

# Annual Report 2006

## **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 Seventeenth Annual General Meeting of the Company will be held at the Kelawai Room, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Monday, June 25, 2007 at 2.30 p.m. for the following purposes:-

## AGENDA

1. To receive the Audited Financial Statements for the year ended December 31, 2006 together with the reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve the payment of Directors' Fees of Ringgit Malaysia One Hundred Thirteen Thousand and Six Hundred (RM113,600.00) for the financial year ended December 31, 2006. (Resolution 2)
3. To re-elect the following Directors retiring under the respective provisions of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:-
  - a) Wu, Huei-Chung (Article 99) (Resolution 3)
  - b) Kenneth Vun @ Vun Yun Liun (Article 106) (Resolution 4)
  - c) Ismail Bin Ahmad (Article 106) (Resolution 5)
4. To consider and if thought fit, to pass the following resolution pursuant to Section 129 (6) of the Companies Act, 1965:- (Resolution 6)

“That Cheah Khye Chuan, a Director who retires in compliance with Section 129(2) of the Companies Act, 1965 after having attained the age of seventy years, be hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting.”

5. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorize the Board of Directors to fix their remuneration. (Resolution 7)

### 6. AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:-

#### As Ordinary Resolution

- 6.1 Authority to Issue Shares (Resolution 8)

“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 authorized 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.”

- 6.2 Proposed Increase of Authorized Capital of the Company (Resolution 9)

“That the Company’s authorized capital of RM25,000,000.00 divided into 250,000,000 Ordinary Shares of RM0.10 each be increased to RM100,000,000.00 divided into 1,000,000,000 Ordinary Shares of RM0.10 each.”



## NOTICE OF ANNUAL GENERAL MEETING

### As Special Resolution

6.3 Proposed Amendments to the Memorandum and Articles of Association (Resolution 10)

“That subject to the passing of the Resolution No. 9 above, the following amendments to the Memorandum and Articles of Association of the Company be hereby approved as follows:-

- (i) That Clause 5 of the Memorandum of Association of the Company be amended and is hereby approved as follows:-

*“The capital of the Company is RM100,000,000.00 divided into 1,000,000,000 ordinary shares of RM0.10 each. The Company has power from time to time to increase or reduce its capital, and to issue any shares, in the original or increased capital as ordinary, preferred or deferred shares, and to attach to any class or classes of such shares, any preferences, rights, privileges or conditions or to subject the same to any restrictions as limitations.”*

- (ii) That Article 3 of the Articles of Association of the Company be amended and is hereby approved as follows:-

*“The authorized share capital of the Company is Ringgit Malaysia One Hundred Million (RM100,000,000.00) divided into 1,000,000,000 ordinary shares of Sen Ten (RM0.10) each.”*

6.4 Proposed Alteration of the Articles of Association (Resolution 11)

“THAT the Articles of Association of the Company be and is hereby amended in the manner as set out in Appendix A of the Circular to Shareholders dated June 1, 2007.”

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

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

Penang  
Date: June 1, 2007

### 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 57-1, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 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.*





# NOTICE OF ANNUAL GENERAL MEETING



Inologies Berhad (197527-H)

## **Explanatory Note On Special Business:**

1. The proposed Resolution No. 8 (Item No. 6.1), 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.
2. The proposed Resolution No. 9 (Item No. 6.2) if approved, will prepare the Company for future corporate exercises.
3. The proposed Resolution No. 10 (Item No. 6.3), if approved, the Company's authorized capital of RM25,000,000.00 consisting of 250,000,000 Ordinary Shares of RM0.10 each will be increased to RM100,000,000.00 consisting of 1,000,000,000 Ordinary Shares of RM0.10 each and the Memorandum and Articles of Association will be amended in the manner as set out.
4. The proposed Resolution No. 11 (Item No. 6.4), if approved, the Articles of Association of the Company will be amended in the manner as set out in Appendix A of the Circular to Shareholders dated June 1, 2007 which was circulated together with the Annual Report 2006.

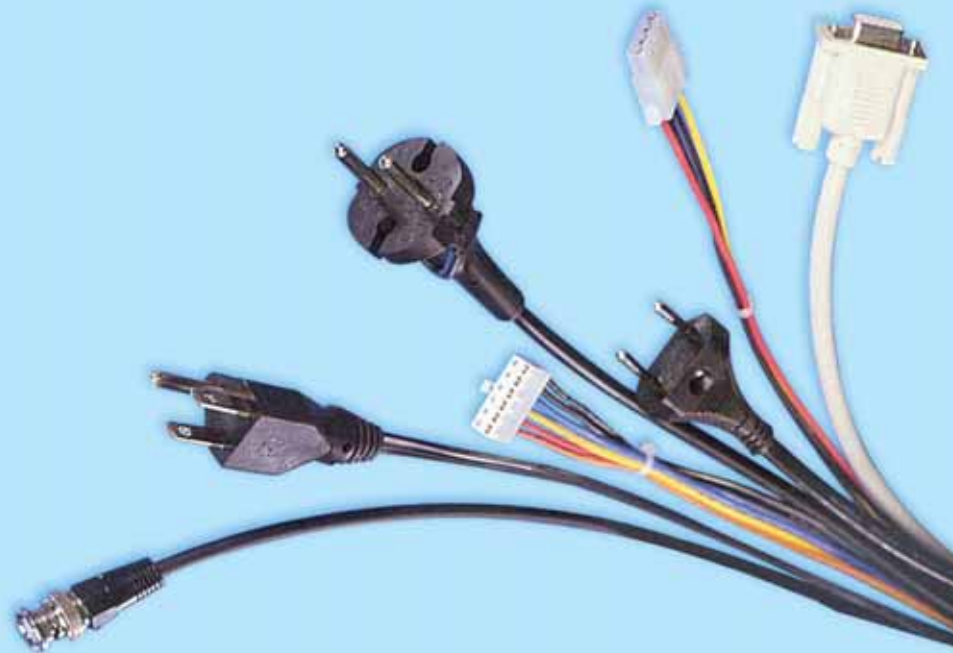




# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## RETIREMENT OF DIRECTORS

Pursuant to Rule 8.36(2) of the Bursa Securities Listing Requirements for MESDAQ Market, the details of the directors seeking re-election are set out in their respective profiles which appear in the Board of Directors' Profile on pages 9-11 of the Annual Report 2006. The details of their respective interests in the securities of the Company are set out in the Statistics of Shareholdings which appear on page 67 of the Annual Report 2006.







# CORPORATE INFORMATION



Supercornal Technologies Berhad (197527-H)

## BOARD OF DIRECTORS

**TAN SRI NIK MOHAMED BIN NIK YAACOB**  
*(Appointed on April 14, 2006)*  
Chairman / (Independent and Non-Executive Director)

**SHIUE, JONG-ZONE**  
Managing Director

**WU, HUEI-CHUNG**  
Executive Director

**CHEAH KHYE CHUAN**  
Independent and Non-Executive Director

**ANG AH SOON @ ANG WENG JOO**  
Independent and Non-Executive Director

**WU, CHUNG-JUNG**  
*(Ceased on February 23, 2006 and  
Re-Appointed on May 26, 2006)*  
Non Independent and Non-Executive Director

**ISMAIL BIN AHMAD**  
*(Appointed on February 26, 2007)*  
Executive Director

**KENNETH VUN @ VUN YUN LIUN**  
*(Appointed on February 26, 2007)*  
Non Independent and Non-Executive Director

**DATO' MOHD ALI BIN ABD. SAMAD**  
*(Appointed on August 14, 2006 and  
Resigned on February 26, 2007)*  
Non Independent and Non-Executive Director

**MOHD. YUSOF BIN HUSSAIN**  
*(Resigned on April 14, 2006)*  
Non Independent and Non-Executive Director

**DATUK HAJI HANAFI BIN RAMLI**  
*(Resigned on May 26, 2006)*  
Non Independent and Non-Executive Director

## COMPANY SECRETARY

**KHOO LAY TATT (MAICSA 7029262)**

## AUDIT COMMITTEE

**CHEAH KHYE CHUAN**  
Chairman (Independent & Non-Executive Director)

**ANG AH SOON @ ANG WENG JOO**  
Member (Independent & Non-Executive Director)

**TAN SRI NIK MOHAMED BIN NIK YAACOB**  
*(Appointed on April 14, 2006)*  
Member (Independent and Non-Executive Director)

**MOHD. YUSOF BIN HUSSAIN**  
*(Resigned on April 14, 2006)*  
Member (Non Independent and Non-Executive Director)

## NOMINATION COMMITTEE

**ANG AH SOON @ ANG WENG JOO**  
Chairman (Independent & Non-Executive Director)

**CHEAH KHYE CHUAN**  
Member (Independent & Non-Executive Director)

**TAN SRI NIK MOHAMED BIN NIK YAACOB**  
*(Appointed on April 23, 2007)*  
Member (Independent and Non-Executive Director)

**DATO' MOHD ALI BIN ABD. SAMAD**  
*(Appointed on August 25, 2006 and  
Resigned on February 26, 2007)*  
Member (Independent & Non-Executive Director)

**DATUK HAJI HANAFI BIN RAMLI**  
*(Resigned on May 26, 2006)*  
Member (Non Independent and Non-Executive Director)







## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**TAN SRI NIK MOHAMED BIN NIK YAACOB**

*(Appointed on April 14, 2006)*

Chairman / (Independent and Non-Executive Director)

**SHIUE, JONG-ZONE**

Managing Director

**WU, HUEI-CHUNG**

Executive Director

**CHEAH KHYE CHUAN**

Independent and Non-Executive Director

**ANG AH SOON @ ANG WENG JOO**

Independent and Non-Executive Director

**WU, CHUNG-JUNG**

*(Ceased on February 23, 2006 and*

*Re-Appointed on May 26, 2006)*

Non Independent and Non-Executive Director

**ISMAIL BIN AHMAD**

*(Appointed on February 26, 2007)*

Executive Director

**KENNETH VUN @ VUN YUN LIUN**

*(Appointed on February 26, 2007)*

Non Independent and Non-Executive Director

**DATO' MOHD ALI BIN ABD. SAMAD**

*(Appointed on August 14, 2006 and*

*Resigned on February 26, 2007)*

Non Independent and Non-Executive Director

**MOHD. YUSOF BIN HUSSAIN**

*(Resigned on April 14, 2006)*

Non Independent and Non-Executive Director

**DATUK HAJI HANAFI BIN RAMLI**

*(Resigned on May 26, 2006)*

Non Independent and Non-Executive Director

### COMPANY SECRETARY

**KHOO LAY TATT** (MAICSA 7029262)

### REMUNERATION COMMITTEE

**ANG AH SOON @ ANG WENG JOO**

Committee (Independent & Non-Executive Director)

**SHIUE, JONG-ZONE**

Committee (Managing Director)



**TAN SRI NIK MOHAMED BIN NIK YAACOB**

*(Appointed on April 23, 2007)*

Committee (Independent and Non-Executive Director)

**DATUK HAJI HANAFI BIN RAMLI**

*(Resigned on May 26, 2006)*

Chairman (Non Independent and Non-Executive Director)

**DATO' MOHD ALI BIN ABD. SAMAD**

*(Appointed on August 25, 2006, Resigned on February 26, 2007)*

Committee (Non Independent & Non-Executive Director)

### AUDITORS

Messrs. Deloitte KassimChan

Chartered Accountants

4th Floor, Wisma Wang

251-A Jalan Burma

10350 Penang





# CORPORATE STRUCTURE OF THE GROUP



Supercomal Technologies Berhad (197527-H)

## INFORMATION OF SUBSIDIARY COMPANY

<b>NAME</b>	<b>SHARE HOLDING (%)</b>	<b>DATE OF INCORPORATION</b>	<b>PRINCIPAL ACTIVITIES</b>
SUPERCOMAL ADVANCED CABLES SDN. BHD.	100	10.10.1996	The company is principally involved in the manufacture of cables/wires for electronic devices and cable assemblies.





## PROFILE OF DIRECTORS

### **Tan Sri Nik Mohamed bin Nik Yaacob**

Malaysian, aged 56

Independent Non-Executive Chairman

Tan Sri Nik Mohamed bin Nik Yaacob was appointed to the Board of Directors on April 14, 2006. He was the Group Chief Executive and Director of Sime Darby Berhad from 1993 to June 2004. He has also served as the Chairman of the Advisory Board of the National Science Centre, Chairman of the Board of UiTM and as a member of the INSEAD East Asian Council, National Council for Scientific Research and Development and various other public-private sector committees.

He is currently the Executive Director of Yayasan Kepimpinan Perdana and a Director of Scomi Group Berhad, Guocoland (Malaysia) Berhad, Scomi Marine Berhad, Bolton Berhad and Perbadanan Nasional Bhd.

### **Shiue, Jong-Zone**

Taiwanese, aged 61

Managing Director

Shiue, Jong-Zone was appointed to the Board of Directors on September 25, 1991. He holds a Certificate in Industrial Engineering from Taipei Institute of Industry, which he received in 1969. He started his career as Marketing Planner at Matsushita Co. Ltd from 1969 to 1970. He then joined Sanyo Electrical Co. Ltd. from 1970 to 1983, his last post there being the Manufacturing Technical Chief. In 1983, he started his own company, King Royal Electrical Inc., a company involved in the wire harnessing, cable moulding assembly, manufacturing of SCSI control modules, and other electrical/electronic products. He joined Supercomal Wire & Cable Co. Ltd. as the General Manager from 1993 to 1995 and presently is the Managing Director of the Company.

He is the husband of Wu, Huei-Chung who is an Executive Director of the Company and also the brother-in-law of Wu, Chung-Jung who is a Non Independent Non- Executive Director of the Company.

### **Wu, Huei-Chung**

Taiwanese, aged 59

Executive Director

Wu, Huei-Chung was appointed to the Board of Directors on August 10, 1998. She holds a Certificate in Chemistry from Cheah Yi District Vocational School, Taiwan. She worked in various factories in Taiwan as Chemist, Production Supervisor and Technician after she graduated. She joined King Royal Electrical Inc. in 1984 as General Manager. She resigned from her post in King Royal Electrical in 1998 to become a Director of the Company. She currently sits on the Board of several other private limited companies in Taiwan.

She is the spouse of Shiue, Jong-Zone, the Managing Director of the Company and is also the sister of Wu, Chung-Jung, who is a Non Independent Non-Executive Director of the Company.

### **Wu, Chung-Jung**

Taiwanese, aged 62

Non Independent Non-Executive Director

Wu, Chung-Jung ceased as a Director of the Company on February 23, 2006 and was re-appointed into the Board on May 26, 2006. He joined Royal Navy in 1969 after graduating from the Republic of China Navy Academy. In 1978, he left Royal Navy and joined King Royale Electrical Inc. until 1983 as a General Manager. He then joined Three Talents Co. Ltd as General Manager from 1983 to 1992. He held the same position in Ming Chau Construction Co. Ltd from 1992 – 1995 before being appointed as Chairman of Supercomal Wire and Cable Co Ltd. from 1993 to 1995.

He is the brother-in-law of Shiue, Jong-Zone, the Managing Director of the Company and is also the brother of Wu, Huei-Chung who is an Executive Director of the Company.







## PROFILE OF DIRECTORS



Supercornal Technologies Berhad (197527-H)

### **Cheah Khye Chuan**

Malaysian, aged 71

Independent Non-Executive Director

Cheah Khye Chuan was appointed to the Board of Directors on March 1, 1999. He graduated in Accountancy from the Royal Melbourne Institute of Technology, Australia in 1959. He is a member of the Malaysian Institute of Accountants. He started his career with several international Public Accountant firms in Australia. During the period from 1959 to 1964, he worked with David Fel & Co., Irish & Mitchelmore and Yarwood Vane & Co., Australia. In 1965, he returned to Malaysia to join Turquands, Youngs & Co., in Penang. In November 1971, he left Turquands, Youngs & Co., Penang to set up his own practice in Penang. He joined Kassim Chan & Co., in March 1991 and retired in September 1995.

### **Ang Ah Soon @ Ang Weng Joo**

Malaysian, aged 65

Independent Non-Executive Director

Ang Ah Soon @ Ang Weng Joo was appointed to the Board of Directors on August 19, 2005. After graduation, he worked for 6 years in Chartered Accountants/International Accounting Firms in Australia and Malaysia, gaining wide ranging experience in financial accounting, costing, taxation and auditing as well as good exposure in different businesses, industries, academic and cultural practices. Thereafter, he joined the Perbadanan Bekalan Air Pulau Pinang Sdn Bhd, formerly known as PBA, as the Head of the Account/Finance Department during its inception in 1973 until 2001. After the formation of PBA Holdings Bhd as a public limited company, he was appointed in 2001 as the Chief Financial Officer primarily responsible for the corporation's overall financial management and retired in August 2003 after its successful listing on the Main Board of Bursa Securities.

### **Kenneth Vun @ Vun Yun Liun**

Malaysian, aged 33

Non Independent Non-Executive Director

Kenneth Vun was appointed to the Board of Directors on February 26, 2007. He obtained his Certified Solutions Consultant certification (Information Technology) from Intel Corporation in 2000, CompTIA Server+ Certified Professional certificate from the Computing Technology Industry Association in 2001, CIW Associates certifications in internet and Web skills in 2001. In 1992, Kenneth Vun started his career in the IT industry. He incorporated FTEC System Sdn. Bhd. in 1994 with business operations in Sabah. He expanded its business operation to West Malaysia in 1998 and has since accumulated over 13 years of working experience in the IT industry.

In 2003, as recognition of his entrepreneurial success and contributions to the industry, he was bestowed with the Certificate of Merit for "The Outstanding Young Malaysian Award" for the category "Business, Economic and/or Entrepreneurial Accomplishment" by the Junior Chamber, Malaysia. Kenneth Vun was also selected as one of the Top 3 Nominees in the ICT Entrepreneur category of the Ernst & Young Entrepreneur of the Year - Malaysia 2004.

In 2006, Kenneth Vun was awarded the Honoree for "The Outstanding Young Malaysian Award" for the category "Business, Economic and/or Entrepreneurial Accomplishment" by the Junior Chamber, Malaysia. He has also been awarded as one of the Malaysia's Key Industry Leader by PIKOM Malaysia in 2006.

He is currently the President/Managing Director of FTEC Resources Berhad and Executive Director of Lien Hoe Corporation Berhad. Kenneth Vun has been appointed as the Executive Chairman of Nucleus Electronics Limited in 2006, a company listed on the Singapore Exchange Securities Trading Limited.



## PROFILE OF DIRECTORS

### **Ismail Bin Ahmad**

Malaysian, aged 56

Executive Director

Ismail Bin Ahmad was appointed to the Board of Directors on February 26, 2007. He graduated with a Diploma in Management with Distinction, and Master In Business from AIM Manila, LLB Hons from University of Wolverhampton United Kingdom, and Master of Laws from University of London, Post Grad Diploma in Syariah Law and Practice from Universiti Islam Antarabangsa and Certificate in Legal Practice.

Ismail Bin Ahmad served in the Malaysian Army for 17 years and attended courses local and overseas. In 1983, he joined Pernama, a wholly-owned subsidiary of LTAT, a wholesale and international trading company. His last position in Pernama was Deputy General Manager before he left in 1999. He was the CEO of Odasaja Sdn. Bhd. in its formative year and later became the Group Executive Director of the same. He left Odasaja Sdn. Bhd. in December 2002. He is now the Managing Director of Southport Freight and Services Sdn. Bhd.

He is currently the Executive Director of FTEC Resources Berhad.





# CHAIRMAN'S STATEMENT



Supercomal Technologies Berhad (197527-H)

## SUMMARY OF FINANCIAL PERFORMANCE

On behalf of the Board of Directors of Supercomal Technologies Berhad (STB), I present herewith the Annual Report and financial statements of the STB Group for the year ended December 31, 2006.

In 2006, the prices of commodities affecting our industry remained high and continued to increase, although at a more reasonable rate. This brought about an increase in the cost of production and a corresponding decrease in operating margins. Whilst revenue increased by 21.6%, to \$41.4 million, the higher operating cost coupled with an increase in debtors' provision resulted in a net loss after tax of \$4.7 million. This is the second year in a row we have experienced a loss.

The company is making changes for 2007 to make it more efficient and dynamic, and return to profitable growth. Some of these changes are highlighted below.

## DIVIDENDS

Due to the poor performance of the Company, the Board is not recommending any dividends for the period under review.

## INDUSTRY OUTLOOK IN 2007

It is evident that the automotive industry will continue to be extremely competitive and challenging. In this context, every effort will be made to lower our cost of production and further improve our services to the Malaysian automotive manufacturers. Our quality is now well established in the market place and we will work hard to maintain this position.

On the other hand, the electrical and electronics sector is expected to maintain a healthy growth, and present opportunities to the Company. Industry players have shown significant interest in our products and we shall aggressively pursue growth in this sector in the coming years.

We are also taking steps to grow our associate company, Supercomal Medical Products Sdn Bhd. We have made an inroad into the USA market and we will build on this position.

## STRATEGIES

Our focus for 2007 and beyond is to expand our customer base both in Malaysia and overseas. In this respect, we will work closely with various automotive manufacturers.

At the same time, we will broaden our horizon and market presence by expanding into the electrical and electronics market.

We shall strive to be innovative, and at the same time, will be taking steps to continuously reduce our operating costs and improve the quality of our products and services.

## CONCLUSION

2006 has been a difficult year but we see good prospects ahead. I wish to thank the Board, management and staff of STB for their continued sacrifice and hard work. I also take this opportunity to extend my gratitude to our valued customers, associates and shareholders for their continued confidence and support.

Thank you.

TAN SRI NIK MOHAMED BIN NIK YAACOB

Chairman

Date: June 1, 2007





# CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the Board) recognizes the importance of corporate governance as recommended by the Malaysian Code on Corporate Governance (“the Code”). The Board is currently moving towards compliance with the Code.

The Company has adopted most of the best practices as recommended by the Code except that the Board has not appointed a senior Independent, Non-Executive Director to whom shareholders may address their grievances and concerns. The Board will collectively be responsible to address all grievances and concerns brought up by the shareholders.

The Board will review the necessity to implement the above-mentioned best practice from time to time. The following paragraphs describe how the Company has applied the principles and compliance with the best practices of the Code.

## 1. DIRECTORS

### 1.1 Composition and Balance

As at the date of this statement, the Board consists of eight (8) members, comprising three (3) Executive Directors, two (2) Non Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. With this Board composition, the Company complies with paragraph 15.02(1) of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market (“MMLR”) where at least two (2) Directors or 1/3 of the board of directors of a listed company, whichever is higher, are Independent Directors.

There is also a clearly accepted division of responsibilities at the head of the Company where the roles of the Chairman and Managing Director are separated which will ensure a balance of power and authority such that no one individual has unfettered powers of decision. The Board which comprises of professionals from various backgrounds is capable of bringing in-depth and diverse experience and perspective to the Group’s business operations. The Board’s profiles are set out in this Annual Report 2006 on pages 9-11.

### 1.2 Supply of Information

The Board has unrestricted access to timely and accurate information necessary in carrying out their duties. All Directors are furnished with the meeting agenda and other documents on matters requiring their consideration prior to and in advance of each meeting. The documents are comprehensive and include information to enable the Board members to make an informed decision. Senior management is invited to attend these meetings to explain and clarify matters being tabled.

During the financial year ended December 31, 2006, the Board met four (4) times where it deliberated on and considered matters relating to the Group’s financial performance, corporate development and strategic issues.



# CORPORATE GOVERNANCE STATEMENT

Details of each Directors' attendance at Board Meetings are set out as below:

<u>Director</u>	<u>No. of Meetings Held</u>	<u>No. of Meetings Attended</u>
Shiue, Jong-Zone	4	4
Wu, Huei-Chung	4	4
Wu, Chung-Jung (Ceased on February 2, 2006 and Re-Appointed on May 26, 2006)	4	3
Ceah Khye Chuan	4	4
Ang Ah Soon @ Ang Weng Joo	4	4
Tan Sri Nik Mohamed Bin Nik Yaacob (Appointed on April 14, 2006)	4	3
Dato' Mohd Ali Bin Abd. Samad (Appointed on August 14, 2006 and Resigned on February 26, 2007)	4	2
Mohd Yusof Bin Hussian (Resigned on April 14, 2006)	4	1
Datuk Haji Hanafi Bin Ramli (Resigned on May 26, 2006)	4	-
Ismail Bin Ahmad (Appointed on February 26, 2007)	N/A	N/A
Kenneth Vun @ Vun Yun Liun (Appointed on February 26, 2007)	N/A	N/A

All the Directors have access to the advice and services of the Company Secretary and to obtain independent professional advice, whenever necessary at the expense of the Company.

### 1.3 Re-election of Directors

In accordance with the Company's Articles of Association, one-third or a number nearest to one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire each year are the Directors who have been longest in office since their appointment or re-election.

The Articles of Association also provide that all Directors except the Managing Director shall retire from their office and be eligible for re-election at least once in every three (3) years. A retiring Director is eligible for re-election. The election of each Director is voted on separately.

The Articles of Association further provide that a managing director can be appointed for a fixed term which shall not exceed five (5) years.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.





# CORPORATE GOVERNANCE STATEMENT

The profiles of all directors including their personal profile, meeting attendance and their shareholdings in the Company have been furnished in this Annual Report 2006.

## 1.4 Directors' Training

All Directors have attended the Mandatory Accreditation Training programme and the Board will continue to identify training needs amongst the Directors and enroll the Directors for training programs, as and when required.

## 2. BOARD COMMITTEES

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees which have been set up to perform specific tasks. The terms of reference of each committee have been approved by the Board and comply with the best practices recommended by the Code:-

<u>Board Committee</u>	<u>Date established</u>
Audit Committee	June 2, 1999
Nomination Committee	August 27, 2005
Remuneration Committee	August 27, 2005

All Board Committees are assisted by the Company Secretary.

### 2.1 Audit Committee

The terms of reference and the function of the Audit Committee are discussed from Pages 19 to 20 of the Annual Report 2006.

### 2.2 Nomination Committee

The Nomination Committee comprises of the Non-Executive Directors as follows:

Chairman :	Ang Ah Soon @ Ang Weng Joo
Members :	Cheah Khye Chuan
	Tan Sri Nik Mohamed Bin Nik Yaacob (Appointed on April 23, 2007)
	Datuk Haji Hanafi Bin Ramli (Resigned on May 26, 2006)
	Dato' Mohd Ali Bin Abd. Samad (Appointed on August 25, 2006, Resigned on February 26, 2007)

The Nomination Committee is set up mainly:

- To review the structure, size and composition of the Board and make recommendation to the Board with regard to any adjustments that are deemed necessary.
- To recommend to the Board, the minimum requirements for the Board, ie. required mix of skills, experience, qualification and other core competencies required of a Director inclusive of Managing Director.
- To establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of the Board's various committees and the performance of the Managing Director and other key Senior Key Management Officers. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board.
- To satisfy itself with regard to succession planning, that the processes and plans are in place with regard to the Board and senior management.



# CORPORATE GOVERNANCE STATEMENT



## 2.3 Remuneration Committee

The Remuneration Committee comprises mainly of the Non-Executive Directors as follows:

Chairman :	Datuk Haji Hanafi Bin Ramli (Resigned on May 26, 2006)
Committee :	Ang Ah Soon @ Ang Weng Joo Shiue, Jong-Zone Tan Sri Nik Mohamed Bin Nik Yaacob (Appointed on April 23, 2007) Dato' Mohd Ali Bin Abd. Samad (Appointed on August 25, 2006, Resigned on February 26, 2007)

The Remuneration Committee is set up with the following terms of reference, amongst others:

- To establish and recommend to the Board the remuneration policy for, including the establishment of a formal and transparent methodology in determining the remuneration of, Executive Directors, Non-Executive Directors and Senior Management and to review changes to the policy and methodology as necessary.
- To review the existing level of remuneration of Executive Directors and to recommend their remuneration to the Board based on the Company's and their individual performance to ensure they commensurate with the scope of responsibilities held.
- To ensure the level of remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.

The remuneration packages for Executive Directors are determined by the Board as a whole and the respective Executive Directors play no part in determining their own remuneration. It is the Company's policy to remunerate Directors adequately to attract and retain the Directors of the necessary calibre to manage its business. The Articles of Association of the Company provides that the remuneration of Directors shall not include a commission or percentage of turnover.

Details of the Directors' remuneration for the year ended December 31, 2006 are as follows :

Category	Fees RM	Salaries, Bonuses & Employee Provident Fund RM	Allowances & RM	Benefits-in- kind RM	Total RM
Executive	48,000.00	388,634.00	-	-	436,634.00
Non-Executive	65,600.00	-	-	-	65,600.00
<b>Total</b>	<b>113,600.00</b>	<b>388,634.00</b>	<b>-</b>	<b>-</b>	<b>502,234.00</b>

The remuneration bands of the Directors are as follows:

<u>Range</u>	<u>Executive</u>	<u>Non Executive</u>
<b>Below RM50,000</b>	1	2
<b>RM50,001 – RM100,000</b>	-	-
<b>RM100,001 – RM150,000</b>	-	-
<b>RM150,001-RM200,000</b>	1	-
<b>RM250,001-RM300,000</b>	1	-



## CORPORATE GOVERNANCE STATEMENT

### 3. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Company acknowledges the importance of communicating with its shareholders. The Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) provide a forum of discussion for the public shareholders.

In line with the recommendations by the MMLR and the Code, material information are disseminated to shareholders, investors and public at large on a timely basis. These information, which could be assessed through Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com), include:

1. Quarterly announcements
2. Annual reports
3. Circular to shareholders
4. Other important announcements

### 4. ACCOUNTABILITY AND AUDIT

The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in the Company. During the financial year ended December 31, 2006, the Board has engaged an external professional firm to carry out the internal audit function for the Group. The functions of the internal auditors are to ensure that adequate system of internal controls exist to assist the management to manage operational, regulatory and financial risks.

The Company, through the Audit Committee, maintains an appropriate and transparent relationship with the external auditors. It is intended that Independent members of the Audit Committee will meet the external auditors at least once a year to discuss the conduct and concerns arising from their audit without the presence of the Executive Directors and management.

The Board, with the recommendations by the Audit Committee, will ensure that all quarterly announcements and annual reports present a balanced and understandable assessment of the Group's financial position and prospect.

The Board is also required by the Companies Act, 1965 to prepare financial statements that give a true and fair view of the state of affairs, including the cash flows and results, of the Group and of the Company for the financial year. A statement by the Board of its responsibilities for preparing the financial statements is set out on page 62 of this Annual Report 2006.

This statement was made in accordance with a board of directors resolution dated May 18, 2007.





# STATEMENT OF INTERNAL CONTROL



The Board of Directors of Supercomal Technologies Berhad (“the Company”) has made the following statement on the state of internal control of the Group which has been prepared in accordance with the “Statement on Internal Control – Guidance for Directors of Public Listed Companies” issued by the Institute of Internal Auditors Malaysia.

## Internal Control Objectives

The Board of Directors recognizes the importance of maintaining a sound system of internal control to achieve the following objectives:

1. Safeguard the shareholders’ interests and assets of the Group
2. Identify and manage risks affecting the business of the Group
3. Ensure compliance with regulatory requirements
4. Ensure the effectiveness and efficiency of operations to achieve business objectives of the Group
5. Ensure the integrity and reliability of financial information

In consultation with the Executive Directors of the Company who are also managing the Company’s subsidiary, the Board is satisfied that throughout the year, there is an ongoing process for identifying, evaluating and managing the significant risks affecting the Group through the system of internal control.

## Key Elements of Internal Control System

The important elements of the system of internal control of the Group are as follows:

1. Organizational structure of each business unit clearly defines operational and financial responsibilities
2. Key responsibilities are clearly defined and properly segregated
3. Authority level is properly defined
4. Key management personnel including Executive Directors meet regularly to address key business risks and operational issues
5. Operational procedures are governed by standard operating manuals which are reviewed and updated regularly

The Audit Committee, on behalf of the Board, reviews internal control issues identified by the external auditors and management and evaluates the adequacy and effectiveness of the Group’s risk management and internal control system.

The Board of Directors is ultimately responsible to ensure that the Group maintains a sound system of internal control. However, the Board wishes to draw attention that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or losses.

## Internal Audit Function

The Board is satisfied that for the financial year under review, there were no material losses, deficiencies or errors arising as a result of weakness in the internal control that would require disclosure in this annual report. The management continues to take measures to strengthen the control environment.

The Board has outsourced internal audit functions to an independent professional firm to provide independent review on the operations of the Company. The internal audit plan was circulated to the members of the Audit Committee prior to the execution of the assignment. The internal auditors report directly to the Audit Committee.

This statement was made in accordance with a board of directors resolution dated May 18, 2007.

Note:

For Supercomal Technologies Berhad, being a company listed on MESDAQ Market of Bursa Malaysia Securities Berhad, the Statement of Internal Control is not a mandatory disclosure item for the financial year under review. The Board of Directors has opted to make a voluntary disclosure on the state of internal control of the Group and as such has not engaged the external auditors of the Company to review this statement.



## AUDIT COMMITTEE REPORT

Cheah Khye Chuan	<i>Chairman</i>	<i>(Independent &amp; Non-Executive Director)</i>
Ang Ah Soon @ Ang Weng Joo	<i>Member</i>	<i>(Independent &amp; Non-Executive Director)</i>
Tan Sri Nik Mohamed Bin Nik Yaacob (Appointed w.e.f. April 14, 2006)	<i>Member</i>	<i>(Independent &amp; Non-Executive Director)</i>
Mohd. Yusof Bin Hussian (Resigned w.e.f. April 14, 2006)	<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 has been granted the authority to investigate any activity of the Company and its subsidiary 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 2006 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.







# AUDIT COMMITTEE REPORT

## 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.

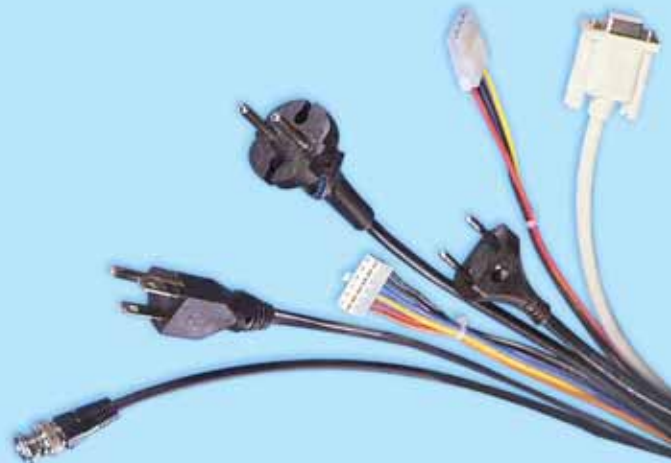




## ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market

1. **Utilization of Proceeds**  
There were no proceeds raised by the Company from any corporate proposals during the financial year.
2. **Share Buy-back**  
The Company did not enter into any share buyback transactions during the financial year.
3. **Options, Warrants or Convertible Securities**  
No options, warrants or convertible securities were issued by the Company during the financial year.
4. **American Depository Receipt (“ADR”) or the Global Depository Receipt (“GDR”) Programme**  
The Company did not sponsor any of such programmes during the financial year.
5. **Imposition of Sanctions and/or Penalties**  
There were no material sanctions and/or penalties imposed on the Company and its subsidiary company, Directors or management by the relevant regulatory authorities during the financial year.
6. **Non-Audit Fees**  
A total amount of RM11,800 non-audit fees was incurred by the Group for the financial year. This was fee for the taxation services rendered by a company affiliated to the Company’s auditors.
7. **Profit Estimate, Forecast or Projection and Unaudited Results Deviation**  
There was no profit estimate, forecast or projection announced for the financial year. There is no significant variance between the results for the financial year and the unaudited results previously released by the Company.
8. **Profit Guarantee**  
There was no profit guarantee issued by the Group during the financial year.
9. **Recurrent Related Party Transactions of a Revenue or Trading Nature**  
The Company does not have any recurrent related party transactions of a revenue or trading nature during the financial year.
10. **Revaluation Policy**  
It is the Group’s policy that landed properties shall be stated at cost and consistent with this, the Group did not revalue any of its landed properties during the financial year.
11. **Material Contracts**  
There were no material contracts entered into by the Company and its subsidiary involving Directors’ and substantial shareholders’ interests either still subsisting as at December 31, 2006 or entered into since the end of the previous financial year.



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# Financial Statements

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# DIRECTORS' REPORT



Supercomal Technologies Berhad (197527-H)

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, 2006.

## 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 and cable assemblies. 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

	<b>The Group RM</b>	<b>The Company RM</b>
<b>Loss for the year</b>	4,704,165	4,864,676

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 other than the allowance for doubtful debts of RM4,025,749 for the Group and impairment loss on investment in subsidiary company of RM8,310,000 for the Company.

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also 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

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

## SHARE OPTIONS

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

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

## OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there are no known bad debts to be written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.



## DIRECTORS' REPORT

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

- (a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

### DIRECTORS

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

Tan Sri Nik Mohamed bin Nik Yaacob

Shiue, Jong-Zone

Wu, Chung-Jung

(appointed on May 26, 2006)

Wu, Huei-Chung

Kenneth Vun @ Vun Yun Liun

(appointed on February 26, 2007)

Ismail Bin Ahmad

(appointed on February 26, 2007)

Cheah Khye Chuan

Ang Ah Soon @ Ang Weng Joo

Dato' Ali Bin Abdul Samad

(appointed on August 14, 2006;  
resigned February 26, 2007)

Datuk Haji Hanafi bin Ramli

(resigned on May 26, 2006)



# DIRECTORS' REPORT



Supercomal Technologies Berhad (197527-H)

## 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 RM0.10 each			Balance as of 31.12.2006
	Balance as of 1.1.2006	Bought	Sold	
Direct interest:				
Shiue, Jong-Zone	45,393,600	-	-	45,393,600
Wu, Chung-Jung	26,484,000	-	-	26,484,000
Wu, Huei-Chung	3,252,000	-	-	3,252,000
Indirect interest:				
Shiue, Jong-Zone*	32,148,000	-	-	32,148,000
Wu, Chung-Jung <sup>#</sup>	51,057,600	-	-	51,057,600
Wu, Huei-Chung <sup>^</sup>	74,289,600	-	-	74,289,600

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

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

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

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.

## 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.

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.

## **DIRECTORS' REPORT**

### **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,

April 23, 2007



# REPORT OF THE AUDITORS TO THE MEMBERS OF SUPERCOMAL TECHNOLOGIES BERHAD



Supercomal Technologies Berhad (197527-H)

We have audited the accompanying balance sheets as of December 31, 2006 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 MASB 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, 2006 and of their results and cash flows for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary company have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary company that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

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

**DELOITTE KASSIMCHAN**  
**AF 0080**  
**Chartered Accountants**

**LEE CHENG HEOH**  
**2225/04/08 (J)**  
**Partner**

Penang,

April 23, 2007



## INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue		41,441,561	34,074,578	36,494,092	22,044,079
Investment revenue		30,679	30,165	213,264	844,837
Other gains and losses	5	(692,951)	559,276	2,985,469	703,760
Impairment loss on investment in subsidiary company		-	-	(8,310,000)	-
Share of loss in associated company		(26,953)	(32,308)	-	-
Changes in inventories of finished goods and work in progress		195,188	341,062	1,417,206	659,649
Raw materials and consumables used		(29,662,420)	(23,083,430)	(26,626,508)	(16,697,562)
Directors' remuneration		(520,234)	(563,868)	(502,234)	(552,368)
Employee benefits expense	6	(6,695,105)	(6,262,989)	(3,855,226)	(2,615,048)
Depreciation of property, plant and equipment		(3,391,035)	(3,673,781)	(2,584,194)	(1,926,087)
Amortisation of development costs		(197,894)	(273,014)	-	-
Finance costs		(215,986)	(150,762)	(149,311)	(74,094)
Other expenses		(3,658,874)	(5,092,381)	(2,536,093)	(2,433,391)
Loss before tax	7	(3,394,024)	(4,127,452)	(3,453,535)	(46,225)
Income tax expense	8	(1,310,141)	(55,297)	(1,411,141)	(95,245)
<b>Loss for the year</b>		<b>(4,704,165)</b>	<b>(4,182,749)</b>	<b>(4,864,676)</b>	<b>(141,470)</b>
<b>Basic loss per share</b>	9	<b>1.94 sen</b>	<b>1.72 sen</b>		

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

# BALANCE SHEETS



Supercomal Technologies Berhad (197527-H)

AS OF DECEMBER 31, 2006

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	17,325,944	20,262,433	12,616,726	11,927,816
Development costs	11	649,806	1,058,500	-	-
Investment in subsidiary company	12	-	-	1,190,000	5,000,002
Investment in associated company	13	133,961	160,914	200,000	200,000
<b>Total non-current assets</b>		<b>18,109,711</b>	<b>21,481,847</b>	<b>14,006,726</b>	<b>17,127,818</b>
<b>Current assets</b>					
Inventories	14	16,046,099	15,506,849	10,900,752	6,252,395
Trade and other receivables	15	10,681,492	9,748,580	34,204,280	26,564,441
Other assets	16	871,172	1,071,193	464,314	406,047
Current tax assets		189,500	260,681	-	157,048
Short-term deposits with licensed bank	17	245,000	245,000	-	-
Cash and bank balances	17	1,494,420	1,960,071	1,305,699	685,439
<b>Total current assets</b>		<b>29,527,683</b>	<b>28,792,374</b>	<b>46,875,045</b>	<b>34,065,370</b>
<b>Total assets</b>		<b>47,637,394</b>	<b>50,274,221</b>	<b>60,881,771</b>	<b>51,193,188</b>

(FORWARD)



Supercomal Technologies Berhad

## BALANCE SHEETS

AS OF DECEMBER 31, 2006

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	18	24,300,000	24,300,000	24,300,000	24,300,000
Reserves	19	7,511,304	7,546,675	7,511,304	7,546,675
Retained earnings	20	6,408,952	11,077,746	6,475,930	11,305,235
<b>Total equity</b>		<b>38,220,256</b>	<b>42,924,421</b>	<b>38,287,234</b>	<b>43,151,910</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	21	1,657,249	797,004	1,657,249	696,004
<b>Current liabilities</b>					
Trade and other payables	22	4,013,538	3,964,696	19,015,944	4,952,274
Bank borrowings	23	3,741,007	2,393,000	1,916,000	2,393,000
Long-term loan	24	-	195,100	-	-
Current tax liabilities		5,344	-	5,344	-
<b>Total current liabilities</b>		<b>7,759,889</b>	<b>6,552,796</b>	<b>20,937,288</b>	<b>7,345,274</b>
<b>Total liabilities</b>		<b>9,417,138</b>	<b>7,349,800</b>	<b>22,594,537</b>	<b>8,041,278</b>
<b>Total equity and liabilities</b>		<b>47,637,394</b>	<b>50,274,221</b>	<b>60,881,771</b>	<b>51,193,188</b>

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



# STATEMENTS OF CHANGES IN EQUITY



Supercomal Technologies Berhad (197527-H)

## FOR THE YEAR ENDED DECEMBER 31, 2006

The Group	Note	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Retained Earnings RM	Total RM
Balance as of January 1, 2005		24,300,000	5,936,954	1,645,092	16,440,124	48,322,170
Net income recognised directly in equity:						
Transfer of revaluation surplus		-	-	(35,371)	35,371	-
Loss for the year		-	-	-	(4,182,749)	(4,182,749)
<b>Total recognised income and expense</b>		-	-	(35,371)	(4,147,378)	(4,182,749)
Dividend	25	-	-	-	(1,215,000)	(1,215,000)
<b>Balance as of December 31, 2005</b>		24,300,000	5,936,954	1,609,721	11,077,746	42,924,421
Balance as of January 1, 2006		24,300,000	5,936,954	1,609,721	11,077,746	42,924,421
Net income recognised directly in equity:						
Transfer of revaluation surplus		-	-	(35,371)	35,371	-
Loss for the year		-	-	-	(4,704,165)	(4,704,165)
<b>Total recognised income and expense</b>		-	-	(35,371)	(4,668,794)	(4,704,165)
<b>Balance as of December 31, 2006</b>		24,300,000	5,936,954	1,574,350	6,408,952	38,220,256

(FORWARD)



## STATEMENTS OF CHANGES IN EQUITY

### FOR THE YEAR ENDED DECEMBER 31, 2006

The Company	Note	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Retained Earnings RM	Total RM
Balance as of January 1, 2005		24,300,000	5,936,954	1,645,092	12,626,334	44,508,380
Net income recognised directly in equity:						
Transfer of revaluation surplus		-	-	(35,371)	35,371	-
Loss for the year		-	-	-	(141,470)	(141,470)
<b>Total recognised income and expense</b>		-	-	(35,371)	(106,099)	(141,470)
Dividend	25	-	-	-	(1,215,000)	(1,215,000)
<b>Balance as of December 31, 2005</b>		24,300,000	5,936,954	1,609,721	11,305,235	43,151,910
Balance as of January 1, 2006		24,300,000	5,936,954	1,609,721	11,305,235	43,151,910
Net income recognised directly in equity:						
Transfer of revaluation surplus		-	-	(35,371)	35,371	-
Loss for the year		-	-	-	(4,864,676)	(4,864,676)
<b>Total recognised income and expense</b>		-	-	(35,371)	(4,829,305)	(4,864,676)
<b>Balance as of December 31, 2006</b>		24,300,000	5,936,954	1,574,350	6,475,930	38,287,234

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

# CASH FLOW STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the year	(4,704,165)	(4,182,749)	(4,864,676)	(141,470)
Adjustments for:				
Allowance for doubtful debts	4,025,749	632,413	50,545	496,126
Depreciation of property, plant and equipment	3,391,035	3,673,781	2,584,194	1,926,087
Income tax expense	1,310,141	55,297	1,411,141	95,245
Interest expenses	215,986	150,762	149,311	74,094
Development costs written off	210,800	588,278	-	-
Amortisation of development costs	197,894	273,014	-	-
Share of loss in associated company	26,953	32,308	-	-
Property, plant and equipment written off	16,046	7,726	9,676	7,726
Unrealised gain on foreign exchange	(68,000)	-	(68,000)	-
Interest income	(6,679)	(6,165)	(3,264)	(4,837)
Gain on disposal of property, plant and equipment	(5,687)	(10,500)	(5,687)	(10,500)
Allowance for slow moving inventories	-	300,246	-	-
Allowance for slow moving inventories no longer required	-	(31,356)	-	(31,356)
Impairment loss on investment in subsidiary company	-	-	8,310,000	-
	4,610,073	1,483,055	7,573,240	2,411,115
Movement in working capital:				
(Increase)/ decrease in:				
Inventories	(539,250)	(3,200,561)	(4,648,357)	(1,020,987)
Trade and other receivables	(4,958,661)	5,001,027	(7,690,384)	(764,378)
Other assets	200,021	(430,558)	(58,267)	(100,308)
Increase/ (decrease) in trade and other payables	116,842	(845,435)	9,631,672	(1,903,739)
Cash (used in)/ generated from operations	(570,975)	2,007,528	4,807,904	(1,378,297)

**(FORWARD)**



## CASH FLOW STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Tax refunded	10,133	219,027	-	219,027
Tax paid	(383,504)	(172,384)	(287,504)	(83,332)
Net cash (used in)/ generated from operating activities	(944,346)	2,054,171	4,520,400	(1,242,602)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	10,638	10,500	404,484	10,500
Interest received	6,679	6,165	3,264	4,837
Purchase of property, plant and equipment	(475,543)	(2,164,875)	(3,681,577)	(524,698)
Payment of capitalised development costs	-	(847,700)	-	-
Net cash used in investing activities	(458,226)	(2,995,910)	(3,273,829)	(509,361)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase/ (decrease) in bank borrowings	444,000	1,341,000	(477,000)	1,341,000
Interest paid	(215,986)	(150,762)	(149,311)	(74,094)
Repayment of long-term loan	(195,100)	(926,565)	-	-
Dividend paid	-	(1,215,000)	-	(1,215,000)
Short-term deposits held as security value	-	(245,000)	-	-
Net cash generated from/ (used in) financing activities	32,914	(1,196,327)	(626,311)	51,906
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,369,658)</b>	<b>(2,138,066)</b>	<b>620,260</b>	<b>(1,700,057)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,960,071</b>	<b>4,098,137</b>	<b>685,439</b>	<b>2,385,496</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)</b>	<b>590,413</b>	<b>1,960,071</b>	<b>1,305,699</b>	<b>685,439</b>

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



# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

## 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 and cable assemblies. 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 57-2, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 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 April 23, 2007.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provision of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of accounting

The financial statements of the Group expressed in Ringgit Malaysia ("RM") have been prepared under the historical cost convention unless stated otherwise in the accounting policies mentioned below.

During the financial year, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") and Interpretations issued by MASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2006.

The adoption of these new and revised FRSs and Interpretations has no material effect on the financial statements of the Group.

Standards and Interpretations that are not yet effective and have not been early adopted are as follows:

- (a) FRS 117 Leases (Effective for annual periods beginning on or after October 1, 2006). This standard requires the classification of leasehold land as prepaid lease payments. The Group will apply this standard from financial periods beginning on January 1, 2007.
- (b) FRS 124 Related Party Disclosures (Effective for annual periods beginning on or after October 1, 2006). This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial periods beginning January 1, 2007.
- (c) FRS 139 Financial Instruments: Recognition and Measurement (Effective date yet to be determined by MASB). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.





## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

- (d) IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (Effective for annual periods beginning on or after July 1, 2007). This Interpretation addresses how the effect of the changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, shall be accounted for.

Standards and Interpretations that are not yet effective and not relevant to the Group's operations are as follows:

- (a) FRS 6 Exploration for and Evaluation of Mineral Resources (Effective for annual periods beginning on or after January 1, 2007).
- (b) Amendment to FRS 119<sub>2004</sub> Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures (Effective for annual periods beginning on or after January 1, 2007).
- (c) Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net investments in a Foreign Operation (Effective for annual periods beginning on or after July 1, 2007).
- (d) IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Effective for annual periods beginning on or after July 1, 2007).
- (e) IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (Effective for annual periods beginning on or after July 1, 2007).
- (f) IC Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (Effective for annual periods beginning on or after July 1, 2007).
- (g) IC Interpretation 7 Applying the Restatement Approach under FRS 129<sub>2004</sub> Financial Reporting in Hyperinflationary Economies (Effective for annual periods beginning on or after July 1, 2007).
- (h) IC Interpretation 8 Scope of FRS 2 (Effective for annual periods beginning on or after July 1, 2007).

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary companies). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiary companies are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statements.

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.



# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

## Revenue and revenue recognition

Revenue of the Group represents gross invoiced values of sales less return and discounts.

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised on a time proportion basis that takes into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Other operating income are recognised on an accrual basis.

## Foreign currency conversion

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

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

## Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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 all future taxable profit will be available against which the deferred tax assets can be utilised. Deferred tax assets and liabilities are not recognised on temporary differences arising from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.



# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

## **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. 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:

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, 2006, the unexpired lease period of the Group's leasehold land is 49 years.

The Group carried some of its 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, 2006 amounted to RM5,175,256 and this amount will be depreciated over the remaining useful lives of the relevant assets.





# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



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.

Gain or loss 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 earnings 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 less accumulated impairment loss.

When there is an indication of impairment in the value of the investment, 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 on the latest audited financial statements of the associated company made up to December 31, 2006. 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**

All research costs are recognised in the income statements as an expense when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## DECEMBER 31, 2006

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed off when incurred.

Development expenditure, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products over a period not exceeding three years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

### **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 spare parts 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.

### **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**

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

### **Payables**

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

### **Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

### **Cash and cash equivalents**

Cash and cash equivalents consist of cash and bank balances, demand deposits which are not pledged, bank overdraft 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.





# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

## **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 assessed to be remote except for cases where the amount involved is material, and the directors are of the opinion that disclosure is appropriate.

## **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of the recoverability of development costs.

During the financial year, management reconsidered the recoverability of the development costs which is included in the balance sheets as of December 31, 2006 at RM649,806 and has written off development costs of RM210,800.



## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

The remaining projects continue to progress in a satisfactory manner, and customer reaction has reconfirmed the Group's previous estimates of anticipated revenues from the projects. However, increased competitor activity has caused the Group to reconsider its assumptions regarding future market share and anticipated margins on these products. Analysis has been carried out and the Group is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

### 5. OTHER GAINS AND LOSSES

An analysis of other gains and losses is as follows:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Scrap sales	3,311,627	2,003,400	2,788,170	1,023,535
Realised gain/ (loss) on foreign exchange	257,495	(39,643)	143,711	31,518
Unrealised gain on foreign exchange	68,000	-	68,000	-
Gain on disposal of property, plant and equipment	5,687	10,500	5,687	10,500
Allowance for doubtful debts	(4,025,749)	(632,413)	(50,545)	(496,126)
Development costs written off	(210,800)	(588,278)	-	-
Property, plant and equipment written off	(16,046)	(7,726)	(9,676)	(7,726)
Allowance for slow moving inventories no longer required	-	31,356	-	31,356
Allowance for slow moving inventories	-	(300,246)	-	-
Miscellaneous	(83,165)	82,326	40,122	110,703
	(692,951)	559,276	2,985,469	703,760

### 6. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Employee benefits expense:				
Employees' provident fund contributions	485,948	421,429	282,403	186,926
Other staff costs	6,209,157	5,841,560	3,572,823	2,428,122
	6,695,105	6,262,989	3,855,226	2,615,048

Employee benefits expense includes salaries, bonuses, employees' provident fund contributions and all other staff related expenses.

# NOTES TO THE FINANCIAL STATEMENTS

## DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

### 7. LOSS BEFORE TAX

Loss before tax is arrived at:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
After charging:				
Allowance for doubtful debts	4,025,749	632,413	50,545	496,126
Directors' remuneration:				
Directors of the Company:				
Fees	113,600	173,500	113,600	173,500
Employees' provident fund contributions	42,084	39,168	42,084	39,168
Other emoluments	346,550	339,700	346,550	339,700
Directors of subsidiary company:				
Fee	18,000	11,500	-	-
Interest on:				
Bankers' acceptances	177,155	85,007	146,349	71,795
Bank overdraft	36,833	13,120	2,962	2,299
Long-term loan	1,998	52,635	-	-
Development costs written off	210,800	588,278	-	-
Hostel rental	94,080	94,680	49,392	28,824
Audit fee	34,000	34,000	18,000	18,000
Property, plant and equipment written off	16,046	7,726	9,676	7,726
Allowance for slow moving inventories	-	300,246	-	-
Realised loss on foreign exchange	-	39,643	-	-
And crediting:				
Realised gain on foreign exchange	257,495	-	143,711	31,518
Unrealised gain on foreign exchange	68,000	-	68,000	-
Rental income	24,000	24,000	210,000	840,000
Interest income	6,679	6,165	3,264	4,837
Gain on disposal of property, plant and equipment	5,687	10,500	5,687	10,500
Allowance for slow moving inventories no longer required	-	31,356	-	31,356



## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

### 8. INCOME TAX EXPENSE

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current year:				
Current tax expense	449,000	57,000	449,000	57,000
Deferred tax (Note 21):				
Relating to the origination and reversal of temporary differences in current year	801,245	(1,755)	1,001,245	38,245
Change in tax rate	59,000	-	(40,000)	-
	860,245	(1,755)	961,245	38,245
	1,309,245	55,245	1,410,245	95,245
Underprovision of current tax expense in prior years	896	52	896	-
Income tax expense	1,310,141	55,297	1,411,141	95,245

The current corporate income tax rate for the year ended December 31, 2006 is 28%. In September 2006, the government announced in the yearly budget a reduction in the corporate income tax rate to 27% for the year of assessment 2007 and 26% for the year of assessment 2008.

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Accounting loss	(3,394,024)	(4,127,452)	(3,453,535)	(46,225)
Tax amount at the statutory income tax rate of 28%	(950,000)	(1,156,000)	(967,000)	(13,000)
Tax effect on:				
Non-taxable income	(572,000)	-	(19,000)	-
Non-deductible expenses	853,245	880,245	2,888,245	108,245
Tax saving on utilisation of reinvestment allowance	(452,000)	-	(452,000)	-
Change in tax rate	59,000	-	(40,000)	-
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other temporary differences	2,371,000	-	-	-
Effect of different tax rate used in computing deferred tax	-	331,000	-	-
	1,309,245	55,245	1,410,245	95,245
Underprovision of current tax in prior years	896	52	896	-
Income tax expense	1,310,141	55,297	1,411,141	95,245

# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

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 is as follows:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unabsorbed capital allowances	772,000	127,000	772,000	127,000

As of December 31, 2006, the estimated amount of carryforward tax losses, unabsorbed capital allowances and unutilised reinvestment allowance of the Group and of the Company which are subject to agreement by the tax authority are as follows:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Carryforward tax losses	7,889,000	1,701,000	-	-
Unabsorbed capital allowances	2,197,000	4,520,000	-	2,759,000
Unutilised reinvestment allowance	-	1,614,000	-	1,614,000

## 9. LOSS PER SHARE

Loss per share is calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary share in issue during the financial year.

	The Group	
	2006 RM	2005 RM
Net loss attributable to ordinary equity holders of the Company	4,704,165	4,182,749
	<b>2006 Units</b>	<b>2005 Units</b>
Weighted average number of ordinary shares in issue	243,000,000	243,000,000
Basic loss per share (sen)	1.94	1.72





## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

### 10. PROPERTY, PLANT AND EQUIPMENT

#### The Group

Cost unless stated otherwise	Beginning of year RM	Additions RM	Disposals RM	End of year RM
<b>2005:</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	27,470,505	1,224,638	(134,390)	28,560,753
Furniture and fittings	1,217,979	241,280	-	1,459,259
Office equipment	1,146,835	14,863	(18,837)	1,142,861
Tools and equipment	4,546,948	393,736	-	4,940,684
Motor vehicles	911,909	-	-	911,909
Electrical installation	1,244,064	4,393	-	1,248,457
Moulds and dies	4,085,872	285,965	-	4,371,837
	51,747,696	2,164,875	(153,227)	53,759,344
<b>2006:</b>				
Short 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	28,560,753	109,186	(164,267)	28,505,672
Furniture and fittings	1,459,259	90,695	(6,200)	1,543,754
Office equipment	1,142,861	58,149	(34,084)	1,166,926
Tools and equipment	4,940,684	8,252	-	4,948,936
Motor vehicles	911,909	-	(37,020)	874,889
Electrical installation	1,248,457	-	-	1,248,457
Moulds and dies	4,371,837	209,261	(6,370)	4,574,728
	53,759,344	475,543	(247,941)	53,986,946

# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

## The Group

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals RM	End of year RM
<b>2005:</b>				
Long leasehold land				
- at 1997 valuation	184,139	24,828	-	208,967
- at cost	165,302	29,171	-	194,473
Factory buildings				
- at 1997 valuation	725,350	97,800	-	823,150
- at cost	234,124	63,200	-	297,324
Plant and machinery	20,621,144	2,228,505	(134,390)	22,715,259
Furniture and fittings	688,736	122,789	-	811,525
Office equipment	764,167	75,853	(11,111)	828,909
Tools and equipment	1,968,491	446,784	-	2,415,275
Motor vehicles	644,963	92,266	-	737,229
Electrical installation	782,784	98,563	-	881,347
Moulds and dies	3,189,431	394,022	-	3,583,453
	<u>29,968,631</u>	<u>3,673,781</u>	<u>(145,501)</u>	<u>33,496,911</u>

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals RM	End of year RM
<b>2006:</b>				
Short leasehold land				
- at 1997 valuation	208,967	24,827	-	233,794
- at cost	194,473	29,171	-	223,644
Factory buildings				
- at 1997 valuation	823,150	97,800	-	920,950
- at cost	297,324	63,200	-	360,524
Plant and machinery	22,715,259	2,040,907	(164,267)	24,591,899
Furniture and fittings	811,525	127,986	(4,805)	934,706
Office equipment	828,909	73,738	(20,852)	881,795
Tools and equipment	2,415,275	444,940	-	2,860,215
Motor vehicles	737,229	89,990	(37,020)	790,199
Electrical installation	881,347	73,654	-	955,001
Moulds and dies	3,583,453	324,822	-	3,908,275
	<u>33,496,911</u>	<u>3,391,035</u>	<u>(226,944)</u>	<u>36,661,002</u>



## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

### The Company

Cost unless stated otherwise	Beginning of year RM	Additions RM	Disposals RM	End of year RM
<b>2005:</b>				
Long leasehold land				
- at 1997 valuation	1,440,000			1,440,000
Factory building				
- at 1997 valuation	4,890,000	-	-	4,890,000
- at cost	1,707,000	-	-	1,707,000
Plant and machinery	18,942,267	431,722	(134,390)	19,239,599
Furniture and fittings	1,041,696	-	-	1,041,696
Office equipment	1,091,905	10,758	(18,837)	1,083,826
Tools and equipment	3,250,235	-	-	3,250,235
Motor vehicles	708,329	-	-	708,329
Electrical installation	954,503	4,393	-	958,896
Moulds and dies	3,356,787	77,825	-	3,434,612
	37,382,722	524,698	(153,227)	37,754,193

Cost unless stated otherwise	Beginning of year RM	Additions RM	Disposals RM	End of year RM
<b>2006:</b>				
Short 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	19,239,599	2,350,933	(683,353)	20,907,179
Furniture and fittings	1,041,696	93,416	(6,200)	1,128,912
Office equipment	1,083,826	55,945	(34,084)	1,105,687
Tools and equipment	3,250,235	875,543	(134,747)	3,991,031
Motor vehicles	708,329	-	(37,020)	671,309
Electrical installation	958,896	-	-	958,896
Moulds and dies	3,434,612	305,740	-	3,740,352
	37,754,193	3,681,577	(895,404)	40,540,366

# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

## The Company

<b>Accumulated depreciation</b>	<b>Beginning of year RM</b>	<b>Charge for the year RM</b>	<b>Disposals RM</b>	<b>End of year RM</b>
<b>2005:</b>				
Long leasehold land				
- at 1997 valuation	184,139	24,828	-	208,967
Factory building				
- at 1997 valuation	725,350	97,800	-	823,150
- at cost	105,774	34,140	-	139,914
Plant and machinery	15,740,673	981,743	(134,390)	16,588,026
Furniture and fittings	639,433	87,925	-	727,358
Office equipment	754,698	70,240	(11,111)	813,827
Tools and equipment	1,699,535	291,352	-	1,990,887
Motor vehicles	568,386	51,550	-	619,936
Electrical installation	655,811	69,607	-	725,418
Moulds and dies	2,971,992	216,902	-	3,188,894
	<b>24,045,791</b>	<b>1,926,087</b>	<b>(145,501)</b>	<b>25,826,377</b>

<b>Accumulated depreciation</b>	<b>Beginning of year RM</b>	<b>Charge for the year RM</b>	<b>Disposals RM</b>	<b>End of year RM</b>
<b>2006:</b>				
Short leasehold land				
- at 1997 valuation	208,967	24,827	-	233,794
Factory building				
- at 1997 valuation	823,150	97,800	-	920,950
- at cost	139,914	34,140	-	174,054
Plant and machinery	16,588,026	1,603,379	(394,737)	17,796,668
Furniture and fittings	727,358	86,946	(4,805)	809,499
Office equipment	813,827	68,120	(20,852)	861,095
Tools and equipment	1,990,887	365,162	(29,517)	2,326,532
Motor vehicles	619,936	49,274	(37,020)	632,190
Electrical installation	725,418	44,698	-	770,116
Moulds and dies	3,188,894	209,848	-	3,398,742
	<b>25,826,377</b>	<b>2,584,194</b>	<b>(486,931)</b>	<b>27,923,640</b>



## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Net Book Value</b>				
Leasehold land				
- at 1997 valuation	1,206,206	1,231,033	1,206,206	1,231,033
- at cost	1,409,930	1,439,101	-	-
Factory building				
- at 1997 valuation	3,969,050	4,066,850	3,969,050	4,066,850
- at cost	2,799,486	2,862,686	1,532,946	1,567,086
Plant and machinery	3,913,773	5,845,494	3,110,511	2,651,573
Furniture and fittings	609,048	647,734	319,413	314,338
Office equipment	285,131	313,952	244,592	269,999
Tools and equipment	2,088,721	2,525,409	1,664,499	1,259,348
Motor vehicles	84,690	174,680	39,119	88,393
Electrical installation	293,456	367,110	188,780	233,478
Moulds and dies	666,453	788,384	341,610	245,718
	17,325,944	20,262,433	12,616,726	11,927,816

The 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 resulting revaluation surplus net of related deferred tax liabilities has been credited to revaluation reserve.

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

	The Group and the Company	
	2006 RM	2005 RM
<b>Cost:</b>		
Leasehold land	208,822	208,822
Factory building	3,853,814	3,853,814
	4,062,636	4,062,636
<b>Accumulated depreciation:</b>		
Leasehold land	(51,943)	(48,463)
Factory building	(1,067,997)	(990,921)
	(1,119,940)	(1,039,384)
<b>Carrying amounts</b>	2,942,696	3,023,252

Certain property, plant and equipment of the Group and of the Company with total carrying values of RM9,884,474 (2005: RM13,632,500) and RM5,175,256 (2005: RM5,297,883) respectively are charged to certain local licensed banks as securities for banking facilities granted to the Company and the subsidiary company as mentioned in Note 24.



# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

## 11. DEVELOPMENT COSTS

	The Group	
	2006 RM	2005 RM
At cost:		
At beginning of year	1,100,748	1,072,092
Additions - internal development	-	847,700
Write off during the year	(253,048)	(819,044)
	847,700	1,100,748
At end of year	847,700	1,100,748
Less: Amortisation of development costs		
At beginning of year	42,248	-
Amortisation during the year	197,894	273,014
Write off during the year	(42,248)	(230,766)
	197,894	42,248
At end of year	197,894	42,248
	649,806	1,058,500

## 12. INVESTMENT IN SUBSIDIARY COMPANY

	The Company	
	2006 RM	2005 RM
Unquoted shares, at cost	9,500,000	5,000,002
Less: Accumulated impairment loss	(8,310,000)	-
	1,190,000	5,000,002

The Company has 100% (2005: 100%) of the equity interest in Supercomal Advanced Cables Sdn. Bhd., a company incorporated in Malaysia.

During the financial year, the Company has subscribed for an additional 4,499,998 ordinary shares of RM1 each in Supercomal Advanced Cables Sdn. Bhd. by way of converting the debts of RM4,499,998 into equity shares. The Company's equity interest in Supercomal Advanced Cables Sdn. Bhd. remains at 100%.

The subsidiary company is principally involved in the manufacture of cables/wires for electronic devices and cable assemblies.

## 13. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unquoted shares - at cost	200,000	200,000	200,000	200,000
Share of post-acquisition results	(66,039)	(39,086)	-	-
	133,961	160,914	200,000	200,000



## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

The Company has 20% (2005: 20%) of the 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.

The summarised financial information of the associated company is as follows:

	<b>2006 RM</b>	<b>2005 RM</b>
Total assets	1,547,844	1,217,226
Total liabilities	(878,037)	(412,653)
Net assets	669,807	804,573
Group's share of associated company's net assets	133,961	160,914
Revenue	250,796	278,779
Loss for the year	(134,766)	(195,427)
Share of associated company's loss for the year	(26,953)	(32,308)

#### 14. INVENTORIES

	<b>The Group</b>		<b>The Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
Raw materials	9,719,591	9,354,662	6,097,758	2,870,524
Work-in-progress	2,192,293	2,426,116	1,453,628	1,078,343
Finished goods	4,061,996	3,410,803	3,277,147	2,235,226
Spare parts	72,219	71,373	72,219	68,302
Goods-in-transit	-	243,895	-	-
	16,046,099	15,506,849	10,900,752	6,252,395

The cost of inventories of the Group and the Company recognised as an expense during the financial year was RM40,264,144 (2005: RM34,522,679) and RM31,454,977 (2005: RM20,971,513) respectively.

The cost of inventories of the Group recognised as an expense in 2005 included RM300,246 in respect of write-down of inventories to net realisable value. The Group reversed RM31,356 in 2005 in respect of part of an inventory write-down made in prior years that was subsequently not required as the Group has sold these inventories at above their carrying amount.

Certain inventories of the Group with total carrying values of RM5,145,347 (2005: RM9,254,454) are pledged to a local licensed bank as securities for banking facilities granted to the subsidiary company as mentioned in Note 24.

# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

## 15. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	14,906,876	10,303,433	8,907,985	3,930,474
Less: Allowance for doubtful debts	(4,658,162)	(632,413)	(546,671)	(496,126)
	<hr/>	<hr/>	<hr/>	<hr/>
	10,248,714	9,671,020	8,361,314	3,434,348
Amount owing by subsidiary company	-	-	25,563,604	23,129,893
Amount owing by associated company	169,985	9,236	169,985	-
Other receivables	262,793	68,324	109,377	200
	<hr/>	<hr/>	<hr/>	<hr/>
	10,681,492	9,748,580	34,204,280	26,564,441
	<hr/>	<hr/>	<hr/>	<hr/>

Analysis of trade and other receivables by currencies:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Ringgit Malaysia	8,432,120	8,110,009	32,452,858	26,076,940
United States Dollar	1,640,318	999,361	1,142,368	117,911
Singapore Dollar	609,054	613,046	609,054	369,590
Japanese Yen	-	26,164	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	10,681,492	9,748,580	34,204,280	26,564,441
	<hr/>	<hr/>	<hr/>	<hr/>

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 30 to 90 days (2005: 30 to 90 days). An allowance has been made for estimated irrecoverable amount from the sale of goods of RM4,658,162 (2005: RM632,413) and RM546,671 (2005: RM496,126) for the Group and the Company respectively. This allowance has been determined by reference to past default experience.

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

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



## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

The financial statements of the Company reflect the following significant intercompany transactions which are based on terms negotiated between the Company and its subsidiary company and associated company:

	The Company	
	2006 RM	2005 RM
<b>With subsidiary company</b>		
Purchase of raw materials	5,461,193	300,490
Purchase of property, plant and equipment	3,409,068	-
Sales of finished goods	2,483,240	4,131,980
Sales of property, plant and equipment	393,846	-
Rental receivable	210,000	840,000
Rework charges	87,978	-
Sales of raw materials, indirect and packing materials	9,900	48,045
Purchase of sundry items	3,058	1,573
Purchase of packing materials	2,455	3,631
Purchase of finished goods	1,848	13,012
Subcontract charges receivable	-	28,377
<b>With associated company</b>		
Rental receivable	24,000	24,000
Sales of raw materials	512	-

### 16. OTHER ASSETS

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Prepaid expenses	761,727	961,238	431,149	372,882
Refundable deposits	109,445	109,955	33,165	33,165
	871,172	1,071,193	464,314	406,047

### 17. CASH AND CASH EQUIVALENTS



# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances	1,494,420	1,960,071	1,305,699	685,439
Short-term deposits with a licensed bank	245,000	245,000	-	-
Bank overdraft (Note 23)	(904,007)	-	-	-
	835,413	2,205,071	1,305,699	685,439
Less: Short-term deposits held as security value	(245,000)	(245,000)	-	-
	590,413	1,960,071	1,305,699	685,439

The short-term deposits of the Group bear interest at a rate of 3.0% per annum (2005: 2.5%) and are maturing in January 2007 (2005: January 2006).

Analysis of cash and cash equivalents by currencies:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Ringgit Malaysia	314,280	1,344,941	1,029,762	467,220
United States Dollar	276,133	615,130	275,937	218,219
	590,413	1,960,071	1,305,699	685,439

## 18. SHARE CAPITAL

	The Group and the Company	
	2006 RM	2005 RM
Authorised: 250,000,000 ordinary shares of RM0.10 each	25,000,000	25,000,000
Issued and fully paid: 243,000,000 ordinary shares of RM0.10 each	24,300,000	24,300,000

## 19. RESERVES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Share premium	5,936,954	5,936,954	5,936,954	5,936,954
Revaluation reserve	1,574,350	1,609,721	1,574,350	1,609,721
	7,511,304	7,546,675	7,511,304	7,546,675

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



## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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 leasehold land and factory building as disclosed in Note 10, net of the related deferred tax liabilities.

### 20. RETAINED EARNINGS

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

### 21. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Balance at beginning of year	797,004	798,759	696,004	657,759
Transfer from/ (to) income statements (Note 8)	860,245	(1,755)	961,245	38,245
Balance at end of year	<u>1,657,249</u>	<u>797,004</u>	<u>1,657,249</u>	<u>696,004</u>

A deferred tax income of RM13,755 (2005: RM13,755) was recognised by a transfer from the deferred tax liabilities to the income statements. In addition, an amount of RM35,371 (2005: RM35,371) was transferred from revaluation reserve to retained earnings. 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:

	Deferred Tax Assets/ (Liabilities)			
	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Tax effect of revaluation surplus	612,249	626,004	612,249	626,004
Tax effect of temporary differences in respect of property, plant and equipment	1,077,000	1,732,000	1,077,000	874,000
Tax effect in respect of:				
Unabsorbed capital allowances	-	(1,265,000)	-	(772,000)
Carryforward tax losses	-	(476,000)	-	-
Other temporary differences	(32,000)	180,000	(32,000)	(32,000)
	<u>1,657,249</u>	<u>797,004</u>	<u>1,657,249</u>	<u>696,004</u>

As mentioned in Note 3, the tax effects of temporary differences which would give rise to net deferred tax assets





# NOTES TO THE FINANCIAL STATEMENTS

## DECEMBER 31, 2006



Supercomal Technologies Berhad (197527-H)

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, 2006, the amount of deferred tax assets, which is not recognised in the financial statements, is as follows:

	<b>Deferred tax Assets/ (Liabilities) The Group 2006 RM</b>
Tax effect of temporary differences in respect of property, plant and equipment	(256,000)
Tax effect in respect of:	
Carryforward tax losses	2,128,000
Unabsorbed capital allowances	593,000
Allowance for slow moving inventories	81,000
Other temporary differences	(175,000)
	<hr/> 2,371,000 <hr/>

### 22. TRADE AND OTHER PAYABLES

	<b>The Group</b>		<b>The Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
Trade payables	1,721,701	2,077,556	1,630,432	655,613
Amount owing to subsidiary company	-	-	16,294,690	3,648,434
Other payables	1,431,934	1,332,466	488,528	356,779
Accrued expenses	859,903	554,674	602,294	291,448
	<hr/> 4,013,538	<hr/> 3,964,696	<hr/> 19,015,944	<hr/> 4,952,274 <hr/>

Analysis of trade and other payables by currencies:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
Ringgit Malaysia	2,081,071	1,753,947	17,974,758	4,872,838
United States Dollar	1,889,468	2,098,475	998,187	79,436
Singapore Dollar	42,999	104,545	42,999	-
Great Britain Pound	-	7,729	-	-
	<hr/> 4,013,538	<hr/> 3,964,696	<hr/> 19,015,944	<hr/> 4,952,274 <hr/>

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted for trade purchases range from 14 to 60 days (2005: 14 to 60 days).

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

Other payables and accrued expenses comprise mainly amounts outstanding for ongoing costs.

### 23. BANK BORROWINGS



## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Secured:				
Bankers' acceptances	2,837,000	2,393,000	1,916,000	2,393,000
Bank overdraft	904,007	-	-	-
	3,741,007	2,393,000	1,916,000	2,393,000

The effective interest rates are as follows:

	The Group		The Company	
	2006 %	2005 %	2006 %	2005 %
Bankers' acceptances	3.55 - 4.10	2.95 - 3.30	3.77 - 3.86	2.95 - 3.30
Bank overdraft	8.25	Not applicable	Not applicable	Not applicable

The bankers acceptances are maturing within January to March 2007 (2005: January to April 2006).

The bank borrowings of the Group and the Company are secured as disclosed in Note 24.

### 24. LONG-TERM LOAN

	The Group	
	2006 RM	2005 RM
Secured:		
Amount outstanding	-	195,100
Less: Portion due within one year	-	(195,100)
	-	-
Portion due after one year	-	-

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 instalments of RM81,600 each (inclusive of interest) commencing April 1, 2001.

The above long-term loan together with other banking facilities of the Group are generally secured as follows:

- a) Lien holders caveat over the Company's leasehold land and building;
- b) A negative pledge over all the Company's assets;
- c) A first legal charge over the subsidiary company's leasehold land and building;
- d) A fixed and floating charge over all assets of the subsidiary company; and
- e) A corporate guarantee from the Company for the banking facilities obtained by the subsidiary company.

The banking facilities (other than the long-term loan) bear interests at rates ranging from 1.0% to 1.5% per annum above the lending banks' base lending rates and 1% per annum acceptance commission.

The effective interest rate for the term loan is 8.25% (2005: 8%).

### 25. DIVIDEND



# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006



	<b>The Group and the Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
Dividend declared and paid:		
First and final tax exempt dividend of 0.5 sen per ordinary share, for 2004	-	1,215,000

## 26. LEASE COMMITMENTS

As of December 31, 2006, 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>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Not later than 1 year	47,040	188,160	47,040	94,080
Later than 1 year but not later than 5 years	-	94,080	-	47,040
	47,040	282,240	47,040	141,120

## 27. CONTINGENT LIABILITIES-Unsecured

As of December 31, 2006, the Company is contingently liable to an amount of RM1,825,007 in respect of corporate guarantee given to a local bank on banking facilities granted to and utilised by the subsidiary company.

## 28. FINANCIAL INSTRUMENTS

### a. Financial Risk Management Objectives and Policies

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

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

#### i. Foreign currency risk

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

#### ii. Interest rate risk

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

#### iii. Market risk



# NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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

**iv. Credit risk**

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

**v. Liquidity risk**

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

**vi. Cash flow risk**

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

**c. Fair Values**

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2006 are as follows:

	2006		2005	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Contingent liabilities	1,825,007	1,825,007	-	-

The fair value of contingent liabilities in respect of corporate guarantee given by the Company to a local bank was determined based on the quotation from the bank on the amount required to settle the contingent obligations at the balance sheet date.

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

**29. 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.

The directors of **SUPERCOMAL TECHNOLOGIES BERHAD** state that, in their opinion, the accompanying balance





## STATEMENT BY DIRECTORS



Supercomal Technologies Berhad (197527-H)

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 MASB 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, 2006 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,

April 23, 2007

### **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 **GEORGETOWN** in the State of **PENANG** on April 23, 2007

Before me,

**GM. GOVINDASAMY, PJM**  
**COMMISSIONER FOR OATHS**



## GROUP PROPERTIES

AS AT DECEMBER 31, 2006

The details of the landed properties owned by the STB Group as at December 31, 2006 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, 2006 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. 14 years and Building 2 is approx. 10 years	5,175,256 <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. 5 years and Building 4 approx. 4 years	4,209,416 <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, 2006 was RM1,206,206 whilst the net book value of the buildings was RM3,969,050

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

<sup>^^</sup> Of the total, the net book value for the land as at December 31, 2006 was RM1,409,930 whilst the net book value of the buildings was RM2,799,486



# STATISTICS OF SHAREHOLDINGS



Supercomal Technologies Berhad (197527-H)

## SHARE CAPITAL AS AT MAY 4, 2007

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 4, 2007

<b>Size of Holdings</b>	<b>No. of Holders</b>	<b>No. of Shares</b>	<b>%</b>
Less than 100	2	90	0.00
100 – 1,000	39	21,310	0.01
1,001 – 10,000	435	2,252,200	0.93
10,001 – 100,000	188	5,985,000	2.46
100,001 – 12,149,999	55	112,215,800	46.18
12,150,000 and above	5	122,525,600	50.42
<b>Total</b>	<b>724</b>	<b>243,000,000</b>	<b>100.00</b>





## STATISTICS OF SHAREHOLDINGS

### TOP THIRTY LARGEST SECURITIES HOLDERS AS AT MAY 4, 2007

	<u>Name</u>	<u>Shareholdings</u>	<u>%</u>
1.	Shiue, Jong-Zone	45,393,600	18.68
2.	Wu, Chung-Jung	26,484,000	10.90
3.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun (100719)	20,000,000	8.23
4.	Liu Kuo, Ling-Miao	15,648,000	6.44
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	15,000,000	6.17
6.	Ke-Zan Nominees (Asing) Sdn. Bhd. Kim Eng Securities Pte. Ltd. for Cube Capital Group Limited	11,474,800	4.72
7.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Soh Weng Thiam	10,972,000	4.52
8.	Ke-Zan Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	10,750,000	4.42
9.	RC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	10,000,000	4.12
10.	Soh Weng Loong	7,000,000	2.88
11.	Willy Yap	7,000,000	2.88
12.	Pacific Rotary Sdn. Bhd.	5,182,800	2.13
13.	OSK Nominees (Tempatan) Sdn. Berhad Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	5,000,000	2.06
14.	Simon Ling Siang Hock	4,371,500	1.80
15.	Lin Ho, Shu-Li	3,408,000	1.40
16.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Credit Suisse (SG BR-TST-ASING)	3,296,000	1.36
17.	Wu Huei Chung	3,252,000	1.34
18.	Chen Cheng-Chun	3,036,000	1.25
19.	Lo, Chin-Song	2,844,000	1.17
20.	Lee, Chao-Chih	2,280,000	0.94
21.	Lo, Fu-Yuan	2,280,000	0.94
22.	Ke-Zan Nominees (Asing) Sdn. Bhd. Kim Eng Securities Pte. Ltd. for Holmdene Investment Limited	2,056,200	0.84
23.	Chuah Hock Soon	1,407,900	0.58
24.	RC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Terng Sheng (C03RMP2MPY747M)	1,379,000	0.57
25.	Shiue, Jyh-Jeh	1,356,700	0.56
26.	Hsueh, Chih-Yu	1,344,700	0.55
27.	Kenneth Vun @ Vun Yun Liun	1,170,000	0.48
28.	Saw Siam Yeng	1,117,800	0.46
29.	Cheong Yen Yoon	1,020,000	0.42
30.	Yap Terng Sheng	860,600	0.35
	<b>Total</b>	<b>226,385,600</b>	<b>93.16</b>

# STATISTICS OF SHAREHOLDINGS (Continued)



Supercomal Technologies Berhad (197527-H)

## SUBSTANTIAL SHAREHOLDERS AS AT MAY 4, 2007

	<u>Name</u>	<u>Direct Shareholdings</u>	<u>%</u>	<u>Indirect Shareholdings</u>	<u>%</u>
1.	Shiue, Jong-Zone	45,393,600	18.68	32,437,400(a)	13.35
2.	Wu, Chung-Jung	26,484,000	10.90	51,347,000(b)	21.13
3.	Kenneth Vun @ Vun Yun Liun	61,920,000	25.48	-	-
4.	Liu Kuo, Ling-Miao	15,648,000	6.44	-	-
5.	Wu, Huei-Chung	3,252,000	1.34	74,579,000(c)	30.69
6.	Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700	0.55	76,486,300(d)	31.48
7.	Shiue, Jyh-Jeh	1,356,700	0.56	76,474,300(e)	31.47

### Notes:-

(a)	Deemed interest held through:-				
	Wu, Huei-Chung	3,252,000			
	Wu, Chung-Jung	26,484,000			
	Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700			
	Shiue, Jyh-Jeh	1,356,700			
(b)	Deemed interest held through:-				
	Shiue, Jong-Zone	45,393,600			
	Wu, Huei-Chung	3,252,000			
	Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700			
	Shiue, Jyh-Jeh	1,356,700			
(c)	Deemed interest held through:-				
	Shiue, Jong-Zone	45,393,600			
	Wu, Chung-Jung	26,484,000			
	Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700			
	Shiue, Jyh-Jeh	1,356,700			
(d)	Deemed interest held through:-				
	Wu, Huei-Chung	3,252,000			
	Wu, Chung-Jung	26,484,000			
	Shiue, Jong-Zone	45,393,600			
	Shiue, Jyh-Jeh	1,356,700			
(e)	Deemed interest 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	1,344,700			

## STATISTICS OF SHAREHOLDINGS (Continued)

### DIRECTORS' SHAREHOLDINGS AS AT MAY 4, 2007

	Name	Direct		Indirect	
		No. of units held	%	No. of units held	%
1.	Shiue, Jong-Zone	45,393,600	18.68	32,437,400(a)	13.35
2.	Wu, Huei-Chung	3,252,000	1.34	74,579,000(b)	30.69
3.	Cheah Khye Chuan	-	-	-	-
4.	Ang Ah Soon @ Ang Weng Joo	-	-	-	-
5.	Tan Sri Nik Mohamed Bin Nik Yaacob	-	-	-	-
6.	Wu, Chung-Jung	26,484,000	10.90	51,347,000(c)	21.13
7.	Kenneth Vun @ Vun Yun Liun	61,920,000	25.48	-	-
8.	Ismail Bin Ahmad	-	-	-	-

#### Notes:-

(a) Deemed interest held through:-

Wu, Huei-Chung	3,252,000
Wu, Chung-Jung	26,484,000
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700
Shiue, Jyh-Jeh	1,356,700

(b) Deemed interest held through:-

Shiue, Jong-Zone	45,393,600
Wu, Chung-Jung	26,484,000
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700
Shiue, Jyh-Jeh	1,356,700

(c) Deemed interest held through:-

Shiue, Jong-Zone	45,393,600
Wu, Huei-Chung	3,252,000
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700
Shiue, Jyh-Jeh	1,356,700

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# PROXY FORM

No of ordinary shares held

I/We.....  
 .....(\*NRIC No./Company No.....)  
 of.....  
 .....  
 being a \*Member/Members of SUPERCOMAL TECHNOLOGIES BERHAD hereby appoint .....  
 .....  
 (\*NRIC No./Passport No.....) of.....  
 .....  
 or failing him .....  
 (\*NRIC No./Passport No.....) of .....  
 .....  
 ..... as \*my/our proxy to vote for \*me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at the Kelawai Room, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Monday, June 25, 2007 at (time) and, at every adjournment thereof to vote as indicated below:-

RESOLUTIONS	FOR	AGAINST
1. To receive the Audited Financial Statements for the year ended December 31, 2006 together with the reports of the Directors and Auditors thereon.		
2. To approve the payment of Directors' Fee of Ringgit Malaysia One Hundred Thirteen Thousand and Six Hundred (RM113,600.00) for the financial year ended December 31, 2006.		
To re-elect the following directors retiring under the respective provisions of the Articles of Association of the Company:-		
3. Wu, Huei Chung (Article 99)		
4. Kenneth Vun @ Vun Yun Liun (Article 106)		
5. Ismail Bin Ahmad (Article 106)		
6. To re-elect Cheah Khye Chuan, a Director retiring under Section 129(2) of the Companies Act, 1965		
7. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.		
To pass the following resolutions as Special Business :-		
<b>Ordinary Resolution</b>		
8. Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965.		
9. Increase of Authorized Capital of the Company		
<b>Special Resolution</b>		
10. Amendments to the Memorandum and Articles of Association		
11. Alteration of the Articles of Association		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

\* **Strike out whichever is not desired.**

Signature of Shareholder(s) .....

Signed this ..... day of....., 2007.

**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 57-1, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 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)  
57-1, Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Penang, Malaysia

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Please fold here to seal





## Medical Device Products



ISO 9001: 2000  
ISO 13485: 2003  
FDA Reg. No.:  
3004832480

## Cables



## Automotive Harness



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