Supercomnet Technologies BHD.

Annual Report 2012

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of the Company will be held at Kelawai Room, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Friday, June 21, 2013 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, 2012 together with the reports of the Directors and Auditors thereon. (Please refer to Note A)

2. To approve an increase of Directors' Fees of RM153,600/- to RM176,500/- for the financial year ended December 31, 2012 and payment of such fees to the Directors. (Resolution 1)

3. To re-elect the following Directors who are retiring under the provision of the Articles of Association of the Company, and who, being eligible offerred themselves for re-election:-

a) Dato' Seri Dr. Haji Arshad Bin Haji Hashim	Article 99(1)	(Resolution 2)
b) En. Ismail Bin Ahmad	Article 99(1)	(Resolution 3)
c) Mr. Ng Ngoon Weng	Article 106	(Resolution 4)
d) Mr. Goh Chooi Eam	Article 106	(Resolution 5)

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 6)

5. AS SPECIAL BUSINESSES

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

   Ordinary Resolution
   Authority to Issue Shares (Resolution 7)

   "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 : May 28, 2013

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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.*

1. *For the purpose of determining a member who shall be entitled to attend and vote at the AGM, the Company shall be requesting the Record of Depositors as at June 12, 2013. Only a depositor whose name appears on the Record of Depositors as at June 12, 2013 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.*

2. *A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on a show of hands or on a poll in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

4. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

6. *The instrument appointing a proxy 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 set for holding of the Meeting or at any ajournment thereof.*

Explanatory Note On Special Business:

1. Resolution pursuant to the Authority to issue Shares

   The proposed Resolution No. 7 [Item 5], if passed, will grant a renewed general mandate (Mandate 2013) 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 2013 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 Twenty-Second 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

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

Ismail Bin Ahmad
(Redesignated w.e.f. June 18, 2012)
Non-Independent Non-Executive Director

Ng Ngoon Weng
(Appointed w.e.f. August 27, 2012)
Independent Non-Executive Director

Goh Chooi Eam
(Appointed w.e.f. August 27, 2012)
Independent Non-Executive Director

Ang Ah Soon @ Ang Weng Joo
(Retired on June 18, 2012)
Independent Non-Executive Director

COMPANY SECRETARY

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

AUDIT COMMITTEE

Goh Chooi Eam
(Appointed w.e.f. August 27, 2012)
Chairman
(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)

Ang Ah Soon @ Ang Weng Joo
(Retired w.e.f. June 18, 2012)
Chairman
(Independent Non-Executive Director)

NOMINATING COMMITTEE

Ng Ngoon Weng
(Appointed w.e.f. August 27, 2012)
Chairman
(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)

Ang Ah Soon @ Ang Weng Joo
(Retired on June 18, 2012)
Chairman
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Shiue, Jong-Zone
Chairman (Managing Director)

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

Ng Ngoon Weng
(Appointed w.e.f. August 27, 2012)
Member
(Independent Non-Executive Director)

Ang Ah Soon @ Ang Weng Joo
(Retired on June 18, 2012)
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

AS AT DECEMBER 31, 2012

INFORMATION OF SUBSIDIARY AND ASSOCIATED COMPANIES

COMPANY 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 65, 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 Nominating 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 67, 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 65, 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.

Goh Chooi Eam

Malaysian, aged 52, Independent Non-Executive Director

Goh Chooi Eam was appointed to the Board of Directors on August 27, 2012. He is a Member of the Malaysian Institute of Accountant, Fellow of Chartered Tax Institute of Malaysia, Fellow of the Association of Chartered Certified Accountants and also a Certified Financial Planner of Financial Planning Association of Malaysia. He was attached to Allan Ong & Co., Sateras Managament Sdn. Bhd. and Tor & Co. between 1984 and 1988, from which he acquired both statutory and internal audit training. Mr. Goh qualified as a Chartered Certified Accountant in 1988. He joined Messrs. Coopers & Lybrand (now merged under the firm PriceWaterhouseCoopers) in 1989 as an Audit Assistant and was promoted to Assistant Audit Manager in 1991. He left Messrs. Coopers & Lybrand in 1994 to set up his own practice under the name of CE Goh & Associates providing audit, accounting and other related services. He is a Director of CE Goh Taxation Services Sdn. Bhd. providing tax consultancy services. He is the Chairman of Audit Committee. He currently sits on the Board of Oriental Interest Berhad as Non-Independent Non-Executive Director.

PROFILE OF DIRECTORS (CONT'D)

Ng Ngoon Weng

Malaysian, aged 55, Independent Non-Executive Director

Ng Ngoon Weng was appointed to the Board of Directors on August 27, 2012. He holds a Degree in Social Science (Management Studies) from Universiti Sains Malaysia and a Diploma in Selling Financial Services from International Management Centre, London. He held managerial positions in various financial institutions in Malaysia for the past 20 years, from 1984-2005. He was the Chief Financial Officer of WinSun Technologies Berhad from 2007 to 2010. He currently sits on the Board of Seal Incorporated Berhad as Independent Director and sits on its Audit Committee since 30 January 2009. He has been appointed as the Chairman of its Audit Committee since 13 May 2009.

He is the Chairman of Nominating Committee as well as a member of Remuneration Committee of the Company.

Ismail Bin Ahmad

Malaysian, aged 64, Non-Independent Non-Executive Director

Ismail Bin Ahmad was appointed to the Board of Directors as an Executive Director on February 26, 2007. Later, he was redesignated as a Non-Independent Non-Executive Director on June 18, 2012. 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. Since then to now, he has been with various companies involved with buildings, constructions and general trading.

He currently sits in the Board of Mlabs Systems Berhad, a company listed on the ACE Market of Bursa Securities.

Wu, Chung-Jung

Taiwanese, aged 68, 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 Nominating 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 86 of this Annual Report.

Save for Dato' Seri Dr. Haji Arshad Bin Haji Hashim, En. Ismail Bin Ahmad, Mr. Goh Chooi Eam and Mr. Ng Ngoon Weng (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.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial statements of the Group and the Company for the financial year ended December 31, 2012.

FINANCIAL RESULTS

For the financial year under review, the Group recorded a revenue of RM34.64 million, as compared to the preceding year's revenue of RM34.56 million. Correspondingly, the Group has recorded a lower pretax profit of RM1.73 million for the year 2012. The major contribution to the Group's profit was mainly derived from the contribution from the associated company, Supercomal Medical Product Sdn. Bhd. (SMP).

Overall demand in cable related business continued to face a competitive and challenging business environment in line with the world economic slowdown in electronic devices and electric appliances sector.

DIVIDEND

After due consideration, the board of Directors are not recommending any dividend payments for 2012.

STRATEGIES

In anticipation of the potential spillover effect from the economic contraction of the Euro Zone, the Group will try to improve the performance of the Group via production efficiencies and tighter cost control in the coming financial year.

The Group will continue to seek opportunities to secure more potential businesses from new and existing customers in the selected niche market. The Group will also endeavor to develop more new products and penetrate new markets in Asia pacific region through strategic tie ups.

FUTURE PROSPECTS OF THE GROUP

We remain cautiously optimistic on the performance of the Group in 2013 despite the volatility of the industry. We anticipate the Group to derive additional businesses from the construction base cable and the overall improvement of the electronic industry. The Group also anticipates benefiting indirectly from the potential increase in the domestic demand stimulated by the Global Small Car project with a projected production of 7000 unit per month when the production comes on-stream. The Group will strive for continuous integration and production automation to achieve better results while continue to explore viable and synergistic business to enhance future performance.

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 effort, commitment and contribution to overcome the business challenges during the year. I would like to take this opportunity to thank our valued customers, business associates, suppliers, bankers as well as regulatory authorities for their support.

I would also like to thank our shareholders for their continuing support, trust and confidence in the Group. Last but not least, I wish to thank all our fellow Directors for their guidance, advice and support rendered during the year.

DATO' SERI HAJI ARSHAD BIN HAJI HASHIM
Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") recognises the importance of good corporate governance and is committed to ensure that good corporate governance is being practised by the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

This Statement sets out the manner in which the Group has applied and the extent of compliance with the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or "the Code").

1. CLEAR ROLES AND RESPONSIBILITIES

1.1 Functions of the Board

To ensure the effective discharge of its function and responsibilities, the Board established an internal governance model for delegating of specific powers of the Board to the relevant Board Committees, the Managing Director (MD) and the Senior Management of the Company.

Key matters reserved for the Board's approval including but not limited to the business continuity plan, issuance of new securities, business restructuring, acquisition and disposals of significant property, plant and equipment. All Board's decisions are recorded in the minutes, including the deliberation for each decision, along with actions to be taken and the individuals responsible for implementation. Relevant Board decisions are communicated to the Management for implementation within a reasonable timeframe.

The Board has direct access to Senior Management and has unrestricted and immediate access to information relating to the Group's business and affairs in the discharge of their duties. The Board will consider inviting the Senior Management to attend meetings for reporting on major issues relating to their respective responsibility.

Periodic briefings on the Group's prospects and performance are also conducted for the Directors to ensure that the Board is well informed on the Group's operational, financial and corporate issues.

The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("ToR"). At each Board meeting, minutes of Board Committee meetings will be circulated to the Board to keep the Board informed. The Chairman of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

1.2 Roles and responsibilities of the Board

In discharging its stewardship, the Board is constantly mindful of safeguarding the interests of the Group's stakeholders and is ultimately responsible for the performance of the Group. The Board assumes the following core responsibilities:-

- Reviewing and adopting strategic plans for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning including appointing, training, fixing the compensation of and, where appropriate, replacing senior management;
- Developing and implementing an investor relation programme or shareholder communication policy for the Company; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

1.3 Ethical standards through Code of Ethics

The Company's Codes of Ethics for Directors continue to govern the standards of ethics and good conduct expected of Directors. The Code of Ethics for Directors includes principles relating to their duties, conflict of interest and dealings in securities are available at the Company's website.

As a measure to govern the conduct of its employees, the Company has in place its Whistleblower Policy and Procedures ("WPP"). The WPP seek to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed. The Board has overall responsibility to oversee the implementation of the WPP and all whistle-blowing reports are to be addressed to the respective personnel as assigned pursuant to the Groups' WPP. This mechanism will allows the stakeholders of STB to report concerns about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group and about business improvement opportunities.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

1. CLEAR ROLES AND RESPONSIBILITIES (cont'd)

1.3 Ethical standards through Code of Ethics (cont'd)

The WPP of STB is available at its corporate website.

1.4 Strategies promoting sustainability

The Board promotes good corporate governance in the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance. A report on sustainability activities, demonstrating STB's commitment to the global environmental, social and governance, is detailed in the Corporate Social Responsibility Statement of this Annual Report.

1.5 Access to information and advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.

1.6 Qualified and competent Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and deliberations at the Board and Board Committee meetings are well captured and recorded. The Company Secretaries also keep the Board update on new statutes and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

1.7 Board Charter

The Board of Directors is mindful of the importance of making available its Board Charter to set out the roles and responsibilities of the Board and Board Committees as well as the processes and procedures for convening their meetings and as a reference and primary induction literature providing prospective and existing Board members and Management insights into the fiduciary and leadership functions of the Directors of STB. The Board will take action in preparation of the Board Charter and make available on its corporate website as soon as possible.

2. STRENGTHEN COMPOSITION

2.1 Nominating Committee (NC)

The NC of STB was established to assist the Board in recommending appointment of new Directors and assessing the effectiveness of the Board.

The membership of the Nomination Committee is as follows:

Chairman	: Ng Ngoon Weng	*(Independent Non-Executive Director)* *(Appointment w.e.f. August 27, 2012)*
Members	: Dato' Seri Dr. Haji Arshad Bin Haji Hashim	*(Independent Non-Executive Director)*
	Wu, Chung-Jung	*(Non-Independent Non-Executive Director)*

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2. STRENGTHEN COMPOSITION (cont'd)

2.1 Nominating Committee (NC) (cont'd)

The NC assumes the following core responsibilities:-

- formulating the nomination, selection and succession policies for members of the Board;
- review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board;
- consider the election criteria and develop procedures for the sourcing and election of candidates to stand for election by STB's shareholders ("Shareholders") or to fill casual vacancies of Directors;
- identify and nominate candidates to the Board for it to recommend to Shareholders for election as Directors;
- undertake an assessment of its Independent Directors annually;
- review the training needs for the Directors regularly; and
- establishing a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole.

Details of the ToR for NC of STB are available at its corporate website.

2.2. Develop, maintain and review criteria for recruitment and annual assessment of Directors

The Company has in place its procedures and criteria for appointment of new directors. All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the candidates.

The NC will also be reviewing the composition of respective board committee of the Group to ensure its effectiveness in functioning.

The NC also establish a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.

In accordance with the Company's Articles of Association ("AA"), all Directors are subject to re-election by shareholders at the Annual General Meeting ("AGM") following their appointment. At least one-third (1/3) of the remaining Directors shall retire from office at each AGM at least once in every three (3) years, but shall be eligible for re-election.

Notwithstanding the recommendation of the MCCG 2012, the Board is presently of the view that there is no necessity to fix a specific gender diversity policy. Presently, Madam Wu, Huei-Chung is the only female director sits in the Board of STB as its Executive Director. The Board will endeavor to tap talent from human capital market from time to time with the aim to have more female directors in its Board in the future.

2.3 Remuneration policies

The Remuneration Committee (RC) was established with responsibility for recommending to the Board on the remuneration framework as well as the remuneration package of Executive Directors to ensure that rewards commensurate with their contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The Committee also ensures the level of remuneration for Non-Executive Directors and Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

The membership of the RC is as follows:

Chairman	: Shiue, Jong-Zone	*(Managing Director)*
Members	: Dato' Seri Dr. Haji Arshad Bin Haji Hashim	*(Independent Non-Executive Director)*
	Ng Ngoon Weng	*(Independent Non-Executive Director)* *(Appointment w.e.f. August 27, 2012)*

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2. STRENGTHEN COMPOSITION (cont'd)

2.3 Remuneration policies (cont'd)

The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre needed to run the business of the Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

The current remuneration policy of the Group is summarised as follows:-

a) The Directors' salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibility undertaken.
b) Directors' Fees are based on a standard fixed fee and are subject to approval by its shareholders at the AGM.
c) Meeting Allowance - all the Directors' are entitled to a fixed amount of allowance paid in accordance with the number of meeting attended during the year.
d) Benefits-in-kind - only Executive Directors of the Group are entitle to benefits-in-kind provided by the Group.
e) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and its subsidiary companies during the financial year ended 31 December 2012 are as follows:

Category	Fees (RM)	Salaries, Bonuses, Employment Providend Fund (RM)	Total (RM)
Executive	79,200	218,108	297,308
Non-Executive	97,300	-	97,300
Total	**176,500**	**218,108**	**394,608**

The Directors' remuneration are categorised into the following bands:

	Number of Directors	
Range of Remuneration	**Executive Directors**	**Non-Executive Directors**
Below RM50,000	1	5
RM200,001 – RM250,000	1	-

Details of the remuneration of each Director are not disclosed as the Board is of the view that the transparency and accountability aspects of corporate governance on disclosure of Directors' remuneration are appropriately served by the above disclosures.

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The NC played an important role to assist the Board in assessing the independence of Non-Executive Directors of the Company on annual basis. Based on the assessment conducted by the NC, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors of the Company and their ability to act in the best interest of the Company.

The NC is also developing the criteria to assess independence of Independent Director, include but not limited to directors' background, family relationships, interest of shareholdings in the Company and related party transactions with the Group (if any).

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

3. REINFORCE INDEPENDENCE (cont'd)

3.1 Annual Assessment of Independence (cont'd)

With respect to the re-election of Dato' Seri Dr. Haji Arshad Bin Haji Hashim, an Independent Director of the Company seeking for re-election at the forthcoming 23rd AGM of the Company, the Board is of the opinion that he has demonstrated that he is independent from the Management and free from business relationship that might interfere with the exercise of independent judgement, objectivity or the ability to act in the best interest of the Company. Therefore, the Board unanimously recommends and supports the proposed re-election of Dato' Seri Dr. Haji Arshad Bin Haji Hashim.

3.2 Tenure of Independent Directors

Notwithstanding the recommendation of the MCCG 2012, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for Directors as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs. Similarly, the Board does not set a time-frame on how long an Independent Director should serve on the Board, mainly for the following reasons:-

- The ability of a Director to serve effectively as an Independent Director is very much dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity, and has no real connection to his tenure as an Independent Director.
- NC conducts an annual assessment of Independent Directors in respect of inter alia their skills, experience and contributions, and whether the Independent Directors are able to discharge their duties with unbiased judgement. Furthermore, the NC also reviews the Directors Profile of Independent Directors and assess its family relationship, interest of shareholdings in the Company and related party transactions with the Group (if any).

3.3 Shareholders approval for retain of Independent Director who has served for more than 9 years

Currently, all the Independent Directors of the Company served less than a tenure of 9 years in the Company.

3.4 Separation of roles of Chairman and Managing Director

The Company practises a division of responsibilities between the Independent Non-Executive Chairman and the Managing Director. Their roles are separated and clearly defined to ensure a balance of power and authority, increased accountability and greater capacity of the Board for Independent decision-making. The Chairman is not related to the Managing Director. The Chairman is responsible for the Board's effectiveness and conduct. He also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board and Management. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.

The Managing Director is in charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies.

3.5 Composition of the Board

The Board currently has seven (7) members comprising an Independent Non-Executive Chairman, one (1) Managing Director, one (1) Executive Director, Two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. This composition complies with Rule 15.02 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("ACE LR") whereby the Company must have at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.

In the event of any vacancy in the Board resulting in the non-compliance with the above, the Company must fill the vacancy within three (3) months. The Board is of the opinion that the interests of shareholders of the Company are fairly represented by the current Board composition and its size constitutes an effective Board of the Company.

The presence of the three (3) Independent Non-Executive Directors is essential in providing guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that high standards of conduct and integrity are maintained by the Group.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

3. REINFORCE INDEPENDENCE (cont'd)

3.5 Composition of the Board (cont'd)

The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Board is of the opinion that given the strong independent element of the Board, any concern regarding the Group may be conveyed by shareholders or investors to any of the Independent Directors at the following address and such concerns will be reviewed and addressed by the Board accordingly:-

Dato' Seri Dr. Haji Arshad Bin Haji Hashim / Mr. Ng Ngoon Weng / Mr. Goh Chooi Eam
Supercomnet Technologies Berhad
57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang.

4. FOSTER COMMITMENT

4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of STB. This is evidenced by the attendance record of the Directors at Board meetings.

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board met six (6) times during the year under review. The meeting attendance record of the Directors is as follows:

	Meeting Attendance
Dato' Seri Dr. Haji Arshad Bin Haji Hashim	6/6
Shiue, Jong-Zone	5/6
Wu, Huei-Chung	6/6
Wu, Chung-Jung	5/6
Ismail Bin Ahmad	5/6
Goh Chooi Eam *(Appointed w.e.f. August 27, 2013)*	2/2
Ng Ngoon Weng *(Appointed w.e.f. August 27, 2013)*	2/2

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively and in line with the ACE LR, a Director of STB must not hold directorships of more than five (5) Public Listed Companies and must be able to commit sufficient time to STB.

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held by the Directors of STB and for notification to Companies Commission of Malaysia accordingly.

To facilitate the Directors' time planning, the Directors will always pre-fixed its forthcoming meeting at each of its Board of Directors' Meeting.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

4. FOSTER COMMITMENT (cont'd)

4.2 Continuing Training Programme

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.

Save for Dato' Seri Dr. Haji Arshad Bin Haji Hashim, Messrs. Ng Ngoon Weng and Goh Chooi Eam who have attended the Directors' Training as stated below, the other Directors have not attended any training during the financial year due to their tight schedule and travel commitments.

The details of trainings attended by the Directors are as follows:-

Director	Date	Description
Dato' Seri Dr. Haji Arshad Bin Haji Hashim	16 July 2012	Intensive Seminar on ""Property Outlook 2012 and Adopting to the Trends and Times in Malaysian Real Estates
	30 July 2012	Seminar on "Company Fundamentals: Incorporation Requirements, Constitution Membership and Directorship
	31 July 2012	Seminar on "Dynamic of shares and shareholdings"
	16 October 2012	Interpreting Financial Statements For Company Directors
	17 October 2012	Evaluating Capital Investments and projects for Company Directors
Goh Chooi Eam	17 & 18 July 2012	National Tax Conference 2012
	19 September 2012	The Transfer Pricing Seminar 2012
	9 October 2012	National Tax Seminar 2012
Ng Ngoon Weng	18 June 2012	2012 Malaysian Code of Corporate Governance Implementation for PLC Directors & Implementation of Corporate Disclosure Guide for the year 2012

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each financial year, primarily through annual financial statements, announcement of results to shareholders as well as the Chairman's Statement in the annual report.

Details of the Directors' Responsibility in the preparation of the Group's financial statements are disclosed in page 25 of this Annual Report 2012.

The Board is assisted by the AC in overseeing the Group's financial reporting processes and the quality of its financial reporting. The AC reviews the Group's annual financial statements and the quarterly condensed financial statements focusing particularly on changes in accounting policies, Management's judgement in applying these accounting policies as well as assumptions and estimates applied in accounting for certain material transactions.

5.2 Assessment of suitability and independence of external auditors

The AC had obtain written assurance from its external auditors, Messrs. Deloitte KassimChan, confirmed that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (cont'd)

5.2 Assessment of suitability and independence of external auditors

After having satisfied with the performance of Messrs. Deloitte Kashim Chan and its audit independence, the AC recommended the re-appointment of Messrs. Deloitte Kashim Chan to the Board for approval by its shareholders at the forthcoming 23rd AGM.

6. RECOGNISE AND MANAGE RISK

6.1 Sound framework to manage risk

With the assistance of its outsourced Internal Auditors (IA), the AC oversees the Risk Management framework of the Group and reviews the risk management framework formulated by the Management.

The Company had also formed its Risk Management Committee (RMC) to closely monitor the Group's risk profile. The RMC will continue review and recommend to the Board the type and level of business risks of STB Group and the appropriate framework and policies for managing such risks.

6.2 Internal Audit Function

The Group has engaged the services of an independent professional firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. The internal auditors report directly to the Audit Committee on its activities based on the approved annual Internal Audit Plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

The Internal Control Statement set out on page 18 to 19 of this Annual Report provides an overview of the state of internal controls within the Group.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board is mindful on the importance of maintaining a proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis. Personnel and working team for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public.

The Board exercise close monitoring of all price sensitive information potentially required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner as required. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa Securities and the company's website.

7.2 Leverage on information technology for effective dissemination of information

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

- Quarterly announcements
- Annual reports
- Circular to shareholders
- Other important announcements

The Group also maintains a website at www.supercomnet.com which provides information, qualitative and quantitative, on the Group's operations and corporate developments.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

STB will dispatch its notice of AGM to shareholders more than 21-days before the AGM, in advance of the notice period as required under the Companies Act, 1965 and ACE LR. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

The Company allows a member to appoint one or more proxies who may be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. STB has also removed the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The AA of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.

The Board will consider adopting electronic voting to facilitate greater shareholder participation at general meetings, and to ensure accurate and efficient outcomes of the voting process.

8.2 Encourage poll voting

At the 22nd AGM and EGM of the Company both held on June 18, 2012, no substantive resolutions were put forth for approval, thus, the resolutions were voted on by a show of hands.

8.3 Effective Communication and proactive engagement

During the General Meeting of the Company, Dato' Seri Chairman will invite shareholders to raise questions pertaining to the Company's accounts and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Management and external auditors were in attendance to respond to the shareholders' queries.

In addition to the above, the Company will look into allocation of time during AGM for dialogue with shareholders to address the issues concerning the Group and to make arrangement for Officers of the Company to present and handle other face-to-face enquiries from shareholders.

This statement was made in accordance with a resolution of the Board dated April 25, 2013.

STATEMENT ON INTERNAL CONTROL

The Board of Directors of Supercomnet Technologies Berhad ("the Company") has made the following statement on the state of risk management and internal control system of the Group which has been prepared in accordance with the "Statement on Risk Management & Internal Control - Guidance for Directors of Listed Issuers" issued by the Institute of Internal Auditors Malaysia.

Introduction

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

- Safeguard the shareholders' investments and assets of the Group
- Identify and manage risks affecting the business of the Group
- Ensure compliance with regulatory requirements
- Ensure the effectiveness and efficiency of operations to achieve business
- objectives of the Group
- Ensure the integrity and reliability of financial information

However, due to the inherent limitations in any system of risk management and internal controls, such a system is designed to identify and manage the Group's risks within the acceptable risk profile, rather than eliminate the risk of failure to achieve business objectives. Thus, the system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

Risk Management

The Board has established a Risk Management Committee (RMC) to assist in managing the risks of the Group. The RMC is chaired by the Managing Director and comprises key management personnel. The objectives of the RMC are to oversee the risks management systems, practices and procedures to ensure effectiveness of risk identification and management.

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, where 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 significant risks on an ongoing basis. Significant risk matters are brought to the attention of the Board and discussed at its meetings.

Key Elements of Internal Control System

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

- The organizational structures of each business unit are clearly defined and the operational and financial responsibilities are clearly specified.
- Key responsibilities are clearly defined and properly segregated.
- Authority levels are properly defined.
- Key management personnel, including Executive Directors, meet regularly to address key business risks and operational issues.
- 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 as well as the management and evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

STATEMENT ON INTERNAL CONTROL (CONT'D)

Internal Audit Function

The Group outsourced its internal audit function to an independent firm of consultants to provide independent review on the adequacy and integrity of the system of internal control of the Group. The internal annual audit plan was approved by the Audit Committee prior to the execution of the assignment. The internal auditors report directly to the Audit Committee. Internal audit fees incurred for the financial year ended December 31, 2012 amounted to RM 16,000.

Conclusion

The Board has received assurance from the Managing Director and the Finance Manager that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

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 continue to take measures to strengthen the control environment.

This statement was made in accordance with a resolution of the Board dated April 25, 2013.

AUDIT COMMITTEE REPORT

The purpose of the setting up of the Audit Committee is to assist the Board 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. Goh Chooi Eam
Chairman (Appointment w.e.f. August 27, 2012)
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 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.

AUDIT COMMITTEE REPORT (CONT'D)

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.

AUDIT COMMITTEE REPORT (CONT'D)

6. Attendance at Meetings

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

Name of Director	Attendance
Mr. Goh Chooi Eam *(Chairman)* *(Appointment w.e.f. August 27, 2012)*	2/2
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 2012 in discharge of its duties and responsibilities were as follows :-

- considered and approved the internal audit plan 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 External Auditors' audit planning memorandum final report to audit committee members and management letter with the External Auditors;
- recommend to the Board of Directors on the re-appointment of the external auditors; and
- reviewed and assessed the quarterly Recurrent Related Party Transactions reporting from the 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 2012 by the internal auditors were on the Supplier Management, Treasury, Account Payables and Accruals, Inventories, Recurrent Related Party Transactions and Corporate Governance-Risk Indicators. The results of findings have been tabled during the Audit Committee meetings held in year 2012. The internal audit fee incurred for the financial year 2012 is RM16,000.

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 December 31, 2012, in accordance with the shareholders’ mandate obtained at the Extraordinary General Meeting of the Company held on June 18, 2012, were as follows:-

No.	Related Parties		Nature of Transactions	Actual amount (RM)	Interested Related Party
1.	STB (Seller)	SMP (Buyer)	Sales of finished goods to SMP	3,887,733	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 Major Shareholder of both STB and 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. He is also a Major Shareholder of STB. Mr. Shiue, Jyh-Jeh, the son of SJZ and WHC and nephew of WCJ, being a related party, is a Director and Major Shareholder of SMP. He is also a Major Shareholder of STB.
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

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

PURSUANT TO THE BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS ("ACE LR")

10. Material Contracts

There were no material contracts entered into by the Group involving Directors' or major shareholders' interest, either still subsisting at the end of the financial year ended December 31, 2012 or entered into since the end of the previous financial year.

11. 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 state of affairs, including the cashflows and results, of the Group and of the Company as at the end of each financial year.

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 resolution of the Board dated April 25, 2013.

DIRECTORS' REPORT

The directors of **SUPERCOMNET TECHNOLOGIES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2012.

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	The Company
	RM	RM
Net profit after tax for the year	1,467,839	352,112

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

DIVIDENDS

During the current financial year, a first and final dividend of 0.5 sen gross per ordinary share, less tax, amounting to RM911,251 was declared and paid in respect of the previous 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.

DIRECTORS' REPORT (CONT'D)

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.

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

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year 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	
Goh Chooi Eam	(appointed on August 27, 2012)
Ng Ngoon Weng	(appointed on August 27, 2012)
Ang Ah Soon @ Ang Weng Joo	(retired on June 18, 2012)

DIRECTORS' REPORT (CONT'D)

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 1.1.2012	**Bought**	**Sold**	**Balance as of 31.12.2012**
Direct interest:				
Shiue, Jong-Zone	46,393,600	-	-	46,393,600
Wu, Chung-Jung	26,837,200	-	-	26,837,200
Wu, Huei-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

(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 25, 2013

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, 2012 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 31 to 81.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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. 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' judgement, 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 give a true and fair view of the financial position of the Group and of the Company as of December 31, 2012 and their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 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 or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 37 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF SUPERCOMNET TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

Other Matters

1. As stated in Note 2 to the financial statements, Supercomnet Technologies Berhad adopted Malaysian Financial Reporting Standards on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended December 31, 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at January 1, 2012 do not contain misstatements that materially affect the financial position as of December 31, 2012 and financial performance and cash flows for the year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

LEE CHENG HEOH
Partner - 2225/04/04(J)
Chartered Accountant

April 25, 2013

Penang

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

		The Group		The Company	
	Note	**2012**	**2011**	**2012**	**2011**
		RM	**RM**	**RM**	**RM**
Revenue		34,642,500	34,556,175	28,232,790	32,076,934
Investment revenue	5	208,294	166,707	658,294	406,707
Other gains and losses	6	(417,696)	(17,580)	(240,161)	43,477
Other income	7	710,678	1,505,304	602,580	1,329,467
Impairment loss on investment in subsidiary		-	-	(671,371)	(822,671)
Changes in inventories of finished goods and work-in-progress		1,674,460	118,085	717,552	385,046
Raw materials consumed		(26,604,623)	(24,622,432)	(20,392,579)	(22,158,836)
Employee benefits expense	8	(5,159,548)	(4,670,216)	(4,196,920)	(4,477,019)
Depreciation and amortisation expenses		(875,283)	(1,082,671)	(640,075)	(733,231)
Finance cost	9	(36,642)	-	-	-
Other expenses		(3,812,195)	(3,175,285)	(3,460,472)	(3,031,786)
Share of profits of associate		1,395,420	1,702,254	-	-
Profit before tax		1,725,365	4,480,341	609,638	3,018,088
Income tax expense	10	(257,526)	(657,454)	(257,526)	(657,454)
Profit for the year	11	1,467,839	3,822,887	352,112	2,360,634
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		1,467,839	3,822,887	352,112	2,360,634
Earnings per share:					
Basic (sen per share)	12	0.60	1.57		

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

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012

		The Group			The Company		
	Note	**December 31, 2012 RM**	**December 31, 2011 RM**	**January 1, 2011 RM**	**December 31, 2012 RM**	**December 31, 2011 RM**	**January 1, 2011 RM**
ASSETS							
Non-current assets							
Property, plant and equipment	13	7,690,117	7,600,504	8,116,985	5,909,468	6,181,116	6,381,119
Prepaid lease payments on leasehold land	14	2,292,145	2,346,143	2,400,142	1,057,241	1,082,068	1,106,896
Investment in subsidiary	15	-	-	-	4,586,047	5,257,418	6,080,089
Investment in associate	16	5,419,490	4,474,070	3,011,816	450,000	450,000	450,000
Total non-current assets		15,401,752	14,420,717	13,528,943	12,002,756	12,970,602	14,018,104
Current assets							
Inventories	17	13,558,857	12,107,448	10,915,106	10,610,081	10,403,568	8,887,745
Trade and other receivables	18	11,901,896	9,142,175	7,173,085	8,736,183	6,831,756	7,030,176
Current tax assets		45,664	-	497,385	45,664	-	497,385
Other assets	19	653,661	269,478	367,618	568,950	173,988	314,358
Short-term deposits with licensed banks	20	2,001,500	4,001,500	1,500	2,000,000	4,000,000	-
Cash and bank balances	21	1,117,430	2,403,766	2,998,250	989,354	1,736,214	2,325,721
Total current assets		29,279,008	27,924,367	21,952,944	22,950,232	23,145,526	19,055,385
Total assets		44,680,760	42,345,084	35,481,887	34,952,988	36,116,128	33,073,489

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS OF DECEMBER 31, 2012

		The Group			The Company		
	Note	**December 31, 2012 RM**	**December 31, 2011 RM**	**January 1, 2011 RM**	**December 31, 2012 RM**	**December 31, 2011 RM**	**January 1, 2011 RM**
Capital and reserves							
Share capital	22	24,300,000	24,300,000	24,300,000	24,300,000	24,300,000	24,300,000
Reserve	23	5,936,954	5,936,954	5,936,954	5,936,954	5,936,954	5,936,954
Retained earnings/ (accumulated losses)	24	6,259,910	5,703,322	1,880,435	1,142,156	1,701,295	(659,339)
Total equity		36,496,864	35,940,276	32,117,389	31,379,110	31,938,249	29,577,615
Non-current liabilities							
Deferred tax liabilities	25	658,857	773,612	788,367	658,857	773,612	788,367
Current liabilities							
Trade and other payables	26	7,273,691	5,419,392	2,576,131	2,915,021	3,192,463	2,707,507
Borrowing	27	251,348	-	-	-	-	-
Current tax liabilities		-	211,804	-	-	211,804	-
		7,525,039	5,631,196	2,576,131	2,915,021	3,404,267	2,707,507
Total liabilities		8,183,896	6,404,808	3,364,498	3,573,878	4,177,879	3,495,874
Total equity and liabilities		44,680,760	42,345,084	35,481,887	34,952,988	36,116,128	33,073,489

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012

The Group

	Note	Share capital RM	Share premium RM	Retained earnings RM	Total RM
Balance as of January 1, 2011		24,300,000	5,936,954	1,880,435	32,117,389
Profit for the year		-	-	3,822,887	3,822,887
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	3,822,887	3,822,887
Balance as of December 31, 2011		24,300,000	5,936,954	5,703,322	35,940,276
Balance as of January 1, 2012		24,300,000	5,936,954	5,703,322	35,940,276
Profit for the year		-	-	1,467,839	1,467,839
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	1,467,839	1,467,839
Dividend	28	-	-	(911,251)	(911,251)
Balance as of December 31, 2012		24,300,000	5,936,954	6,259,910	36,496,864

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012

The Company

	Note	Share capital RM	Share premium RM	(Accumulated losses)/ retained earnings RM	Total RM
Balance as of January 1, 2011		24,300,000	5,936,954	(659,339)	29,577,615
Profit for the year		-	-	2,360,634	2,360,634
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	2,360,634	2,360,634
Balance as of December 31, 2011		24,300,000	5,936,954	1,701,295	31,938,249
Balance as of January 1, 2012		24,300,000	5,936,954	1,701,295	31,938,249
Profit for the year		-	-	352,112	352,112
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	352,112	352,112
Dividend	28	-	-	(911,251)	(911,251)
Balance as of December 31, 2012		24,300,000	5,936,954	1,142,156	31,379,110

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash flows from operating activities				
Profit for the year	1,467,839	3,822,887	352,112	2,360,634
Depreciation and amortisation of non-current assets	875,283	1,082,671	640,075	733,231
Inventories written down	502,835	46,516	219,503	-
Income tax expense recognised in profit or loss	257,526	657,454	257,526	657,454
Property, plant and equipment written off	56,029	9	56,029	-
Finance cost recognised in profit or loss	36,642	-	-	-
Unrealised loss/ (gain) on foreign exchange	18,621	(17,614)	18,659	(17,614)
Share of profits of associate	(1,395,420)	(1,702,254)	-	-
Interest income recognised in profit or loss	(84,907)	(43,320)	(84,907)	(43,320)
Reversal of impairment loss on receivables	(38,311)	(21,619)	-	(21,619)
Gain on disposal of property, plant and equipment	(20,780)	(19,765)	(20,780)	(19,765)
Prepayment written off	-	10,000	-	-
Deposit written off	-	4,804	-	-
Impairment loss on investment in subsidiary	-	-	671,371	822,671
Dividend income from associate	-	-	(450,000)	(240,000)
	1,675,357	3,819,769	1,659,588	4,231,672
Movements in working capital:				
Increase in inventories	(1,954,244)	(1,238,858)	(426,016)	(1,515,823)
(Increase)/ decrease in trade and other receivables	(2,865,160)	(2,002,567)	(727,473)	195,877
(Increase)/ decrease in other assets	(384,183)	83,336	(394,962)	140,370
Increase/ (decrease) in trade and other payables	1,855,429	2,843,726	(124,431)	485,421
Cash (used in)/ generated from operations	(1,672,801)	3,505,406	(13,294)	3,537,517
Income taxes paid	(629,749)	(294,464)	(629,749)	(294,464)
Income taxes refunded	-	331,444	-	331,444
Net cash (used in)/ generated by operating activities	(2,302,550)	3,542,386	(643,043)	3,574,497

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012

		The Group		The Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
Cash flows from investing activities					
Dividend received		450,000	240,000	450,000	240,000
Repayment by associate		130,323	66,830	80,697	35,896
Interest received		84,907	43,320	84,907	43,320
Proceeds from disposal of property, plant and equipment		21,905	28,000	21,905	28,000
Payments for property, plant and equipment		(968,052)	(520,435)	(400,754)	(516,635)
Advances to subsidiary		-	-	(1,271,078)	-
Net cash used in investing activities		(280,917)	(142,285)	(1,034,323)	(169,419)
Cash flows from financing activities					
Dividend paid		(911,251)	-	(911,251)	-
Interest paid		(36,642)	-	-	-
Repayment to subsidiary		-	-	(151,921)	-
Net cash used in financing activities		(947,893)	-	(1,063,172)	-
Net (decrease)/ increase in cash and cash equivalents		(3,531,360)	3,400,101	(2,740,538)	3,405,078
Cash and cash equivalents at the beginning of the year		6,403,766	2,998,250	5,736,214	2,325,721
Effects of exchange rate changes on the balances of cash held in foreign currencies		(6,324)	5,415	(6,322)	5,415
Cash and cash equivalents at the end of the year	29	2,866,082	6,403,766	2,989,354	5,736,214

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 25, 2013.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Adoption of Malaysian Financial Reporting Standards

The Group's and the Company's financial statements for the financial year ended December 31, 2012 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards, with January 1, 2011 as the date of transition. The changes in accounting policies as a consequence of the transition to MFRSs and the reconciliations of the effects of the transition to MFRSs are presented in Note 36.

Standards and IC Interpretations in issue but not yet effective

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

MFRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to Government Loans) [(a)]
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Financial Liabilities) [(a)]
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) [(b)]
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) [(b)]
MFRS 10	Consolidated Financial Statements [(a)]
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance) [(a)]
MFRS 10	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127) [(c)]
MFRS 11	Joint Arrangements [(a)]
MFRS 11	Joint Arrangements (Amendments relating to Transition Guidance) [(a)]
MFRS 12	Disclosure of Interests in Other Entities [(a)]
MFRS 12	Disclosure of Interests in Other Entities (Amendments relating to Transition Guidance) [(a)]
MFRS 12	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127) [(c)]
MFRS 13	Fair Value Measurement [(a)]
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income) [(d)]
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011) [(a)]
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011) [(a)]
MFRS 127	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127) [(c)]
MFRS 128	Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) [(a)]

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

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

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

MFRS 132 Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) [c]
IC Int. 20 Stripping Costs in the Production Phase of a Surface Mine [a]
Amendments to MFRSs contained in the document entitled Annual Improvements 2009-2011 cycle [a]

[a] Effective for annual periods beginning on or after January 1, 2013
[b] Effective for annual periods beginning on or after January 1, 2015 instead of January 1, 2013 immediately upon the issuance of Amendments to MFRS 9 (IFRS 9 issued by IASB on November 2009 and October 2010 respectively) and MFRS 7 relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" on March 1, 2012
[c] Effective for annual periods beginning on or after January 1, 2014
[d] Effective for annual periods beginning on or after July 1, 2012

The directors anticipate that the 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 Standards 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.

Amendments to MFRS 7 and MFRS 132: Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to MFRS 132 clarify existing application issues relating to the offset of the financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to MFRS 7 introduce new disclosure requirements relating to rights of offset and related arrangements for financial instruments under an enforceable master meeting agreements or similar arrangements. Both MFRS 132 and MFRS 7 require retrospective application upon adoption.

To date, the Group and the Company have not entered into any such agreements or similar arrangements. However, the directors anticipate that the application of these amendments to MFRS 132 and MFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("MFRS 9") relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" which became immediately effective on the issuance date of March 1, 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after January 1, 2015 instead of on or after January 1, 2013, with earlier application still permitted as well as modified the relief from restating prior periods. MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduce new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of MFRS 9 are described as follows:

(a) All recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrecoverable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (cont'd)

(b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors do not anticipate that the application of MFRS 9 will have a significant impact on amounts reported in respect of the Group's and of the Company's financial assets and financial liabilities.

MFRS 10, MFRS 11, MFRS 12, MFRS 127 AND MFRS 128

In November 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, comprising MFRS 10, MFRS 11, MFRS 12, MFRS 127 (IAS 27 as amended by IASB in May 2011) and MFRS 128 (IAS 28 as amended by IASB in May 2011).

Key requirements of these five Standards are described below.

MFRS 10 replaces the parts of MFRS 127 Consolidated and Separate Financial Statements that deal with consolidated financial statements. IC Int. 112 Consolidation - Special Purpose Entities will be withdrawn upon the effective date of MFRS 10. Under MFRS 10, there is only one basis for consolidation, that is, control. In addition, MFRS 10 includes a new definition of control that contains three elements:

(a) power over an investee,
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect the amount of the investor's returns.

Extensive guidance has been added in MFRS 10 to deal with complex scenarios.

MFRS 11 replaces MFRS 131 Interests in Joint Ventures. MFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. IC Int. 113 Jointly Controlled Entities - Non-monetary Contributions by Venturers will be withdrawn upon the effective date of MFRS 11. Under MFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under MFRS 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under MFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under MFRS 131 can be accounted for using the equity method of accounting or proportionate consolidation.

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/ or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to MFRS 10, MFRS 11 and MFRS 12 were issued to clarify certain transitional guidance on the application of these MFRSs for the first time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013. The application of these five standards will have no material impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

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

MFRS 13

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under MFRS 7 Financial Instruments: Disclosures will be extended by MFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the “statement of comprehensive income” is renamed “statement of profit or loss and other comprehensive income” and the “income statement” is renamed the “statement of profit or loss”.

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

MFRS 119 (IAS 19 as amended by IASB in June 2011)

The amendments to MFRS 119 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Further, the interest cost and expected return on plan assets used in the previous version of MFRS 119 are replaced with a “net-interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to MFRS 119 require retrospective application. The directors do not anticipate that the application of MFRS 119 will have a significant impact on the Group’s and the Company’s financial statements.

Amendments to MFRSs: Annual Improvements 2009 - 2011 Cycle

The Annual Improvements 2009 - 2011 Cycle include a number of amendments to various MFRSs. The amendments to MFRSs include:

(a) Amendments to MFRS 101 Presentation of Financial Statements;
(b) Amendments to MFRS 116 Property, Plant and equipment; and
(c) Amendments to MFRS 132 Financial Instruments: Presentation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

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

Amendments to MFRS 101

MFRS 101 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to MFRS 101 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. The directors do not anticipate that the adoption of the amendments when it becomes effective will have a significant impact on the Group's and the Company's financial statements.

Amendments to MFRS 116

The amendments to MFRS 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in MFRS 116 and as inventory otherwise. The directors do not anticipate that the amendments of MFRS 116 will have a significant impact on the Group's and the Company's financial statements.

Amendments to MFRS 132

The amendments to MFRS 132 clarify that income tax relating to distribution to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with MFRS 112 Income Taxes. The directors anticipate that the amendments to MFRS 132 will have no effect on the Group's and the Company's financial statements as this treatment has already been adopted.

IC Int. 20

IC Int. 20 applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognised as a non-current asset (stripping activity asset) which certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with MFRS 102 Inventories. The stripping activity is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of existing asset of which it forms part.

Specific transitional provisions are provided to entities that apply IC Int. 20 for the first time. However, IC Int. 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The directors anticipate that IC Int. 20 will have no effect to the Group's and the Company's financial statements as no such activities are being engaged by the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Subsidiary and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entity (including special purpose entities) 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.

Income and expenses 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. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiary and basis of consolidation (cont'd)

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.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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 transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree 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.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments. When the Group's share of losses of an associate exceeds 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), the Group discontinues recognising its share of further losses. Additional losses 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 which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment in associate (cont'd)

The requirements of MFRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with MFRS 139. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as that would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive by that associate would be reclassified to profit or loss on disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate that are not related to the Group.

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 the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

(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) Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably. Interest income 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition (cont'd)

(d) Other income

Other income are recognised on an accrual basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other 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.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currencies

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity'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 except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income.

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.

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.

(a) The Group as lessor

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.

(b) The Group as lessee

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

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 statements of financial position at cost, being the fair value in the opening MFRS statements of financial position as deemed costs, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Freehold land is not depreciated.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any 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 reviews the carrying amounts of its tangible and intangible 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 estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

(a) Financial assets (cont'd)

(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 and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(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) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and 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.

(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. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

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, the directors are 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.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of property, plant and equipment and prepaid lease payments on leasehold land

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

If there are indicators of impairment in property, plant and equipment, and prepaid lease payments on leasehold land, the Group and the Company carry out the impairment test based on a variety of estimation including the value in use of the cash-generating units to which the property, plant and equipment and prepaid lease payments on leasehold land are allocated. Estimating the value in use requires the Group and the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

During the current financial year, the Group and the Company assessed and determined that there was no indicator of impairment for property, plant and equipment and prepaid lease payments on leasehold land.

(ii) 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.

(iii) Impairment of receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables in the period in which such estimate has been changed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

5. INVESTMENT REVENUE

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Rental income	123,387	123,387	123,387	123,387
Interest income on short-term deposits	84,907	43,320	84,907	43,320
Dividend income from non-current equity investment in associate	-	-	450,000	240,000
	208,294	166,707	658,294	406,707

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

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Investment income earned on non-financial assets	123,387	123,387	123,387	123,387
Interest income for financial assets not designated as at fair value through profit or loss:				
Loans and receivables (including cash and bank balances)	84,907	43,320	84,907	43,320
Dividend income from non-current equity investment in associate	-	-	450,000	240,000
	208,294	166,707	658,294	406,707

6. OTHER GAINS AND LOSSES

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Net foreign exchange gain	82,077	2,365	14,591	2,093
Reversal of impairment loss on receivables	38,311	21,619	-	21,619
Gain on disposal of property, plant and equipment	20,780	19,765	20,780	19,765
Inventories written down	(502,835)	(46,516)	(219,503)	-
Property, plant and equipment written off	(56,029)	(9)	(56,029)	-
Prepayment written off	-	(10,000)	-	-
Deposit written off	-	(4,804)	-	-
	(417,696)	(17,580)	(240,161)	43,477

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

7. OTHER INCOME

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Scrap sales	710,678	1,456,253	602,580	1,280,416
Sub-contract income	-	49,051	-	49,051
	710,678	1,505,304	602,580	1,329,467

8. EMPLOYEE BENEFITS EXPENSE

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

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Contribution to employees provident fund	361,942	337,118	312,765	319,679
Other employee benefits expense	4,797,606	4,333,098	3,884,155	4,157,340
	5,159,548	4,670,216	4,196,920	4,477,019

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	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive:				
Directors of the Company:				
Fee	79,200	72,000	79,200	72,000
Contribution to employees provident fund	14,112	15,996	14,112	15,996
Other emoluments	203,996	205,963	203,996	205,963
	297,308	293,959	297,308	293,959
Non-executive:				
Directors of the Company:				
Fee	97,300	81,600	97,300	81,600
Directors of subsidiary:				
Fee	18,000	18,000	-	-
	115,300	99,600	97,300	81,600
	412,608	393,559	394,608	375,559

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

9. FINANCE COST

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

	The Group	
	2012	2011
	RM	RM
Interest on bank overdraft	36,642	-

10. INCOME TAX EXPENSE

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current tax expense	358,000	752,000	358,000	752,000
Deferred tax income relating to the origination and reversal of temporary differences	(114,755)	(14,755)	(114,755)	(14,755)
	243,245	737,245	243,245	737,245
Adjustment recognised in the current year in relation to the current tax of prior years	14,281	(79,791)	14,281	(79,791)
Total income tax expense	257,526	657,454	257,526	657,454

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

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit before tax	1,725,365	4,480,341	609,638	3,018,088
Tax expense calculated using income tax rate of 25% (2011: 25%)	431,000	1,120,000	152,000	755,000
Effect of expenses that are not deductible in determining taxable profit	56,245	87,245	204,245	276,245
Effect of revenue that is exempt from taxation	(189,000)	-	(113,000)	(60,000)
Effect of share of results of associate	(170,000)	(426,000)	-	-
Effect of tax losses relieved from subsidiary	-	-	-	(234,000)
Reversal of deferred tax assets not recognised previously	115,000	(44,000)	-	-
	243,245	737,245	243,245	737,245
Adjustment recognised in the current year in relation to the current tax of prior years	14,281	(79,791)	14,281	(79,791)
Income tax expense recognised in profit or loss	257,526	657,454	257,526	657,454

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

10. INCOME TAX EXPENSE (cont'd)

As of December 31, 2012, the Group has the following amounts of unused tax losses and unused tax capital allowances which are available for set off against future taxable:

	The Group	
	2012	2011
	RM	RM
Unused tax losses	11,611,000	11,622,000
Unused tax capital allowances	3,838,000	3,556,000

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
After charging:				
Depreciation of property, plant and equipment	821,285	1,028,672	615,248	708,403
Inventories written down	502,835	46,516	219,503	-
Rental of hostel	152,543	60,444	106,568	60,444
Audit fee:				
Current year	66,500	69,500	47,000	50,000
Underprovision in prior year	-	6,000	-	6,000
Property, plant and equipment written off	56,029	9	56,029	-
Amortisation of prepaid lease payments on leasehold land	53,998	53,999	24,827	24,828
Loss on foreign exchange:				
Unrealised	18,621	-	18,659	-
Realised	-	15,521	-	15,521
Prepayment written off	-	10,000	-	-
Deposit written off	-	4,804	-	-
Impairment loss on investment in subsidiary	-	-	671,371	822,671
And crediting:				
Rental income	123,387	123,387	123,387	123,387
Gain on foreign exchange:				
Realised	100,698	272	33,250	-
Unrealised	-	17,614	-	17,614
Interest income on short-term deposits	84,907	43,320	84,907	43,320
Reversal of impairment loss on receivables	38,311	21,619	-	21,619
Gain on disposal of property, plant and equipment	20,780	19,765	20,780	19,765
Dividend income from associate	-	-	450,000	240,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

12. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit 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	
	2012	2011
	RM	RM
Profit for the year attributable to owners of the Company (RM)	1,467,839	3,822,887
Weighted average number of ordinary shares in issue (units)	243,000,000	243,000,000
Basic earnings per share (sen)	0.60	1.57

13. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Beginning of year	Additions	Disposals/ write-off	End of year
	RM	RM	RM	RM
December 31, 2012:				
Factory buildings	8,050,010	-	-	8,050,010
Plant and machinery	28,038,089	366,604	(66,500)	28,338,193
Furniture and fittings	1,554,669	94,545	(8,815)	1,640,399
Office equipment	862,783	35,506	(6,475)	891,814
Tools and equipment	5,099,077	319,965	(223,134)	5,195,908
Motor vehicles	561,697	82,013	(23,000)	620,710
Electrical installation	1,255,517	15,544	-	1,271,061
Moulds and dies	4,591,309	53,875	(61,199)	4,583,985
	50,013,151	968,052	(389,123)	50,592,080
December 31, 2011:				
Factory buildings	8,050,010	-	-	8,050,010
Plant and machinery	28,051,196	289,859	(302,966)	28,038,089
Furniture and fittings	1,537,184	17,560	(75)	1,554,669
Office equipment	861,137	20,678	(19,032)	862,783
Tools and equipment	5,040,820	71,302	(13,045)	5,099,077
Motor vehicles	718,483	111,313	(268,099)	561,697
Electrical installation	1,251,717	3,800	-	1,255,517
Moulds and dies	4,945,859	5,923	(360,473)	4,591,309
	50,456,406	520,435	(963,690)	50,013,151

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

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

The Group (cont'd)

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-off RM	End of year RM
December 31, 2012:				
Factory buildings	2,086,474	161,001	-	2,247,475
Plant and machinery	27,487,841	209,383	(11,948)	27,685,276
Furniture and fittings	1,294,140	73,590	(8,815)	1,358,915
Office equipment	670,757	35,569	(4,880)	701,446
Tools and equipment	4,605,824	234,386	(222,127)	4,618,083
Motor vehicles	473,935	39,110	(23,000)	490,045
Electrical installation	1,237,859	12,991	-	1,250,850
Moulds and dies	4,555,817	55,255	(61,199)	4,549,873
	42,412,647	821,285	(331,969)	42,901,963
December 31, 2011:				
Factory buildings	1,925,474	161,000	-	2,086,474
Plant and machinery	27,448,632	342,176	(302,967)	27,487,841
Furniture and fittings	1,211,515	82,700	(75)	1,294,140
Office equipment	643,917	37,627	(10,787)	670,757
Tools and equipment	4,372,668	246,201	(13,045)	4,605,824
Motor vehicles	709,878	32,156	(268,099)	473,935
Electrical installation	1,204,329	33,530	-	1,237,859
Moulds and dies	4,823,008	93,282	(360,473)	4,555,817
	42,339,421	1,028,672	(955,446)	42,412,647

The Company

Cost	Beginning of year RM	Additions RM	Disposals/ write-off RM	End of year RM
December 31, 2012:				
Factory buildings	6,597,000	-	-	6,597,000
Plant and machinery	20,395,487	123,374	(66,500)	20,452,361
Furniture and fittings	1,148,097	29,345	(8,815)	1,168,627
Office equipment	776,295	31,568	(6,475)	801,388
Tools and equipment	4,132,072	65,035	(223,134)	3,973,973
Motor vehicles	526,583	82,013	(23,000)	585,596
Electrical installation	965,956	15,544	-	981,500
Moulds and dies	3,396,386	53,875	(61,199)	3,389,062
	37,937,876	400,754	(389,123)	37,949,507

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

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

The Company (cont'd)

	Beginning of year RM	Additions RM	Disposals/ write-off RM	End of year RM
December 31, 2011:				
Factory buildings	6,597,000	-	-	6,597,000
Plant and machinery	20,407,825	289,859	(302,197)	20,395,487
Furniture and fittings	1,130,612	17,560	(75)	1,148,097
Office equipment	778,269	16,878	(18,852)	776,295
Tools and equipment	4,073,815	71,302	(13,045)	4,132,072
Motor vehicles	683,369	111,313	(268,099)	526,583
Electrical installation	962,156	3,800	-	965,956
Moulds and dies	3,750,936	5,923	(360,473)	3,396,386
	38,383,982	516,635	(962,741)	37,937,876

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-off RM	End of year RM
December 31, 2012:				
Factory buildings	1,754,704	131,940	-	1,886,644
Plant and machinery	19,865,599	166,284	(11,948)	20,019,935
Furniture and fittings	977,318	37,005	(8,815)	1,005,508
Office equipment	614,773	28,070	(4,880)	637,963
Tools and equipment	3,803,269	159,719	(222,127)	3,740,861
Motor vehicles	416,779	39,110	(23,000)	432,889
Electrical installation	948,464	12,825	-	961,289
Moulds and dies	3,375,854	40,295	(61,199)	3,354,950
	31,756,760	615,248	(331,969)	32,040,039
December 31, 2011:				
Factory buildings	1,622,764	131,940	-	1,754,704
Plant and machinery	19,936,676	231,121	(302,198)	19,865,599
Furniture and fittings	931,976	45,417	(75)	977,318
Office equipment	595,862	29,527	(10,616)	614,773
Tools and equipment	3,623,865	192,449	(13,045)	3,803,269
Motor vehicles	652,722	32,156	(268,099)	416,779
Electrical installation	915,385	33,079	-	948,464
Moulds and dies	3,723,613	12,714	(360,473)	3,375,854
	32,002,863	708,403	(954,506)	31,756,760

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

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

The Company (cont'd)

	The Group			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
Net book value						
Factory buildings	5,802,535	5,963,536	6,124,536	4,710,356	4,842,296	4,974,236
Plant and machinery	652,917	550,248	602,564	432,426	529,888	471,149
Furniture and fittings	281,484	260,529	325,669	163,119	170,779	198,636
Office equipment	190,368	192,026	217,220	163,425	161,522	182,407
Tools and equipment	577,825	493,253	668,152	233,112	328,803	449,950
Motor vehicles	130,665	87,762	8,605	152,707	109,804	30,647
Electrical installation	20,211	17,658	47,388	20,211	17,492	46,771
Moulds and dies	34,112	35,492	122,851	34,112	20,532	27,323
	7,690,117	7,600,504	8,116,985	5,909,468	6,181,116	6,381,119

As of December 31, 2012, certain factory buildings of the Group and of the Company with a total carrying value of RM3,382,250 (December 31, 2011: RM3,480,050; January 1, 2011: RM3,577,850) are charged to local licensed banks as securities for bank credit facilities granted to the Group and the Company as disclosed in Note 27.

14. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	RM	RM	RM	RM
At beginning of year	2,346,143	2,400,142	1,082,068	1,106,896
Amortisation during the year	(53,998)	(53,999)	(24,827)	(24,828)
At end of year	2,292,145	2,346,143	1,057,241	1,082,068

The prepaid lease payments on leasehold land as of December 31, 2012 is as follows:

	The Group			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
Short leasehold land	2,292,145	2,346,143	2,400,142	1,057,241	1,082,068	1,106,896

As of December 31, 2012, the unexpired lease period of the Group's and of the Company's short leasehold land is 41 years.

As of December 31, 2012, a short leasehold land of the Group and of the Company with a carrying value of RM1,057,241 (December 31, 2011: RM1,082,068; January 1, 2011: RM1,106,896) is charged to a local licensed bank as security for bank credit facilities granted to the Group and the Company as disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

15. INVESTMENT IN SUBSIDIARY

	The Company		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Unquoted shares, at cost	24,400,000	24,400,000	24,400,000
Less: Accumulated impairment losses	(19,813,953)	(19,142,582)	(18,319,911)
Carrying amount	4,586,047	5,257,418	6,080,089

The Company holds 100% (December 31, 2011: 100%; January 1, 2011: 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.

16. INVESTMENT IN ASSOCIATE

	The Group			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
Unquoted shares, at cost	450,000	450,000	450,000	450,000	450,000	450,000
Group's share of post-acquisition reserve	4,969,490	4,024,070	2,561,816	-	-	-
	5,419,490	4,474,070	3,011,816	450,000	450,000	450,000

The Company holds 20% (December 31, 2011: 20%; January 1, 2011: 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		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Total assets	31,544,559	27,046,264	18,529,675
Total liabilities	(4,447,110)	(4,675,913)	(3,470,593)
Net assets	27,097,449	22,370,351	15,059,082
Group's share of net assets of associate	5,419,490	4,474,070	3,011,816
Total revenue	24,746,778	26,648,914	20,650,254
Total profit for the year	6,977,100	8,511,269	8,455,012
Group's share of profits of associate	1,395,420	1,702,254	1,691,002

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

17. INVENTORIES

	The Group			The Company		
	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM
Raw materials	6,870,888	6,492,549	6,126,156	5,258,484	5,424,986	4,647,347
Work-in-progress	1,676,308	1,639,854	1,875,267	1,301,631	1,415,310	1,534,300
Finished goods	4,926,916	3,144,521	2,837,539	3,965,221	3,133,990	2,629,954
Spare parts	84,745	78,595	76,144	84,745	78,595	76,144
Inventory-in-transit	-	751,929	-	-	350,687	-
	13,558,857	12,107,448	10,915,106	10,610,081	10,403,568	8,887,745

The cost of inventories of the Group and of the Company recognised as an expense during the financial year was RM31,810,104 (2011: RM30,570,980) and RM25,369,453 (2011: RM27,408,048) respectively.

18. TRADE AND OTHER RECEIVABLES

	The Group			The Company		
	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM
Trade receivables	11,095,651	8,354,148	6,556,885	5,767,743	5,981,628	6,484,706
Less: Allowance for doubtful debts	(441,419)	(442,738)	(464,357)	(441,419)	(441,419)	(463,038)
	10,654,232	7,911,410	6,092,528	5,326,324	5,540,209	6,021,668
Amount owing by subsidiary:						
Trade	-	-	-	951,076	170,367	68,470
Non-trade	-	-	-	1,271,078	-	-
	-	-	-	2,222,154	170,367	68,470
Amount owing by associate:						
Trade	1,187,705	1,040,483	823,445	1,187,705	1,040,483	823,445
Non-trade	59,959	190,282	257,112	-	80,697	116,593
	1,247,664	1,230,765	1,080,557	1,187,705	1,121,180	940,038
Other receivable	-	36,992	36,992	-	-	-
Less: Allowance for doubtful debt	-	(36,992)	(36,992)	-	-	-
	-	-	-	-	-	-
	11,901,896	9,142,175	7,173,085	8,736,183	6,831,756	7,030,176

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

18. TRADE AND OTHER RECEIVABLES (cont'd)

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

	The Group			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
Ringgit Malaysia	11,304,849	8,611,943	6,377,182	8,139,136	6,301,524	6,234,273
United States Dollar	501,527	363,925	652,219	501,527	363,925	652,219
Singapore Dollar	95,520	166,307	143,684	95,520	166,307	143,684
	11,901,896	9,142,175	7,173,085	8,736,183	6,831,756	7,030,176

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

The average credit periods granted by the Group and the Company to trade receivables on sale of goods range from 30 to 60 days (December 31, 2011: 30 to 60 days; January 1, 2011: 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.

Ageing of past due but not impaired trade receivables:

	The Group			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
1 to 30 days	2,047,035	1,771,230	1,967,941	1,829,406	1,511,443	1,967,941
31 to 60 days	627,997	848,948	276,002	435,809	365,257	276,002
61 to 90 days	427,812	165,200	133,382	162,327	108,013	133,382
91 to 120 days	307,539	257,271	10,230	990	55	10,230
121 to 365 days	743,182	400,675	1,072,169	11,706	57,629	1,072,169
More than 365 days	-	510	-	-	510	-
	4,153,565	3,443,834	3,459,724	2,440,238	2,042,907	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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

18. TRADE AND OTHER RECEIVABLES (cont'd)

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

	The Group		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	RM	RM	RM	RM
Balance at beginning of year	442,738	464,357	441,419	463,038
Impairment loss reversed during the year	(1,319)	(21,619)	-	(21,619)
Balance at end of year	441,419	442,738	441,419	441,419

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			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
121 days to 365 days	-	-	1,319	-	-	-
More than 365 days	441,419	442,738	463,038	441,419	441,419	463,038
	441,419	442,738	464,357	441,419	441,419	463,038

The credit period granted by the Company for trade transactions with subsidiary is 60 days (December 31, 2011: 60 days; January 1, 2011: 60 days). No interest is charged on trade amount owing by subsidiary.

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

	The Company		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
1 to 30 days	225,357	208	11,437
31 to 60 days	12,239	818	200
61 to 90 days	74,744	1,947	881
91 to 120 days	164,289	202	2,500
121 to 365 days	344,317	166,149	30,558
	820,946	169,324	45,576

The credit period granted by the Company for trade transactions with associate is 60 days (December 31, 2011: 30 days; January 1, 2011: 30 days). No interest is charged on trade amount owing by associate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

18. TRADE AND OTHER RECEIVABLES (cont'd)

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

	The Group and the Company		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
1 to 30 days	544,589	427,543	224,984
31 to 60 days	7,862	-	60,331
	552,451	427,543	285,315

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

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

	The Group		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Balance at beginning of year	36,992	36,992	-
Impairment loss recognised during the year	-	-	36,992
Impairment loss reversed during the year	(36,992)	-	-
Balance at end of year	-	36,992	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.

19. OTHER ASSETS

	The Group			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
Deposits	73,904	76,010	87,925	44,654	44,760	44,665
Prepayments	579,757	193,468	279,693	524,296	129,228	269,693
	653,661	269,478	367,618	568,950	173,988	314,358

20. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The Group's short-term deposits with licensed banks carry interest at rates of 2.6% and 3.1% (December 31, 2011: 2.3% and 3.1%; January 1, 2011: 3.1%) per annum and will mature in January 2013 and March 2013. The Company's short-term deposit with a licensed bank carries interest at a rate of 2.6% (December 31, 2011: 2.3%) per annum and will mature in January 2013.

As of December 31, 2012, a short-term deposit with a licensed bank of the Group with a carrying value of RM1,500 (December 31, 2011: RM1,500; January 1, 2011: RM1,500) is pledged to the bank for a bank guarantee facility granted to the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

21. CASH AND BANK BALANCES

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

	The Group			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
Ringgit Malaysia	804,743	2,206,164	2,710,493	676,838	1,538,784	2,038,136
United States Dollar	312,687	197,602	287,757	312,516	197,430	287,585
	1,117,430	2,403,766	2,998,250	989,354	1,736,214	2,325,721

22. SHARE CAPITAL

	The Company		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Authorised:			
1,000,000,000 ordinary shares of RM0.10 each	100,000,000	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	24,300,000

23. RESERVE

	The Group and the Company		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Non-distributable:			
Share premium	5,936,954	5,936,954	5,936,954

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

24. RETAINED EARNINGS

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous full imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies with Section 108 tax credit are given an irrevocable option to disregard the tax credit or to continue to utilise such tax credits until the tax credits are fully utilised or upon the expiry of the 6 years transitional period on December 31, 2013, whichever is earlier. During the transitional period, the Section 108 tax credit will be reduced by any tax credits utilised and any tax paid will not be added to this account.

As of the reporting date, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, the Company has sufficient Section 108 tax credit and the balance in the tax exempt account to frank dividends out of its entire retained earnings, a distributable reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

25. DEFERRED TAX LIABILITIES

The Group and the Company

	Opening balance RM	Recognised in profit or loss RM	Closing balance RM
December 31, 2012:			
Deferred tax assets:			
Inventories	(42,000)	(54,000)	(96,000)
Others	-	(3,000)	(3,000)
	(42,000)	(57,000)	(99,000)
Deferred tax liabilities			
Property, plant and equipment	811,612	(53,755)	757,857
Others	4,000	(4,000)	-
	815,612	(57,755)	757,857
Net	773,612	(114,755)	658,857
December 31, 2011:			
Deferred tax assets:			
Inventories	(42,000)	-	(42,000)
Others	(4,000)	4,000	-
	(46,000)	4,000	(42,000)
Deferred tax liabilities			
Property, plant and equipment	834,367	(22,755)	811,612
Others	-	4,000	4,000
	834,367	(18,755)	815,612
Net	788,367	(14,755)	773,612

Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

	The Group and the Company		
	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM
Deferred tax assets	(99,000)	(42,000)	(46,000)
Deferred tax liabilities	757,857	815,612	834,367
	658,857	773,612	788,367

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

25. 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, 2012, deferred tax assets have not been recognised in respect of the following gross amounts of temporary differences:

	The Group		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Unused tax losses	11,611,000	11,622,000	11,338,000
Unused tax capital allowances	3,838,000	3,556,000	3,501,000
Deductible/ (taxable) temporary differences:			
Inventories	1,136,000	853,000	1,731,000
Property, plant and equipment	(450,000)	(355,000)	(516,000)
Net	16,135,000	15,676,000	16,054,000

26. TRADE AND OTHER PAYABLES

	The Group			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
Trade payables	6,171,980	3,635,624	1,798,129	2,001,940	2,075,085	1,798,129
Amount owing to subsidiary:						
Trade	-	-	-	317,056	163,065	33,918
Non-trade	-	-	-	-	151,921	151,921
	-	-	-	317,056	314,986	185,839
Other payables	530,736	937,305	349,947	183,481	210,120	331,430
Accrued expenses	570,975	846,463	428,055	412,544	592,272	392,109
	7,273,691	5,419,392	2,576,131	2,915,021	3,192,463	2,707,507

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

	The Group			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
Ringgit Malaysia	6,946,049	5,325,274	2,014,068	2,587,379	3,098,345	2,145,444
United States Dollar	312,441	70,424	553,870	312,411	70,424	553,870
Singapore Dollar	15,201	19,564	8,193	15,201	19,564	8,193
Japanese Yen	-	4,130	-	-	4,130	-
	7,273,691	5,419,392	2,576,131	2,915,021	3,192,463	2,707,507

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

26. TRADE AND OTHER PAYABLES (cont'd)

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 (December 31, 2011: 30 to 60 days; January 1, 2011: 30 to 60 days). No interest is 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.

The credit period granted to the Company for trade transactions with subsidiary is 60 days (December 31, 2011: 60 days; January 1, 2011: 60 days). No interest is charged on trade 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.

27. BORROWING

	The Group		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Unsecured:			
Bank overdraft	251,348	-	-

The bank overdraft bears interest at a rate of 1.5% per annum above the lending bank's base lending rates, and is guaranteed by the Company for RM13,200,000.

As of December 31, 2012, the Group and the Company have unused bank overdrafts and other credit facilities as follows:

	The Group			The Company		
	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM	RM	RM	RM
Secured	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Unsecured	4,248,652	1,850,000	8,000,000	-	-	-
	9,748,652	7,350,000	13,500,000	5,500,000	5,500,000	5,500,000

The secured credit 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, and are guaranteed by the Company for RM13,200,000 (December 31, 2011: RM13,200,000; January 1, 2011: RM13,200,000).

28. DIVIDEND

	The Group and the Company	
	2012	2011
	RM	RM
Declared and paid in respect of financial year ended December 31, 2011:		
First and final dividend of 0.5 sen gross per ordinary share, less tax	911,251	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

29. CASH AND CASH EQUIVALENTS

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

	The Group			The Company		
	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM
Short-term deposits with licensed banks	2,001,500	4,001,500	1,500	2,000,000	4,000,000	-
Cash and bank balances	1,117,430	2,403,766	2,998,250	989,354	1,736,214	2,325,721
Bank overdraft	(251,348)	-	-	-	-	-
	2,867,582	6,405,266	2,999,750	2,989,354	5,736,214	2,325,721
Less: Short-term deposit pledged as security	(1,500)	(1,500)	(1,500)	-	-	-
	2,866,082	6,403,766	2,998,250	2,989,354	5,736,214	2,325,721

30. 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. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment. 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 2011.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

30. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

ii. Foreign currency risk management (cont'd)

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:

	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM
The Group			
Assets			
United States Dollar	814,214	561,527	939,976
Singapore Dollar	95,520	166,307	143,684
Liabilities			
United States Dollar	312,441	70,424	553,870
Singapore Dollar	15,201	19,564	8,193
Japanese Yen	-	4,130	-
The Company			
Assets			
United States Dollar	814,043	561,355	939,804
Singapore Dollar	95,520	166,307	143,684
Liabilities			
United States Dollar	312,441	70,424	553,870
Singapore Dollar	15,201	19,564	8,193
Japanese Yen	-	4,130	-

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 weakens 10% against the relevant currency. For a 10% strengthening of the RM against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

30. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

ii. Foreign currency risk management (cont'd)

	December 31, 2012 RM	December 31, 2011 RM	January 1, 2011 RM
The Group			
Impact on profit or loss:			
United States Dollar	50,177	49,110	38,611
Singapore Dollar	8,032	14,674	13,549
Japanese Yen	-	(413)	-
The Company			
Impact on profit or loss:			
United States Dollar	50,160	49,093	38,593
Singapore Dollar	8,032	14,674	13,549
Japanese Yen	-	(413)	-

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 50% (December 31, 2011: 58%; January 1, 2011: 44%) and 44% (December 31, 2011: 49%; January 1, 2011: 44%) of the Group’s and of the Company’s trade receivables respectively 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 21% (December 31, 2011: 5%; January 1, 2011: 8%) and 8% (December 31, 2011: 5%; January 1, 2011: 8%) respectively 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 and the Company’s exposure to changes in interest rates relate primarily to the Group’s and the Company’s short-term deposits with licensed banks. It has no significant interest-bearing financial assets or liabilities.

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group’s and the Company’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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

30. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

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.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

		The Group	
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Bank overdraft			
Not later than one year	251,348	-	-

Details of undrawn financing facilities that the Group and the Company have at its disposal to further reduce liquidity risk are set out in Note 27.

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.

The fair value of contingent liability in respect of corporate guarantees given by the Company to local banks for credit facilities granted to subsidiary as of December 31, 2012 was Nil, as the directors of the Company consider that the probability of the subsidiaries to default in repayments of the credit facilities was unlikely.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

31. 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	
	2012	2011	2012	2011
	RM	RM	RM	RM
With subsidiary:				
Loan to subsidiary	-	-	1,423,000	-
Sale of finished goods	-	-	581,594	94,554
Sale of raw materials, indirect and packing materials	-	-	2,527	1,783
Purchase of raw materials, and packing materials	-	-	1,280	20,663
With associate:				
Sale of goods	3,887,733	4,033,392	3,887,733	4,033,392
Rental receivable	123,387	123,387	123,387	123,387
Purchase of raw materials, indirect and packing materials	365	-	365	-

32. LEASE COMMITMENTS

As of December 31, 2012, lease commitments payable by the Group and the Company in respect of rental of premises are as follows:

	The Group and The Company		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Not later than one year	13,320	49,140	-
Later than one year and not later than two years	-	7,200	-
	13,320	56,340	-

33. CAPITAL COMMITMENTS

As of December 31, 2012, the Group and the Company have the following commitment in respect of capital expenditure on property, plant and equipment:

	The Group and The Company		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Approved but not contracted for	326,304	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

34. CONTINGENT LIABILITY

	The Company		
	December 31, 2012	December 31, 2011	January 1, 2011
	RM	RM	RM
Unsecured:			
Corporate guarantee given by the Company to a local bank for credit facilities granted to subsidiary	251,348	-	-

35. 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.

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	
	2012	2011
	RM	RM
Malaysia	34,416,806	32,450,265
Republic of Singapore	46,421	543,998
Others	179,273	1,561,912
	34,642,500	34,556,175

Information about major customers

Included in revenue of the Group are revenue of RM11,396,435 (2011: RM8,313,771) which arose from sales to the Group's largest customer who contributes to 10% or more of the Group's revenue.

36. EXPLANATION OF TRANSITION TO MFRSs

This is the first year that the Group's and the Company's financial statements are prepared and presented in accordance with MFRSs. The last financial statements under FRSs were for the year ended December 31, 2011 and the date of transition to MFRSs was therefore, January 1, 2011.

An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 3. The transition to MFRSs has been accounted for in accordance with MFRS 1, as disclosed in Note 2.

The disclosures set out below explain how the transition from FRSs to MFRSs have affected the financial position, financial performance and cash flows of the Group and the Company. The changes in accounting policies as a consequence of transition to MFRSs are as described in the notes following the aforementioned disclosures.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

a. Effect of MFRSs adoption for the statement of financial position

As of January 1, 2011

The Group

	FRSs	Effect of transition to MFRSs	Opening MFRSs statement of financial position
	RM	RM	RM
Assets			
Non-current assets			
Property, plant and equipment	8,116,985	-	8,116,985
Prepaid lease payments on leasehold land	2,400,142	-	2,400,142
Investment in associate	3,011,816	-	3,011,816
Total non-current assets	13,528,943	-	13,528,943
Current assets			
Inventories	10,915,106	-	10,915,106
Trade and other receivables	7,173,085	-	7,173,085
Current tax assets	497,385		497,385
Other assets	367,618	-	367,618
Short-term deposits with licensed banks	1,500		1,500
Cash and bank balances	2,998,250	-	2,998,250
Total current assets	21,952,944	-	21,952,944
Total assets	35,481,887	-	35,481,887
Equity and liabilities			
Capital and reserves			
Share capital	24,300,000	-	24,300,000
Reserves	7,448,681	(1,511,727)	5,936,954
Retained earnings	368,708	1,511,727	1,880,435
Total equity	32,117,389	-	32,117,389
Non-current liabilities			
Deferred tax liabilities	788,367	-	788,367
Current liabilities			
Trade and other payables	2,576,131	-	2,576,131
Total liabilities	3,364,498	-	3,364,498
Total equity and liabilities	35,481,887	-	35,481,887

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

a. Effect of MFRSs adoption for the statement of financial position (cont'd)

As of January 1, 2011 (cont'd)

The Company

	FRSs	Effect of transition to MFRSs	Opening MFRSs statement of financial position
	RM	RM	RM
Assets			
Non-current assets			
Property, plant and equipment	6,381,119	-	6,381,119
Prepaid lease payments on leasehold land	1,106,896	-	1,106,896
Investment in subsidiary	6,080,089	-	6,080,089
Investment in associate	450,000	-	450,000
Total non-current assets	14,018,104	-	14,018,104
Current assets			
Inventories	8,887,745	-	8,887,745
Trade and other receivables	7,030,176	-	7,030,176
Current tax assets	497,385	-	497,385
Other assets	314,358	-	314,358
Cash and bank balances	2,325,721	-	2,325,721
Total current assets	19,055,385	-	19,055,385
Total assets	33,073,489	-	33,073,489
Equity and liabilities			
Capital and reserves			
Share capital	24,300,000	-	24,300,000
Reserves	7,448,681	(1,511,727)	5,936,954
Accumulated losses	(2,171,066)	1,511,727	(659,339)
Total equity	29,577,615	-	29,577,615
Non-current liabilities			
Deferred tax liabilities	788,367	-	788,367
Current liabilities			
Trade and other payables	2,707,507	-	2,707,507
Total liabilities	3,495,874	-	3,495,874
Total equity and liabilities	33,073,489	-	33,073,489

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

a. Effect of MFRSs adoption for the statement of financial position (cont'd)

As of December 31, 2011

The Group

	FRSs	Effect of transition to MFRSs	MFRSs
	RM	RM	RM
Assets			
Non-current assets			
Property, plant and equipment	7,600,504	-	7,600,504
Prepaid lease payments on leasehold land	2,346,143	-	2,346,143
Investment in associate	4,474,070	-	4,474,070
Total non-current assets	14,420,717	-	14,420,717
Current assets			
Inventories	12,107,448	-	12,107,448
Trade and other receivables	9,142,175	-	9,142,175
Other assets	269,478	-	269,478
Short-term deposits with licensed banks	4,001,500		4,001,500
Cash and bank balances	2,403,766	-	2,403,766
Total current assets	27,924,367	-	27,924,367
Total assets	42,345,084	-	42,345,084
Equity and liabilities			
Capital and reserves			
Share capital	24,300,000	-	24,300,000
Reserves	7,413,310	(1,476,356)	5,936,954
Retained earnings	4,226,966	1,476,356	5,703,322
Total equity	35,940,276	-	35,940,276
Non-current liabilities			
Deferred tax liabilities	773,612	-	773,612
Current liabilities			
Trade and other payables	5,419,392	-	5,419,392
Tax liabilities	211,804	-	211,804
Total current liabilities	5,631,196	-	5,631,196
Total liabilities	6,404,808	-	6,404,808
Total equity and liabilities	42,345,084	-	42,345,084

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

a. Effect of MFRSs adoption for the statement of financial position (cont'd)

As of December 31, 2011 (cont'd)

The Company

	FRSs	Effect of transition to MFRSs	MFRSs
	RM	RM	RM
Assets			
Non-current assets			
Property, plant and equipment	6,181,116	-	6,181,116
Prepaid lease payments on leasehold land	1,082,068	-	1,082,068
Investment in subsidiary	5,257,418	-	5,257,418
Investment in associate	450,000	-	450,000
Total non-current assets	12,970,602	-	12,970,602
Current assets			
Inventories	10,403,568	-	10,403,568
Trade and other receivables	6,831,756	-	6,831,756
Other assets	173,988	-	173,988
Cash and bank balances	5,736,214	-	5,736,214
Total current assets	23,145,526	-	23,145,526
Total assets	36,116,128	-	36,116,128
Equity and liabilities			
Capital and reserves			
Share capital	24,300,000	-	24,300,000
Reserves	7,413,310	(1,476,356)	5,936,954
Retained earnings	224,939	1,476,356	1,701,295
Total equity	31,938,249	-	31,938,249
Non-current liabilities			
Deferred tax liabilities	773,612	-	773,612
Current liabilities			
Trade and other payables	3,192,463	-	3,192,463
Tax liabilities	211,804	-	211,804
Total current liabilities	3,404,267	-	3,404,267
Total liabilities	4,177,879	-	4,177,879
Total equity and liabilities	36,116,128	-	36,116,128

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

b. Reconciliation of retained earnings

The Group

	As at January 1, 2011 (date of transition) RM	As at December 31, 2011 (end of the last period presented under FRSs) RM
Total retained earnings under FRSs	368,708	4,226,966
Transfer of properties revaluation reserve	1,511,727	1,476,356
Total retained earnings under MFRSs	1,880,435	5,703,322

The Company

	As at January 1, 2011 (date of transition) RM	As at December 31, 2011 (end of the last period presented under FRSs) RM
Total (accumulated losses)/ retained earnings under FRSs	(2,171,066)	224,939
Transfer of properties revaluation reserve	1,511,727	1,476,356
Total (accumulated losses)/ retained earnings under MFRSs	(659,339)	1,701,295

c. Effect of MFRSs adoption for the statement of comprehensive income for the year ended December 31, 2011

The Group

	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Revenue	34,556,175	-	34,556,175
Investment revenue	166,707	-	166,707
Other gains and losses	(17,580)	-	(17,580)
Other income	1,505,304	-	1,505,304
Changes in inventories of finished goods and work-in-progress	118,085	-	118,085
Raw materials consumed	(24,622,432)	-	(24,622,432)
Employee benefits expense	(4,670,216)	-	(4,670,216)
Depreciation and amortisation expenses	(1,082,671)	-	(1,082,671)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

c. Effect of MFRSs adoption for the statement of comprehensive income for the year ended December 31, 2011 (cont'd)

The Group (cont'd)

	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Other expenses	(3,175,285)	-	(3,175,285)
Share of profits of associate	1,702,254	-	1,702,254
Profit before tax	4,480,341	-	4,480,341
Income tax expense	(657,454)	-	(657,454)
Profit for the year	3,822,887	-	3,822,887
Other comprehensive income	-	-	-
Total comprehensive income for the year	3,822,887	-	3,822,887

The Company

	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Revenue	32,076,934	-	32,076,934
Investment revenue	406,707	-	406,707
Other gains and losses	43,477	-	43,477
Other income	1,329,467	-	1,329,467
Impairment loss on investment in subsidiary	(822,671)	-	(822,671)
Changes in inventories of finished goods and work-in-progress	385,046	-	385,046
Raw materials consumed	(22,158,836)	-	(22,158,836)
Employee benefits expense	(4,477,019)	-	(4,477,019)
Depreciation and amortisation expenses	(733,231)	-	(733,231)
Other expenses	(3,031,786)	-	(3,031,786)
Profit before tax	3,018,088	-	3,018,088
Income tax expense	(657,454)	-	(657,454)
Profit for the year	2,360,634	-	2,360,634
Other comprehensive income	-	-	-
Total comprehensive income for the year	2,360,634	-	2,360,634

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2012

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

d. Effect of MFRSs adoption for the statement of cash flows for the year ended December 31, 2011 (the latest period presented under FRSs)

The transition to MFRSs have not resulted in material differences between the statement of cash flows presented under MFRSs and the statement of cash flows presented in accordance with FRSs for the Group and the Company.

e. Notes to the reconciliations

Property, plant and equipment

Under FRSs, the Group and the Company measured its buildings at valuation.

Upon transition to MFRSs, the Group and the Company had decided to measure the factory buildings using the cost model under MFRS 116 Property, Plant and Equipment. Thus, at the date of transition to MFRSs, the optional exemption in MFRS 1 was applied to regard the revalued amounts of the revalued properties in December 31, 2010 as deemed cost under MFRSs as this revalued amount was broadly comparable to fair value at that date. The revaluation surplus of RM1,511,727 of the Group and of the Company as at January 1, 2011 was transferred to retained earnings.

The impact arising from the change is summarised as follows:

	FRSs	Effect of transition to MFRSs	MFRSs
	RM	RM	RM
The Group			
As of January 1, 2011:			
Property, plant and equipment	8,116,985	-	8,116,985
Reserves	7,448,681	(1,511,727)	5,936,954
Retained earnings	368,708	1,511,727	1,880,435
As of December 31, 2011:			
Property, plant and equipment	7,600,504	-	7,600,504
Reserves	7,413,310	(1,476,356)	5,936,954
Retained earnings	4,226,966	1,476,356	5,703,322
The Company			
As of January 1, 2011:			
Property, plant and equipment	6,381,119	-	6,381,119
Reserves	7,448,681	(1,511,727)	5,936,954
Accumulated losses	(2,171,066)	1,511,727	(659,339)
As of December 31, 2011:			
Property, plant and equipment	6,181,116	-	6,181,116
Reserves	7,413,310	(1,476,356)	5,936,954
Retained earnings	224,939	1,476,356	1,701,295

Prepaid lease payments on leasehold land

The prepaid lease payments on leasehold land is stated at cost less amortisation. The transition to MFRS does not have any impact on amounts reported in respect of the Group's and the Company's prepaid lease payments on leasehold land.

37. 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/ accumulated losses of the Group and of the Company as of December 31, 2012 into realised and unrealised amounts, pursuant to the directive, is as follows:

	The Group			The Company		
	December 31, 2012	**December 31, 2011**	**January 1, 2011**	**December 31, 2012**	**December 31, 2011**	**January 1, 2011**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Total (accumulated losses)/ retained earnings of the Company and its subsidiary						
Realised	(19,786,597)	(18,661,629)	(20,161,396)	(142,912)	480,954	(1,841,751)
Unrealised	1,285,106	1,220,341	1,182,146	1,285,068	1,220,341	1,182,412
	(18,501,491)	(17,441,288)	(18,979,250)	1,142,156	1,701,295	(659,339)
Total share of retained earnings of associate						
Realised	4,677,315	4,066,577	2,674,751	-	-	-
Unrealised	(157,825)	(42,507)	(112,935)	-	-	-
	4,519,490	4,024,070	2,561,816	-	-	-
Less: Consolidation adjustments	20,241,911	19,120,540	18,297,869	-	-	-
Total retained earnings as per statements of financial position	6,259,910	5,703,322	1,880,435	1,142,156	1,701,295	(659,339)

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 Malaysia Financial Reporting Standards, International 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, 2012 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 37, 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 25, 2013

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 25, 2013

Before me,

DATO' DR. CHELVARAI @ SELVARAJOO A/L ERULANDY DBBS, PhD (HONS)
NO. P099
COMMISSIONER FOR OATHS

GROUP PROPERTIES

AS AT DECEMBER 31, 2012

The details of the landed properties owned by the STB Group as at December 31, 2012 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, 2012 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 approx. 20 years and Building 2 is approx. 16 years	4,439,490^
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 approx. 10 years and Building 4 is approx. 9 years	3,655,190^^

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, 2012 was RM1,057,241 whilst the net book value of the buildings was RM3,382,250

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

^^ Of the total, the net book value for the land as at December 31, 2012 was RM1,234,904 whilst the net book value of the buildings was RM2,420,285

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL AS AT APRIL 30, 2013

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 30, 2013

Size of Holdings	No. of Holders	No. of Shares	%
1 – 99	4	200	0.00
100 – 1,000	78	48,301	0.02
1,001 – 10,000	714	4,629,999	1.91
10,001 – 100,000	840	33,495,800	13.78
100,001 – 12,149,999	144	115,946,900	47.71
12,150,000 and above	3	88,878,800	36.58
Total	**1,783**	**243,000,000**	**100.00**

THIRTY LARGEST SECURITIES HOLDERS AS AT APRIL 30, 2013

No.	Name	Shareholdings	%
1	Shiue, Jong-Zone	46,393,600	19.09
2	Wu Chung-Jung	26,837,200	11.04
3	Liu Kuo, Ling-Miao	15,648,000	6.44
4	DB (Malaysia) Nominee (Asing) Sdn Bhd Qualifier: Deutsche Bank AG London	10,000,000	4.12
5	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt an for BNP Paribas Securities Services (Singapore-SGD)	9,769,500	4.02
6	Pacific Rotary Sdn Bhd	5,432,800	2.24
7	Lo, Lo-Ling	5,124,000	2.11
8	Citigroup Nominees (Asing) Sdn Bhd Qualifier: GSI for Avestra Asset Management Limited (Worberg GBL FD)	4,771,200	1.96
9	HDM Nominees (Tempatan) Sdn Bhd Qualifier: UOB Kay Hian Pte Ltd for Ong Bee Ting	4,110,400	1.69
10	Wu, Huei-Chung	3,552,000	1.46
11	Lin Ho, Shu-Li	3,408,000	1.40
12	Chen Cheng-Chun	3,036,000	1.25
13	RHB Capital Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Teh Wing Kee	2,799,300	1.15
14	Saw Siam Yeng	2,404,200	0.99
15	Loh Chiew Heoon	2,350,000	0.97
16	Siah Gim Siew	2,325,000	0.96
17	Lee, Chao-Chih	2,280,000	0.94
18	M & A Nominee (Asing) Sdn Bhd Qualifier: Sanston Financial Group Limited for Avestra Asset Management Limited	2,156,300	0.89
19	RHB Nominees (Asing) Sdn Bhd Qualifier: DMG & Partners Securities Pte Ltd for Nobel Elite Limited	2,014,900	0.83
20	Teh Wing Kee	2,000,000	0.82

STATISTICS OF SHAREHOLDINGS (CONT'D)

THIRTY LARGEST SECURITIES HOLDERS AS AT APRIL 30, 2013 (cont'd)

No.	Name	Shareholdings	%
21	Abdul Halim Bin Abdul Karim	1,726,100	0.71
22	Foo Yin Choo	1,700,000	0.70
23	Loh Kiun Yen	1,600,000	0.66
24	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Loh Chiew Heoon	1,600,000	0.66
25	Wang, Yu-Chuan	1,380,000	0.57
26	Shiue, Jyh-Jeh @ Jerry	1,356,700	0.56
27	Hsueh, Chih-Yu	1,344,700	0.55
28	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for David Ee	1,340,100	0.55
29	Lee Ah Yew	1,330,000	0.55
30	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lee Siow Shan	1,227,000	0.50

SUBSTANTIAL SHAREHOLDERS AS AT APRIL 30, 2013

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
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

STATISTICS OF SHAREHOLDINGS (CONT'D)

DIRECTORS' SHAREHOLDING AS AT APRIL 30, 2013

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
Dato' Seri Dr. Haji Arshad Bin Haji Hashim	-	-	-	-
Goh Chooi Eam	-	-	-	-
Ng Ngoon Weng	-	-	-	-
Ismail Bin Ahmad	-	-	-	-

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

PROXY FORM

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

No of ordinary shares held

I/We ______________________________ (*NRIC No./Company No ______________)
of ____
______________ being a *Member/Members of SUPERCOMNET TECHNOLOGIES BERHAD hereby appoint (Proxy 1)
______________________________ (*NRIC No./Passport No. ______________)
of ______________________________ and*/or failing him* (Proxy 2)
______________________________ (*NRIC No./Passport 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-THIRD ANNUAL GENERAL MEETING of the Company to be held at the Kelawai Room, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Friday, June 21, 2013 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 an increase of Directors' Fees of RM153,600/- to RM176,500/- for the financial year ended December 31, 2012 and payment of such fees to the Directors.			
	To re-elect the following Directors who are retiring under the provision of the Articles of Association of the Company, and who, being eligible offered themselves for re-election:-			
2.	Dato' Seri Dr. Haji Arshad Bin Haji Hashim	Article 99(1)		
3.	En. Ismail Bin Ahmad	Article 99(1)		
4.	Mr. Ng Ngoon Weng	Article 106		
5.	Mr. Goh Chooi Eam	Article 106		
6.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.			
7.	Special Business **Ordinary Resolution** To approve the resolution pursuant to Section 132D of the Companies Act, 1965.			

Signature of Member : ....   Signed this on..........day of.........................., 2013

Notes:

1. *For the purpose of determining a member who shall be entitled to attend and vote at the AGM, the Company shall be requesting the Record of Depositors as at June 12, 2013. Only a depositor whose name appears on the Record of Depositors as at June 12, 2013 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.*
2. *A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on a show of hands or on a poll in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy 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 set for holding of the Meeting or at any ajournment thereof.*

Fold this flap for sealing

Then fold here

Affix
stamp

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

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Cable Harness

Automotive Harness

Medical Device Products

Supercomnet Technologies Berhad (197527-H)
(ACE Market of Bursa Malaysia Securities Berhad)

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