Supercomnet Technologies Berhad

(197527-H)

Annual Report 2010

CONTENTS

Notice of Annual General Meeting	02
Corporate Information	04
Corporate Structure of the Group	05
Profile of Directors	06
Chairman's Statement	08
Corporate Governance Statement	09
Statement on Internal Control	14
Audit Committee Report	15
Additional Compliance Information	18
Statement of Directors' Responsibilities	20
Financial Statements	
Directors' Report	21
Independent Auditors' Report	24
Statements of Comprehensive Income	26
Statements of Financial Position	27
Statements of Changes in Equity	28
Statements of Cash Flows	29
Notes to the Financial Statements	31
Statement by Directors	64
Declaration by the Director Primarily Responsible for the Financial Management of the Company	64
Group Properties	65
Statistics of Shareholdings	66
Proxy Form	Enclosed

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the Company will be held at Burma Room, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Monday, June 20, 2011 at 11.00 a.m. for the following purposes:-

A G E N D A

1. To receive the Audited Financial Statements for the year ended December 31, 2010 together with the reports of the Directors and Auditors thereon. (Please refer to Note A)

2. To approve the payment of Directors' Fees of RM153,600 for the financial year ended December 31, 2010. (Resolution 1)

3. To re-elect the following Directors who are retiring under the provision of Article 99 (1) of the Articles of Association of the Company, and who, being eligible offerred themselves for re-election:-
   a) Mr. Shiue, Jong-Zone (Resolution 2)
   b) Mr. Ang Ah Soon @ Ang Weng Joo (Resolution 3)

4. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 4)

5. AS SPECIAL BUSINESSES

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

   Ordinary Resolution (Resolution 5)
   Authority to Issue Shares

   "That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its 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 empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

6. 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
HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang
Date : 30 May 2011

NOTES:

A. This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.

Proxy

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, the duly completed proxy form must be deposited at the registered office of the Company at 57-G 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, the proxy form must be executed under its Common Seal.

Explanatory Note On Special Business:

1. Resolution pursuant to the Authority to issue Shares

   The proposed Resolution No. 5 [Item 5], if passed, will grant a renewed general mandate (Mandate 2011) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

   The Mandate 2011 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

   As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Twentieth Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Seri Dr. Haji Arshad Bin Haji Hashim
Chairman
(Independent Non-Executive Director)

Shiue, Jong-Zone
Managing Director

Wu, Huei-Chung
Executive Director

Ismail Bin Ahmad
Executive Director

Ang Ah Soon @ Ang Weng Joo
Senior Independent Non-Executive Director

Wu, Chung-Jung
Non-Independent Non-Executive Director

COMPANY SECRETARY

How Wee Ling *(MAICSA 7033850)*
Ooi Ean Hoon *(MAICSA 7057078)*

AUDIT COMMITTEE

Ang Ah Soon @ Ang Weng Joo
Chairman (Senior Independent Non-Executive Director)

Dato' Seri Dr. Haji Arshad Bin Haji Hashim
Member (Independent Non-Executive Director)

Wu, Chung-Jung
Member (Non-Independent Non-Executive Director)

NOMINATION COMMITTEE

Ang Ah Soon @ Ang Weng Joo
Chairman (Senior Independent Non-Executive Director)

Dato' Seri Dr. Haji Arshad Bin Haji Hashim
Member (Independent Non-Executive Director)

Wu, Chung-Jung
Member (Non-Independent Non-Executive Director)

REMUNERATION COMMITTEE

Shiue, Jong-Zone
Chairman (Managing Director)

Ang Ah Soon @ Ang Weng Joo
Member (Senior Independent Non-Executive Director)

Dato' Seri Dr. Haji Arshad Bin Haji Hashim
Member (Independent Non-Executive Director)

AUDITORS

Messrs. Deloitte KassimChan
Chartered Accountants
4th Floor, Wisma Wang
251-A Jalan Burma
10350 Penang

REGISTERED OFFICE

57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Tel : 04-640 8933
Fax : 04-643 8911

SOLICITORS

Syarikat Ng & Anuar
No. 65-A, 2nd Floor, Jalan Pengkalan
Taman Pekan Baru
08000 Sungai Petani, Kedah
Tel : 04-4211880
Fax : 04-4216535

PRINCIPAL BANKER

Malayan Banking Berhad

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603 2084 9000
Fax : 603 2094 9940

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : SCOMNET
Stock Code : 0001

CORPORATE STRUCTURE OF THE GROUP

INFORMATION OF SUBSIDIARY AND ASSOCIATED COMPANIES

NAME	SHAREHOLDING	DATE OF INCORPORATION	PRINCIPAL ACTIVITIES
SUPERCOMAL ADVANCED CABLES SDN. BHD.	100%	10.10.1996	The company is principally involved in the manufacture of wires and cables for automotive industries.
SUPERCOMAL MEDICAL PRODUCTS SDN. BHD.	20%	23.09.2004	The company is principally involved in the manufacture of cables for medical devices.

PROFILE OF DIRECTORS

Dato' Seri Dr. Haji Arshad Bin Haji Hashim
Malaysian, aged 63
Independent Non-Executive Chairman

Dato' Seri Dr. Haji Arshad Bin Haji Hashim was appointed to the Board of Directors on February 25, 2008. He is the members of the Audit Committee, Remuneration Committee and Nomination Committee of the Company since his appointment. He was subsequently appointed as Chairman of the Company on April 22, 2008. He served for over 30 years in the Malaysian Civil Service starting as the Assistant Secretary of the Economic division in the Ministry of Finance and rising to the position of State Financial Officer of Penang in 1993. Amongst other positions held, was as Director of Bumiputera Participation Division, Prime Minister's Department , Penang. Director General of Tourism Malaysia and Deputy Secretary General (Finance and Development) Ministry of Education. He retired in the year 2005 as the Secretary General, Ministry of Information, Malaysia.

He holds a Doctor of Philosophy from University Pertanian Malaysia, a Master in Economics from University of Vanderbilt, USA and Bachelor of Arts (Econs)(Honours) degree from University of Malaya. He currently sits on the Board of Bintulu Port Holdings Berhad and NCB Holdings Berhad.

Shiue, Jong-Zone
Taiwanese, aged 65
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 Chairman of the Remuneration Committee.

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 63
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.

Ismail Bin Ahmad
Malaysian, aged 59
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.

He served in the Malaysian Army for 17 years and attended courses both local and overseas. In 1983, he joined Perwira Niaga Malaysia (Pernama), a wholly-owned subsidiary of Lembaga Tabung Angkatan Tentera (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 currently sits in the Board of Mlabs Systems Berhad, a company listed on the ACE Market of Bursa Securities.

Ang Ah Soon @ Ang Weng Joo
Malaysian, aged 69
Senior Independent Non-Executive Director

Ang Ah Soon @ Ang Weng Joo was appointed to the Board of Directors on August 19, 2005.He graduated from the University of New South Wales with a Bachelor of Commerce Degree and currently is a member of the Institute of Chartered Accountants in Australia, Malaysian Institute of Accountants as well as Malaysian Institute of Certified Public Accountants. 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 Chief Accountant 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.

He currently also sits on the Board of IQ Group Holdings Berhad.

He is the Chairman of Audit Committee and Nomination Committee as well as a member of Remuneration Committee of the Company.

Wu, Chung-Jung
Taiwanese , aged 66
Non-Independent Non-Executive Director

Wu, Chung-Jung 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 Royal 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 to 1995 before being appointed as Chairman of Supercomal Wire and Cable Co Ltd. from 1993 to 1995. He also sits in the Audit Committee and Nomination Committee of the Company since August 26, 2008.

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.

Other Information on Directors

None of the directors have any conflict of interest with the Company.

There were no material contracts involving Directors during the financial year.

The securities held in the Company by the Directors are as disclosed on page 68 of this Annual Report.

Save for Dato' Seri Dr. Haji Arshad Bin Haji Hashim, En. Ismail Bin Ahmad and Ang Ah Soon@ Ang Weng Joo(as disclosed in their profiles above), none of the Directors have any directorship in other public company in Malaysia.None of the Directors of the Company has been convicted any offences within the past 10 years other than traffic offences , if any.

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Supercomnet Technologies Berhad (STB) for the financial year ended December 31, 2010.

Financial Results

For the financial year under review, the Group recorded a revenue of RM33.23 million, an increase of 53% from RM21.74 million in 2009. The increase in revenue was mainly contributed by increase in sales volumes after worldwide economic rebound in year 2010. The Group managed to improve its net loss by 99% as compared to net loss in year 2009. This improvement is due to economic cost of production that enjoyed by the Group and contribution from its associate company.

Dividends

As the Company experienced losses during the year, the Board of Directors of STB had decided not to recommend any dividend for the financial year under review.

Strategies

Despite the sluggish electronic industry market, our Group will continue to focus on the wires and cables for the medical usage.

The Group will also continue to participate selectively in the exhibitions from time to time to stay closer with potential buyers and customers.

The Group also plans to maximize its performance by penetrating into other industries / markets except automotive and medical industries with its current capacities.

Future Prospects of the Group

In view of the global economic rebound in year 2010 and current improved economic trading condition, the Management anticipated increase in sales of automotive cables from local car assembly companies as well as cables for medical devices to overseas client.

Given the trend that American and European medical products device companies relocating their operation to ASEAN countries has open the opportunity for the Group to improve its financial performance especially in sales of wires and cables for medical devices and appliances.

Acknowledgement

On behalf of the Board of Directors, I would like to express our sincere appreciation to the management and the staff of the Group for their continued efforts, commitment and contribution in instituting the strict strategic and operational measures needed to stand resilient during these challenging times. I would like to take this opportunity to thank our valued customers, business associates, suppliers, bankers and regulatory authorities for their support.

I would also like to thank our shareholders for their continuing support, trust and confidence towards the achievements of the Group thus far. Last but not least , I wish to thank my fellow Directors for their invaluable guidance, advice and support.

DATO' SERI DR. HAJI ARSHAD BIN HAJI HASHIM
Chairman

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 committed to ensure high standards of corporate governance are in place and practiced throughout the Group. Since listing, the Company has progressively implemented the principles and best practices as recommended by the Code.

The Board has assessed the level of corporate governance practiced in the Group and confirms that unless otherwise stated in this statement, the Group has complied with all the Principles, and recommended best practices throughout the financial year ended December 31, 2010.

1. DIRECTORS

1.1 Composition and Balance

As at the date of this statement, the Board consists of six (6) members, comprising three (3) Executive Directors, one (1) Senior Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director and one (1) Independent Non-Executive Director. With this Board composition, the Company complies with Rule 15.02 (1) of the Bursa Malaysia Securities Berhad ("Bursa Securities') ACE Market Listing Requirements ('ACE LR") 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 to ensure a balance of power and authority such that no one individual has unfettered powers of decision. The Board which comprises professionals from various backgrounds is capable of bringing in-depth and diverse experience and perspective to the Group's business operations. The Board of Directors profiles are set out in this Annual Report 2010 on pages 6 and 7.

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 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, 2010, the Board met five (5) times where it deliberated on and considered matters relating to the Group's financial performance, corporate development and strategic issues.

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

Name of Director	Attendance
Dato' Seri Dr Haji Arshad Bin Haji Hashim	5/5
Shiue, Jong-Zone	5/5
Wu, Huei-Chung	4/5
Ismail Bin Ahmad	5/5
Ang Ah Soon @ Ang Weng Joo	5/5
Wu, Chung-Jung	4/5

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 Appointment and Re-election of Directors

The appointment of Directors are made upon the recommendation of the Nomination Committee which would review the required mix of skills and experience as well as other qualities of candidates for the approval of the Board.

1. DIRECTORS (cont'd)

1.3 Appointment and Re-election of Directors (cont'd)

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 further provide that a managing director can be appointed for a fixed term which shall not exceed three (3) 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.

The profiles of all directors including their personal profile, meeting attendance and their shareholdings in the Company have been furnished in this Annual Report 2010.

1.4 Directors' Training

All Directors have attended the Mandatory Accreditation Training programme ("MAP"). Save for Dato' Seri Dr. Haji Arshad Bin Haji Hashim and Mr. Ang Ah Soon @ Ang Weng Joo who have attended the Directors' Training as stated below, the other Directors have not attended any training during the financial year 2010 due to their respective tight schedule and travel commitments:-

Director	Date	Description
Ang Ah Soon @ Ang Weng Joo	January 21, 2010	Forum on FRS 139 Financial Instruments: Recognition and Measurement
Dato' Seri Dr. Haji Arshad Bin Haji Hashim	January 6, 2010	The Challenges of implementing FRS 139
	January 13-14, 2010	Towards Boardroom Excellence and Corporate Governance Best Practice
	November 2, 2010	Understanding Financial Statement Analysis for Decision making in Boardroom
	November 24-25, 2010	Corporate Directors Training programme
	December 20, 2010	Malaysian Competition Law- What is the impact On the business?

The Board will assume the onus of determining or overseeing the Training needs for Directors. In this respect, the Directors are encouraged to attend various external professional programmes deemed necessary in order to keep abreast with the latest developments in the market place, advances in Corporate governances and to further enhance their skill and knowledge to Discharge their duties as Directors In an effective manner.

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:-

Board Committee	Date established
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. BOARD COMMITTEES (cont'd)

2.1 Audit Committee

The terms of reference and the function of the Audit Committee are discussed from Page 15 to 17 of the Annual Report 2010.

2.2 Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, majority of whom are Independent as follows:

Chairman : Ang Ah Soon @ Ang Weng Joo

Members : Dato' Seri Dr Haji Arshad Bin Haji Hashim
Wu, Chung-Jung

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 mixed 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.

2.3 Remuneration Committee

The Remuneration Committee comprises of one (1) Executive Director and two (2) Non-Executive Directors as follows:

Chairman : Shiue, Jong-Zone

Committee : Ang Ah Soon @ Ang Weng Joo
Dato' Seri Dr Haji Arshad Bin Haji Hashim

The Remuneration Committee is set up with the 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.

2. BOARD COMMITTEES (cont'd)

2.3 Remuneration Committee (cont'd)

Details of the Directors' remuneration for the year ended December 31, 2010 were as follows:

Category	Fees RM	Salaries Bonuses Employee Provident Fund RM	Total RM
Executive	72,000	229,348	301,348
Non-Executive	81,600	-	81,600
Total	153,600	229,348	382,948

The remuneration bands of the Directors are as follows:

Range	Executive	Non Executive
Below RM 50,000	1	3
RM50,001- RM100,000	1	
RM150,000- RM200,000	1	

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. Besides, the shareholders can also communicate with the Company directly through an email address specifically created for this purpose :- relations@supercomnet.com

In line with the recommendations by the ACE LR and the Code, material information are disseminated to shareholders, investors and public at large on a timely basis. These information, which could be accessed through Bursa Securities website at www.bursamalaysia.com , include :

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

In compliance with the recommended best practice by the Code, the Board has appointed Mr. Ang Ah Soon @ Ang Weng Joo as a Senior Independent Non-Executive Director to whom minority shareholders could convey their concern over the operations of the Group. His contact information is as follows:

Mr. Ang Ah Soon @ Ang Weng Joo
Supercomnet Technologies Berhad
Lot 172, Jalan PKNK 3/8
Kawasan Perusahaan Sungai Petani
08000 Sungai Petani, KEDAH
Tel : 04-4411822
Fax : 04-4411755

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, 2010, 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 administration 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 twice 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 20 of this Annual Report 2010.

This statement was made in accordance with a Board of Directors' resolution passed during a meeting held on May 23, 2011.

STATEMENT ON INTERNAL CONTROL

The Board of Directors of Supercomnet Technologies Berhad 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.

Risk Management

The Board recognizes its responsibilities with regard to identifying and managing principal risks.

The risk profile of the Group has been compiled to help the Board and management to prioritize their focus on areas of high risks. In the risk profile, the existence of significant risks of the Group have been identified and quantified. The corresponding controls to manage the risks have also been documented together with the management action plan to improve on the system of controls in order to manage the risks more effectively.

The senior management is responsible for identifying, managing and reporting on significant risks on an ongoing basis. Significant risk matters are brought to the attention and discussed at Board meetings.

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’ investments 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, evaluation 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 internal and external auditors 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. The internal audit fees incurred for financial year 2010 was RM17,945.

This statement was made in accordance with a Board of Directors’ resolution passed during a meeting held on May 23, 2011.

AUDIT COMMITTEE REPORT

The purpose of the setting up of the Audit Committee is to assist the Board of Directors in discharging its duties to identify principal risks, ensuring the implementation of appropriate systems of internal controls to manage such risks, and that such systems are working effectively to safeguard shareholders' investment and the long term viability of the Group.

AUDIT COMMITTEE

Mr. Ang Ah Soon @ Ang Weng Joo
Chairman
Senior Independent Non-Executive Director

Dato' Seri Dr. Haji Arshad Bin Haji Hashim
Member
Independent Non-Executive Director

Mr. Wu, Chung-Jung
Member
Non-Independent Non-Executive Director

The Terms of Reference of the Audit Committee (AC) are as follows:

1. Membership

The AC shall be appointed by the Board of Directors from amongst the Directors of Supercomnet Technologies Berhad (the Company) and consist of not less than three members. All the AC members must be Non-Executive Directors, with a majority of whom must be independent. The members of the AC shall elect the Chairman from among their number who shall be an Independent Non-Executive Director. No Alternate Director shall be appointed as a member of the AC.

If the number of members is reduced below three, due to whatsoever reasons, the Directors of the Company shall within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

2. Meetings

Meetings will be held at least four times a year.

A quorum of two independent members shall constitute a valid meeting.

The internal and /or external auditors(s) have the rights to appear and be heard at any meeting of the AC and shall appear before the Committee when required by the Company. Upon the request of the auditor(s), the Chairman of the AC shall convene a meeting of the Committee to consider any matters the auditor(s) believes should be brought to the attention of the Board of Directors or shareholders.

The Company Secretary shall be the secretary of the AC.

The External Auditors may request a meeting if they consider that one is necessary.

3. Authority

The AC is authorized by the Board of Directors of the Company to investigate any activity within its terms of reference and shall have the resources required to perform its duties. The AC has full and unrestricted access to all information and documents relevant to its activities as well as to the internal and external auditors and employees of the Group.

4. Duties and Responsibilities

The duties and responsibilities of the AC shall include:

a) to recommend to the Board of Directors of the Company the appointment of the External Auditors and Internal Auditors, their audit fees and any question of their resignation or ;

b) to discuss the nature and scope of the audit with the External Auditors before the audit commences;

c) to review the financial statements of the Company and the Group before submission to the Board of Directors, focusing particularly on:

- public announcements of results and dividend payment;
- any changes in accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from the audit;
- the going-concern assumptions;
- compliance with accounting standards; and
- compliance with stock exchange and legal requirements.

d) to discuss problems and reservations arising from the interim and final audits and any matters the external/internal auditors may wish to discuss (excluding the attendance of other directors and employees of the Company);

e) to review the internal audit programme, consider the major findings of internal audit investigations and management's response and ensure co-ordination between the Internal and External Auditors;

f) to review the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its works;

g) to review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls;

h) to review the appraisal or assessment of the performance of the staff of the internal audit function; to approve any appointment or termination of senior staff of the internal audit function;

i) to keep under review the effectiveness of internal control system and in particular, review External Auditors' management letter and management's response;

j) to review any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transaction between the Company and any related parties outside the Group;

k) to carry out such other functions and consider other topics, as may be agreed upon by the Board of Directors.

5. Reporting Procedures

The AC is authorized to regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Company Secretary shall circulate the minutes of meetings of the AC to all members of the Board of Directors.

6. Attendance at Meetings

Details of each Committees' attendance at Audit Committee Meetings are set out as below :

Name of Director	Attendance
Mr. Ang Ah Soon @ Ang Weng Joo *(Chairman)*	5/5
Dato' Seri Dr. Haji Arshad Bin Haji Hashim *(Member)*	5/5
Mr. Wu, Chung-Jung *(Member)*	4/5

7. Activities of the Audit Committee

The main activities carried out by the Committee during the financial year ended 2010 in discharge of its duties and responsibilities were as follows :-

- considered, accessed and approved the internal audit plan and reports for the Company and Group for the current and subsequent financial year
- reviewed the unaudited quarterly financial reports before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- reviewed with the External Auditors on the Group's financial year end statements and issues and findings arising from the audit and their resolutions; and
- recommend to the Board of Directors on the re-appointment of the external auditors.
- reviewed and assessed the quarterly Recurrent Related Party Transactions reporting from the Management.

The Audit Committee met with the External auditors twice during the financial year to discuss the conducts and concerns arising from the audit without the presence of the Executive Directors and Management.

8. Internal Audit Function

The Company has outsourced the internal audit function to an external third party. The internal auditors have designed a programme to discharge their duties which has been agreed by the Audit Committee. The activities carried out during the financial year ended 2010 by the internal auditors were on the purchasing, account payable, inventory, product certification and scrap management. The results of findings have been tabled during the Audit Committee meetings held in year 2010. The internal audit fee incurred for the financial year 2010 is RM17,945.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Bursa Malaysia Securities Berhad ACE Market Listing Requirements (ACE LR)

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**
   The Non-Audit fees incurred for services rendered to the Company or its subsidiary by the external auditors or a corporation affiliated to the auditors' firm is RM15,800.

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 (RRPT) of a Revenue or Trading nature**

   Details of the RRPT of a revenue and trading nature entered into during the financial year ended December 31, 2010, in accordance with the shareholders' mandate obtained at the Extraordinary General Meeting of the Company held on June 29, 2010, were as follows:-

No.	Related Parties		Nature of Transactions	Actual amount (RM)	Interested Related Party
1.	STB (Seller)	SMP (Buyer)	Sales of finished goods by STB to SMP	3,288,010	Mr. Shiue, Jong-Zone (SJZ) and Mdm. Wu, Huei-Chung (WHC) are Directors and major shareholders of both STB and SMP. Mr. Wu, Chung-Jung (WCJ), the brother-in-law of SJZ and brother of WHC, being a related party, is a Director and substantial shareholder of STB and major shareholder of SMP. Mr. Hsueh, Chih-Yu @ Shiue, Jyh-Yeu, the son of SJZ and WHC and nephew of WCJ, being a related party, is a Director and major shareholder of SMP as well as a substantial shareholder in STB. Mr. Shiue, Jyh-Jeh, the son of SJZ and WHC and nephew of WCJ, being a related party, is a major shareholder of SMP as well as a substantial shareholder in STB.

9. Recurrent Related Party Transactions (RRPT) of a Revenue or Trading nature (cont'd)

No.	Related Parties		Nature of Transactions	Actual amount (RM)	Interested Related Party
2.	STB (Landlord)	SMP (Tenant)	Monthly Rental of factory space at Lot 172, Jalan PKNK 3/8, Kawasan Perusanaan Sungai Petani, 08000 Sungai Petani, Kedah	123,387	Same as above

The Company would be seeking renewal of mandate from its shareholders on RRPT pursuant to Rule 10.09 and Guidance Note No. 8 of the ACE LR at the upcoming Extraordinary General Meeting to be held on June 20, 2011 (The Proposal). Details of the Proposal are being disclosed in the Circular to Shareholders dated May 30, 2011.

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 contract entered into by the Company and its subsidiary companies involving directors' and substantial shareholders' interest other than those entered into in the ordinary course of business as disclosed in the financial statements.

12. Corporate Social Responsibility (CSR)

The Group subscribes to the belief that pursuit of business objectives needs to be balanced with social and environmental responsibilities for any business to remain sustainable. As such, the Group uses its best endeavour on ongoing basis to integrate CSR practices into its day to day business operations. These include providing a healthy and safe working environment for staff, using materials free from toxic components which are in line with the Sony Green partner guideline especially in the assembly department and safety training like handling fire hazards. The Board is highly aware of its responsibilities towards the society and the environment.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Pursuant to Rule 15.26 (a) of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements;

The Directors are required to prepare audited financial statements that give a true and fair view of the financial position of the Group and of the Company as at the end of each financial year, and of their financial preformance and cash flows for the year then ended.

In preparing these financial statements, the Directors have considered the following:

- That the Group and the Company have used appropriate accounting policies, and these are consistently applied;
- That reasonable and prudent judgments and estimates were made;
- That the approved financial reporting standards in Malaysia have been adopted ; and
- That the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company and subsidiary company maintain proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a Board of Directors' resolution passed during a meeting held on May 23, 2011.

DIRECTORS' REPORT

The directors of SUPERCOMNET TECHNOLOGIES BERHAD hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2010.

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 is principally involved in the manufacture of wires and cables for automotive industries. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Loss for the year	25,040	1,798,580

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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 STATUTORY INFORMATION

Before the statements of comprehensive income and statements of financial position 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 had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

OTHER STATUTORY INFORMATION (cont'd)

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 the 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 which 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:

Dato' Seri Dr. Haji Arshad Bin Haji Hashim
Shiue, Jong-Zone
Wu, Chung-Jung
Wu, Huei-Chung
Ismail Bin Ahmad
Ang Ah Soon @ Ang Weng Joo

DIRECTORS' INTERESTS

The shareholdings in the Company and in related companies 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 1.1.2010	**Bought**	**Sold**	**Balance as of 31.12.2010**
Direct interest:				
Shiue, Jong-Zone	46,393,600	-	-	46,393,600
Wu, Chung-Jung	26,837,200	-	-	26,837,200
Wu, Hei-Chung	3,552,000	-	-	3,552,000
Indirect interest:				
Shiue, Jong-Zone [(a)]	33,090,600	-	-	33,090,600
Wu, Chung-Jung [(b)]	52,647,000	-	-	52,647,000
Wu, Huei-Chung [(c)]	75,932,200	-	-	75,932,200

DIRECTORS' INTERESTS

[a] Deemed interest through Mr. Wu, Chung-Jung, Madam Wu, Huei-Chung and his son.
[b] Deemed interest through Mr. Shiue, Jong-Zone and Madam Wu, Huei Chung.
[c] Deemed interest through Mr. Shiue, Jong-Zone, Mr. Wu Chung-Jung and her son.

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 interest in the shares of the subsidiary to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

AUDITORS

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

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

SHIUE, JONG-ZONE

WU, HUEI-CHUNG

Penang,

April 28, 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUPERCOMNET TECHNOLOGIES BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Supercomnet Technologies Berhad, which comprise the statements of financial position of the Group and of the Company as of December 31, 2010 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 62.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit 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 contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we are satisfied that the accounts of the subsidiary 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 of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(c) our auditors' report on the accounts of the subsidiary was not subject to any qualification and did not include any adverse comment made under Section 174 of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 31 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TAN BOON HOE
Partner – 1836/07/11(J)
Chartered Accountant

April 28, 2011

Penang

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	The Group		The Company	
		2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Revenue		33,231,075	21,744,791	32,831,047	21,078,128
Investment revenue	5	125,425	96,450	125,425	94,274
Other gains and losses	6	(791,401)	(842,235)	(93,239)	(432,997)
Other income		961,964	1,260,885	619,052	897,678
Impairment loss on investment in subsidiary		-	-	(1,776,383)	(1,973,528)
Changes in inventories of finished goods and work in progress		752,889	374,880	878,516	539,460
Raw materials consumed		(25,894,200)	(16,159,198)	(25,656,243)	(15,753,421)
Employee benefits expense	7	(5,236,159)	(5,273,266)	(4,565,986)	(4,149,510)
Depreciation and amortisation expenses		(1,324,616)	(1,763,369)	(891,755)	(1,241,124)
Finance cost	8	(11)	(9,281)	-	-
Other expenses		(3,351,741)	(2,979,924)	(3,085,246)	(2,587,185)
Share of profits of associate		1,691,002	908,226	-	-
Profit/ (loss) before tax		164,227	(2,642,041)	(1,614,812)	(3,528,225)
Tax (expense)/ income	9	(189,267)	412,298	(183,768)	412,298
Loss for the year	10	(25,040)	(2,229,743)	(1,798,580)	(3,115,927)
Other comprehensive income:					
Effect on deferred tax on properties revaluation due to changes in income tax rate		-	78,862	-	78,862
Total comprehensive income for the year		(25,040)	(2,150,881)	(1,798,580)	(3,037,065)
Earnings/ (loss) per share:					
Basic (sen per share)	11	(0.01)	(0.92)		

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

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010

	Note	The Group 2010 RM	The Group 2009 RM	The Company 2010 RM	The Company 2009 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	8,116,985	9,261,321	6,381,119	7,119,419
Prepaid lease payments on leasehold land	13	2,400,142	2,454,142	1,106,896	1,131,725
Investment in subsidiary	14	-	-	6,080,089	3,456,472
Investment in associate	15	3,011,816	1,320,814	450,000	450,000
Total non-current assets		13,528,943	13,036,277	14,018,104	12,157,616
Current assets					
Inventories	16	10,915,106	10,595,211	8,887,745	7,750,568
Trade and other receivables	17	7,173,085	8,075,346	7,030,176	11,141,512
Other assets	18	367,618	378,514	314,358	218,708
Current tax assets		497,385	738,646	497,385	733,147
Short-term deposit with a licensed bank	19	1,500	1,500	-	-
Cash and bank balances	20	2,998,250	2,739,134	2,325,721	2,602,116
Total current assets		21,952,944	22,528,351	19,055,385	22,446,051
Total assets		35,481,887	35,564,628	33,073,489	34,603,667
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	24,300,000	24,300,000	24,300,000	24,300,000
Reserves	22	7,448,681	7,484,053	7,448,681	7,484,053
Retained earnings/ (accumulated losses)		368,708	358,376	(2,171,066)	(407,858)
Total equity		32,117,389	32,142,429	29,577,615	31,376,195
Non-current liabilities					
Deferred tax liabilities	23	788,367	678,122	788,367	678,122
Current liabilities					
Trade and other payables	24	2,576,131	2,744,077	2,707,507	2,549,350
Total liabilities		3,364,498	3,422,199	3,495,874	3,227,472
Total equity and liabilities		35,481,887	35,564,628	33,073,489	34,603,667

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

The Group

	Share capital RM	Share premium RM	Properties revaluation reserve RM	Retained earnings RM	Total RM
Balance as of January 1, 2009	24,300,000	5,936,954	1,503,608	2,552,748	34,293,310
Loss for the year	-	-	-	(2,229,743)	(2,229,743)
Other comprehensive income for the year	-	-	78,862	-	78,862
Total comprehensive income for the year	-	-	78,862	(2,229,743)	(2,150,881)
Transfer to retained earnings	-	-	(35,371)	35,371	-
Balance as of December 31, 2009	24,300,000	5,936,954	1,547,099	358,376	32,142,429
Balance as of January 1, 2010	24,300,000	5,936,954	1,547,099	358,376	32,142,429
Loss for the year	-	-	-	(25,040)	(25,040)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(25,040)	(25,040)
Transfer to retained earnings	-	-	(35,372)	35,372	-
Balance as of December 31, 2010	24,300,000	5,936,954	1,511,727	368,708	32,117,389

The Company

	Share capital RM	Share premium RM	Properties revaluation reserve RM	Retained earnings RM	Total RM
Balance as of January 1, 2009	24,300,000	5,936,954	1,503,608	2,672,698	34,413,260
Loss for the year	-	-	-	(3,115,927)	(3,115,927)
Other comprehensive income for the year	-	-	78,862	-	78,862
Total comprehensive income for the year	-	-	78,862	(3,115,927)	(3,037,065)
Transfer to retained earnings	-	-	(35,371)	35,371	-
Balance as of December 31, 2009	24,300,000	5,936,954	1,547,099	(407,858)	31,376,195
Balance as of January 1, 2010	24,300,000	5,936,954	1,547,099	(407,858)	31,376,195
Loss for the year	-	-	-	(1,798,580)	(1,798,580)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,798,580)	(1,798,580)
Transfer to retained earnings	-	-	(35,372)	35,372	-
Balance as of December 31, 2010	24,300,000	5,936,954	1,511,727	(2,171,066)	29,577,615

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash flows from operating activities				
Loss for the year	(25,040)	(2,229,743)	(1,798,580)	(3,115,927)
Depreciation and amortisation of non-current assets	1,324,616	1,763,369	891,755	1,241,124
Inventories written down	682,171	710,241	89,063	78,058
Tax expense/ (income) recognised in profit or loss	189,267	(412,298)	183,768	(412,298)
Net unrealised foreign exchange loss/ (gain)	19,581	(8,627)	19,315	(8,627)
Impairment losses recognised on trade and other receivables	14,061	376,013	-	373,493
Finance cost recognised in profit or loss	11	9,281	-	-
Share of profits of associate	(1,691,002)	(908,226)	-	-
Gain on disposal of property, plant and equipment	(13,834)	(62,000)	(14,740)	-
Interest revenue recognised in profit or loss	(2,038)	(28,479)	(2,038)	(26,303)
Property, plant and equipment written off	-	8,166	-	8,166
Impairment loss on investment in subsidiary	-	-	1,776,383	1,973,528
	497,793	(782,303)	1,144,926	111,214
Movements in working capital:				
(Increase)/ decrease in inventories	(1,002,066)	134,766	(1,226,240)	(357,853)
Decrease/ (increase) in trade and other receivables	1,146,940	(470,943)	(170,443)	(1,112,494)
Decrease/ (increase) in other assets	10,896	285,536	(95,650)	129,169
(Decrease)/ increase in trade and other payables	(171,604)	1,113,584	2,578	1,112,391
Cash generated from/ (used in) operations	481,959	280,640	(344,829)	(117,573)
Income taxes refunded	386,047	85,224	386,047	-
Income taxes paid	(223,808)	(411,905)	(223,808)	(411,905)
Net cash generated by/ (used in) operating activities	644,198	(46,041)	(182,590)	(529,478)

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	The Group 2010 RM	The Group 2009 RM	The Company 2010 RM	The Company 2009 RM
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		22,539	62,000	21,099	-
Interest received		2,038	28,479	2,038	26,303
Advances to associate		(257,112)	-	(116,593)	-
Purchase of property, plant and equipment		(134,985)	(174,810)	(134,985)	(170,230)
Short-term deposit released as security		-	243,500	-	-
Purchase of additional shares in associate		-	(250,000)	-	(250,000)
Net cash used in investing activities		(367,520)	(90,831)	(228,441)	(393,927)
Cash flows from financing activities					
Interest paid		(11)	(9,281)	-	-
Advances from subsidiary		-	-	151,921	-
Net cash (used in)/ generated by financing activities		(11)	(9,281)	151,921	-
Net increase/ (decrease) in cash and cash equivalents		276,667	(146,153)	(259,110)	(923,405)
Cash and cash equivalents at the beginning of the year		2,739,134	2,885,287	2,602,116	3,525,521
Effects of exchange rate changes on the balances of cash held in foreign currencies		(17,551)	-	(17,285)	-
Cash and cash equivalents the at end of the year	25	2,998,250	2,739,134	2,325,721	2,602,116

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

1. GENERAL INFORMATION

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

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

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia. The principal place of the Company is located at Lot 172, Jalan PKNK 3/8, Kawasan Perusahaan Sungai Petani, 08000 Sungai Petani, Kedah, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on April 28, 2011.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the provisions of the Companies Act, 1965 in Malaysia.

Adoption of new and revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and revised Standards and Issues Committee ("IC") Interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after January 1, 2010 as follows:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations)
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets – Effective date and transition)
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs (revised)
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and transitional provision relating to compound instruments)
FRS 139	Financial Instruments: Recognition and Measurement
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – Effective date and transition and embedded derivatives)
Improvements to FRSs issued in 2009	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

Adoption of new and revised Financial Reporting Standards (cont'd)

The adoption of these new and revised Standards and IC Interpretations have not affected the amounts reported on the financial statements of the Group and of the Company except for those Standards and IC Interpretations as set out below.

Standards affecting presentation and disclosure

(a) FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and process for managing capital.

Comparative disclosures have not been presented upon initial adoption of this Standard as the Group and the Company had availed themselves of the transitional provision in this Standard.

(b) FRS 101 Presentation of Financial Statements (revised)

FRS 101 has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard has required the presentation of a third statement of financial position as of January 1, 2009, in the event that the entity has applied new accounting policies retrospectively.

Standards and IC Interpretations adopted with no effect on financial statements

The following new and revised Standards and IC Interpretations have also been adopted in the financial statements of the Group and of the Company. Their adoption has not had any significant impact on the amounts reported in the financial statements of the Group and of the Company but may affect the accounting for future transactions or arrangements.

(a) FRS 1 First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)

The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting FRSs for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.

(b) FRS 139 Financial Instruments: Recognition and Measurement

The Group and the Company have adopted FRS 139 prospectively on January 1, 2010 in accordance with the transitional provisions in FRS 139. On that date, financial assets were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial liabilities were either classified as financial liabilities at fair value through profit or loss or other financial liabilities.

(c) Improvements to FRSs issued in 2009

In addition to the changes affecting presentation and disclosure in the financial statements and changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Group's and the Company's accounting policies, some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

(d) IC Interpretation 10 Interim Financial Reporting and Impairment

This Interpretation requires that when an impairment loss is recognised in an interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost, that impairment should not be reversed in subsequent interim financial statements nor in annual financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

Standards and IC Interpretations in issue but not yet effective

At the date of authorisation of issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

FRS 1	First-time Adoption of Financial Reporting Standards (revised) [(a)]
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters) [(b)]
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters) [(b)]
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions) [(b)]
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) [(a)]
FRS 3	Business Combinations (revised) [(a)]
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary) [(a)]
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) [(b)]
FRS 124	Related Party Disclosures (revised) [(c)]
FRS 127	Consolidated and Separate Financial Statements (revised) [(a)]
FRS 128	Investments in Associates (revised) [(a)]
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue) [(d)]
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3) [(a)]
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127) [(b)]
Improvements to FRSs 2010 [(b)]	
IC Interpretation 4	Determining whether an Arrangement contains a Lease [(b)]
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3) [(a)]
IC Interpretation 12	Service Concession Arrangements [(b)]
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement) [(e)]
IC Interpretation 15	Agreements for the Construction of Real Estate [(f)]
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation [(a)]
IC Interpretation 17	Distributions of Non-cash Assets to Owners [(a)]
IC Interpretation 18	Transfer of Assets from Customers [(g)]
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [(e)]

[(a)] Effective for annual periods beginning on or after July 1, 2010
[(b)] Effective for annual periods beginning on or after January 1, 2011
[(c)] Effective for annual periods beginning on or after January 1, 2012
[(d)] Effective for annual periods beginning on or after March 1, 2010
[(e)] Effective for annual periods beginning on or after July 1, 2011
[(f)] Original effective date of July 1, 2009 deferred to January 1, 2012 via amendment issued by MASB on August 30, 2010
[(g)] Applied prospectively to transfers of assets from customers received on or after January 1, 2011

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

Standards and IC Interpretations in issue but not yet effective (cont'd)

The directors anticipate that abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these FRSs and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

(a) FRS 3 Business Combinations (Revised in 2010)

The revised FRS 3:

(i) allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority interests") either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

(ii) changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured realiably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as net asset or a liability are recognised in profit or loss;

(iii) requires the recognition of a settlement gain and loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

(iv) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

(b) FRS 127 Consolidated and Separate Financial Statements (Revised in 2010)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interest in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under FRS 127 (Revised in 2010), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, FRS 127 (Revised in 2010) requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

Upon adoption, this Standard has been applied prospectively and therefore, no restatements will be required in respect of the transactions prior to the date of adoption.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

(c) Improvements to FRSs (2010)

Improvements to FRSs (2010) contain amendments to 11 FRSs/ IC Interpretations. Some of the improvements involve accounting changes to presentation, recognition or measurement whilst some are changes to terminology with little effect on accounting. Only the following four of the improvements are expected to have an impact on the Group and the Company's financial statements.

(i) Amendments to FRS 3 Business Combinations specifies that for each business combination, the acquirer shall measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either fair value; or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs.

(ii) Amendments to FRS 7 Financial Instruments: Disclosures providing qualitative disclosures in the context of quantitative disclosures enables users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. The interaction between qualitative and quantitative disclosures contributes to disclosure of information in a way that better enables users to evaluate an entity's exposure to risks. This amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans.

(iii) Amendments to FRS 101 Presentation of Financial Statements clarifies that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements.

(iv) Amendments to FRS 134 Interim Financial Reporting clarifies that an entity shall include in its interim financial report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Information disclosed in relation to those events and transactions shall update the relevant information presented in the most recent annual financial report.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the historical cost basis, unless otherwise indicated in the accounting policies stated below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Subsidiary and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and an entity controlled by the Company (its subsidiary). 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.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiary

Investment in subsidiary which is eliminated on consolidation, is stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Investment in associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in associate is stated at cost less impairment losses, if any, in the Company's separate financial statements.

The investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in associate is carried in the consolidated statement of financial position at cost as adjusted for post acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(a) Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are 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 entity; and
(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition (cont'd)

(b) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(c) Interest revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(d) Other income

Other income are recognised on an accrual basis.

Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the financial statements.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

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

Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group and the Company have no further payment obligations once these contributions have been paid.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation (cont'd)

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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 taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment

Factory buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The Group and the Company carried certain of its property, plant and equipment at revalued amounts and placed reliance on the transitional provisions of International Accounting Standards 16 (Revised) as adopted by the MASB 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 of the Group and of the Company as of December 31, 2010 amounted to RM3,577,850 (2009: RM3,675,650) and this amount will be depreciated over the remaining useful lives of the relevant assets.

Any revaluation increase arising on the revaluation of such buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement or crystallisation of deferred tax liabilities on revaluation surplus of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Factory buildings	2%
Plant and machinery	10% - 23%
Furniture and fittings	10% - 23%
Office equipment	10%
Tools and equipment	10% - 23%
Motor vehicles	20%
Electrical installation	10%
Moulds and dies	20% - 23%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Group and the Company review the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of tangible assets (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, includes an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on the first-in, first-out method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(a) Financial assets

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all financial assets of the Group and of the Company, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Financial assets (cont'd)

(ii) Impairment of financial assets (cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit periods of 30 to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(iii) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(b) Financial liabilities and equity instruments issued by the Group and the Company

(i) Classification as debt or equity

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

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(iii) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Financial liabilities and equity instruments issued by the Group and the Company (cont'd)

(iv) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire.

Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, demand deposits which are not pledged, bank overdrafts and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are 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.

(a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimations which are dealt with below:

(i) Inventories

The Group and the Company make an allowance for slow moving/ obsolete inventories based on an assessment of the net realisable value of the inventories. When estimating the net realisable value of inventories, management consider all of the facts relating to the inventories and the operating environment at the time the estimates are made. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the period in which such estimate has been changed.

(b) Key sources of estimation uncertainty

Management believes that there are no key assumptions made 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.

5. INVESTMENT REVENUE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Rental revenue	123,387	67,971	123,387	67,971
Interest revenue on short-term deposits	2,038	28,479	2,038	26,303
	125,425	96,450	125,425	94,274

The following is an analysis of investment revenue earned on financial assets by category of asset:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Investment revenue earned on non-financial assets	123,387	67,971	123,387	67,971
Loans and receivables (including cash and bank balances)	2,038	28,479	2,038	26,303
	125,425	96,450	125,425	94,274

6. OTHER GAINS AND LOSSES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Gain on disposal of property, plant and equipment	13,834	62,000	14,740	-
Inventories written down	(682,171)	(710,241)	(89,063)	(78,058)
Impairment losses recognised on trade and other receivables	(14,061)	(376,013)	-	(373,493)
Net foreign exchange (loss)/ gain	(2,661)	26,804	(3,588)	26,720
Bad debts recovered	-	163,381	-	-
Property, plant and equipment written off	-	(8,166)	-	(8,166)
Sundry loss	(106,342)	-	(15,328)	-
	(791,401)	(842,235)	(93,239)	(432,997)

7. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense recognised as an expense during the financial year is as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Contribution to employees provident fund	347,366	384,769	302,605	294,344
Other employee benefits expense	4,888,793	4,888,497	4,263,381	3,855,166
	5,236,159	5,273,266	4,565,986	4,149,510

7. EMPLOYEE BENEFITS EXPENSE (cont'd)

Employee benefits expense includes salaries, bonuses, contribution to employees provident fund and all other employee related expenses.

Details of remuneration of directors, who are the key management personnel of the Group and of the Company are as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive:				
Directors of the Company:				
Fee	72,000	72,000	72,000	72,000
Contribution to employees provident fund	16,548	21,366	16,548	21,366
Other emoluments	212,800	336,750	212,800	336,750
	301,348	430,116	301,348	430,116
Non-executive:				
Directors of the Company:				
Fee	81,600	81,600	81,600	81,600
Directors of subsidiary:				
Fee	18,000	18,000	-	-
	99,600	99,600	81,600	81,600
	400,948	529,716	382,948	511,716

8. FINANCE COST

Interest expense for financial liability not classified as fair value through profit or loss is as follows:

	The Group	
	2010 RM	2009 RM
Interest on bank overdraft	11	9,281

9. TAX EXPENSE/ (INCOME)

Tax expense/ (income) comprise:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax expense in respect of the current year	63,328	-	63,328	-
Adjustment recognised in the current year in relation to the current tax of prior years	15,694	(40,543)	10,195	(40,543)
	79,022	(40,543)	73,523	(40,543)

9. TAX EXPENSE/ (INCOME) (cont'd)

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax expense/ (income) relating to the origination and reversal of temporary differences	110,245	(340,031)	110,245	(340,031)
Adjustment recognised in the current year in relation to the deferred tax of prior years	-	(31,724)	-	(31,724)
	110,245	(371,755)	110,245	(371,755)
Total tax expense/ (income)	189,267	(412,298)	183,768	(412,298)

Malaysia income tax is calculated at the statutory tax rate of 25% (2009: 25%).

The estimated tax savings arising from utilisation of previously unused tax capital allowances and unused tax losses that are used to reduce current tax expense of the Group and of the Company are RM146,000 (2009: Nil) and RM21,000 (2009: Nil) respectively.

The total tax expense/ (income) for the year can be reconciled to the accounting profit/ (loss) as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/ (loss) before tax	164,227	(2,642,041)	(1,614,812)	(3,528,225)
Tax expense calculated using income tax rate of 25% (2009: 25%)	41,000	(660,000)	(404,000)	(882,000)
Effect of expenses that are not deductible in determining taxable profit	173,573	84,969	577,573	541,969
Effect of share of results of associate	(423,000)	(227,000)	-	-
Net deferred tax income not recognised	382,000	462,000	-	-
	173,573	(340,031)	173,573	(340,031)
Adjustment recognised in the current year in relation to the current tax of prior years	15,694	(40,543)	10,195	(40,543)
Adjustment recognised in the current year in relation to the deferred tax of prior year	-	(31,724)	-	(31,724)
Tax expense/ (income) recognised in profit or loss	189,267	(412,298)	183,768	(412,298)

Tax income recognised in other comprehensive income

	The Group	
	2010 RM	2009 RM
Deferred tax		
Arising on income and expense recognised in other comprehensive income:		
Effect on deferred tax on properties revaluation due to the changes in income tax rate	-	78,862

9. TAX EXPENSE/ (INCOME) (cont'd)

As of December 31, 2010, the Group and the Company have the following amounts of unused tax losses and unused tax capital allowances which are available for set off against future taxable:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Unused tax losses	11,338,000	11,264,000	-	474,000
Unused tax capital allowances	3,501,000	3,734,000	-	522,000

The above unused tax benefits are subject to agreement by the tax authority.

10. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other charges:				
Depreciation of property, plant and equipment	1,270,616	1,709,371	866,926	1,216,297
Rental of hostel	100,947	83,104	85,869	56,448
Audit fee	58,500	52,500	39,000	33,000
Amortisation of prepaid lease payments on leasehold land	54,000	53,998	24,829	24,827

11. BASIC LOSS PER SHARE

Basic loss per share is calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2010	2009
Loss for the year attributable to owners of the Company (RM)	25,040	2,229,743
Weighted average number of ordinary shares in issue (units)	243,000,000	243,000,000
Basic loss per share (sen)	0.01	0.92

12. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost unless stated otherwise	Beginning of year RM	Additions RM	Disposals/ write-off RM	Transfers RM	End of year RM
2010:					
Factory buildings					
- at 1997 valuation	4,890,000	-	-	-	4,890,000
- at cost	3,160,010	-	-	-	3,160,010
Plant and machinery	28,042,898	53,438	(45,140)	-	28,051,196
Furniture and fittings	1,499,495	49,919	(12,230)	-	1,537,184
Office equipment	855,795	30,370	(25,028)	-	861,137
Tools and equipment	5,040,820	-	-	-	5,040,820
Motor vehicles	745,485	-	(27,002)	-	718,483
Electrical installation	1,251,717	-	-	-	1,251,717
Moulds and dies	4,944,601	1,258	-	-	4,945,859
	50,430,821	134,985	(109,400)	-	50,456,406
2009:					
Factory buildings					
- at 1997 valuation	4,890,000	-	-	-	4,890,000
- at cost	3,160,010	-	-	-	3,160,010
Plant and machinery	28,531,226	-	(488,328)	-	28,042,898
Furniture and fittings	1,631,264	-	(160,050)	28,281	1,499,495
Office equipment	1,145,943	106,401	(344,229)	(52,320)	855,795
Tools and equipment	4,976,388	40,393	-	24,039	5,040,820
Motor vehicles	890,951	-	(145,466)	-	745,485
Electrical installation	1,251,717	-	-	-	1,251,717
Moulds and dies	4,916,585	28,016	-	-	4,944,601
	51,394,084	174,810	(1,138,073)	-	50,430,821

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-off RM	Transfers RM	End of year RM
2010:					
Factory buildings					
- at 1997 valuation	1,214,350	97,800	-	-	1,312,150
- at cost	550,124	63,200	-	-	613,324
Plant and machinery	27,013,304	480,469	(45,141)	-	27,448,632
Furniture and fittings	1,134,890	86,546	(9,921)	-	1,211,515
Office equipment	619,446	43,102	(18,631)	-	643,917
Tools and equipment	4,085,409	287,259	-	-	4,372,668
Motor vehicles	711,187	25,693	(27,002)	-	709,878
Electrical installation	1,153,432	50,897	-	-	1,204,329
Moulds and dies	4,687,358	135,650	-	-	4,823,008
	41,169,500	1,270,616	(100,695)	-	42,339,421

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-off RM	Transfers RM	End of year RM
2009:					
Factory buildings					
- at 1997 valuation	1,116,550	97,800	-	-	1,214,350
- at cost	486,924	63,200	-	-	550,124
Plant and machinery	26,771,593	727,618	(485,907)	-	27,013,304
Furniture and fittings	1,178,478	93,221	(159,304)	22,495	1,134,890
Office equipment	947,891	56,669	(339,230)	(45,884)	619,446
Tools and equipment	3,688,100	373,920	-	23,389	4,085,409
Motor vehicles	842,461	14,192	(145,466)	-	711,187
Electrical installation	1,089,680	63,752	-	-	1,153,432
Moulds and dies	4,468,359	218,999	-	-	4,687,358
	40,590,036	1,709,371	(1,129,907)	-	41,169,500

The Company

Cost unless stated otherwise	Beginning of year RM	Additions RM	Disposals/ write-off RM	Transfers RM	End of year RM
2010:					
Factory buildings					
- at 1997 valuation	4,890,000	-	-	-	4,890,000
- at cost	1,707,000	-	-	-	1,707,000
Plant and machinery	20,399,527	53,438	(45,140)	-	20,407,825
Furniture and fittings	1,083,023	49,919	(2,330)	-	1,130,612
Office equipment	772,686	30,370	(24,787)	-	778,269
Tools and equipment	4,073,815	-	-	-	4,073,815
Motor vehicles	710,371	-	(27,002)	-	683,369
Electrical installation	962,156	-	-	-	962,156
Moulds and dies	3,749,678	1,258	-	-	3,750,936
	38,348,256	134,985	(99,259)	-	38,383,982
2009:					
Factory buildings					
- at 1997 valuation	4,890,000	-	-	-	4,890,000
- at cost	1,707,000	-	-	-	1,707,000
Plant and machinery	20,887,855	-	(488,328)	-	20,399,527
Furniture and fittings	1,214,792	-	(160,050)	28,281	1,083,023
Office equipment	1,081,314	87,921	(344,229)	(52,320)	772,686
Tools and equipment	4,018,483	31,293	-	24,039	4,073,815
Motor vehicles	687,371	23,000	-	-	710,371
Electrical installation	962,156	-	-	-	962,156
Moulds and dies	3,721,662	28,016	-	-	3,749,678
	39,170,633	170,230	(992,607)	-	38,348,256

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-off RM	Transfers RM	End of year RM
2010:					
Factory buildings					
- at 1997 valuation	1,214,350	97,800	-	-	1,312,150
- at cost	276,474	34,140	-	-	310,614
Plant and machinery	19,652,200	329,617	(45,141)	-	19,936,676
Furniture and fittings	886,892	47,414	(2,330)	-	931,976
Office equipment	579,088	35,201	(18,427)	-	595,862
Tools and equipment	3,390,357	233,508	-	-	3,623,865
Motor vehicles	654,031	25,693	(27,002)	-	652,722
Electrical installation	881,678	33,707	-	-	915,385
Moulds and dies	3,693,767	29,846	-	-	3,723,613
	31,228,837	866,926	(92,900)	-	32,002,863
2009:					
Factory buildings					
- at 1997 valuation	1,116,550	97,800	-	-	1,214,350
- at cost	242,334	34,140	-	-	276,474
Plant and machinery	19,579,888	558,219	(485,907)	-	19,652,200
Furniture and fittings	971,445	52,256	(159,304)	22,495	886,892
Office equipment	915,286	48,916	(339,230)	(45,884)	579,088
Tools and equipment	3,046,394	320,574	-	23,389	3,390,357
Motor vehicles	638,881	15,150	-	-	654,031
Electrical installation	846,883	34,795	-	-	881,678
Moulds and dies	3,639,320	54,447	-	-	3,693,767
	30,996,981	1,216,297	(984,441)	-	31,228,837

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Net book value				
Factory buildings				
- at 1997 valuation	3,577,850	3,675,650	3,577,850	3,675,650
- at cost	2,546,686	2,609,886	1,396,386	1,430,526
Plant and machinery	602,564	1,029,594	471,149	747,327
Furniture and fittings	325,669	364,605	198,636	196,131
Office equipment	217,220	236,349	182,407	193,598
Tools and equipment	668,152	955,411	449,950	683,458
Motor vehicles	8,605	34,298	30,647	56,340
Electrical installation	47,388	98,285	46,771	80,478
Moulds and dies	122,851	257,243	27,323	55,911
	8,116,985	9,261,321	6,381,119	7,119,419

Certain of the factory buildings were revalued in 1997 based on the reports by independent firms of professional valuers using open market values on existing use basis.

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Had the factory buildings been carried at historical costs, the carrying amounts of the revalued assets would be as follows:

	The Group and the Company	
	2010	2009
	RM	RM
Cost	3,853,814	3,853,814
Accumulated depreciation	(1,376,303)	(1,299,227)
Carrying amounts	2,477,511	2,554,587

Certain property, plant and equipment of the Group and of the Company with a total carrying value of RM3,577,850 (2009: RM3,675,650) are charged to local licensed banks as securities for banking facilities granted to the Group and the Company as disclosed in Note 26.

13. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Short leasehold land:				
At beginning of year	2,454,142	2,508,140	1,131,725	1,156,552
Amortisation during the year	(54,000)	(53,998)	(24,829)	(24,827)
At end of year	2,400,142	2,454,142	1,106,896	1,131,725

As of December 31, 2010, the unexpired lease period of the Group's and of the Company's short leasehold land is 45 years.

The short leasehold land of the Group and of the Company with a carrying value of RM1,106,896 (2009: RM1,131,725) is charged to a local licensed bank as securities for banking facilities granted to the Group and the Company as disclosed in Note 26.

14. INVESTMENT IN SUBSIDIARY

	The Group	
	2010	2009
	RM	RM
Unquoted shares, at cost	24,400,000	20,000,000
Less: Accumulated impairment losses	(18,319,911)	(16,543,528)
	6,080,089	3,456,472

The Company holds 100% (2009: 100%) equity interest in Supercomal Advanced Cables Sdn. Bhd., a company incorporated in Malaysia. The subsidiary is principally involved in the manufacture of wires and cables for automotive industries.

15. INVESTMENT IN ASSOCIATE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unquoted shares, at cost	450,000	450,000	450,000	450,000
Group's share of post-acquisition reserve	2,561,816	870,814	-	-
	3,011,816	1,320,814	450,000	450,000

The Company holds 20% (2009: 20%) equity interest in Supercomal Medical Products Sdn. Bhd., a company incorporated in Malaysia. The associate is principally involved in the manufacture of cables for medical devices.

Summarised financial information in respect of the Group's associate is set out below.

	The Group	
	2010 RM	2009 RM
Total assets	18,529,675	11,621,282
Total liabilities	(3,470,593)	(5,017,212)
Net assets	15,059,082	6,604,070
Group's share of net assets of associate	3,011,816	1,320,814
Total revenue	20,650,254	11,379,860
Total profit for the year	8,455,012	4,541,129
Group's share of profits of associate	1,691,002	908,226

16. INVENTORIES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Raw materials	6,126,156	6,561,722	4,647,347	4,391,257
Work-in-progress	1,875,267	1,285,176	1,534,300	945,815
Finished goods	2,837,539	2,674,740	2,629,954	2,339,923
Spare parts	76,144	73,573	76,144	73,573
	10,915,106	10,595,211	8,887,745	7,750,568

The cost of inventories of the Group and of the Company recognised as an expense during the financial year was RM31,883,816 (2009: RM22,550,293) and RM30,495,903 (2009: RM20,569,912) respectively.

17. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade receivables	6,556,885	7,511,867	6,484,706	6,314,362
Less: Allowance for doubtful debts	(464,357)	(487,288)	(463,038)	(463,038)
	6,092,528	7,024,579	6,021,668	5,851,324
Amount owing by subsidiary:				
Trade	-	-	68,470	4,239,421
Amount owing by associate:				
Trade	823,445	1,050,767	823,445	1,050,767
Non-trade	257,112	-	116,593	-
	1,080,557	1,050,767	940,038	1,050,767
Other receivable	36,992	-	-	-
Less: Allowance for doubtful debt	(36,992)	-	-	-
	-	-	-	-
	7,173,085	8,075,346	7,030,176	11,141,512

The currency exposure profile of trade and other receivables is as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Ringgit Malaysia	6,377,182	7,263,361	6,234,273	10,329,527
United States Dollar	652,219	625,293	652,219	625,293
Singapore Dollar	143,684	186,692	143,684	186,692
	7,173,085	8,075,346	7,030,176	11,141,512

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised costs.

The average credit periods on sale of goods to trade receivables range from 30 to 60 days (2009: 30 to 60 days). No interest is charged on trade receivables outstanding balance. Allowance for doubtful debts are recognised against trade receivables over credit period based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group and the Company have not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group and the Company to the counterparty.

17. TRADE AND OTHER RECEIVABLES (cont'd)

Ageing of past due but not impaired trade receivables:

	The Group and the Company 2010 RM
Less than 90 days	2,009,525
90 days to 120 days	382,248
180 days to 365 days	1,067,951
Total	3,459,724

Trade and other receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group and the Company.

Movement in the allowance for doubtful debts account on trade receivables is as follows:

	The Group 2010 RM	The Company 2010 RM
Balance at beginning of year	487,288	463,038
Impairment loss reversed	(22,931)	-
Balance at end of year	464,357	463,038

In determining the recoverability of a trade receivable, the Group and the Company consider any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

The allowance for doubtful debts on trade receivables are made for individually impaired receivables, relating to entities that are in significant financial difficulties and have defaulted on payments. The Group and the Company do not hold any collateral over these balances.

Ageing of impaired trade receivables:

	The Group 2010 RM	The Company 2010 RM
180 days to 365 days	1,319	-
More than 365 days	463,038	463,038
	464,357	463,038

The credit period granted by the Company for trade transactions with subsidiary is 60 days (2009: 60 days). No interest is charged on amount owing by subsidiary.

17. TRADE AND OTHER RECEIVABLES (cont'd)

Ageing of past due but not impaired trade amount owing by subsidiary:

	The Company 2010 RM
Less than 90 days	11,437
90 days to 120 days	200
120 days to 180 days	3,381
180 days to 365 days	30,558
Total	45,576

The credit period granted by the Group and the Company for trade transactions with associate is 30 days (2009: 30 days). No interest is charged on amount owing by associate.

Ageing of past due but not impaired trade amount owing by associate:

	The Group and the Company 2010 RM
Less than 90 days	285,315

The non-trade amount owing by associate arose mainly from unsecured advances which are interest free and repayable on demand.

Movement in the allowance for doubtful debts on other receivable is as follows:

	The Group 2010 RM
Balance at beginning of year	-
Impairment loss recognised	36,992
Balance at end of year	36,992

The allowance for doubtful debt on other receivable is made for an individual impaired receivable, relating to an entity that is in significant financial difficulty and has defaulted on payments. The Group does not hold any collateral over this balance.

18. OTHER ASSETS

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deposits	87,925	82,925	44,665	36,665
Prepayments	279,693	295,589	269,693	182,043
	367,618	378,514	314,358	218,708

19. SHORT-TERM DEPOSIT WITH A LICENSED BANK

As of December 31, 2010, the Group's short-term deposit with a licensed bank with a carrying value of RM1,500 (2009: RM1,500) is pledged to the bank for a bank guarantee facility granted to the subsidiary.

The Group's short-term deposit with a licensed bank carries interest at a rate of 3.1% (2009: 3.1%) per annum and will mature in March 2011.

20. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	2,710,493	2,653,776	2,038,136	2,516,949
United States Dollar	287,757	85,358	287,585	85,167
	2,998,250	2,739,134	2,325,721	2,602,116

21. SHARE CAPITAL

	The Company	
	2010 RM	2009 RM
Authorised:		
1,000,000,000 ordinary shares of RM0.10 each	100,000,000	100,000,000
Issued and fully paid:		
243,000,000 ordinary shares of RM0.10 each	24,300,000	24,300,000

22. RESERVES

	The Group and the Company	
	2010 RM	2009 RM
Non-distributable:		
Share premium	5,936,954	5,936,954
Properties revaluation reserve	1,511,727	1,547,099
	7,448,681	7,484,053

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

22. RESERVES (cont'd)

The movement in properties revaluation reserve is as follows:

	The Group and the Company 2010 RM	2009 RM
Balance at beginning of year	1,547,099	1,503,608
Reversal of deferred tax liabilities due to changes in income tax rate	-	78,862
Transferred to retained earnings	(35,372)	(35,371)
Balance at end of year	1,511,727	1,547,099

The properties revaluation reserve arises on the revaluation of land and buildings net of related deferred tax liabilities.

23. DEFERRED TAX LIABILITIES

The Group and the Company

	Opening balance RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	Closing balance RM
2010:				
Deferred tax liabilities				
Gain on revaluation of properties	492,122	(13,755)	-	478,367
Property, plant and equipment	446,000	(90,000)	-	356,000
Unused tax capital allowances	(130,000)	130,000	-	-
Unused tax losses	(119,000)	119,000	-	-
Inventories	-	(42,000)	-	(42,000)
Others	(11,000)	7,000	-	(4,000)
	678,122	110,245	-	788,367
2009:				
Deferred tax liabilities				
Gain on revaluation of properties	584,739	(13,755)	(78,862)	492,122
Property, plant and equipment	610,000	(164,000)	-	446,000
Unused tax capital allowances	-	(130,000)	-	(130,000)
Unused tax losses	-	(119,000)	-	(119,000)
Others	(66,000)	55,000	-	(11,000)
	1,128,739	(371,755)	(78,862)	678,122

23. DEFERRED TAX LIABILITIES (cont'd)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused capital allowances which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused capital allowance can be utilised. As of December 31, 2010, the following have not been recognised as deferred tax assets/ (liability):

	The Group	
	2010 RM	2009 RM
Unused tax losses	11,338,000	10,788,000
Unused tax capital allowances	3,501,000	3,212,000
Deductible/ (taxable) temporary differences:		
Inventories	1,731,000	1,140,000
Property, plant and equipment	(516,000)	(636,000)
Net	16,054,000	14,504,000

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	1,798,129	1,865,641	1,798,129	1,844,724
Amount owing to subsidiary:				
Trade	-	-	33,918	-
Non-trade	-	-	151,921	-
	-	-	185,839	-
Other payables	349,947	288,987	331,430	269,127
Accrued expenses	428,055	589,449	392,109	435,499
	2,576,131	2,744,077	2,707,507	2,549,350

The currency exposure profile of trade and other payables is as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	2,014,068	2,391,779	2,145,444	2,215,453
United States Dollar	553,870	351,261	553,870	332,860
Singapore Dollar	8,193	1,037	8,193	1,037
	2,576,131	2,744,077	2,707,507	2,549,350

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group and the Company for trade purchases range from 30 to 60 days (2009: 30 to 60 days). No interest was charged on trade payables outstanding balance. The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

24. TRADE AND OTHER PAYABLES (cont'd)

The credit period granted to the Company for trade transactions with subsidiary is 60 days (2009: 60 days). No interest is charged on amount owing to subsidiary. The non-trade amount owing to subsidiary arose mainly from unsecured advances which are interest free and repayable on demand.

Other payables comprise mainly amounts outstanding for ongoing costs.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of year comprise the following:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	2,998,250	2,739,134	2,325,721	2,602,116
Short-term deposit with a licensed bank	1,500	1,500	-	-
	2,999,750	2,740,634	2,325,721	2,602,116
Less: Short-term deposit held as security	(1,500)	(1,500)	-	-
	2,998,250	2,739,134	2,325,721	2,602,116

26. FINANCING FACILITIES

As of December 31, 2010, the Group and the Company have unused bank overdrafts and other credit facilities as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unsecured	8,000,000	8,000,000	-	-
Secured	5,500,000	5,500,000	5,500,000	5,500,000
	13,500,000	13,500,000	5,500,000	5,500,000

The bank overdraft and other banking facilities bear interest at a rate of 1.5% (2009: 1.5%) per annum above the lending banks' base lending rates.

The unsecured banking facilities are guaranteed by the Company for RM13,200,000 (2009: RM13,200,000). The secured banking facilities are secured by a charge over the Company's short leasehold land and factory buildings and a negative pledge over all the Company's assets.

27. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. Management monitors capital based on ability of the Group to generate sustainable profits and availability of retained earnings for dividend payments to shareholders. The Group's overall strategy remains unchanged from 2009.

27. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives

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

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

i. Market risk management

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

ii. Foreign currency risk management

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

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group and the Company	
	Assets 2010 RM	Liabilities 2010 RM
United States Dollar	939,804	553,870
Singapore Dollar	143,684	8,193

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the RM against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the RM strengthens 10% against the relevant currency. For a 10% weakening of the RM against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

	The Group and the Company 2010 RM
Impact on profit or loss	
United States Dollar	38,522
Singapore Dollar	13,872

27. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group and the Company only transact with entities that are rated the equivalent of investment grade and above. The Group and the Company use its own trading records to rate its major customers. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At the reporting date, approximately 44% of the Group's and the Company's trade receivables were due from two major customers. Apart from these major customers, the Group and the Company do not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group and the Company define counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 8% of gross trade receivables at the end of reporting date.

The carrying amounts of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's and the Company's maximum exposure to credit risk.

iv. Interest rate risk management

The Group's exposure to changes in interest rates relates primarily to the Group's short-term deposit with a licensed bank. It has no significant interest-bearing financial assets or liabilities.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of reporting period.

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's and the Company's funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 26 sets out details of additional undrawn facilities that the Group and the Company have at its disposal to further reduce liquidity risk.

The Group and the Company do not hold any derivative financial instruments.

vi. Cash flow risk management

The Group and the Company review their cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

c. Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

28. RELATED PARTY TRANSACTIONS

Significant transactions between the Group and the Company with related parties during the financial year were as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
With subsidiary:				
Sale of finished goods	-	-	29,924	98,614
Sundry charges paid	-	-	5,618	-
Purchase of raw materials, and packing materials	-	-	440	50
Sale of raw materials, indirect and packing materials	-	-	273	688
Purchase of property, plant and equipment	-	-	-	23,000
With associate:				
Sale of goods	3,288,010	1,076,989	3,288,010	1,076,989
Sub-contract income	224,068	782,016	-	457,543
Rental receivable	123,387	67,971	123,387	67,971
Sale of property, plant and equipment	21,000	-	21,000	-
Purchase of raw materials, indirect and packing materials	12,276	14,307	12,276	14,307
Sale of raw materials, indirect and packing materials	855	3,599	855	3,599

29. LEASE COMMITMENTS

As of December 31, 2010, lease commitments payable by the Group and the Company in respect of rental of premises are as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Not later than one year	-	44,688	-	27,440

30. SEGMENTAL INFORMATION

Products and services from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance comprises a single type of goods or services delivered or provided, namely manufactured products. Accordingly, no industry segment information of the Group has been presented.

30. SEGMENTAL INFORMATION (cont'd)

Geographical information

The Group's operations are located in Malaysia.

The Group's revenue from external customers attributed to countries from which the Company and its subsidiary derive revenue are detailed below:

	The Group	
	2010	2009
	RM	RM
Malaysia	29,297,262	19,297,865
Republic of Singapore	3,563,565	1,335,823
Others	370,248	1,111,103
	33,231,075	21,744,791

Information about major customers

Included in revenue of the Group are revenue of RM8,215,490 (2009: RM4,193,154) and RM3,288,010 (2009: RM2,078,013) which arose from sales to the Group's first and second largest customers respectively.

31. SUPPLEMENTARY INFORMATION – DISCLOSURE ON REALISED AND UNREALISED PROFITS/ LOSSES

On March 25, 2010, Bursa Malaysia Securities Berhad issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities ACE Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period into realised and unrealised profits or losses.

On December 20, 2010, Bursa Malaysia Securities Berhad further issued guidance on the disclosure and the prescribed format required.

The breakdown of the retained earnings of the Group and accumulated losses of the Company as of December 31, 2010 into realised and unrealised amounts, pursuant to the directive, is as follows:

	The Group 2010 RM	The Company 2010 RM
Total accumulated losses of the Company and its subsidiary		
Realised	(20,161,396)	(1,841,751)
Unrealised	(329,581)	(329,315)
	(20,490,977)	(2,171,066)
Total share of retained earnings from associate		
Realised	2,674,751	-
Unrealised	(112,935)	-
	2,561,816	-
	(17,929,161)	(2,171,066)
Less: Consolidation adjustments	18,297,869	-
Total retained earnings/ (accumulated losses) as per statements of financial position	368,708	(2,171,066)

Comparative information is not presented in the first financial year of application pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010.

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of recourse could be demonstrated.

The supplementary information have been made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

The directors of **SUPERCOMNET TECHNOLOGIES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2010 and of the financial performance and the cash flows of the Group and of the Company for the year then ended on that date.

The supplementary information set out in Note 31, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the Directors,

SHIUE, JONG-ZONE

WU, HUEI-CHUNG

Penang,

April 28, 2011

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 **SUPERCOMNET TECHNOLOGIES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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 28, 2011

SHIUE, JONG-ZONE
Before me,

GOH SUAN BEE
No: P125
COMMISSIONER FOR OATHS

GROUP PROPERTIES

AS AT DECEMBER 31, 2010

The details of the landed properties owned by the STB Group as at December 31, 2010 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, 2010 RM**
Lot P.T. 30512 H.S.(D) 2808/95 Mukim of Sungai Petani	Two storey factory buildings situated on a 60 years leasehold 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 approximately 18 years and Building 2 is approximately 14 years	4,684,746^
Lot P.T. 30511 H.S.(D) 2807/95 Mukim of Sungai Petani	Two storey factory buildings situated on a 60 years leasehold 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 approximately 9 years and Building 4 is approximately 8 years	3,839,932^^

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 approximately 428 sq. meters

^ Of the total, the net book value for the land as at December 31, 2010 was RM1,106,896 whilst the net book value of the buildings was RM3,577,850

** 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 approximately 300 sq. meters

^^ Of the total, the net book value for the land as at December 31, 2010 was RM1,293,246 whilst the net book value of the buildings was RM2,546,686

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL AS AT ARPIL 29, 2011

Authorised Capital	: RM100,000,000.00
Issued and Paid-up Capital	: RM24,300,000.00
Class of Shares	: Ordinary Shares of RM0.10 each
Voting Rights	: One voting right for one ordinary share

DISTRIBUTION OF SHAREHOLDERS AS AT APRIL 29, 2011

Size of Holdings	No. of Holders	No. of Shares	%
1 - 99	4	200	0.00
100 - 1,000	47	28,600	0.01
1,001 - 10,000	557	3,253,200	1.34
10,001 - 100,000	480	17,663,700	7.27
100,001 - 12,149,999	80	70,542,500	29.03
12,150,000 and above	5	151,511,800	62.35
Total	**1,173**	**243,000,000**	**100.00**

THIRTY LARGEST SECURITIES HOLDERS AS AT APRIL 29, 2011

No.	Name	Shareholdings	%
1	OSK Nominees (Asing) Sdn Berhad Qualifier: Pledged Securities Account for Wencastle Holdings Limited	48,312,000	19.88
2	Shiue, Jong-Zone	46,393,600	19.09
3	Wu Chung-Jung	26,837,200	11.04
4	Liu Kuo, Ling-Miao	15,648,000	6.44
5	Kong Kok Keong	14,321,000	5.89
6	AMSEC Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Kong Kok Keong	7,000,000	2.88
7	Kenanga Nominees (Asing) Sdn Bhd Qualifier: Exempt An for Sanston Financial Group Limited	6,000,000	2.47
8	Pacific Rotary Sdn. Bhd.	5,432,800	2.24
9	Wu, Huei-Chung	3,552,000	1.46
10	Lin Ho, Shu-Li	3,408,000	1.40
11	Data Gold Systems Sdn Bhd	3,326,000	1.37
12	Chen Cheng-Chun	3,036,000	1.25
13	Lo, Chin-Song	2,844,000	1.17
14	JF Apex Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Wong Seng Huat (STA 1)	2,730,000	1.12
15	Lee, Chao-Chih	2,280,000	0.94
16	Lo, Fu-Yuan	2,280,000	0.94
17	Saw Siam Yeng	2,054,200	0.85
18	Lim Poh Fong	2,003,600	0.82
19	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Fung Oi Lan (Securitized)	1,445,100	0.59
20	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for David Ee	1,400,100	0.58
21	Shiue, Jyh-Jeh @Jerry	1,356,700	0.56
22	Hsueh, Chih-Yu	1,344,700	0.55
23	HDM Nominees (Tempatan) Sdn Bhd Qualifier: UOB Kay Hian Pte Ltd for Ong Bee Ting	1,245,600	0.51
24	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: CIMB Bank for Md Zin Bin Baharom (MY0490)	969,900	0.40
25	Wang Yu-Chuan	918,600	0.38

THIRTY LARGEST SECURITIES HOLDERS AS AT APRIL 29, 2011 (cont'd)

No.	Name	Shareholdings	%
26	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Fung Oi Lan	800,000	0.33
27	Lee Kwee Moy	735,900	0.30
28	Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chang Kim Boey (E-BPT)	681,000	0.28
29	Lim Chueen Huat	570,000	0.23
30	Affin Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Cheng Wai Fun	556,000	0.23

SUBSTANTIAL SHAREHOLDERS AS AT APRIL 29, 2011

Name	Direct Shareholding	%	Indirect Shareholding	%
Shiue, Jong Zone	46,393,600	19.09	33,090,600 [a]	13.62
Wu Chung-Jung	26,837,200	11.04	52,647,000 [b]	21.67
Wu, Huei-Chung	3,552,000	1.46	75,932,200 [c]	31.25
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700	0.55	78,139,500 [d]	32.16
Shiue, Jyh-Jeh	1,356,700	0.56	78,127,500 [e]	32.15
Kong Kok Keong	21,321,000	8.77	-	
Wencastle Holdings Limited	48,312,000	19.88	-	-
Liu Kuo, Ling-Miao	15,648,000	6.44	-	

Notes:-

(a) Deemed interest held through:-

Wu, Huei-Chung	3,552,000
Wu, Chung-Jung	26,837,200
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700
Shiue, Jyh-Jeh	1,356,700

(b) Deemed interest held through:-

Shiue, Jong-Zone	46,393,600
Wu, Huei-Chung	3,552,000
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700
Shiue, Jyh-Jeh	1,356,700

(c) Deemed interest held through:-

Shiue, Jong-Zone	46,393,600
Wu, Chung-Jung	26,837,200
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700
Shiue, Jyh-Jeh	1,356,700

(d) Deemed interest held through:-

Wu, Huei-Chung	3,552,000
Wu, Chung-Jung	26,837,200
Shiue, Jong-Zone	46,393,600
Shiue, Jyh-Jeh	1,356,700

(e) Deemed interest held through:-

Wu, Huei-Chung	3,552,000
Wu, Chung-Jung	26,837,200
Shiue, Jong-Zone	46,393,600
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700

DIRECTORS' SHAREHOLDING AS AT APRIL 29, 2011

Name	Direct Shareholding	%	Indirect Shareholding	%
Shiue, Jong-Zone	46,393,600	19.09	33,090,600 [a]	13.62
Wu, Huei-Chung	3,552,000	1.46	75,932,200 [b]	31.25
Wu, Chung-Jung	26,837,200	11.04	52,647,000 [c]	21.67
Ang Ah Soon @ Ang Weng Joo	-	-	-	-
Ismail Bin Ahmad	-	-	-	-
Dato' Seri Dr. Haji Arshad Bin Haji Hashim	-	-	-	-

Notes:-

(a) Deemed interest held through:-

Wu, Huei-Chung	3,552,000
Wu, Chung-Jung	26,837,200
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700
Shiue, Jyh-Jeh	1,356,700

(b) Deemed interest held through:-

Shiue, Jong-Zone	46,393,600
Wu, Chung-Jung	26,837,200
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700
Shiue, Jyh-Jeh	1,356,700

(c) Deemed interest held through:-

Shiue, Jong-Zone	46,393,600
Wu, Huei-Chung	3,552,000
Hsueh, Chih-Yu @ Shiue, Jyh-Yeu	1,344,700
Shiue, Jyh-Jeh	1,356,700

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

No of ordinary shares held

PROXY FORM

I/We, ______________________________(*NRIC No./Company No______________________)

of ____

______________being a *Member/Members of SUPERCOMNET TECHNOLOGIES BERHAD hereby appoint (Proxy 1)

______________________________(*NRIC No./Company No______________________)

of ____and*/or failing him* (Proxy 2),

______________________________(*NRIC No./Company No______________________)

of ____

and*/or failing him*, the Chairman of the Meeting, as my/our proxy(ies), to vote for me/us on my/our behalf at the **TWENTY-FIRST ANNUAL GENERAL MEETING** of the Company to be held at the Burma Room, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Monday, June 20, 2011 at 11.00 a.m. and at any adjournment thereof as indicated below:-

The proportions of my/our holdings to be represented by my/our proxy(ies) are as follows:-

Proxy 1 - ______ %   In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on my/our behalf.

Proxy 2 - ______ %

100%

* Strike out whichever is inapplicable

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

Resolutions	For	Against
1. To approve the payment of Directors' Fees of RM153,600 for the financial year ended December 31, 2010.		
To re-elect the following Directors who are retiring under the provision of Article 99 (1) of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:-		
2. Mr. Shiue, Jong-Zone		
3. Mr. Ang Ah Soon @ Ang Weng Joo		
4. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
5. Special Business Ordinary Resolution To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		

Signature of Member:- - - - - - - - - - - - - - - - -   Signed this: - - - - - - - - - - - - - - - - -

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, the duly completed proxy form must be deposited at the registered office of the Company at 57-G 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, the proxy form must be executed under its Common Seal.

Fold this flap for sealing

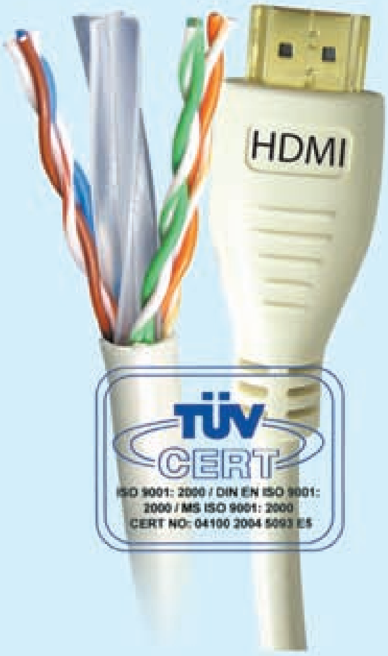
Then fold here

Affix Stamp
Here

THE COMPANY SECRETARIES
SUPERCOMNET TECHNOLOGIES BERHAD
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

1st fold here

Cable Harness



Medical Device Products

TÜV SÜD ISO 13485:2003

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

Automotive Harness

TÜV CERT ISO TS 16949 : 2002

RoHS COMPLIANT

Supercomnet Technologies Berhad (197527-H)

(ACE Market of Bursa Malaysia Securities Berhad)
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Homepage: www.supercomnet.com
E-Mail: sales@supercomnet.com

Designed by: Jerry