

**PROTASCO BERHAD**

87, Jalan Kampong Pandan,  
55100 Kuala Lumpur,  
Malaysia.

Tel: 603 9286 1040

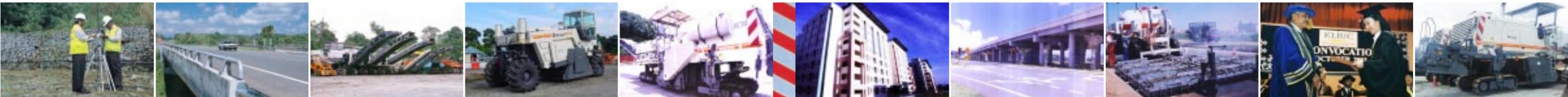
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[www.protasco.com](http://www.protasco.com)

P R O T A S C O B E R H A D (548078-H)

Engineering <sup>the</sup>  
Nation's Progress

PROTASCO BERHAD



ANNUAL REPORT 2003

A N N U A L R E P O R T 2 0 0 3

# Contents

- 04** Corporate Structure
  - 05** Corporate Information
  - 06** Directors' Profile
  - 08** Group Financial Highlights
  - 09** Executive Chairman's Statement
  - 13** Audit Committee Report
  - 18** Statement on Corporate Governance
  - 22** Statement on Internal Control
  - 23** Other Compliance Information
  - 25** Financial Statements
  - 63** List of Properties
  - 64** Analysis of Shareholdings
  - 67** Notice of Annual General Meeting
  - 70** Statement Accompanying the Notice of Annual General Meeting
- Form of Proxy





ROAD CONSTRUCTION, REHABILITATION, UPGRADING AND MAINTENANCE

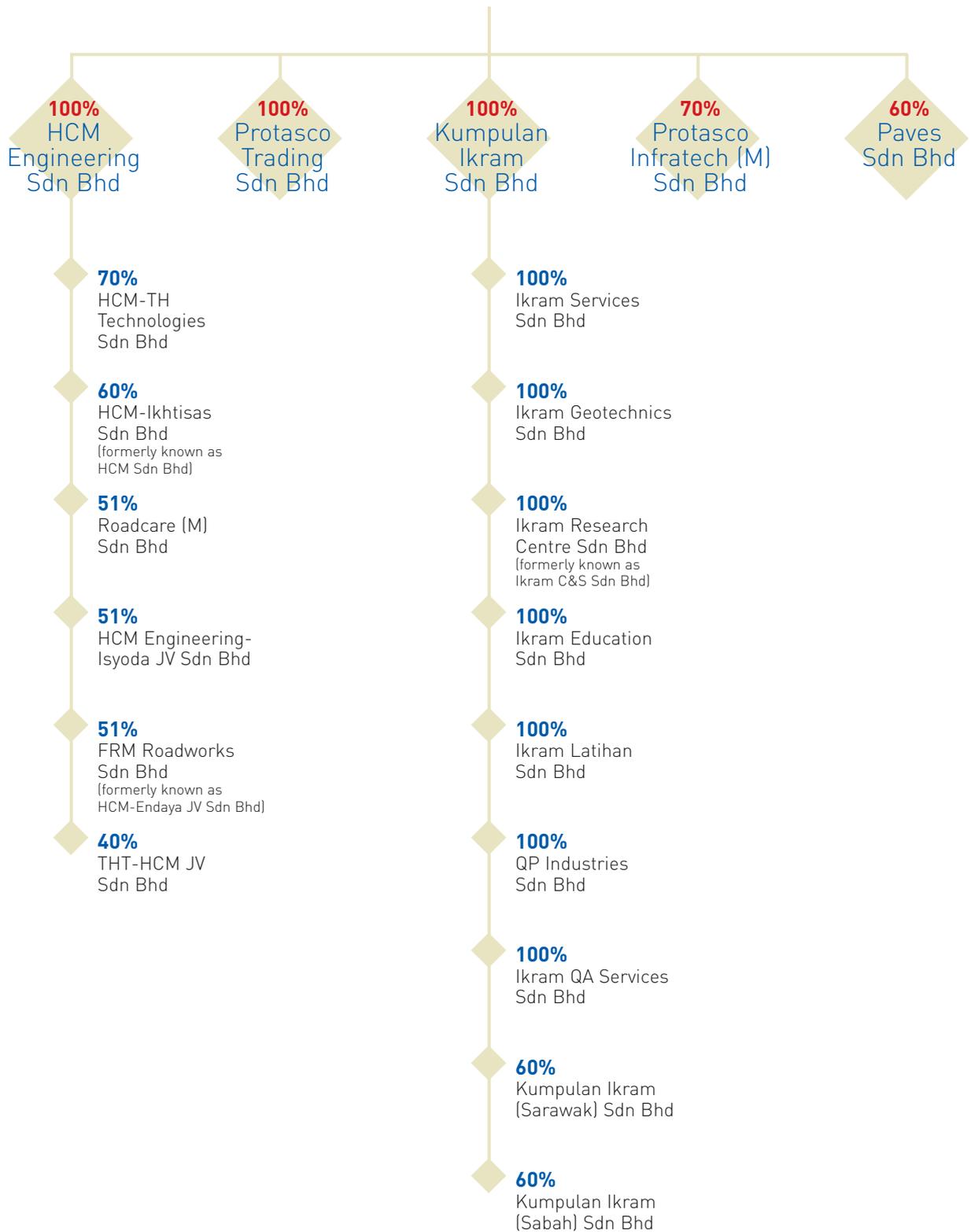


BUILDINGS AND S

# Engineering The Nation's Progress



# Corporate Structure



# Corporate Information

## Board of Directors

**Dato' Hasnur Rabiain Bin Ismail** – Executive Chairman

**Dato' Chong Ket Pen** – Managing Director

**Datin Normah Binti Kassim** – Independent Non-Executive Director

**Benny Soh Seow Leng** – Independent Non-Executive Director

**Azliza Binti Ahmad Tajuddin** – Independent Non-Executive Director

## Company Secretaries

Khor Hooi Ling (MAICSA 7014879)

Seow Fei San (MAICSA 7009732)

## Registered Office

312, 3rd Floor, Block C, Kelana Square  
17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7803 1126  
Fax: 03-7806 1387

## Registrar

Signet Share Registration Services Sdn Bhd  
Level 26, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel: 03-2721 2222  
Fax: 03-2721 2530

## Principal Bankers

RHB Bank Berhad  
EON Bank Berhad  
Bank Islam Malaysia Berhad  
Malayan Banking Berhad

## Auditors

Ernst & Young  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

## Stock Exchange Listing

Main Board  
Bursa Malaysia Securities Berhad

# Directors' Profile

## Dato' Hasnur Rabiain Bin Ismail

### Executive Chairman

Dato' Hasnur Rabiain Bin Ismail, 47, a Malaysian, is the Executive Chairman of Protasco Berhad. He was appointed to the Board on 15 May 2001. Graduated with a BSc (Hons) degree from UK's Middlesex Polytechnic in 1980, the co-founder of Protasco Group obtained his MPhil (Civil Engineering) from the University of Birmingham in 1990. A member of the Malaysian Institute of Engineers since 1993, he became a Professional Engineer registered with the Board of Engineers Malaysia in 1994.

In 1980, he joined Jabatan Kerja Raya (JKR) as Road Design Engineer in Ipoh. He was promoted to Project and Road Engineer with JKR Kuala Kangsar in 1981. Between 1983 and 1984, he underwent on-the-job training with Samsung Construction Company in Korea. He subsequently joined the Design and Research Branch of JKR Headquarters (HQ) as Senior Materials Engineer. In 1988, he was promoted to Senior Engineer, Pavement Unit of the JKR's Institute of Training and Research (IKRAM).

He left the JKR to set up the HCM Engineering Sdn Bhd Group in 1991. Currently he is also a director of Kumpulan Ikram Sdn Bhd (KISB), Paves Sdn Bhd, Protasco Trading Sdn Bhd, Protasco Infratech (M) Sdn Bhd and most of the subsidiaries and associates of the KISB Group and HCM Group.

## Dato' Chong Ket Pen

### Managing Director

Dato' Chong Ket Pen, 49, a Malaysian, is the Managing Director of Protasco Berhad. He was appointed to the Board on 15 May 2001. He also sits on the Audit Committee of the Board. The co-founder of the Protasco Group graduated with a BEng (Hons) degree from the University of Malaya in 1979. He obtained his MPhil (Civil Engineering) from the University of Birmingham in 1990. A member of the Institute of Engineers Malaysia since 1984, he became a registered Professional Engineer with the Board of Engineers Malaysia in 1985. He has been a member of the UK's Institution of Civil Engineers and a Chartered Engineer with UK's Engineering Council since 1985 and 1987 respectively.

He began his career as Road Design Engineer cum Assistant Project Engineer with JKR Kelantan in 1979. In 1982, he was promoted to Project Engineer and subsequently became Senior Engineer at the JKR HQ's Design and Research Branch. In 1988, he was attached to IKRAM as its Senior Pavement Research Engineer, and later reassigned as Senior Engineer, Pavement Evaluation and Research.

He left JKR to set up Paves Sdn Bhd in 1991. As the founding director of KISB in 1997, he was involved in the privatisation of the activities of the former IKRAM. He is also a director of Protasco Trading Sdn Bhd, Paves Sdn Bhd, Protasco Infratech (M) Sdn Bhd and several subsidiaries of the KISB Group.

## Datin Normah Binti Kassim

### Independent Non-Executive Director

Datin Normah Binti Kassim, 47, a Malaysian, has been a director of Protasco Berhad since 29 April 2002. She is the Chairperson of the Audit Committee and also sits on the Nomination Committee and Remuneration Committee of the Board. In 1980, she became an Associate Member of both the Institute of Chartered Secretaries and Administrators, UK and the Malaysian Institute of Chartered Secretaries and Administrators.

She started her career in 1978 as the Company Secretary cum Head, Secretarial Services for Malaysia Building Society Berhad. From 1990 to 2000, she was attached to Hicom Holdings Berhad (HICOM) as Group Company Secretary and Head, Secretarial and Legal for HICOM and its group of companies.

## Benny Soh Seow Leng

### Independent Non-Executive Director

Benny Soh Seow Leng, 33, a Malaysian, was appointed as a director of Protasco Berhad on 29 April 2002. He is the Chairman of the Nomination Committee and also sits on the Remuneration Committee of the Board. He obtained his Law degree from Bond University, Australia. A practising Advocate and Solicitor and a Member of the Malaysian Bar, he started his career in 1991 as a Legal Clerk with Manjit Singh Sachdev, Mohammad Radzi & Partners, which specialises in corporate, litigation and consultancy work.

He became an Advocate & Solicitor of the firm in 1995 and subsequently made Partner in 1998. He is also a registered Trade Marks agent. His clients include the financial and banking institutions, building and construction firms, private and public companies and associations, both in Malaysia and the Asia Pacific region.

## Azliza Binti Ahmad Tajuddin

### Independent Non-Executive Director

Azliza Binti Ahmad Tajuddin, 37, a Malaysian, became a director of Protasco Berhad on 1 May 2003. She is the Chairperson of the Remuneration Committee and also sits on the Audit Committee and Nomination Committee of the Board. A Bachelor of Commerce (Accounting) graduate from Australian National University, she began her career as an auditor at Coopers & Lybrand in 1990.

She then moved on to hold various positions at Amanah Merchant Bank Berhad, Padiberas Nasional Berhad and Sistem Televisyen Malaysia Berhad (TV3). After leaving TV3 in 2001, she joined Simpletech Sdn Bhd.

#### Notes:

- (i) None of the directors has any family relationship with each other and with any substantial shareholders of the Company.
- (ii) None of the directors has any conviction for offences, other than traffic offences, within the past 10 years.
- (iii) Other than the related party transactions disclosed in Note 32 to the Financial Statements and the Circular to Shareholders dated 1 June 2004, none of the directors has any conflict of interest with the Company.
- (iv) All directors attended the Board Meeting held during the financial year ended 31 December 2003.
- (v) None of the directors holds any directorship in other public companies.
- (vi) The directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of the Annual Report. The directors do not hold any shares in the subsidiaries of the Company.

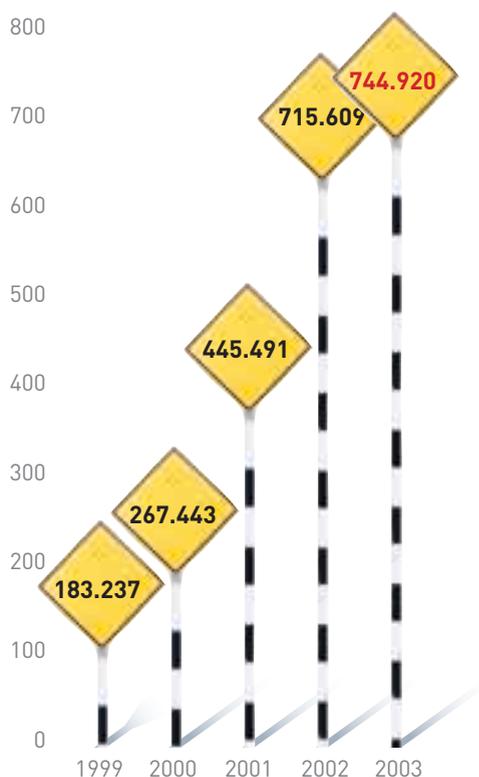
# Group Financial Highlights

	YEAR ENDED 31 DECEMBER						
	1999 <sup>#</sup>	2000 <sup>#</sup>	2001 <sup>#</sup>	2002 <sup>#</sup>	2003		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
				Pre-acquisition	Post-acquisition	Total	
Turnover	183,237	267,443	445,491	715,609	265,104	479,816	744,920
Profit After Taxation and Minority Interests	19,441	24,800	30,671	43,705	16,870	41,883	58,753

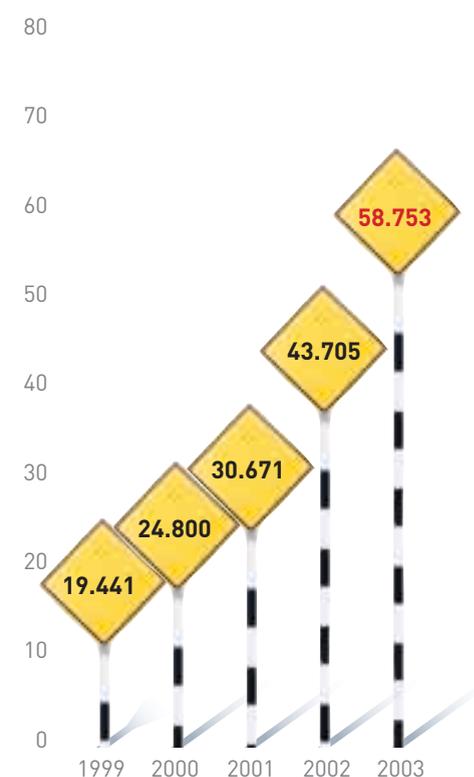
**Remarks:**

# Based on proforma consolidated results of Protasco Group as set out in the Prospectus dated 28 June 2003, with the assumption that Protasco Group had been in existence throughout the years under review.

## Turnover (RM million)

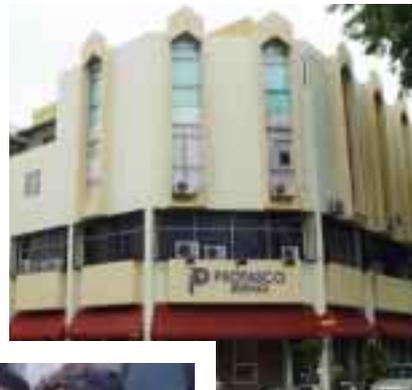


## Profit After Tax and Minority Interests (RM million)



# Executive Chairman's Statement

On behalf of the Board of Directors, I am pleased to present this maiden Annual Report and the audited Financial Statements of Protasco Berhad and its Group of Companies for the financial year ended 31 December 2003.



## Listing Exercise

Protasco Berhad was listed on the Main Board of the Kuala Lumpur Stock Exchange, now known as Bursa Malaysia Securities Berhad (Bursa Malaysia), on 8 August 2003. Enroute to its listing, the Company acquired four companies, completed a renounceable rights issue and undertook a public issue and offer for sale of Protasco shares.



The Company used the bookbuilding mechanism in its placement of 39.454 million shares to identified investors, making it the first medium-capitalisation company on Bursa Malaysia to have done so.

The listing exercise was a success judging from the 12.18 times and 12.59 times over-subscription rates for the public and institutional portions respectively. The Company's shares closed at RM1.84 on its first day of listing, chalking up a premium of 60% over the Initial Public Offering (IPO) retail price of RM1.15.

Out of the proceeds raised from the listing exercise, RM50 million was used to repay bank borrowings, thus bringing down the Group's gearing to only 0.04 times. The remaining RM14.26 million of the proceeds was set aside for working capital and listing expenses.

## Financial Performance

For the financial year under review, the Group managed to register an improved performance in its core activities of road construction, rehabilitation, upgrading and maintenance, building and specialised construction, engineering services and consultancy, education and training. I am pleased to report that the Group has managed to live up to the expectations of the IPO.



For the financial year ended 31 December 2003, Protasco posted a Group profit after tax and minority interest of RM58.75 million (including a pre-acquisition profit of RM16.87 million) on the back of a 4% increase in Group revenue to RM744.92 million. The profit represented a 12.9% increase over the profit forecast of RM52.04 million mentioned in the Prospectus.



## Executive Chairman's Statement



### Review of Operations

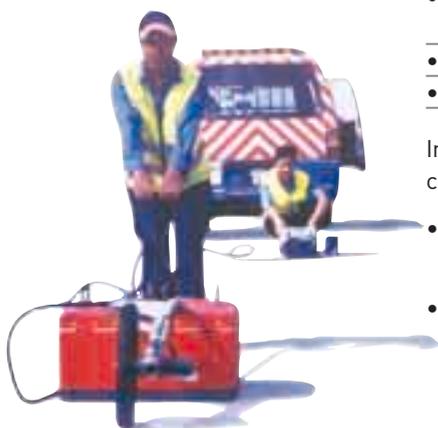
Protasco Group is principally involved in construction, engineering services and consultancy, education, training and trading. Construction encompasses road construction, upgrading, rehabilitation and maintenance using pavement recycling technology, and building construction. Engineering services and consultancy include site investigation, soil testing, geotechnical services and pavement evaluation.

Among the major road projects being undertaken are:

	RM (million)
• Federal Route 5: Kapar–Sabak Bernam & Klang–Banting, Selangor (Rehabilitation and upgrading)	
– Phase A	300.20
– Phase B	396.37
• Muar–Melaka–Alor Gajah–Simpang Ampat (Rehabilitation and upgrading)	320.45
• Utan Aji, Perlis–Changlun, Kedah (Upgrading)	180.88
• Kuching–Serian, Sarawak (Upgrading)	90.09

In addition to undertaking projects, the Group has also secured three 15-year concessions as follows:

- Federal road maintenance concession of about 5,600 km which commenced in February 2001 in the states of Selangor, Pahang, Kelantan and Terengganu.
- Federal road maintenance concession of about 373 km which commenced in September 2003 in Sibul, Bintulu and Mukah divisions in Sarawak.





- Concession valued at RM348.3 million in fee which commenced in January 1997 to provide a range of services including geotechnical, structural and material testing, site investigation and soil testing, pavement evaluation, training and research and development to the Government.

Collectively, the concession companies contributed about 42% of the Group's total profit in 2003.

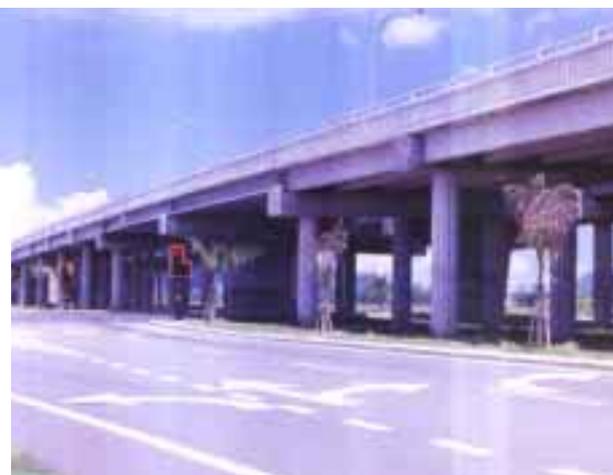
To enhance its position as the leading road specialist in Malaysia, Protasco has invested about RM75 million in machinery and equipment by the end of 2003. The acquisition of the machinery and equipment has greatly assisted sub-contractors, who on their own, were not able to purchase them. This is in line with the Government's policy of helping small-scale contractors. On the other hand, the machinery and equipment have also enabled Protasco to keep its costs down on pavement works when road recycling technology is applied.

On the education side, Protasco is poised to play a bigger role in the country and the region. The Kuala Lumpur Infrastructure University College (KLIUC) came into being when the former Ikram College of Technology (iCT) was upgraded following the conferment of the University College status to iCT in September 2003.

Protasco is always on the look out for opportunities to offer its expertise to the overseas market. Towards this objective, the Group has and will continue to explore business opportunities in neighbouring countries, the Middle East, Africa and China. It is hoped that 2004 will mark the beginning of our overseas foray.



## Executive Chairman's Statement



### Dividends

For the financial year ended 31 December 2003, the Company paid an interim tax-exempt dividend of 4.32% or 2.16 sen per share on 10 February 2004. On top of that, after taking into account the distributable reserves and cash flow, the Directors are recommending a final dividend of 10% less 28% taxation, or net dividend of 3.6 sen per share, subject to the approval of the shareholders at the forthcoming annual general meeting. The total net dividend per share for the year is 5.76 sen which is higher than the net dividend forecast of 2.88 sen mentioned in the Prospectus.



### ISO Accreditation

Protasco recognises the importance of global recognition for the quality management system adopted by member companies as it raises the Group's efficiency and competitiveness. Towards this end, Protasco's subsidiary HCM Engineering Sdn Bhd obtained its ISO 9000 certification during the year, thus bringing the total number of ISO certification within the Group to five (5).

### Outlook

Barring any unforeseen circumstances, Protasco expects another good year. This expectation is based on the work orders and contracts in-hand, the three concessions held by the Group and potential overseas-based opportunities expected to be realised this year.

### Appreciation

The Board of Directors would like to record our appreciation to our customers, business associates and shareholders for their support, without which Protasco would not have been able to be where it is today.

We would also like to express our appreciation to the regulatory authorities for their assistance and guidance.

My gratitude also goes to my fellow Board members, management team and all the employees of the Group for their contribution, dedication and commitment to the Protasco Group.

**Dato' Hasnur Rabiain Bin Ismail**  
Executive Chairman



# Audit Committee Report

## Membership and Meetings

The Audit Committee comprises three members as follows:

**Datin Normah Binti Kassim** – Chairperson (Independent Non-Executive Director)

**Azliza Binti Ahmad Tajuddin** – Member (Independent Non-Executive Director)

**Dato' Chong Ket Pen** – Member (Managing Director)

After the listing of the Company on 8 August 2003, the Audit Committee had one meeting during the financial year ended 31 December 2003, which was attended by all members.

## Summary of Activities

During the year, the Audit Committee carried out its duties as set out in the terms of reference. These include:

- (i) Reviewing the adequacy of the scope, functions and resources of the internal audit department and ascertaining that it has the necessary authority to carry out its work;
- (ii) Reviewing and discussing the internal audit status report and considering whether appropriate action were taken on the recommendation of the internal audit function;
- (iii) Reviewing the quarterly results before submission to the Board of Directors for approval, focusing particularly on significant and unusual events and compliance with accounting standards and other legal requirements; and
- (iv) Reviewing the related party transactions and to ensure that they are not more favourable to the related parties than those generally available to the public and complies with the Listing Requirements of Bursa Malaysia.

## Internal Audit Function

The Group has an Internal Audit Department, which reports to the Audit Committee. The department carries out its duties impartially and independently of the activities reviewed. It has the principal responsibility for carrying out audits on the operations within the Group and provides general assurances to the management and Audit Committee. The internal audit reports highlight shortcomings or findings which are discussed with management and action plans are agreed and implemented. Significant findings are presented in the Audit Committee Meetings for its consideration. A follow up audit review is also conducted after each audit to determine whether all audit recommendations are implemented.

In addition, the Internal Audit Department also provides the necessary assistance and manpower for any special assignments or investigations requested by the management from time to time.

A number of control weaknesses were identified during the period, all of which have been, or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

# Audit Committee Report

## Terms of Reference

1. To review the following and report the same to the Board of Directors:
  - (a) with the external auditors:
    - (i) the external audit plan;
    - (ii) the evaluation of the system of internal controls; and
    - (iii) the external audit report;
  - (b) assistance given by the Company's officers to the external auditors;
  - (c) adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its works;
  - (d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether appropriate action is taken on the recommendations of the internal audit function;
  - (e) the quarterly financial report and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events;
    - (iii) the going concern assumption; and
    - (iv) compliance with accounting standards and other legal requirements;
  - (f) any related party transactions and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (g) letter of resignation from the external auditors, if any; and
  - (h) whether there is any reason (supported by grounds) to believe that the external auditors are not suitable for reappointment.
2. To consider the nomination of external auditors.
3. To perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.

The authority, responsibility and specific duties of the Audit Committee are set out in the Audit Committee Charter.

## Audit Committee Charter

### 1. Composition

- 1.1 The Audit Committee shall comprise at least three directors, a majority of whom are independent of management and operating responsibilities. There shall be at least one member who is:
  - (a) a member of the Malaysian Institute of Accountants; or
  - (b) otherwise, he shall have at least 3 years' working experience and
    - (i) he shall have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
    - (ii) he shall be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - (c) (i) a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
  - (ii) at least 7 years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 1.2 The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director.
- 1.3 No alternate director shall be appointed as a member of the Audit Committee.
- 1.4 Any vacancy in the Audit Committee resulting in the non-compliance of the above shall be filled within three months.

### 2. Authority

The Audit Committee shall:

- 2.1 have the authority to investigate any activity of the Group within its terms of reference;
- 2.2 have resources which are required to perform its duties;
- 2.3 have full and unrestricted access to the Group's information;
- 2.4 have direct communication channels with the external auditors, internal auditors and all employees of the Group;
- 2.5 be able to obtain independent professional advice; and
- 2.6 be able to convene meetings with the external auditors (excluding the executive members of the Committee), if necessary.

### 3. Responsibility

The Audit Committee serves as a focal point for communication between non-audit committee directors, the external auditors, internal auditors and the Company's management as their duties relate to financial accounting and reporting and controls. The Audit Committee assists the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and its subsidiaries, and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of management, and the adequacy of disclosures to shareholders.

# Audit Committee Report

## 4. Meetings

### 4.1 Frequency

The Audit Committee is to meet at least four times per year.

### 4.2 Quorum and Attendance

Quorum shall be majority of the members who are Independent Directors. If necessary or desirable, the Chairman may request that members of management, the head of internal audit and representatives of the external auditors be present at meetings of the Committee.

### 4.3 Secretary

The Company Secretary or his/her representative shall be the Secretary of the Audit Committee.

### 4.4 Minutes

Minutes of each Audit Committee meeting are to be made available to the Board of Directors.

### 4.5 Specific Duties

The Audit Committee is to:

- 4.5.1 Review with the Company's management, external auditors and the internal auditor the Company's general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls.
- 4.5.2 Make all necessary enquiries of management and the external auditors concerning established standards of corporate conduct and performance, and deviations therefrom.
- 4.5.3 Review the scope of audit and general extent of the external auditor's examination, including their engagement letter.
- 4.5.4 Review with management and the external auditors upon completion of their audit, financial results for the year prior to the release to the public. This review is to encompass:
  - (i) significant transactions not forming a normal part of the Company's operations;
  - (ii) changes, if any, during the year in the Company's accounting principles or their application; and
  - (iii) significant adjustments proposed by the external auditors.
- 4.5.5 Evaluate the cooperation received by the external auditors during their examination, including their access to all requested records, data and information. Also, elicit the comments of management regarding the responsiveness of the external auditors to the Company's needs. Enquire the external auditors whether there have been any disagreements with management, which if not satisfactorily resolved would have caused them to issue a non-standard report on the Company's financial statements.
- 4.5.6 Discuss with the external auditors any relevant recommendations, which the external auditors may have, especially those in their letter of comments and recommendations. Topics to be considered during this discussion include improving internal financial controls, the selection of accounting principles and management reporting systems. Review written responses of management to the letter of comments and recommendations from the external auditors.
- 4.5.7 Review the scope and results of the internal audit procedures and discuss with the Company management the remedial actions taken on the areas that need improvement.
- 4.5.8 Apprise the Board of Directors, through minutes and special presentations as necessary, of significant developments in the course of performing the above duties.
- 4.5.9 Recommend to the Board of Directors the retention or non-retention of the external auditors.

#### 4.6 Audit Committee Report

The Audit Committee shall assist the Board of Directors in preparing an Audit Committee report at the end of each financial year, to be clearly set out in the Annual Report of the Company, comprising the following:

- 4.6.1 The composition of the Audit Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the directors are independent or otherwise).
- 4.6.2 The terms of reference of the Audit Committee.
- 4.6.3 The number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member.
- 4.6.4 A summary of the activities of the Audit Committee in the discharge of its functions and duties for that financial year of the Company.
- 4.6.5 The existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanisms that exist to enable the Audit Committee to discharge its functions effectively.

#### 5. Review of the Audit Committee

The Board of Directors shall review the term of office and performance of the Audit Committee and each of its members at least once every three years to determine whether such Audit Committee and members have performed their duties in accordance with their terms of reference.

# Statement on Corporate Governance

Protasco Berhad (Company) subscribes to the Malaysian Code on Corporate Governance (Code). Thus the Company is committed to ensure that all corporate governance requirements are earnestly and consistently followed within the Group to the maximum extent possible.

## Compliance with the Code

The Board of Directors of the Company (Board) is pleased to reveal the extent to which the Company, listed since 8 August 2003, has adhered to the Corporate Governance principles and best practices set out in the Code during the financial year ended 31 December 2003.

The Board is of the opinion that it has on the whole complied with the principles and best practices outlined in the Code. All the independent directors are independent of management and are free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

## Board of Directors

### The Board

The Board shares a common objective of providing the best possible services in road construction, maintenance, upgrading and rehabilitation, which are effectively supported by related engineering, trading, R&D, and training services.

With the overall responsibility for the Company's strategic direction, the Board is committed to ensure that matters pertaining to the Company's corporate strategy, business operations and performance are given proper attention.

### Composition of the Board and Board Balance

Currently the Board has five members comprising the Executive Chairman, Managing Director and three Independent Non-Executive Directors. The membership meets the minimum requirement of one-third being independent and adequately reflects the interest of minority shareholders in the Company.

There is also balance in the Board represented by the presence of the three Independent Non-Executive Directors with the necessary skills and experience. The Directors' profiles are available on pages 6 to 7 of this Annual Report.

### Board Meeting

The Company is pleased to announce that all Directors attended and participated actively in the Board Meeting that was held during the year under review.

### Supply of and Access to Information and Advice

The Company extends its utmost co-operation by giving the Board full access to necessary material and relevant information as well as proper counsel from the Company Secretaries and others to enable it to discharge its functions effectively. Indeed when the need arises, the Directors are encouraged to and not restricted from seeking external guidance.

### Training for Directors

After the Company's listing on 8 August 2003, all Directors successfully attended the Mandatory Accreditation Programme (MAP).

The Company encourages Directors to attend continuous education programmes and seminars so that they can keep abreast with developments relevant to the industry and capital market.

## Appointments & Re-election of Directors

All appointments were finalised before the Company's listing last year. There has been no new appointment since.

In accordance with the Company's Articles of Association, at each Annual General Meeting one-third of the Directors or if their number is not three or a multiple of three, the number nearest to one-third with a minimum of one shall retire from office, provided that all Directors shall retire from office at least once in three years but shall be eligible for re-election by the shareholders and the Directors to retire shall be those who have been longest in office since their last re-election or appointment.

## Directors' Remuneration

The remuneration of Directors is determined at levels that enable the Company to attract and retain the Directors with the relevant experience and expertise.

In accordance with the service contract, the remuneration package for the Executive Directors comprise salary, allowances and benefits-in-kind.

During the year ended 31 December 2003, the aggregate remuneration of the Directors were as follows:

	RM
Executive	513,320
Non-Executive	20,000

The number of Directors whose total remuneration fell within specified bands were as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM250,000 – RM300,000	2	—
Below RM25,000	—	3

## Board Committees

The Board practises delegation in respect of specific responsibilities to three (3) Committees, namely the Audit, Nomination and Remuneration Committees. These Committees assist the Board in the implementation of its responsibilities. Based on the terms of reference for each Committee which have been approved by the Board, the Committees do not have executive powers and hence have to report back to the Board with their recommendations.

### Audit Committee

The Audit Committee reviews the quarterly financial results to be disclosed and the scope of works of the internal audit department. A report detailing the activities of the Audit Committee is presented on pages 13 to 17 of this Annual Report.

### Nomination Committee

The Company is pleased to report that the Nomination Committee was formed during the year under review on 14 November 2003.

In complying with the Code, the Nomination Committee has the responsibility for proposing new nominees for the Board and for assessing Directors on a continuing basis.

The Nomination Committee comprises the following Non-Executive Directors:

**Benny Soh Seow Leng** – Chairman (Independent Non-Executive Director)

**Datin Normah Binti Kassim** – Member (Independent Non-Executive Director)

**Azliza Binti Ahmad Tajuddin** – Member (Independent Non-Executive Director)

## Statement on Corporate Governance

The functions of the Nomination Committee include reviewing and recommending to the Board the optimum size of the Board, the required mix of skills, experience and other qualities, including core competencies that Non-Executive Directors should bring to the Board.

### Remuneration Committee

The Remuneration Committee was set up on the same date as the Nomination Committee.

All members of the Remuneration Committee are Non-Executive Directors who are independent of the management. It is responsible for determining and recommending to the Board the framework and broad policy for the remuneration of the Directors.

The Remuneration Committee comprises:

**Azliza Binti Ahmad Tajuddin** – Chairperson (Independent Non-Executive Director)

**Datin Normah Binti Kassim** – Member (Independent Non-Executive Director)

**Benny Soh Seow Leng** – Member (Independent Non-Executive Director)

## Reaching Out to Shareholders and Investors

### Investor and Media Relations

As a way to obtain feedback and discuss issues of mutual interests, the Company organised site visits and had meetings, briefings and interviews with analysts, investors and reporters.

Activities during the year also included:

- Timely release of the Company's financial results and other required announcements.
- The setting up of a dedicated website, [www.protasco.com](http://www.protasco.com).
- Prompt response to enquiries from analysts, reporters and shareholders.

Contact person:

**Marina Jaal**, Senior Manager, Corporate Communications

Tel: 03-8737 3320 Fax: 03-8926 4008 Email: [marina@protasco.com.my](mailto:marina@protasco.com.my)

### The Annual General Meeting (AGM)

The audited financial statements of the Group and the Company will be tabled at the AGM.

Shareholders are encouraged to attend and participate by raising any questions or highlighting any issues they wish to bring up. Those who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Indeed, shareholders may contact the Company at any time throughout the year.

## Accountability & Audit

### Financial Reporting

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group. The Directors consider the presentation of the financial statements and ensure that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed to ensure accuracy and adequacy. The Group's financial statements are presented on pages 25 to 62 of this Annual Report.

### Relationship with the Auditors

Through the Audit Committee of the Board, the Group has established a transparent and appropriate relationship with the Group's auditors, both internal and external, particularly in seeking their professional advice and towards ensuring compliance with the accounting standards.

### Internal Control

The Board acknowledges their responsibility for the Group's system of internal controls and reviews its effectiveness regularly via the internal audit department which provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal control within the Group. A Statement on Internal Control outlining the internal controls within the Group is presented on page 22 of this Annual Report.

## Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the financial position of the Group and Company at the end of the financial year and of the results and cash flow of the Group and Company for the financial year.

The Directors have the responsibility to ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The Board has also ensured that the quarterly and annual financial statements of the Company and Group is released to Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest development.

## Going Concern Statement

Upon exercising due and reasonable enquiry into the affairs of the Company, the Board is satisfied that the Company shall continue to operate as a going concern business in the foreseeable future.

# Statement on Internal Control

The Board acknowledges its responsibility for maintaining a system of internal control and for reviewing adequacy and integrity to safeguard shareholders' investment and the Group's assets. The system of internal control covers not only financial controls but operational and compliance controls.

The key processes of the Group's internal control system include:

- Clearly defined delegation of responsibilities to the Board Committees, management and operating units of the Group. Clearly defined authority limits have been established for all material aspects of the businesses. These delegations of responsibilities and authority limits are subject to periodic review as to their implementation and for continuing suitability;
- Internal audit department carried out audits based on audit plans approved by the Audit Committee to ensure adequacy and integrity of the system of internal controls and these are reported to Audit Committee;
- Regular and comprehensive information is provided to management, covering financial performance and key business indicators;
- The preparation of quarterly and full year financial results, as announced or otherwise published to shareholders; and
- Performance analysis on financial performance and business objectives are regularly carried out and significant differences are explained.

The Board has overall responsibility for the Group's system of internal control, which aims to:

1. safeguard shareholders' investments and the Group's assets;
2. ensure that proper accounting records are maintained; and
3. ensure that the financial information used within the business and for publication is reliable.

The internal control system is also designed to provide reasonable assurance on effective operations and compliance with laws and regulations, but any system of internal control can only provide reasonable, not absolute, assurance against material mis-statement or loss.

# Other Compliance Information

## 1. Share Buybacks

During the financial year, there were no share buybacks by the Company.

## 2. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programmes

During the financial year, the Company did not sponsor any ADR or GDR programmes.

## 3. Imposition of Sanctions and/or Penalties

During the financial year, there were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

## 4. Non-audit Fees

The amount of non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2003 amounted to RM33,400.

## 5. Variation in Results for the Financial Year

There was no deviation of 10% or more between the profit after tax and minority interest (PATAMI) stated in the announced unaudited results and the audited financial statements of the Group for the financial year ended 31 December 2003.

## 6. Profit Estimate, Forecast or Projection

The PATAMI of the Group for the financial year ended 31 December 2003 amounting to RM41.88 million is arrived at after deducting pre acquisition profits of RM16.87 million. The PATAMI of the Group for the year ended 31 December 2003, including pre acquisition profits, is RM58.75 million representing about 13% favourable variance compared to the forecasted profit of RM52.04 million as set out in the Prospectus of the Company dated 28 June 2003. The variance is partially due to higher actual turnover of RM744.92 million as compared to the forecasted turnover of RM729.32 million.

## 7. Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

## 8. Material Contracts

Other than as disclosed in Note 32 to the Financial Statements and the Circular to Shareholders dated 1 June 2004, there were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests since 8 August 2003.

## Other Compliance Information

### 9. Options, Warrants or Convertible Securities

The Company did not issue any options or warrants or convertible securities during the financial year ended 31 December 2003.

### 10. Utilisation of Proceeds

Further to the listing of the Company on 8 August 2003, the status of the utilisation of proceeds arising from the Initial Public Offering exercise as at 31 December 2003 was as follows:

	Utilised RM'000	Balance RM'000	Total* RM'000
Repayment of bank borrowings	50,000	—	50,000
Working capital	10,502	—	10,502
Listing expenses	3,759	—	3,759
<b>TOTAL</b>	<b>64,261</b>	<b>—</b>	<b>64,261</b>

\* As a result of the bookbuilding exercise, the institutional price of RM1.43 was higher than the assumed price of RM1.15 made in the Prospectus of the Company dated 28 June 2003.

### 11. Revaluation Policy of Landed Properties

Protasco Group does not adopt a policy of regular revaluation.

### 12. Recurrent Related Party Transactions of a Revenue Nature or Trading Nature

The Company will be seeking a ratification and a mandate from the shareholders to enter into recurrent related party transactions of revenue or trading nature at the forthcoming AGM of the Company. Details on the Recurrent Related Party Transactions are set out on page 58 (Note 32 to the Financial Statements) of this Annual Report and Circular to Shareholders dated 1 June 2004.

# Financial Statements

- 26** Directors' Report
- 30** Statement by Directors
- 30** Statutory Declaration
- 31** Report of the Auditors
- 32** Income Statements
- 33** Balance Sheets
- 34** Statements of Changes in Equity
- 35** Cash Flow Statements
- 36** Notes to the Financial Statements



# Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

## Principal Activity

The principal activity of the Company is investment holding. The Company commenced operations during the year pursuant to the acquisition of subsidiaries as disclosed in Note 13 to the financial statements and the listing and quotation of the Company's entire issued and paid-up share capital on the Main Board of Bursa Malaysia Securities Berhad.

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

## Results

	Group RM'000	Company RM'000
Profit after taxation	52,515	17,418
Minority interests	(10,632)	—
Net profit for the year	<u>41,883</u>	<u>17,418</u>

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the acquisition of subsidiaries as disclosed in Note 13 to the financial statements.

## Dividends

The amount of dividends declared by the Company since 31 December 2002 were as follows:

	RM'000
In respect of the financial year ended 31 December 2003:	
Interim tax exempt dividend of 2.16 sen, declared on 30 December 2003	<u>6,480</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2003, of 10% less 28% taxation on 300,000,000 ordinary shares, amounting to a total dividend of RM10,800,000 (3.6 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2004.

## Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Hasnur Rabiain Bin Ismail  
Dato' Chong Ket Pen  
Datin Normah Binti Kassim  
Benny Soh Seow Leng  
Azliza Binti Ahmad Tajuddin *(appointed on 1 May 2003)*

## Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than as disclosed below, under the section titled issue of shares and initial public offering.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

## Directors' Interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

The Company	No. of Ordinary Shares of RM1.00 Each	No. of Ordinary Shares of RM0.50 Each			31.12.2003
	1.1.2003	Subdivision	Bought	Sold	
<b>Direct Interest</b>					
Dato' Hasnur Rabiain Bin Ismail	2	2	67,207,168	(28,468,028)	<b>38,739,144</b>
Dato' Chong Ket Pen	1	1	15,890,072	—	<b>15,890,074</b>
Datin Normah Binti Kassim	—	—	100,000	(5,000)	<b>95,000</b>
Benny Soh Seow Leng	—	—	240,000	(70,000)	<b>170,000</b>
Azliza Binti Ahmad Tajuddin	—	—	200,000	(50,500)	<b>149,500</b>
<b>Indirect Interest</b>					
Dato' Hasnur Rabiain Bin Ismail	—	—	205,097,156	(76,205,730)	<b>128,891,426</b>
Dato' Chong Ket Pen	—	—	184,039,628	(76,205,730)	<b>107,833,898</b>

All the directors of the Company, by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

## Issue of Shares and Initial Public Offering

### (a) Subdivision of Shares

On 8 April 2003, the authorised share capital of the Company which was RM100,000 divided into 100,000 ordinary shares of RM1.00 each were altered by subdividing the 100,000 ordinary shares of RM1.00 each into 200,000 ordinary shares of RM0.50 each and that the existing ordinary shares of RM1.00 each fully paid up in the capital of the Company were divided into 2 ordinary shares of RM0.50 each credited as fully paid up.

### (b) Authorised Share Capital

On 6 June 2003, the Company increased its authorised share capital from RM100,000 to RM300,000,000 through the creation of 599,800,000 ordinary shares of RM0.50 each.

# Directors' Report

## Issue of Shares and Initial Public Offering (cont'd)

### (c) Initial Public Offering

In conjunction with its Initial Public Offering, the Company undertook the following exercises:

#### *(i) Acquisition of Subsidiaries*

On 6 June 2003, the Company acquired the entire issued and paid-up capital of Kumpulan Ikram Sdn Bhd, HCM Engineering Sdn Bhd and Protasco Trading Sdn Bhd for a total purchase consideration of RM129,179,613 and 60% of the issued and paid-up capital of Paves Sdn Bhd for a total purchase consideration of RM2,548,718 to be satisfied by the issue of 248,544,000 new ordinary shares of RM0.50 each at an issue price of approximately RM0.53 per share. The share premium arising from these acquisitions amounted to RM7,456,320, and this has been credited to the share premium account. The new ordinary shares rank pari passu in all respects with existing ordinary shares; and

#### *(ii) Renounceable Rights Issue*

On 9 June 2003, the Company issued Renounceable Rights Issue of 2,601,994 new ordinary shares of RM0.50 each to the shareholders of Protasco Berhad on the basis of one (1) new Rights Share for approximately every 95.52 existing ordinary shares of RM0.50 each held in Protasco Berhad after the acquisitions of subsidiaries. The new ordinary shares rank pari passu in all respects with existing ordinary shares; and

#### *(iii) Public Issue*

The Initial Public Issue involved 48,854,000 new ordinary shares of RM0.50 each comprising 20,000,000 new ordinary shares of RM0.50 each at the Retail Price of RM1.15 per ordinary share and 28,854,000 new ordinary shares of RM0.50 each at a Bookbuilding Price of RM1.43. The share premium arising after deducting the transaction costs of RM3,759,300, amounted to RM36,074,920 and this has been credited to the share premium account. The new ordinary shares rank pari passu in all respects with existing ordinary shares.

Thereafter, on 8 August 2003, the entire issued and paid-up share capital of the Company, were admitted to the Official List of the Kuala Lumpur Stock Exchange, now known as Bursa Malaysia Securities Berhad.

### Other Statutory Information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### Other Statutory Information (cont'd)

- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in Note 34 to the financial statements.
- (f) In the opinion of the directors:
- (i) no contingent liability 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) 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 the operations of the Group or of the Company for the financial year in which this report is made.

### Other Significant Events

On 28 June 2003, HCM-Endaya JV Sdn Bhd, a subsidiary of HCM Engineering Sdn Bhd, changed its name to FRM Roadworks Sdn Bhd.

On 30 October 2003, HCM Engineering Sdn Bhd, a wholly owned subsidiary of the Company acquired 60% equity interest in HCM-Ikhtisas Sdn Bhd, a company incorporated in Malaysia for a cash consideration of RM6. The company has not commenced operations since the date of its incorporation.

### Subsequent Event

- (a) On 29 January 2004, Ikram C & S Sdn Bhd, a wholly owned subsidiary of Kumpulan Ikram Sdn Bhd, changed its name to Ikram Research Centre Sdn Bhd.
- (b) On 2 April 2004, the Company acquired 70% equity interest in Protasco Infratech (M) Sdn Bhd, a company incorporated in Malaysia for a cash consideration of RM7. Subsequently, on 5 April 2004, the subsidiary increased its issued and paid-up capital from RM10 to RM100,000 by an allotment of 99,990 ordinary shares of RM1 each. As such, the Company's investment in the subsidiary increased from RM7 to RM70,000 by subscribing to 69,993 ordinary shares of RM1 each. The equity interest in the subsidiary remains at 70%.
- (c) Subsequent to the financial year end, the Company extended corporate guarantees to financial institutions and suppliers in respect of credit facilities granted to subsidiaries amounting to RM10,720,000.

### Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

**DATO' HASNUR RABIAIN BIN ISMAIL**

**DATO' CHONG KET PEN**

Kuala Lumpur, Malaysia  
 26 April 2004

# Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Hasnur Rabiain Bin Ismail and Dato' Chong Ket Pen, being two of the directors of Protasco Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 32 to 62 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

**DATO' HASNUR RABIAIN BIN ISMAIL**

**DATO' CHONG KET PEN**

Kuala Lumpur, Malaysia  
26 April 2004

# Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Sofia Binti Zakaria, being the Officer primarily responsible for the financial management of Protasco Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 62 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 Sofia Binti Zakaria  
at Kuala Lumpur in the Federal Territory  
on 26 April 2004

**SOFIA BINTI ZAKARIA**

Before me,

**SOH AH KAU, AMN (No. W315)**  
Commissioner for Oaths

# Report of the Auditors

to the members of Protasco Berhad (incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 32 to 62. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2003 and of the results and cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the Auditors' Reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The Auditors' Reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

## **ERNST & YOUNG**

AF: 0039

Chartered Accountants

## **TAN SOO YAN**

No. 1307/03/06 (J/PH)

Partner

Kuala Lumpur, Malaysia

26 April 2004

# Income Statements

for the year ended 31 December 2003

	Note	Group 2003 RM'000	Company 2003 RM'000	2002 RM'000
Revenue	3	479,816	22,505	—
Cost of sales	4	(370,514)	—	—
Gross profit		109,302	22,505	—
Other operating income		9,665	50	—
Administrative expenses		(13,797)	(1,013)	(2)
Selling and marketing expenses		(41)	—	—
Other operating expenses		(27,747)	—	—
Profit from operations	5	77,382	21,542	(2)
Finance costs	8	(1,625)	—	—
Share of results of associated company		(19)	—	—
Profit before taxation		75,738	21,542	(2)
Taxation	9	(23,223)	(4,124)	—
Profit after taxation		52,515	17,418	(2)
Minority interests		(10,632)	—	—
Profit for the year		41,883	17,418	(2)
Earnings per share (Sen)				
– Basic	10	25.6		
Dividends per share (Sen)				
– First interim	11	2.16	2.16	—

# Balance Sheets

as at 31 December 2003

		Group 2003 RM'000	Company 2003 RM'000	2002 RM'000
	Note			
<b>NON-CURRENT ASSETS</b>				
PROPERTY, PLANT AND EQUIPMENT	12	190,210	—	—
INVESTMENT IN SUBSIDIARIES	13	—	131,728	—
INVESTMENT IN ASSOCIATED COMPANY	14	21	—	—
DEFERRED EXPENDITURE		—	—	742
OTHER INVESTMENT	15	330	—	—
<b>CURRENT ASSETS</b>				
Inventories	16	409	—	—
Trade receivables	17	164,380	—	—
Other receivables	18	3,417	69,025	—
Tax recoverable		1,023	81	—
Other investment	19	12,197	—	—
Cash and bank balances	21	182,771	10,132	—
		<b>364,197</b>	<b>79,238</b>	—
<b>CURRENT LIABILITIES</b>				
Trade payables	22	181,197	—	—
Other payables	23	17,659	22	747
Borrowings	24	8,357	—	—
Dividends payable		6,480	6,480	—
Taxation		10,008	—	—
		<b>223,701</b>	<b>6,502</b>	747
<b>NET CURRENT ASSETS/(LIABILITIES)</b>				
		<b>140,496</b>	<b>72,736</b>	(747)
		<b>331,057</b>	<b>204,464</b>	(5)
<b>FINANCED BY:</b>				
Share capital	26	150,000	150,000	—
Share premium		43,531	43,531	—
Retained profits/(accumulated losses)	27	35,398	10,933	(5)
		<b>228,929</b>	<b>204,464</b>	(5)
Minority interests		34,790	—	—
Reserve on consolidation	28	55,314	—	—
Deferred tax liabilities	29	7,761	—	—
Borrowings	24	4,263	—	—
		<b>331,057</b>	<b>204,464</b>	(5)

# Statements of Changes in Equity

for the year ended 31 December 2003

	Share Capital RM'000	Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
<b>Group</b>				
At 1 January 2002	*	—	(3)	(3)
Loss for the year	—	—	(2)	(2)
At 31 December 2002	*	—	(5)	(5)
Issue of share capital	150,000	43,531	—	193,531
Profit for the year	—	—	41,883	41,883
Dividends (Note 11)	—	—	(6,480)	(6,480)
At 31 December 2003	<b>150,000</b>	<b>43,531</b>	<b>35,398</b>	<b>228,929</b>
<b>Company</b>				
At 1 January 2002	*	—	(3)	(3)
Loss for the year	—	—	(2)	(2)
At 31 December 2002	*	—	(5)	(5)
Issue of share capital	150,000	43,531	—	193,531
Profit for the year	—	—	17,418	17,418
Dividends (Note 11)	—	—	(6,480)	(6,480)
At 31 December 2003	<b>150,000</b>	<b>43,531</b>	<b>10,933</b>	<b>204,464</b>

\* The issued and paid-up share capital of the Company on 1 January 2003 was 3 ordinary shares at RM1.00 each and was subsequently subdivided into 6 ordinary shares at RM0.50 each.

# Cash Flow Statements

for the year ended 31 December 2003

	Group 2003 RM'000	Company 2003 RM'000	2002 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation	75,738	21,542	(2)
Adjustments for:			
Property, plant and equipment written off	105	—	—
Depreciation	11,599	—	—
Interest expense	1,625	—	—
Provision for stock obsolescence	88	—	—
Provision for doubtful debts	234	—	—
Share of results in associated company	19	—	—
Gain on disposal of property, plant and equipment	(504)	—	—
Amortisation of reserve on consolidation	(7,306)	—	—
Write back of provision for doubtful debts	(482)	—	—
Tax exempt dividends received from investment in unit trusts	(197)	—	—
Gross dividends from subsidiaries	—	(21,880)	—
Interest income	(1,107)	(50)	—
Operating profit before working capital changes	79,812	(388)	(2)
Inventories	(358)	—	—
Receivables	26,369	(69,025)	—
Payables	13,349	(725)	361
Cash generated from/(used in) operations	119,172	(70,138)	359
Interest paid	(1,625)	—	—
Tax paid	(15,452)	(5)	—
Net cash generated from/(used in) operating activities	102,095	(70,143)	359
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	1,107	50	—
Deferred expenditure incurred	—	—	(359)
Purchase of property, plant and equipment	(20,682)	—	—
Net proceeds from acquisition of subsidiaries (Note 13)	104,305	—	—
Acquisition of marketable unit trust	(12,197)	—	—
Net dividends received from subsidiaries	—	17,680	—
Tax exempt dividends received from investment in unit trusts	197	—	—
Proceeds from sale of property, plant and equipment	1,027	—	—
Net cash generated from/(used in) investing activities	73,757	17,730	(359)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from issue of shares	62,545	62,545	—
Dividend paid to minority shareholders	(7,350)	—	—
Repayment of hire purchase and lease financing	(864)	—	—
Repayment of bank borrowings	(47,956)	—	—
Net cash generated from financing activities	6,375	62,545	—
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>182,227</b>	<b>10,132</b>	<b>—</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 21)</b>	<b>182,227</b>	<b>10,132</b>	<b>—</b>

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

# Notes to the Financial Statements

31 December 2003

## 1. General

The principal activity of the Company is investment holding. The Company commenced operations during the year pursuant to the acquisition of subsidiaries as disclosed in Note 13 to the financial statements and the listing and quotation of the Company's entire issued and paid up capital on the Main Board of Bursa Malaysia Securities Berhad.

The principal activities of the subsidiary and associated company are set out in Note 13 and 14 respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301, Petaling Jaya, Selangor Darul Ehsan. The principal place of business is located at 87, Jalan Kampong Pandan, 55100 Kuala Lumpur.

The numbers of employees in the Group and in the Company at the end of the financial year were 1,464 (2002: Nil) and 6 (2002: Nil) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 April 2004.

## 2. Significant Accounting Policies

### (a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2003, the Group and the Company adopted the following MASB Standards for the first time:

- MASB 25 Income Taxes
- MASB 29 Employee Benefits

The effects of adopting MASB 25 and MASB 29 have not given rise to any adjustments to the opening balances of retained profits/accumulated losses of the prior and current year or to changes in comparatives.

### (b) Basis of Consolidation

#### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation. Negative goodwill is amortised on a straight-line basis over 5 years.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

## 2. Significant Accounting Policies (cont'd)

### (b) Basis of Consolidation (cont'd)

#### (ii) Associated Company

Associated company is a company in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in an associated company are accounted for in the consolidated financial statement by the equity method of accounting based on the audited or management financial statement of the associated company. Under the equity method of accounting, the Group's share of the profits less losses of the associated company during the year is included in the consolidated income statement. The Group's interest in the associated company is carried in the consolidated balance sheet at cost plus the Group's share of post acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains or transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are eliminated unless cost cannot be recovered.

### (c) Investments in Subsidiaries and Associated Company

The Company's investments in subsidiaries and associated company are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised to the income statement.

### (d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m) to the financial statements.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

The principal annual rates used are as follows:

Buildings	2%
Renovation	10%
Reference books, office equipment, signboard, furniture and fittings	10% – 25%
Laboratory equipment, plant and machinery	15% – 20%
Motor vehicles	20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

# Notes to the Financial Statements

## 2. Significant Accounting Policies (cont'd)

### (e) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the completion of a physical proportion of the contract work.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

### (f) Inventories

Inventories are stated at lower of cost (determined on the first-in, first-out basis) and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Inventories comprise engineering, technical spare parts and other consumable stocks.

### (g) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

### (h) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2[d].

### (i) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

## 2. Significant Accounting Policies (cont'd)

### (j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

### (k) Employee Benefits

#### (i) Short Term Benefits

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

#### (ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (EPF). Such contributions are recognised as an expense in the income statement as incurred.

### (l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### (i) Sale of Goods

Revenue relating to the sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

#### (ii) Revenue from Services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

#### (iii) Education and Training Fees

Tuition and training fees are recognised on an accrual basis whereas non-refundable registration and enrolment fees are recognised when chargeable.

# Notes to the Financial Statements

## 2. Significant Accounting Policies (cont'd)

### (l) Revenue Recognition (cont'd)

#### *(iv) Construction Contracts*

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(e).

#### *(v) Dividend Income*

Dividend income is recognised when the right to receive payment is established.

#### *(vi) Interest Income*

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

### (m) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense to the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

### (n) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### *(i) Non-Current Investments*

Non-current investments other than investments in subsidiaries and associated company are stated at cost less impairments losses. The policy for the recognition and measurement of impairment of losses is in accordance with Note 2(m).

On disposal of an investment the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

#### *(ii) Marketable Securities*

Marketable securities are carried at lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

#### *(iii) Receivables*

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

## 2. Significant Accounting Policies (cont'd)

### (n) Financial Instruments (cont'd)

#### (iv) Payables

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

#### (v) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

#### (vi) Equity Instruments

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

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

## 3. Revenue

Revenue of the Group and of the Company consists of the following:

	Group	Company	
	2003	2003	2002
	RM'000	RM'000	RM'000
Gross dividends from subsidiaries	—	21,880	—
Management fees from subsidiaries	—	625	—
Construction contracts	356,842	—	—
Sale of goods	76,994	—	—
Education and training fees	13,555	—	—
Engineering services	29,313	—	—
Others	3,112	—	—
	<b>479,816</b>	<b>22,505</b>	—

## 4. Cost of Sales

Cost of sales represents contract costs recognised as an expense, cost of inventories sold and cost of services provided.

## Notes to the Financial Statements

### 5. Profit from Operations

Profit from operations is stated after charging/(crediting):

	Group 2003 RM'000	Company 2003 RM'000	2002 RM'000
Staff costs (Note 6)	30,823	674	—
Non-executive director's remuneration (Note 7)	20	20	—
Auditor's remuneration			
– current	113	10	1
– other services	33	10	—
Property, plant and equipment written off	105	—	—
Depreciation	11,599	—	—
Provision for doubtful debts	234	—	—
Provision for stock obsolescence	88	—	—
Rental of			
– office premises	2,100	—	—
– plant and machinery	225	—	—
– motor vehicles	208	—	—
– office equipment	81	—	—
Amortisation of reserve on consolidation	(7,306)	—	—
Gain on disposal of property, plant and equipment	(504)	—	—
Interest income	(1,107)	(50)	—
Tax exempt dividends received from investment in unit trusts	(197)	—	—
Write back of provision for doubtful debts	(482)	—	—

### 6. Staff Costs

	Group 2003 RM'000	Company 2003 RM'000	2002 RM'000
Wages and salaries	26,242	580	—
Social security costs	217	1	—
Short term accumulating compensated absences	145	—	—
Pension costs – defined contribution plans	2,323	85	—
Other staff related expenses	1,896	8	—
	<b>30,823</b>	<b>674</b>	<b>—</b>

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,690,249 (2002: Nil) and RM513,321 (2002: Nil) respectively as further disclosed in Note 7.

## 7. Directors' Remuneration

	Group 2003 RM'000	Company 2003 RM'000	2002 RM'000
<b>Directors of the Company</b>			
Executive:			
Salaries and other emoluments	664	458	—
Pension costs – defined contribution plans	81	55	—
Benefits-in-kind	33	—	—
	<b>778</b>	<b>513</b>	—
Non-Executive:			
Fees	20	20	—
<b>Other Directors</b>			
Executive:			
Salaries and other emoluments	861	—	—
Pension costs – defined contribution plans	84	—	—
Benefits-in-kind	49	—	—
	<b>994</b>	—	—
<b>Total</b>	<b>1,792</b>	<b>533</b>	—
<b>Analysis excluding benefits-in-kind</b>			
Total executive directors' remuneration excluding benefits-in-kind	1,690	513	—
Total non-executive directors' remuneration excluding benefits-in-kind	20	20	—
<b>Total excluding benefits-in-kind</b>	<b>1,710</b>	<b>533</b>	—

The number of Directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2003	2002
<b>Executive Directors</b>		
RM350,000 – RM400,000	2	—
<b>Non-Executive Directors</b>		
Below RM25,000	3	—

## 8. Finance Costs

	Group 2003 RM'000
Interest expense on	
– bank overdrafts	59
– hire purchase	166
– term loans	1,235
– others	165
	<b>1,625</b>

## Notes to the Financial Statements

### 9. Taxation

	Group 2003 RM'000	Company 2003 RM'000	2002 RM'000
Tax expense for the year:			
Malaysian income tax	18,941	4,124	—
Deferred tax:			
Relating to origination and reversal of temporary differences	(66)	—	—
Under provision in prior years:			
Malaysian income tax	4,348	—	—
	<b>23,223</b>	<b>4,124</b>	<b>—</b>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group 2003 RM'000	Company 2003 RM'000	2002 RM'000
Profit before taxation	75,738	21,542	(2)
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	21,207	6,032	(1)
Expenses not deductible for tax purposes	385	18	1
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(173)	—	—
Income not subject to tax	(2,544)	(1,926)	—
Under provision in prior years	4,348	—	—
Tax expense for the year	<b>23,223</b>	<b>4,124</b>	<b>—</b>
Tax savings recognised during the year arising from:			
Utilisation of tax losses and capital allowances brought forward from previous years	173	—	—

## 10. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group 2003
Profit for the year (RM'000)	<b>41,883</b>
Weighted average number of ordinary shares in issue ('000)	<b>163,327</b>
Basic earnings per share (sen)	<b><u>25.6</u></b>

## 11. Dividends

	Group/Company 2003 RM'000
Interim tax exempt dividend of 2.16 sen, declared on 30 December 2003	<b><u>6,480</u></b>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2003, of 10% less 28% taxation on 300,000,000 ordinary shares, amounting to a total dividend of RM10,800,000 (3.6 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2004.

## 12. Property, Plant and Equipment

## Notes to the Financial Statements

Group	Freehold Land RM'000	Freehold Buildings RM'000	Renovation RM'000	Reference		Motor Vehicles RM'000	Total RM'000
				Books, Office Equipment, Signboard, Furniture and Fittings RM'000	Laboratory Equipment, Plant and Machinery RM'000		
<b>Cost</b>							
Acquisition of subsidiaries	70,498	45,234	7,931	26,916	65,059	27,400	243,038
Additions	1,502	1,121	698	3,221	10,733	3,407	20,682
Disposals	—	—	—	—	(762)	(336)	(1,098)
Written off	—	—	(99)	—	—	(62)	(161)
<b>At 31 December 2003</b>	<b>72,000</b>	<b>46,355</b>	<b>8,530</b>	<b>30,137</b>	<b>75,030</b>	<b>30,409</b>	<b>262,461</b>
<b>Accumulated Depreciation</b>							
Acquisition of subsidiaries	—	92	2,693	13,268	30,894	14,336	61,283
Charge for the year	—	538	325	2,343	5,522	2,871	11,599
Disposals	—	—	—	—	(408)	(167)	(575)
Written off	—	—	(1)	—	—	(55)	(56)
<b>At 31 December 2003</b>	<b>—</b>	<b>630</b>	<b>3,017</b>	<b>15,611</b>	<b>36,008</b>	<b>16,985</b>	<b>72,251</b>
<b>Net Book Value</b>							
<b>At 31 December 2003</b>	<b>72,000</b>	<b>45,725</b>	<b>5,513</b>	<b>14,526</b>	<b>39,022</b>	<b>13,424</b>	<b>190,210</b>

(a) Certain property, plant and equipment of the Group with net book value of RM4,268,088 are held under hire purchase and lease arrangements.

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM442,319 by means of hire purchase and finance lease arrangements.

(c) Certain property, plant and equipment of the Group with net book value of RM99,946,361 were pledged to financial institutions as security to secure credit facilities as disclosed in Note 24.

### 13. Investment in Subsidiaries

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares at cost	<b>131,728</b>	—

Details of subsidiaries are as follows:

Name of Company	Principal Activities	Country of Incorporation	Equity Interest Held 2003 %
Kumpulan Ikram Sdn Bhd	Training, geotechnical laboratory, structural and material testing, soil investigation, research and development, listing of building materials, engineering and technical related activities and services	Malaysia	100
HCM Engineering Sdn Bhd	Road construction, rehabilitation and maintenance	Malaysia	100
Protasco Trading Sdn Bhd	Trading of construction materials and petroleum products	Malaysia	100
Paves Sdn Bhd	Provision of evaluation and testing services for road pavement	Malaysia	60

Details of subsidiaries held through Kumpulan Ikram Sdn Bhd are as follows:

Name of Company	Principal Activities	Country of Incorporation	Equity Interest Held 2003 %
Ikram Services Sdn Bhd	Site investigation and soil testing services	Malaysia	100
Kumpulan Ikram (Sabah) Sdn Bhd	Site investigation and soil testing services	Malaysia	60
Ikram Education Sdn Bhd*	Education services	Malaysia	100
Ikram Geotechnics Sdn Bhd*	Geotechnical services	Malaysia	100
Ikram Latihan Sdn Bhd*	Training courses	Malaysia	100
Ikram Research Centre Sdn Bhd* (formerly known as Ikram C & S Sdn Bhd)	Pavement evaluation and material testing	Malaysia	100
Ikram QA Services Sdn Bhd*	Certification and listing of products	Malaysia	100
Kumpulan Ikram (Sarawak) Sdn Bhd	Site investigation and soil testing services	Malaysia	60
QP Industries Sdn Bhd*	Production of pavement materials	Malaysia	100

## Notes to the Financial Statements

### 13. Investment in Subsidiaries (cont'd)

Details of subsidiaries held through HCM Engineering Sdn Bhd are as follows:

Name of Company	Principal Activities	Country of Incorporation	Equity Interest Held 2003 %
Roadcare (M) Sdn Bhd*	Road construction and maintenance	Malaysia	51
HCM-TH Technologies Sdn Bhd*	Road construction and rehabilitation	Malaysia	70
HCM Engineering-Isyoda JV Sdn Bhd*	Road construction and rehabilitation	Malaysia	51
FRM Roadworks Sdn Bhd* (formerly known as HCM-Endaya JV Sdn Bhd)	Road construction and maintenance	Malaysia	51
HCM-Ikhtisas Sdn Bhd*	Construction and maintenance	Malaysia	60

\* Audited by firms of auditors other than Ernst & Young

On 6 June 2003, the Company acquired 100% equity interest in Kumpulan Ikram Sdn Bhd, HCM Engineering Sdn Bhd and Protasco Trading Sdn Bhd and 60% equity interest in Paves Sdn Bhd for a total consideration of RM131,728,331 which was satisfied by the issue of 248,544,000 new ordinary shares of RM0.50 each of the Company at the issue price of RM0.53 each.

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiaries is as follows:

	6.6.2003 RM'000
Net assets acquired:	
Property, plant and equipments	181,755
Associated company	38
Other investment	330
Inventories	139
Trade and other receivables	193,918
Cash and bank balances	109,064
Trade and other payables	(184,172)
Bank overdrafts	(4,759)
Taxation	(1,148)
Deferred taxation	(7,827)
Borrowings	(60,895)
Fair value of total net assets	<u>226,443</u>
Less: Minority interest	<u>(32,095)</u>
Group's share of net assets	194,348
Reserve on consolidation	<u>(62,620)</u>
Total consideration satisfied by shares	<u>131,728</u>
Net cash outflow arising on acquisition:	
Cash and cash equivalents of subsidiaries acquired	<u>104,305</u>

On 30 October 2003, HCM Engineering Sdn Bhd, a wholly owned subsidiary of the Company acquired 60% equity interest in HCM-Ikhtisas Sdn Bhd, a company incorporated in Malaysia for a cash consideration of RM6. The company has not commenced operations since the date of its incorporation. The net cash inflow arising from the acquisition of the subsidiary amounted to RM4.

### 13. Investment in Subsidiaries (cont'd)

The effect of the acquisition of the subsidiaries on the financial results of the Group from the date of acquisition to 31 December 2003 is as follows:

	RM'000
Revenue	479,816
Operating costs	<u>(408,777)</u>
Profit from operations	<u>71,039</u>

The effect of the acquisition of the subsidiaries on the financial position of the Group as at 31 December 2003 is as follows:

	RM'000
Property, plant and equipment	190,210
Associated company	21
Other investments – non current asset	330
Inventories	409
Trade and other receivables	167,792
Tax recoverable	1,023
Other investments – current asset	12,197
Cash and bank balances	172,639
Trade and other payables	(198,834)
Borrowings	(12,620)
Taxation	(10,008)
Minority interest	(34,790)
Deferred taxation	(7,761)
Group's share of net assets	<u>280,608</u>

### 14. Investment in Associated Company

	Group 2003 RM'000
Unquoted shares at cost	40
Share of post acquisition reserves	<u>(19)</u>
	<u>21</u>
Represented by:	
Share of net assets	<u>21</u>

Details of associated company held through HCM Engineering Sdn Bhd are as follows:

Name of Associated Company	Principal Activities	Country of Incorporation	Equity Interest Held 2003 %
THT-HCM JV Sdn Bhd	Road construction	Malaysia	40

## Notes to the Financial Statements

### 15. Other Investment – Non Current Asset

Other investment represents transferable corporate golf memberships, at cost.

### 16. Inventories

	Group 2003 RM'000
At cost:	
Stores and spares	<u>409</u>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM87,603,516.

### 17. Trade Receivables

	Group 2003 RM'000
Trade receivables	164,201
Amount due from associated company	428
Due from customers on contracts (Note 20)	<u>3,232</u>
	167,861
Less: Provision for doubtful debts	<u>(3,481)</u>
	<u>164,380</u>

Trade receivables includes amounts due from TH Technologies Sdn Bhd, Muhibbah Engineering (M) Berhad, Endaya Construction Sdn Bhd and Projek Penyelenggaraan Lebuhraya Berhad and its subsidiaries, amounting to RM13,190,420. These companies are the corporate shareholders of HCM-TH Technologies Sdn Bhd, Roadcare (M) Sdn Bhd, FRM Roadworks Sdn Bhd and Paves Sdn Bhd.

Trade receivables also includes amount due from C&H Engineering Consultants Sdn Bhd of RM158,879, which is a company owned substantially by directors of the Company, Dato' Hasnur Rabiain Bin Ismail and Dato' Chong Ket Pen and amount due from KIP Management Sdn Bhd of RM8,642,223, a company substantially owned by a former director of Ikram Geotechnics Sdn Bhd, Tuan Haji Ghazali Bin Hussin.

The amount due from associated company is unsecured, interest-free and has no fixed terms of repayment.

The Group's normal trade credit term ranges from 30 to 60 days. Other credit terms are assessed and approved on a case by case basis.

The amount due from the Government of Malaysia forms a significant amount of the trade receivables. From past collections, the directors are of the opinion that the credit risk is low. Other than this, the group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

## 18. Other Receivables

	Group	Company	
	2003	2003	2002
	RM'000	RM'000	RM'000
Due from subsidiaries	—	69,020	—
Deposits	768	5	—
Prepayments	500	—	—
Sundry receivables	2,867	—	—
	<b>4,135</b>	<b>69,025</b>	—
Less: Provision for doubtful debts	(718)	—	—
	<b>3,417</b>	<b>69,025</b>	—

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

## 19. Other Investment – Current Asset

	Group 2003 RM'000
Unit trusts, quoted in Malaysia, at cost	12,197
Market value of quoted unit trusts	12,197

## 20. Due from Customers on Contracts

	Group 2003 RM'000
Construction contract costs incurred to date	643,214
Attributable profits	153,638
	<b>796,852</b>
Less: Progress billings	(793,620)
	<b>3,232</b>
Due from customers on contracts (Note 17)	<b>3,232</b>
Contract costs recognised as an expense	<b>176,586</b>

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group 2003 RM'000
Hire of plant and machinery	3,168
Rental expense	232

## Notes to the Financial Statements

### 21. Cash and Cash Equivalents

	Group 2003 RM'000	Company 2003 RM'000	2002 RM'000
Cash on hand and at banks	37,200	6,332	—
Deposits with licensed banks	145,571	3,800	—
Cash and bank balances	182,771	10,132	—
Less: Bank overdrafts	(544)	—	—
Cash and cash equivalents	182,227	10,132	—

Deposits placed with licensed banks of the Group amounting to RM9,323,109 are pledged to banks for credit facilities granted to certain subsidiaries as referred to in Note 24.

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group 2003 %	Company 2003 %	2002 %
Licensed banks	2.5	2.0	—

The average maturities of deposits as at the end of the financial year were as follows:

	Group 2003 Days	Company 2003 Days	2002 Days
Licensed banks	16	1	—

### 22. Trade Payables

Trade payables includes amounts due to Projek Penyelenggaraan Lebuhraya Berhad, TH Technologies Sdn Bhd and C&H Engineering Consultants Sdn Bhd of RM3,344,314. The relationship with these companies have been disclosed in Note 17.

The normal trade credit terms granted to the Group range from 30 to 60 days.

### 23. Other Payables

	Group 2003 RM'000	Company 2003 RM'000	2002 RM'000
Accruals	2,677	22	4
Sundry payables	14,982	—	743
	17,659	22	747

## 24. Borrowings

	Group 2003 RM'000
<b>Short Term Borrowings</b>	
Secured:	
Revolving credits	4,000
Term loans	2,111
Bank overdrafts	481
Trust receipts	518
Hire purchase and finance lease payables (Note 25)	1,184
	<u>8,294</u>
Unsecured:	
Bank overdrafts	63
	<u>8,357</u>
<b>Long Term Borrowings</b>	
Secured:	
Term loans	3,477
Hire purchase and finance lease payables (Note 25)	786
	<u>4,263</u>
<b>Total Borrowings</b>	
Revolving credits	4,000
Term loans	5,588
Bank overdrafts	544
Trust receipts	518
Hire purchase and finance lease payables (Note 25)	1,970
	<u>12,620</u>
Maturity of borrowings (excluding hire purchase and finance lease):	
Within one year	7,173
More than 1 year and less than 5 years	3,477
	<u>10,650</u>

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase and finance lease payables, were as follows:

	Group 2003 %
Revolving credits	4.1
Term loans	6.0
Bank overdrafts	7.1
Working capital financing	7.0

The term loans are secured by the following:

- (a) First legal charge over certain property, plant and equipment of certain subsidiaries.
- (b) Corporate guarantee by a subsidiary.

The other bank borrowings of the Group are secured by fixed and floating charge on certain property, plant and equipment and deposits placed with licensed banks of the Group as disclosed in Note 12 and 21 respectively.

## Notes to the Financial Statements

### 25. Hire Purchase and Finance Lease Payables

	Group 2003 RM'000
<b>Minimum lease payments</b>	
Not later than one year	1,364
Later than 1 year but not later than 5 years	893
	<u>2,257</u>
Less: Future finance charges	(287)
Present value of hire purchase	<u>1,970</u>
 <b>Present value of finance lease liabilities</b>	
Not later than one year	1,184
Later than 1 year but not later than 5 years	786
	<u>1,970</u>
 <b>Analysed as follows</b>	
Due within 12 months (Note 24)	1,184
Due after 12 months (Note 24)	786
	<u>1,970</u>

The hire purchase and lease liabilities bore interest at the balance sheet date of between 3.29% to 5.75% per annum.

### 26. Share Capital

	Number of Ordinary Shares		Amount	
	RM0.50 Each 2003 '000	RM1 Each 2002 '000	2003 RM'000	2002 RM'000
<b>Authorised</b>				
At 1 January <sup>#</sup>	100	100	100	100
Subdivision	100	—	—	—
Created during the year	599,800	—	299,900	—
At 31 December	<u>600,000</u>	100	<u>300,000</u>	100
 <b>Issued and fully paid</b>				
At 1 January	*	*	*	*
Issued and paid up during the year	300,000	—	150,000	—
At 31 December	<u>300,000</u>	—	<u>150,000</u>	—

<sup>#</sup> The authorised share capital of the Company on 1 January 2003 was 100,000 ordinary shares at RM1.00 each.

\* The issued and paid-up share capital of the Company on 1 January 2003 was 3 ordinary shares at RM1.00 each.

## 26. Share Capital (cont'd)

- (a) On 8 April 2003, the authorised share capital of the Company which was RM100,000 divided into 100,000 ordinary shares of RM1.00 each were altered by subdividing the 100,000 ordinary shares of RM1.00 each into 200,000 ordinary shares of RM0.50 each and that the existing ordinary shares of RM1.00 each fully paid up in the capital of the Company were divided into 2 ordinary shares of RM0.50 each credited as fully paid up.
- (b) On 6 June 2003, the Company increased its authorised share capital from RM100,000 to RM300,000,000 through the creation of 599,800,000 ordinary shares of RM0.50 each.
- (c) The Company increased its issued and paid-up share capital from RM3 to RM150,000,000 by way of the issuance of 299,999,994 ordinary shares of RM0.50 each by the followings means:
- (i) On 6 June 2003, the Company acquired the entire issued and paid-up capital of Kumpulan Ikram Sdn Bhd, HCM Engineering Sdn Bhd and Protasco Trading Sdn Bhd for a total purchase consideration of RM129,179,613 and 60% of the issued and paid-up capital of Paves Sdn Bhd for a total purchase consideration of RM2,548,718 to be satisfied by the issue of 248,544,000 new ordinary shares of RM0.50 each at an issue price of approximately RM0.53 per share. The share premium arising from these acquisitions amounted to RM7,456,320, and this has been credited to the share premium account. The new ordinary shares rank pari passu in all respects with existing ordinary shares; and
- (ii) On 9 June 2003, the Company issued Renounceable Rights Issue of 2,601,994 new ordinary shares of RM0.50 each to the shareholders of Protasco Berhad on the basis of one (1) new Rights Share for approximately every 95.52 existing ordinary shares of RM0.50 each held in Protasco Berhad after the acquisitions of subsidiaries. The new ordinary shares rank pari passu in all respects with existing ordinary shares; and
- (iii) The Initial Public Issue involved 48,854,000 new ordinary shares of RM0.50 each comprising 20,000,000 new ordinary shares of RM0.50 each at the Retail Price of RM1.15 per ordinary share and 28,854,000 new ordinary shares of RM0.50 each at a Bookbuilding Price of RM1.43. The share premium arising after deducting the transaction costs of RM3,759,300, amounted to RM36,074,920 and this has been credited to the share premium account. The new ordinary shares rank pari passu in all respects with existing ordinary shares.

## 27. Retained Profits/(Accumulated Losses)

As at 31 December 2003, the Company has tax exempt profits available for distribution of approximately RM400,000 (2002: RM Nil), subject to the agreement of the Inland Revenue Board.

The company has sufficient tax credits under Section 108 of the Income Tax Act 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 December 2003.

# Notes to the Financial Statements

## 28. Reserve on Consolidation

	Group 2003 RM'000
Reserve on consolidation arising from acquisition of subsidiaries	<b>62,620</b>
Less: Amortisation of reserve on consolidation	<b>(7,306)</b>
	<b>55,314</b>

## 29. Deferred Tax Liabilities

	Group 2003 RM'000
Acquisition of subsidiaries	<b>7,827</b>
Recognised in income statement	<b>(66)</b>
At 31 December	<b>7,761</b>
Presented after appropriate offsetting as follows:	
Deferred tax assets	<b>(211)</b>
Deferred tax liabilities	<b>7,972</b>
	<b>7,761</b>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

### Deferred Tax Liabilities of the Group

	Accelerated Capital Allowances RM'000	Fair Value Adjustment RM'000	Total RM'000
Acquisition of subsidiaries	5,073	3,103	8,176
Recognised in income statement	(204)	—	(204)
At 31 December 2003	<b>4,869</b>	<b>3,103</b>	<b>7,972</b>

### Deferred Tax Assets of the Group

	Tax Losses RM'000	Provisions RM'000	Total RM'000
Acquisition of subsidiaries	—	(349)	(349)
Recognised in income statement	(95)	233	138
At 31 December 2003	<b>(95)</b>	<b>(116)</b>	<b>(211)</b>
Unutilised tax losses carried forward	339	—	—

The unused tax losses is available for offset against future taxable profits of the subsidiary in which the item arose.

### 30. Capital Commitment

	Group 2003 RM'000
Capital expenditure	
Approved and contracted for	683
Approved but not contracted for	67
	<hr/> <b>750</b> <hr/>

### 31. Contingent Liabilities

	Group 2003 RM'000	Company	
		2003 RM'000	2002 RM'000
<b>Unsecured</b>			
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	—	2,996	—
Corporate guarantees given to suppliers for credit facilities granted to a subsidiary company	—	10,100	—
Guarantee given by a subsidiary company to Government of Malaysia for the repayment of advance payment received	8,700	—	—
Performance guarantee extended by subsidiaries to third parties	118,115	—	—
		<hr/> <b>118,115</b> <hr/>	

## Notes to the Financial Statements

### 32. Significant Related Party Transactions

	Group	Company	
	2003	2003	2002
	RM'000	RM'000	RM'000
Gross dividends from subsidiaries	—	21,880	—
Management fees from subsidiaries	—	625	—
Services rendered to:			
– Muhibbah Engineering (M) Berhad, a corporate shareholder of Roadcare (M) Sdn Bhd	(5,356)	—	—
– Projek Penyelenggaraan Lebuhraya Berhad, a corporate shareholder of Paves Sdn Bhd	(3,907)	—	—
– TH Technologies Sdn Bhd, a corporate shareholder of Roadcare (M) Sdn Bhd and HCM-TH Technologies Sdn Bhd	(2,335)	—	—
– C&H Engineerings Consultants Sdn Bhd, a company owned substantially by directors of the Company, Dato' Hasnur Rabiain Bin Ismail and Dato' Chong Ket Pen	(510)	—	—
– KIP Management Sdn Bhd, a company owned substantially by a former director of Ikram Geotechnics Sdn Bhd, Tuan Haji Ghazali Bin Hussin	(5,706)	—	—
Sales to:			
– Muhibbah Engineering (M) Berhad	(1,061)	—	—
– TH Technologies Sdn Bhd	(6,121)	—	—
Services rendered by:			
– Projek Penyelenggaraan Lebuhraya Berhad	217	—	—
– TH Technologies Sdn Bhd	22,903	—	—
– C&H Engineerings Consultants Sdn Bhd	12,948	—	—

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

### 33. Other Significant Events

- On 28 June 2003, HCM-Endaya JV Sdn Bhd, a subsidiary of HCM Engineering Sdn Bhd, changed its name to FRM Roadworks Sdn Bhd.
- On 8 August 2003, the entire issued and paid-up share capital of the Company, were admitted to the Official List of the Kuala Lumpur Stock Exchange, now known as Bursa Malaysia Securities Berhad.

### 34. Subsequent Event

- On 29 January 2004, Ikram C & S Sdn Bhd, a wholly owned subsidiary of Kumpulan Ikram Sdn Bhd, changed its name to Ikram Research Centre Sdn Bhd.
- On 2 April 2004, the company acquired 70% equity interest in Protasco Infratech (M) Sdn Bhd, a company incorporated in Malaysia for a cash consideration of RM7. Subsequently, on 5 April 2004, the subsidiary increased its issued and paid-up capital from RM10 to RM100,000 by an allotment of 99,990 ordinary shares of RM1 each. As such, the Company's investment in the subsidiary increased from RM7 to RM70,000 by subscribing to 69,993 ordinary shares of RM1 each. The equity interest in the subsidiary remains at 70%.
- Subsequent to the financial year end, the Company extended corporate guarantees to financial institutions and suppliers in respect of credit facilities granted to subsidiaries amounting to RM10,720,000.

## 35. Financial Instruments

### (a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

### (b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally in short term investments which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

### (c) Liquidity and Cash Flow Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

### (d) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Receivables are monitored on an ongoing basis via Group management reporting procedures.

The amount due from the Government of Malaysia forms a significant amount of the trade receivables. From past collections, the directors are of the opinion that the credit risk is low. Other than this, the group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

### (e) Fair Values

The carrying amounts of cash and cash equivalents, receivables, payables and other investments approximate fair values due to the relatively short term maturity of these financial instruments.

The carrying amount of term loans approximates their fair values as the interest rates were revised during the year to approximate the current floating interest rates.

The carrying amounts of other borrowings and hire purchase and finance lease payables approximate their fair values as the interest rates are not expected to be significantly different from the current interest rates for liabilities with similar risk profiles.

# Notes to the Financial Statements

## 36. Segmental Information

### (a) Business Segments

The Group is organised into four major business segments:

- (i) Construction contracts – the construction and maintenance of roads.
- (ii) Engineering services – the provision of site investigation and soil testing services.
- (iii) Training and education – the provision of training and education services.
- (iv) Trading – the sale of construction materials and petroleum products.

Other business segments include investment holding and production of pavement materials, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

### (b) Geographical Segments

No geographical segment has been presented as the assets held and consequently the income derived by the Group are mainly in Malaysia.

### 36. Segmental Information (cont'd)

	Construction Contracts RM'000	Engineering Services RM'000	Training and Education RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>31 December 2003</b>							
Revenue							
External sales	356,842	29,313	13,555	76,994	3,112	—	479,816
Inter-segment sales	—	9,221	144	16,692	597	(26,654)	—
Total revenue	356,842	38,534	13,699	93,686	3,709	(26,654)	479,816
<b>Result</b>							
Segment results	54,426	6,795	3,525	3,337	1,993	—	70,076
Amortisation of reserve on consolidation							7,306
Profit from operations							77,382
Finance costs							(1,625)
Share of results of associated company	(19)	—	—	—	—	—	(19)
Taxation							(23,223)
Profit after taxation							52,515
Minority interests							(10,632)
Net profit for the year							41,883

**36. Segmental Information** (cont'd)

31 December 2003	Construction Contracts RM'000	Engineering Services RM'000	Training and Education RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Assets</b>							
Segment assets	315,658	194,051	11,005	23,056	9,944	—	553,714
Investment in equity method of associates	21	—	—	—	—	—	21
Unallocated corporate assets	—	—	—	—	—	—	1,023
Consolidated total assets							<u>554,758</u>
<b>Liabilities</b>							
Segment liabilities	145,084	25,272	8,979	19,399	6,602	—	205,336
Unallocated corporate liabilities	—	—	—	—	—	—	30,389
Consolidated total liabilities							<u>235,725</u>
<b>Other Information</b>							
Capital expenditure	12,962	6,913	752	50	5	—	20,682
Depreciation	7,699	3,020	710	62	108	—	11,599
Non-cash expenses other than depreciation and amortisation	—	427	—	—	—	—	427

**37. Comparative Figures**

No comparatives have been presented in respect of the consolidated financial statements as the subsidiaries were only acquired during the year.

# List of Properties

No.	Location	Description/ Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2003 RM'000	Date of Revaluation */ Acquisition#
1.	Lot No. P.T. 2158, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Institutional, commercial and residential	Between 2 – 21 years	Freehold	4,356 million	111,533	18.04.02*
2.	Lot No. 28401 and Lot No. 28402, Mukim of Senai-Kulai, District of Johor Bahru, State of Johor Darul Takzim.	Two adjoining units of 1½-storey light industrial terraced factories	6 years	Freehold	9,558	789	18.04.02*
3.	Lot Nos. 1576 and 1577 Held Under Grant Nos. 53674 and 53675 respectively of Mukim 4, Seberang Prai Tengah, Pulau Pinang.	Two adjoining three-storey shop offices	8 years	Freehold	2,799	916	18.04.02*
4.	Lot No. P.T. 172, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	20 years	Leasehold 99 years expiring in 2076	1,760	869	01.03.02#
5.	Lot No. P.T. 166, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	20 years	Leasehold 99 years expiring in 2076	1,760	726	11.06.02#
6.	Lot No. P.T. 167, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	20 years	Leasehold 99 years expiring in 2076	1,760	726	11.06.02#
7.	Lot No. P.T. 168, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	20 years	Leasehold 99 years expiring in 2076	1,760	726	11.06.02#
8.	Lot No. P.T. 169, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Corner lot four-storey shophouse	20 years	Leasehold 99 years expiring in 2076	2,208	1,017	11.06.02#
9.	HS (M) 39751 Lot No. P.T. 47478, Mukim Kuala Kuantan, Daerah Kuantan, Pahang.	Two-storey semi-detached factory	7 years	Leasehold 66 years expiring in 2063	4,500	301	10.12.01#

# Analysis of Shareholdings

as at 30 April 2004

Authorised Share Capital	: RM300,000,000
Issued and Paid-up Share Capital	: RM150,000,000
Class of Shares	: Ordinary shares of RM0.50 each
Voting Rights	: One vote per ordinary share

## Distribution of Shareholdings

Size of Holdings	No. of		No. of	
	Holders	%	Shares	%
1 – 99	47	1.92	2,428	0.00
100 – 1,000	665	27.22	616,592	0.21
1,001 – 10,000	1,106	45.27	4,851,927	1.62
10,001 – 100,000	473	19.36	16,899,097	5.63
100,001 – 14,999,999 (*)	146	5.98	94,109,312	31.37
15,000,000 and above (**)	6	0.25	183,520,644	61.17
<b>TOTAL</b>	<b>2,443</b>	<b>100.00</b>	<b>300,000,000</b>	<b>100.00</b>

Remark: \* Less than 5% of issued and paid-up share capital

\*\* 5% and above of issued and paid-up share capital

## Substantial Shareholders

Name	Direct Holdings		Indirect Holdings	
	No. of Shares	%	No. of Shares	%
Sanida Sdn Bhd	64,607,354	21.54	0	0.00
Hasnur Rabiain Bin Ismail	38,839,144	12.95	128,891,426 <sup>(1)</sup>	42.96
Protasco Holdings Sdn Bhd	26,830,196	8.94	64,607,354 <sup>(2)</sup>	21.54
Dream Cruiser Sdn Bhd	21,057,528	7.02	0	0.00
Max-Three Sdn Bhd	16,396,348	5.47	91,437,550 <sup>(3)</sup>	30.48
Chong Ket Pen	15,890,074	5.30	107,833,898 <sup>(4)</sup>	35.94
Ronnie Yap Kee Tian	476,354	0.16	107,833,898 <sup>(4)</sup>	35.94

### Notes:

(1) By virtue of his interests in Max-Three Sdn Bhd, Protasco Holdings Sdn Bhd, Sanida Sdn Bhd and Dream Cruiser Sdn Bhd

(2) By virtue of its interest in Sanida Sdn Bhd

(3) By virtue of its interests in Protasco Holdings Sdn Bhd and Sanida Sdn Bhd

(4) By virtue of their interests in Max-Three Sdn Bhd, Protasco Holdings Sdn Bhd and Sanida Sdn Bhd

## Directors' Shareholdings

Name	Direct Holdings		Indirect Holdings	
	No. of Shares	%	No. of Shares	%
Hasnur Rabiain Bin Ismail	38,839,144	12.95	128,891,426 <sup>(1)</sup>	42.96
Chong Ket Pen	15,890,074	5.30	107,833,898 <sup>(2)</sup>	35.94
Normah Binti Kassim	90,000	0.03	—	—
Benny Soh Seow Leng	170,000	0.06	—	—
Azliza Binti Ahmad Tajuddin	149,500	0.05	—	—

### Notes:

(1) By virtue of his interests in Max-Three Sdn Bhd, Protasco Holdings Sdn Bhd, Sanida Sdn Bhd and Dream Cruiser Sdn Bhd

(2) By virtue of his interests in Max-Three Sdn Bhd, Protasco Holdings Sdn Bhd and Sanida Sdn Bhd

## List of Top 30 Shareholders

No.	Name	Holdings	%
1.	Sanida Sdn Bhd	64,607,354	21.54
2.	Hasnur Rabiain Bin Ismail	38,739,144	12.91
3.	Protasco Holdings Sdn Bhd	26,830,196	8.94
4.	Dream Cruiser Sdn Bhd	21,057,528	7.02
5.	Max-Three Sdn Bhd	16,396,348	5.47
6.	Chong Ket Pen	15,890,074	5.30
7.	KBI Engineering Sdn Bhd	9,784,972	3.26
8.	Employees Provident Fund Board	5,455,900	1.82
9.	Malaysia National Insurance Berhad	4,209,300	1.40
10.	Universal Trustee (Malaysia) Berhad <i>CMS Premier Fund</i>	3,700,000	1.23
11.	L.G.B. Holdings Sdn Bhd	3,331,326	1.11
12.	Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)</i>	3,142,600	1.05
13.	Takaful Nasional Sdn Bhd	2,678,100	0.89
14.	Hong Leong Assurance Berhad <i>as Beneficial Owner (Life PAR)</i>	2,255,000	0.75
15.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Islamic Equity Fund</i>	2,186,500	0.73
16.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Amanah Saham Bank Simpanan Nasional</i>	2,165,100	0.72
17.	Mayban Nominees (Tempatan) Sdn Bhd <i>Avenue Asset Management Services Sdn Bhd for Perusahaan Otomobil Nasional Berhad (E00020-984380)</i>	2,000,000	0.67
18.	HSBC Nominees (Asing) Sdn Bhd <i>BOB HK Branch for Dresdner RCM Little Dragons Fund Limited</i>	2,000,000	0.67
19.	Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad for Avenue Equityextra Fund</i>	2,000,000	0.67
20.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust (3548)</i>	1,879,100	0.63

## Analysis of Shareholdings

### List of Top 30 Shareholders (cont'd)

No.	Name	Holdings	%
21.	A.A. Assets Nominees (Tempatan) Sdn Bhd <i>Avenue Asset Management Services Sdn Bhd for Kumpulan Wang Amanah Pencen</i>	1,686,500	0.56
22.	Lembaga Tabung Haji	1,599,600	0.53
23.	Yap Oon Neo	1,475,122	0.49
24.	Lau Yeet Mei	1,404,758	0.47
25.	Tan Yein Kim @ Tan Eng Kian	1,342,013	0.45
26.	Citicorp Nominees (Tempatan) Sdn Bhd <i>CMS Dresdner Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd</i>	1,300,000	0.43
27.	Citicorp Nominees (Tempatan) Sdn Bhd <i>CMS Dresdner Asset Management Sdn Bhd for Employees Provident Fund</i>	1,150,300	0.38
28.	Malaysia Nominees (Tempatan) Sdn Bhd <i>Amanah SSCM Asset Management Berhad for Amanah SmallCap Fund Berhad (JM730)</i>	1,042,900	0.35
29.	HSBC Nominees (Asing) Sdn Bhd <i>Dresdner Asset Management S.A. (DIT-LUX Tiger)</i>	1,036,000	0.35
30.	JB Nominees (Asing) Sdn Bhd <i>Yong Ma Teresa Alava</i>	1,000,000	0.33
		<b>243,345,735</b>	<b>81.12</b>

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of the Company will be held at Grand Bahamas, Level 12, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 23 June, 2004 at 10.30 a.m. to transact the following businesses:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2003 and the Reports of Directors and Auditors thereon. \_\_\_\_\_ **Ordinary Resolution 1**
2. To approve a final net dividend of 3.6 sen per share for the financial year ended 31 December 2003. \_\_\_\_\_ **Ordinary Resolution 2**
3. To approve the payment of Directors' fees. \_\_\_\_\_ **Ordinary Resolution 3**
4. To re-elect the following Directors retiring in accordance with Article 70 of the Company's Articles of Association:
  - (i) Dato' Hasnur Rabiain Bin Ismail \_\_\_\_\_ **Ordinary Resolution 4**
  - (ii) Dato' Chong Ket Pen \_\_\_\_\_ **Ordinary Resolution 5**
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to determine their remuneration. \_\_\_\_\_ **Ordinary Resolution 6**
6. **AUTHORITY TO ISSUE SHARES**

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:

"THAT subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue and to allot shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued in any one financial year of the Company pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." \_\_\_\_\_ **Ordinary Resolution 7**

## 7. PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:

"THAT subject to compliance with the Act, the Company's Memorandum & Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), and the regulations, guidelines, practice notes and/or such approvals as may be issued by Bursa Malaysia and/or other regulatory authorities from time to time, all transactions entered into by the Company and its subsidiaries with the Related Party from the date of listing, 8 August 2003 to 23 June 2004, the date of passing this Ordinary Resolution, as described in Section 2.3.1 of the Circular to Shareholders dated 1 June 2004 be and are hereby ratified." \_\_\_\_\_ **Ordinary Resolution 8**

## Notice of Annual General Meeting

### 8. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:

"THAT pursuant to Chapter 10, Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries (PB Group) be and are hereby authorised to enter into and give effect to the Recurrent Transactions with the related parties, as detailed in Section 2.3.2 of the Circular to Shareholders dated 1 June 2004 which are necessary for the PB Group's day-to-day operations in the ordinary course of business on terms not more favourable to the said Related Party than those generally available to the public and not detrimental to minority shareholders of the Company.

AND THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (AGM) of the Company, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (Act) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is earlier and the breakdown of the aggregate value of the Recurrent Related Parties Transactions based on the type of recurrent transactions made and the name of the related parties involved be disclosed in the annual report of the Company.

AND THAT the Directors be and hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate for Recurrent Transactions."

**Ordinary Resolution 9**

- 9. To transact any other business of which due notice shall have been received.

### Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN THAT a final net dividend of 3.6 sen per share for the financial year ended 31 December 2003, if approved by shareholders, will be payable on 12 July 2004 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 29 June 2004.

A Depositor shall qualify for entitlement only in respect of:

- (a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 29 June 2004 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board

**KHOR HOOI LING**  
**SEOW FEI SAN**  
 Secretaries

Selangor Darul Ehsan  
 1 June 2004

#### Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company.
2. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Third Annual General Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless the Member specifies the proportions of his holdings to be represented by each proxy.
3. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Third Annual General Meeting or any adjournment thereof.
6. Explanatory notes on Special Business:
  - Ordinary Resolution 7**  
 The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue and allot not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental/regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company.  
 This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.
  - Ordinary Resolution 8**  
 The proposed Ordinary Resolution 8, if passed, will ratify the Recurrent Transactions pursuant to paragraph 10.09 of the Listing Requirements entered into by the Company and its subsidiaries. Further information on the Proposed Shareholders' Ratification for Recurrent Transactions is set out in the Circular to Shareholders dated 1 June 2004, which is dispatched together with the Company's Annual Report 2003.
  - Ordinary Resolution 9**  
 The proposed Ordinary Resolution 9, if passed, will allow PB Group to enter into Recurrent Transactions pursuant to paragraph 10.09 of the Listing Requirements. Further information on the Proposed Shareholders' Mandate for Recurrent Transactions is set out in the Circular to Shareholders dated 1 June 2004, which is dispatched together with the Company's Annual Report 2003.

# Statement Accompanying the Notice of Annual General Meeting

## **1. Directors Standing for Re-Election**

The Directors standing for re-election at the Third Annual General Meeting of the Company are as follows:

- (i) Dato' Hasnur Rabiain Bin Ismail
- (ii) Dato' Chong Ket Pen

Further details of the above Directors are set out in the Directors' Profile on page 6 of the Annual Report.

## **2. Board Meeting**

There was one (1) Board Meeting held during the financial year ended 31 December 2003 since the listing of the Company on the Main Board of Bursa Malaysia on 8 August 2003. The Meeting was held at Taman Ilmu Ikram (Ikram Park), Jalan Serdang-Kajang, 43000 Kajang, Selangor Darul Ehsan and was attended by all the Directors of the Company.

## **3. Place, Date and Time of the Third Annual General Meeting**

The Third Annual General Meeting will be held at Grand Bahamas, Level 12, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on 23 June 2004 at 10.30 a.m.

# Form of Proxy

I/We \_\_\_\_\_  
(Full name in block letters)

of \_\_\_\_\_  
(Address)

being a member/members of Protasco Berhad, hereby appoint \_\_\_\_\_

\_\_\_\_\_ (Full name in block letters)

of \_\_\_\_\_ (Address)

or failing him/her \_\_\_\_\_ (Full name in block letters)

of \_\_\_\_\_ (Address)

as my/our proxy to vote on my/our behalf at the Third Annual General Meeting of the Company to be held at Grand Bahamas, Level 12, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 23 June 2004 at 10.30 a.m. and at any adjournment thereof, and to vote as indicated below:

No.	Resolutions	For	Against
<b>ORDINARY BUSINESS</b>			
1.	To receive Audited Financial Statements and Reports of Directors and Auditors.		
2.	To approve final dividend.		
3.	To approve the payment of Directors' fees.		
4.	To re-elect Dato' Hasnur Rabiain Bin Ismail.		
5.	To re-elect Dato' Chong Ket Pen.		
6.	To re-appoint Auditors.		
<b>SPECIAL BUSINESS</b>			
7.	Authority to issue shares.		
8.	Proposed shareholders' ratification for Recurrent Related Party Transactions of a revenue or trading nature.		
9.	Proposed shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.		

**Notes:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company.
2. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Third Annual General Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless the Member specifies the proportions of his holdings to be represented by each proxy.
3. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Third Annual General Meeting or any adjournment thereof.

Please indicate with an "X" in the space above how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Number of shares held	
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Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004

\_\_\_\_\_  
Signature of Shareholder or Common Seal

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STAMP

The Company Secretaries

**Protasco Berhad** (548078-H)

312, 3rd Floor, Block C, Kelana Square

17 Jalan SS7/26

47301 Petaling Jaya

Selangor Darul Ehsan

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