</b>	1,150,905

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

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

- Lien holders caveat over the Company's long leasehold land and building;
- A negative pledge over all the Company's assets;
- A first legal charge over the subsidiary company's long leasehold land and building;
- A fixed and floating charge over all assets of the subsidiary company; and
- 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% (2003: 7.5%).

19. **BANK BORROWINGS**

	<b>The Group and the Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Secured:		
Bankers' acceptance	<b>1,052,000</b>	-

The bank borrowings of the Group and the Company are secured as disclosed in Note 18. The bankers' acceptance bears interest at rates ranging from 2.65% to 2.95% and is maturing within January to March 2005.

20. **SHARE CAPITAL**

	<b>The Group and the Company</b>			
	<b>2004</b>		<b>2003</b>	
	<b>No. of shares of RM1/ RM0.10 each</b>	<b>RM</b>	<b>No. of shares of RM1 each</b>	<b>RM</b>
Authorised:				
Ordinary shares:				
At beginning of year	<b>25,000,000*</b>	<b>25,000,000</b>	25,000,000	25,000,000
Share split	<b>225,000,000**</b>	-	-	-
At end of year	<b>250,000,000**</b>	<b>25,000,000</b>	25,000,000	25,000,000
Issued and fully paid:				
Ordinary shares:				
At beginning of year	<b>20,250,000*</b>	<b>20,250,000</b>	20,250,000	20,250,000
Bonus issue	<b>4,050,000*</b>	<b>4,050,000</b>	-	-
Before share split	<b>24,300,000*</b>	<b>24,300,000</b>	20,250,000	20,250,000
Share split	<b>218,700,000**</b>	-	-	-
At end of year	<b>243,000,000**</b>	<b>24,300,000</b>	20,250,000	20,250,000

\* Shares of RM1 each

\*\* Shares of RM0.10 each

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM20,250,000 divided into 20,250,000 ordinary shares of RM1 each to RM24,300,000 divided into 243,000,000 ordinary shares of RM0.10 each by way of:

- a) a bonus issue of 4,050,000 new ordinary shares of RM1 each through capitalisation of RM4,050,000 from the retained profit account on the basis of one new ordinary share of RM1 each for every five existing ordinary shares of RM1 each held; and
- b) subdivision of 24,300,000 ordinary shares of RM1 each into 243,000,000 new ordinary shares of RM0.10 each on the basis of ten (10) new ordinary shares of

RM0.10 each for every one (1) existing ordinary share of RM1 each as approved in an Extraordinary General Meeting held on June 25, 2004.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

21. **RESERVES**

	<b><u>The Group</u></b>		<b><u>The Company</u></b>	
	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
	<b><u>RM</u></b>	<b><u>RM</u></b>	<b><u>RM</u></b>	<b><u>RM</u></b>
Non-distributable:				
Share premium	<b>5,936,954</b>	5,936,954	<b>5,936,954</b>	5,936,954
Revaluation reserve	<b>1,645,092</b>	1,680,463	<b>1,645,092</b>	1,680,463
	<b>7,582,046</b>	7,617,417	<b>7,582,046</b>	7,617,417
Distributable:				
Retained profit	<b>16,440,124</b>	20,685,795	<b>12,626,334</b>	16,804,423
	<b>24,022,170</b>	28,303,212	<b>20,208,380</b>	24,421,840

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.

22. **DEFERRED TAX LIABILITIES**

	<b><u>The Group</u></b>		<b><u>The Company</u></b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance at beginning of year	<b>891,514</b>	1,196,269	<b>653,514</b>	756,269
Transfer (from)/ to income statements (Note 6):				
Deferred tax expense/ (income) relating to the origination and reversal of temporary differences in current year	<b>118,000</b>	101,000	<b>215,000</b>	(5,000)
Recognition of previously unrecognised deferred tax income	<b>(197,000)</b>	-	<b>(197,000)</b>	-
Annual crystallisation of deferred tax on revaluation surplus	<b>(13,755)</b>	(13,755)	<b>(13,755)</b>	(13,755)
Overprovision of deferred tax expense in prior years	-	(392,000)	-	(84,000)
Balance at end of year	<b>798,759</b>	891,514	<b>657,759</b>	653,514

A deferred tax income of RM13,755 (2003: RM13,755) was recognised by a transfer from the deferred tax liabilities to the income statements. In addition, an amount of RM35,371 (2003: RM35,371) was transferred from revaluation reserve to retained profit. These relate to the difference between the actual depreciation on the revalued properties and equivalent depreciation based on the cost of the properties.

The deferred tax liabilities are in respect of the following:

	<b><u>Deferred Tax Assets/ (Liabilities)</u></b>			
	<b><u>The Group</u></b>		<b><u>The Company</u></b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax effect of revaluation surplus	<b>(639,759)</b>	(653,514)	<b>(639,759)</b>	(653,514)
Tax effect of temporary differences between capital allowances and depreciation of property, plant and equipment	<b>(1,207,000)</b>	(238,000)	<b>(957,000)</b>	-
Tax effect in respect of:				
Unabsorbed capital allowances	<b>1,008,000</b>	-	<b>899,000</b>	-
Other temporary differences	<b>40,000</b>	-	<b>40,000</b>	-
	<b>(798,759)</b>	(891,514)	<b>(657,759)</b>	(653,514)

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, 2004, the amount of deferred tax assets, calculated at applicable tax rate, which is not recognised in the financial statements, is as follows:

	<b>Deferred Tax Assets/ (Liabilities)</b>	
	<b>The Group and the Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
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
	<b>-</b>	<b>197,000</b>

23. **DIVIDENDS**

	<b>The Group and the Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Dividends declared and paid:		
First and final tax exempt dividend of 5 sen per ordinary share, for 2003	<b>1,012,500</b>	-
Final tax exempt dividend of 5 sen per ordinary share, for 2002	-	1,012,500
Special tax exempt dividend of 5 sen per ordinary share, for 2002	-	1,012,500
	<b>1,012,500</b>	<b>2,025,000</b>

24. **CASH AND CASH EQUIVALENTS**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	<b>4,098,137</b>	1,328,141	<b>2,385,496</b>	715,918
Short-term deposits with licensed banks	-	4,730,000	-	2,000,000
	<b>4,098,137</b>	<b>6,058,141</b>	<b>2,385,496</b>	<b>2,715,918</b>

Analysis of cash and cash equivalents by currencies:

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	<b>3,482,648</b>	4,730,431	<b>2,222,826</b>	2,710,194
United States Dollar	<b>615,489</b>	1,327,710	<b>162,670</b>	5,724
	<b>4,098,137</b>	6,058,141	<b>2,385,496</b>	2,715,918

The short-term deposits with licensed banks in 2003 carried interests of rates ranging from 0.7% to 2.2% and were maturing in January 2004.

25. **LEASE COMMITMENTS**

As of December 31, 2004, non-cancellable long-term lease commitments pertaining to the Group and the Company in respect of rental of premises are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Not later than 1 year	<b>188,160</b>	42,640	<b>94,080</b>	4,080
Later than 1 year but not later than 5 years	<b>141,120</b>	10,400	-	-
	<b>329,280</b>	53,040	<b>94,080</b>	4,080

26. **FINANCIAL INSTRUMENTS**

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

The operations of the Group and of the Company 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 and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/ or costs associated with the financing, investing and operating activities of the Group and of the Company.

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

ii. **Interest rate risk**

The Group's and the Company's exposure to changes in interest rate risk relates primarily to the Group's and the Company's short-term deposits with licensed banks and financing through term loan and bank borrowings. The short-term deposits are placed with reputable banks. The Group and the Company do not use derivative financial instruments to hedge its risk.

iii. **Market risk**

The Group and the Company have in place policies to manage the Group's and the Company's exposure to fluctuation in the prices of the key raw materials used in the operations.

iv. **Credit risk**

The Group and the Company are exposed to credit risk mainly from trade receivables. The Group and the Company extend credit to its customers based upon careful evaluation of the customers' financial conditions and credit histories. The Group and the Company also ensure 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 and the Company practice 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 and the Company review 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 and the Company have no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

c. **Fair Values**

As of December 31, 2004, the fair value of term loan of the Group estimated by using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements is as follows:

	2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM	RM	RM	RM
Financial liability				
Term loan	1,121,665	1,121,665	1,981,493	1,981,493



It is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs or eventual outcome.

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

27. **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.

28. **CONTINGENT LIABILITIES-Unsecured**

As of December 31, 2004, the Company is contingently liable to an amount of RM7,200,000 (2003: RM7,200,000) in respect of corporate guarantee given to a local bank on banking facilities granted to 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, 2004 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

WU, HUEI-CHUNG

Penang,

March 14, 2005

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

I, SHIUE, JONG-ZONE, 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 SHIUE, JONG-ZONE at

Before me,

GEORGETOWN in the State of PENANG

on March 14, 2005

GM. GOVINDASAMY, PJM  
Commissioner for Oaths

## GROUP PROPERTIES AS AT DECEMBER 31<sup>st</sup> 2004

The details of the landed properties owned by the STB Group as at December 31<sup>st</sup> 2004 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 31,2004 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. 12 years and Building 2 is approx. 8 years	5,420,511 <sup>^</sup>
Lot P.T. 30511 H.S.(D) 2807/95 Mukim of Sungai Petani	Two storey factory buildings situated on a 60 years leased hold land with the option to extend lease for a further 30 years	20,234.3 sq meters; wire and cable manufacturing, cable assembly plant	8,470* *	Leasehold expiring on 05/05/2064	Building 3 is approx. 3 years and Building 4 approx. 2 years	4,394,158 <sup>^^</sup>

Notes:-

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

<sup>^</sup> Of the total, the net book value for the land as at December 31<sup>st</sup> 2004 was RM1,255,861 whilst the net book value of the buildings was RM4,164,650.

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

<sup>^^</sup> Of the total, the net book value for the land as at December 31<sup>st</sup> 2004 was RM1,468,272 whilst the net book value of the buildings was RM2,925,886.

## STATISTICS OF SHAREHOLDINGS

### SHARE CAPITAL AS AT MAY 10, 2005

Authorised	:	RM25,000,000.00
Issued and Fully paid-up	:	RM24,300,000.00
Class of Share	:	Ordinary Shares of RM0.10 each
Voting Right	:	One voting right for one ordinary share

### DISTRIBUTION OF SHAREHOLDERS AS AT MAY 10, 2005

<u>Size of Holdings</u>	<u>No. of Holders</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
Less than 100	2	0.17	90	0.00
100 – 999	6	0.52	1,910	0.00
1,000 – 4,999	291	25.30	844,200	0.35
5,000 – 10,000	242	21.05	1,943,500	0.80
10,001 – 100,000	505	43.91	16,040,200	6.60
100,001 – 1,000,000	86	7.48	19,886,700	8.18
Above 1,000,000	18	1.57	204,283,400	84.07
<b>Total</b>	<b>1,150</b>	<b>100.00</b>	<b>243,000,000</b>	<b>100.00</b>

### TOP TWENTY SHAREHOLDERS AS AT MAY 10, 2005

<u>Name</u>	<u>Shareholdings</u>	<u>%</u>
1. Perbadanan Nasional Berhad	61,920,000	25.48
2. Shiue, Jong-Zone	45,393,600	18.68
3. Wu, Chung-Jung	26,484,000	10.90
4. HSBC Nominees (Asing) Sdn Bhd Qualifier : HSBC-FS I for Suez Asia Holdings Pte Ltd	23,220,000	9.56
5. Liu Kuo, Ling-Miao	15,648,000	6.44
6. Pacific Rotary Sdn. Bhd.	5,182,800	2.13
7. Lin Ho, Shu-Li	3,408,000	1.40
8. Wu, Huei-Chung	3,252,000	1.34
9. Chen Cheng-Chun	3,036,000	1.25
10. Lo, Chin-Song	2,844,000	1.17
11. Jimmy Lim Thaw Chay	2,412,000	0.99
12. Ooi Chuan Guan	2,350,000	0.97
13. Lee, Chao-Chih	2,280,000	0.94
14. Lo, Fu-Yuan	2,280,000	0.94
15. Shiue, Jyh-Jeh	1,212,000	0.50
16. Hsueh, Chih-Yu	1,200,000	0.49
17. Tseng Chin-Tang, Samuel	1,158,000	0.48
18. Chien Chih-Chin	1,003,000	0.41
19. Wang Yu-Chuan	939,600	0.39
20. Amsec Nominees (Tempatan) Sdn Bhd Qualifier : Pledged securities account for Tham Ah Ngan	792,000	0.32
<b>Total</b>	<b>206,015,000</b>	<b>84.78</b>

## STATISTICS OF SHAREHOLDINGS (Continued)

### SUBSTANTIAL SHAREHOLDERS AS AT MAY 10, 2005

	<u>Name</u>	<u>Direct</u> <u>Shareholdings</u>	<u>%</u>	<u>Indirect</u> <u>Shareholdings</u>	<u>%</u>
1.	Perbadanan Nasional Berhad	61,920,000	25.48	-	-
2.	Shiue, Jong-Zone	45,393,600	18.68	32,148,000(a)	13.23
3.	Wu, Chung-Jung	26,484,000	10.90	51,057,600(b)	21.01
4.	Liu Kuo, Ling-Miao	15,648,000	6.44	-	-
5.	Wu, Huei-Chung	3,252,000	1.34	74,289,600(c)	30.57
6.	Suez Asia Holdings Pte. Ltd.	23,220,000	9.56	-	-
7.	Suez Industries SA	-	-	35,830,800(d)	14.74
8.	Credit Agricole Indosuez	-	-	35,830,800(e)	14.74
9.	Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,200,000	0.49	76,341,600(f)	31.42
10.	Shiue, Jyh-Jeh	1,212,000	0.50	76,329,600(g)	31.41

**Notes:-**

- (a) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- |                                 |            |
|---------------------------------|------------|
| Wu, Huei-Chung                  | 3,252,000  |
| Wu, Chung-Jung                  | 26,484,000 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 1,200,000  |
| Shiue, Jyh-Jeh                  | 1,212,000  |
- (b) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- |                                 |            |
|---------------------------------|------------|
| Shiue, Jong-Zone                | 45,393,600 |
| Wu, Huei-Chung                  | 3,252,000  |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 1,200,000  |
| Shiue, Jyh-Jeh                  | 1,212,000  |
- (c) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- |                                 |            |
|---------------------------------|------------|
| Shiue, Jong-Zone                | 45,393,600 |
| Wu, Chung-Jung                  | 26,484,000 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 1,200,000  |
| Shiue, Jyh-Jeh                  | 1,212,000  |
- (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   | 3,252,000  |
| Wu, Chung-Jung   | 26,484,000 |
| Shiue, Jong-Zone | 45,393,600 |
| Shiue, Jyh-Jeh   | 1,212,000  |
- (g) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- |                                 |            |
|---------------------------------|------------|
| Wu, Huei-Chung                  | 3,252,000  |
| Wu, Chung-Jung                  | 26,484,000 |
| Shiue, Jong-Zone                | 45,393,600 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 1,200,000  |

## STATISTICS OF SHAREHOLDINGS (Continued)

### DIRECTORS' SHAREHOLDINGS AS AT MAY 10, 2005

	<u>Name</u>	<u>Direct</u>		<u>Indirect</u>	
		<u>No. of units held</u>	<u>%</u>	<u>No. of units held</u>	<u>%</u>
1.	Shiue, Jong-Zone	45,393,600	18.68	32,148,000(a)	13.23
2.	Wu, Chung-Jung	26,484,000	10.90	51,057,600(b)	21.01
3.	Dato' Mohamad Suparadi Bin Md. Noor	-	-	360,000(c)^	0.15
4.	Nik Abd Aziz Bin Mohd Kamaludin	-	-	360,000(c)^	0.15
5.	Wu, Huei-Chung	3,252,000	1.34	74,289,600(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                  | 3,252,000  |
| Wu, Chung-Jung                  | 26,484,000 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 1,200,000  |
| Shiue, Jyh-Jeh                  | 1,212,000  |
- (b) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- |                                 |            |
|---------------------------------|------------|
| Shiue, Jong-Zone                | 45,393,600 |
| Wu, Huei-Chung                  | 3,252,000  |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 1,200,000  |
| Shiue, Jyh-Jeh                  | 1,212,000  |
- (c) Held indirectly through:-
- |                         |          |
|-------------------------|----------|
| Chartplus (M) Sdn. Bhd. | 360,000^ |
|-------------------------|----------|
- (d) Deemed interest by virtue of Section 122A of the Companies Act, 1965 held through:-
- |                                 |            |
|---------------------------------|------------|
| Shiue, Jong-Zone                | 45,393,600 |
| Wu, Chung-Jung                  | 26,484,000 |
| Hsueh, Chih-Yu @ Shiue, Jyh-Yeu | 1,200,000  |
| Shiue, Jyh-Jeh                  | 1,212,000  |

^ As per the Register of Directors' Shareholdings maintained by the Company. However, the Record of Depositors showed that Chartplus (M) Sdn. Bhd. held 240,000 Ordinary Shares of RM0.10 each as at May 10, 2005.

## Notes

## Notes



**SUPERCOMAL TECHNOLOGIES BERHAD**

(Company No. 197527-H)

(Incorporated in Malaysia)

**PROXY FORM**

I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of the abovenamed Company hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_

as my/our proxy, to vote in my/our name(s) and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Gurney Room, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Wednesday, June 29, 2005 at 11.00 a.m. and at any adjournment thereof.

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

RESOLUTIONS NO.	FOR	AGAINST
1. To receive the Audited Financial Statements of the Company for the year ended December 31, 2004 together with the reports of the Directors and Auditors thereon.		
2. To declare a First and Final Dividend of 0.5 sen per share exempt from Income Tax for the year ended December 31, 2004.		
3. To approve an increase of Directors' Fees from RM168,000.00 to RM178,500.00 and the payment of such fee to the Directors of the Company for the year ended December 31, 2004		
To re-elect the following Directors retiring under the provision of Article 99(1) of the Articles of Association of the Company:-		
4. Mr. Wu, Chung-Jung		
5. Dato' Mohamad Suparadi Bin Md. Noor		
6. Mdm. Wu, Huei-Chung		
7. Mr. Ng Kim Long		
8. Mr. Cheah Khye Chuan		
9. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
10. As a Special Business: <u>Ordinary Resolution</u> To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		

Number of shares held

\_\_\_\_\_  
Signature of Member (s)

Signed this ..... day of....., 2005.

**Notes:**

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

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

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

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

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

Please fold here to seal

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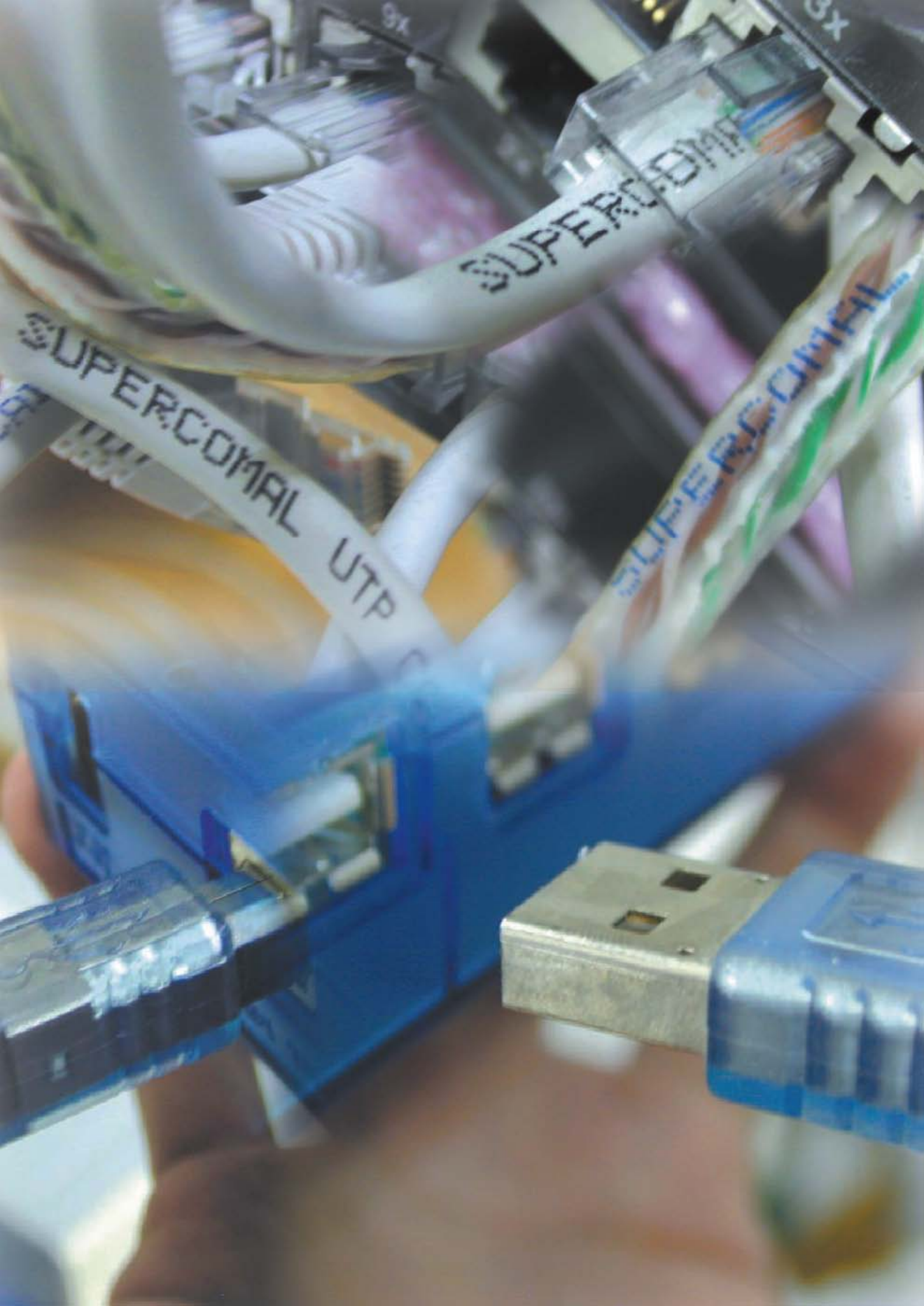
Affix  
Stamp  
Here

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

Please fold here to seal

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SUPERCOMAL

SUPERCOMAL UTP

SUPERCOMAL