



# Financial Statements

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## Directors' Report for the year ended 31 December 2003

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

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services whilst the principal activities of its subsidiaries are stated in Note 3 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### RESULTS

	Group RM	Company RM
Net profit for the year	8,338,263	19,249,864

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

### DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final tax exempt dividend of 4.5% per ordinary share amounting to RM1,800,225 in respect of the financial year ended 31 December 2002 on 10 July 2003.

A first and final tax exempt dividend of 7% amounting to approximately RM2,900,000 in respect of the financial year ended 31 December 2003 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

### DIRECTORS OF THE COMPANY

The Directors who served since the date of the last report are:

Yg. Bhg. Datuk Haji Sarip bin Hamid  
Tuan Haji Mohd Ali bin Bawal  
Lim Siok Hui  
Liew Cheng York  
Ooi Boon Pin  
Chew Siew Hong  
Ashari bin Ayub  
Lasa bin Mat Desa  
Yg. Bhg. Lt Jen (B) Datuk Haji Abdul Aziz bin Hasan

### DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who are Directors at year end as recorded in the Register of Directors' shareholdings are as follows:

## Directors' Report for the year ended 31 December 2003 (cont'd)

	Number of Ordinary Shares of RM1.00 each			
	At 1.1.2003	Bought	Sold	At 31.12.2003
<b>Shares in the Company</b>				
Datuk Haji Sarip bin Hamid				
- direct interest	50,000	175,000	50,000	175,000
- indirect interest	13,599,993	-	-	13,599,993
Tuan Haji Mohd Ali bin Bawal				
- direct interest	10,000	-	-	10,000
Lim Siok Hui				
- direct interest	2,942,742	-	-	2,942,742
Liew Cheng York				
- direct interest	6,655,265	8,000	10,000	6,653,265
Ooi Boon Pin				
- direct interest	2,884,001	-	-	2,884,001
Chew Siew Hong				
- direct interest	2,020,399	-	-	2,020,399
Ashari bin Ayub				
- direct interest	10,000	-	-	10,000
Lasa bin Mat Desa				
- direct interest	10,000	-	-	10,000

The number of options pursuant to the Executive Share Option Scheme ("ESOS") granted to the Directors over the ordinary shares of the Company are as follows:

Name	Number of Options over Ordinary Shares of RM1.00 each			
	At 1.1.2003	Granted	Exercised	At 31.12.2003
Datuk Haji Sarip bin Hamid	175,000	-	175,000	-
Lim Siok Hui	175,000	-	-	175,000
Liew Cheng York	175,000	-	8,000	167,000
Ooi Boon Pin	175,000	-	-	175,000

Lt Jen (B) Datuk Haji Abdul Aziz bin Hasan did not have any interest in the ordinary shares of the Company and of its related corporations during the year.

By virtue of Liew Cheng York and Datuk Haji Sarip bin Hamid having interest of more than 15% in the ordinary shares of the Company, they are deemed to have an interest in the issued share capital of all the subsidiaries held by the Company during the financial year. Details of their deemed shareholdings in non-wholly owned subsidiaries are as follows:

## Directors' Report for the year ended 31 December 2003 (cont'd)

	Number of Ordinary Shares of USD1 each			
	At 1.1.2003	Bought	Sold	At 31.12.2003
Indirect interest				
PT Indotech Metal Nusantara	600,000	-	-	600,000
Guang Dong Jotech Kong Yue Precision Industries Ltd	-	2,400,000	-	2,400,000
	Number of Ordinary Shares of SGD1 each			
	At 1.1.2003	Bought	Sold	At 31.12.2003
Indirect interest				
Palladine Technology Pte Ltd	-	750,000	-	750,000
	Number of Ordinary Shares of RM1 each			
	At 1.1.2003	Bought	Sold	At 31.12.2003
Indirect interest				
Cabletron Electronics (M) Sdn. Bhd.	-	3,000,000	-	3,000,000
Cabletron (M) Sdn. Bhd	-	6,000	-	6,000

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the Directors who have substantial financial interest in companies which traded with certain companies in the Group in the ordinary course of business.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the ESOS.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 1,688,000 ordinary shares of RM1.00 each arising from the exercise of executive share options at the average price of RM1.39 per share.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to the ESOS.

At the Annual General Meeting held on 22 May 2002, the Company's shareholders approved the establishment of an ESOS with a maximum option of not more than 10% of the issued share capital of the Company to eligible Directors and executives of the Group.

The options offered to take up unissued ordinary shares of RM1.00 each and the option prices are as follows:

## Directors' Report for the year ended 31 December 2003 (cont'd)

Date of Offer	Option price RM	Number of Options over Ordinary Shares of RM1.00 each				
		At 1.1.2003	Granted	Exercised	Lapse due to resignation	At 31.12.2003
15.7.2002	1.40	3,276,000	-	(1,557,000)	(245,000)	1,474,000
28.4.2003	1.29	-	382,000	(131,000)	(18,000)	233,000
15.10.2003	1.72	-	418,000	-	-	418,000

The salient features of the scheme are as follows:

- i) Any Director or executive of the Group shall be eligible to participate in the scheme if, as at the date of offer, the Director or executive has attained the age of 18 years, confirmed in service and on the payroll of a company within the Group and has been employed by the Group for at least 6 months;
- ii) The number of shares allocated to Directors and senior management shall not exceed 50% of the total shares available under the scheme;
- iii) The number of shares allocated to any individual Director or executive who, either individually or collectively through his/her associates, hold 20% or more in the issued and paid-up capital of the Company shall not exceed 10% of the total shares available under the scheme;
- iv) The option is personal to the grantee and cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever;
- v) The option price shall be determined by the weighted average of the mean market quotation of the Company's ordinary shares as shown in the daily official list issued by the Malaysian Securities Exchange Berhad for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher;
- vi) The options granted may be exercised at any time within a period of ten years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing;
- vii) The options granted may be exercised according to the following scale in respect of a maximum of the following:

Number of shares in respect of options granted	Percentage of Options Exercisable (%)		
	Year 1	Year 2	Year 3
Below 14,000	50	50	-
14,000 and above	30	30	40

The percentage of options exercisable but not exercised in a particular year can be carried forward to the subsequent years within the option period;

- viii) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

## Directors' Report for the year ended 31 December 2003 (cont'd)

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2003 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:



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LIM SIOK HUI



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OOI BOON PIN

Selangor Darul Ehsan,

10 March 2004

## Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 50 to 81 are 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 the state of affairs of the Group and of the Company at 31 December 2003 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



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LIM SIOK HUI



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OOI BOON PIN

Selangor Darul Ehsan,

10 March 2004

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

I, **Leong Lup Yan**, the officer primarily responsible for the financial management of Jotech Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 81 are, to the best of my knowledge and belief, 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 in Kuala Lumpur on 10 March 2004.



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LEONG LUP YAN

Before me:  
Commissioner for Oaths

# Report of the Auditors to the Members of Jotech Holdings Berhad

for the year ended 31 December 2003

We have audited the financial statements set out on pages 50 to 81. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- i) the state of affairs of the Group and of the Company at 31 December 2003 and the results of their operations and cash flows for the year ended on that date; and
- ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 3 to the financial statements and we have considered its financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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 audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

**KPMG**

Firm Number: AF 0758  
Chartered Accountants

**HEW LEE LAM SANG**

Partner  
Approval Number: 1862/10/05(J)

Kuala Lumpur,

10 March 2004

## Group Balance Sheet at 31 December 2003

	Note	2003 RM	2002 RM
Property, plant and equipment	2	67,840,785	42,431,581
Intangible assets	4	11,292,832	6,707,689
Other investments	5	4,000,000	4,000,000
<b>Current assets</b>			
Inventories	7	22,000,292	10,538,632
Trade and other receivables	8	28,423,570	12,317,010
Tax recoverable		2,044,389	1,539,526
Other investments	5	5,236,952	20,000,000
Cash and cash equivalents	9	27,093,472	45,757,144
		84,798,675	90,152,312
<b>Current liabilities</b>			
Trade and other payables	10	26,862,348	16,708,507
Borrowings	11	5,737,892	5,801,421
Taxation		1,314,954	873,881
		33,915,194	23,383,809
<b>Net current assets</b>		50,883,481	66,768,503
		134,017,098	119,907,773
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital	12	41,688,000	40,000,000
Reserves	13	33,868,389	26,627,717
		75,556,389	66,627,717
<b>Minority interests</b>	14	11,771,266	2,248,340
<b>Long term and deferred liabilities</b>			
Deferred taxation	15	3,490,549	2,291,000
Borrowings	11	43,198,894	48,740,716
		134,017,098	119,907,773

The financial statements were approved and authorised for issue by the Board of Directors on 10 March 2004.

The notes set out on pages 59 to 81 form an integral part of, and should be read in conjunction with, these financial statements.

## Group Income Statement for the year ended 31 December 2003

	Note	2003 RM	2002 RM
<b>Revenue</b>		117,952,878	87,627,173
Cost of sales		(94,022,096)	(71,483,000)
<b>Gross profit</b>		23,930,782	16,144,173
Distribution costs		(1,048,958)	(804,462)
Administration expenses		(11,935,352)	(9,678,647)
Other operating expenses		(406,228)	(369,130)
Other operating income		3,589,568	113,007
<b>Operating profit</b>	16	14,129,812	5,404,941
Interest expense		(3,831,300)	(1,465,795)
Interest income		699,829	618,547
<b>Profit before taxation</b>		10,998,341	4,557,693
Tax expense	19	(1,615,422)	(931,207)
<b>Profit after taxation</b>		9,382,919	3,626,486
Less: Minority interests		(1,044,656)	(303,204)
<b>Net profit for the year</b>		8,338,263	3,323,282
Basic earnings per ordinary share (sen)	20	20.72	8.31
Diluted earnings per ordinary share (sen)	20	19.87	8.20
Dividend per ordinary share - gross (sen)	21	7.00	4.50

The notes set out on pages 59 to 81 form an integral part of, and should be read in conjunction with, these financial statements.

## Group Statement of Changes in Equity for the year ended 31 December 2003

	Note	Share capital RM	← Non-Distributable Share premium RM	→ Translation reserves RM	Distributable Retained profits RM	Sub-total RM	Total RM
At 1 January 2002		40,000,000	5,486,547	-	19,017,888	24,504,435	64,504,435
Net profit for the year		-	-	-	3,323,282	3,323,282	3,323,282
Dividend – 2001 final	21	-	-	-	(1,200,000)	(1,200,000)	(1,200,000)
<b>At 31 December 2002</b>		<b>40,000,000</b>	<b>5,486,547</b>	<b>-</b>	<b>21,141,170</b>	<b>26,627,717</b>	<b>66,627,717</b>
Issue of shares:							
Exercise of share options		1,688,000	660,790	-	-	660,790	2,348,790
Exchange differences on translation of the financial statement of foreign entities		-	-	41,844	-	41,844	41,844
Net profit for the year		-	-	-	8,338,263	8,338,263	8,338,263
Dividend – 2002 final	21	-	-	-	(1,800,225)	(1,800,225)	(1,800,225)
<b>At 31 December 2003</b>		<b>41,688,000</b>	<b>6,147,337</b>	<b>41,844</b>	<b>27,679,208</b>	<b>33,868,389</b>	<b>75,556,389</b>

Note 12

The notes set out on pages 59 to 81 form an integral part of, and should be read in conjunction with, these financial statements.

## Group Cash Flow Statement for the year ended 31 December 2003

	Note	2003 RM	2002 RM
<b>Cash flows from operating activities</b>			
Profit before taxation		10,998,341	4,557,693
Adjustments for:			
Amortisation of goodwill and other intangibles		392,878	334,693
Depreciation		6,623,111	6,200,327
Dividend income		(11,280)	-
Gain on disposal of other investments		(2,020,345)	-
Gain on disposal of property, plant and equipment		(1,170,555)	(69,757)
Interest expense		3,831,300	1,465,795
Interest income		(699,829)	(618,547)
Loss on disposal of property, plant and equipment		6,319	-
Property, plant and equipment written off		19,285	22,158
Unrealised gain on foreign exchange		-	(31,936)
Operating profit before working capital changes		17,969,225	11,860,426
Movements in working capital:			
Inventories		(718,107)	2,157,679
Trade and other receivables		(13,017,772)	963,092
Trade and other payables		(8,573,778)	2,467,165
Cash (used in)/generated from operations		(4,340,432)	17,448,362
Income taxes paid		(1,128,855)	(1,130,795)
<b>Net cash (used in)/generated from operating activities</b>		<b>(5,469,287)</b>	<b>16,317,567</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired		4,039,575	-
Dividend received		11,280	-
Interest received		651,529	568,547
Proceeds from disposal of other investments		78,260,060	-
Proceeds from disposal of property, plant and equipment		1,472,464	106,234
Purchase of other investments		(61,476,667)	(24,000,000)
Purchase of property, plant and equipment	i)	(27,231,128)	(3,698,112)
<b>Net cash used in investing activities</b>		<b>(4,272,887)</b>	<b>(27,023,331)</b>

## Group Cash Flow Statement for the year ended 31 December 2003

	Note	2003 RM	2002 RM
<b>Cash flows from financing activities</b>			
Dividend paid		(1,800,225)	(1,200,000)
Interest paid		(3,635,324)	(1,000,144)
Proceeds from exercise of options		2,348,790	-
Proceeds from term loans		-	46,349,000
Repayment of hire purchase liabilities		(288,493)	(295,261)
Repayment of term loans		(5,615,986)	(4,370,424)
<b>Net cash (used in)/generated from financing activities</b>		<b>(8,991,238)</b>	<b>39,483,171</b>
<b>Exchange differences on translation of the financial statement of foreign operations</b>			
		69,740	-
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(18,663,672)</b>	<b>28,777,407</b>
Cash and cash equivalents at beginning of year		45,757,144	16,979,737
Cash and cash equivalents at end of year	ii)	27,093,472	45,757,144

### i) Purchase of property, plant and equipment

In 2003, the Group acquired property, plant and equipment with an aggregate cost of RM27,460,040 (2002-RM3,814,912) of which RM228,912 (2002-RM116,800) was acquired by means of hire purchase.

### ii) Cash and cash equivalents comprise:

	2003 RM	2002 RM
Cash and bank balances	23,158,532	15,161,124
Fixed deposits placed with:		
Licensed banks	424,095	30,596,020
Other corporations	3,510,845	-
	<b>27,093,472</b>	<b>45,757,144</b>

The notes set out on pages 59 to 81 form an integral part of, and should be read in conjunction with, these financial statements.

# Company Balance Sheet at 31 December 2003

	Note	2003 RM	2002 RM
Property, plant and equipment	2	473,835	85,330
Investments in subsidiaries	3	32,643,755	31,035,005
Other investments	5	4,000,000	4,000,000
Loan to subsidiaries	6	79,187,459	27,436,450
<b>Current assets</b>			
Other receivables	8	1,410,739	1,036,012
Tax recoverable		90,107	90,619
Other investments	5	194,452	20,000,000
Cash and cash equivalents	9	874,790	15,117,544
		2,570,088	36,244,175
<b>Current liabilities</b>			
Other payables	10	594,865	509,876
Borrowings	11	42,001	-
		636,866	509,876
<b>Net current assets</b>		1,933,222	35,734,299
		<b>118,238,271</b>	<b>98,291,084</b>
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital	12	41,688,000	40,000,000
Reserves	13	36,401,513	18,291,084
		78,089,513	58,291,084
<b>Long term liabilities</b>			
Borrowings	11	40,148,758	40,000,000
		<b>118,238,271</b>	<b>98,291,084</b>

The financial statements were approved and authorised for issue by the Board of Directors on 10 March 2004.

The notes set out on pages 59 to 81 form an integral part of, and should be read in conjunction with, these financial statements.

## Company Income Statement for the year ended 31 December 2003

	Note	2003 RM	2002 RM
<b>Revenue</b>		21,146,025	3,080,000
Administration expenses		(1,471,423)	(1,078,407)
Other operating income		2,120,163	200
<b>Operating profit</b>	16	21,794,765	2,001,793
Interest expense		(2,759,281)	(233,333)
Interest income		2,217,158	117,443
<b>Profit before tax</b>		21,252,642	1,885,903
Tax expense	19	(2,002,778)	(512)
<b>Net profit for the year</b>		19,249,864	1,885,391
Dividend per ordinary share - gross (sen)	21	7.00	4.50

The notes set out on pages 59 to 81 form an integral part of, and should be read in conjunction with, these financial statements.

## Company Statement of Changes in Equity for the year ended 31 December 2003

	Note	Share capital RM	Non-Distributable		Distributable Retained profits RM	Sub-total RM	Total RM
			Share premium RM	Merger reserves RM			
At 1 January 2002		40,000,000	5,486,547	10,846,150	1,272,996	17,605,693	57,605,693
Net profit for the year		-	-	-	1,885,391	1,885,391	1,885,391
Dividend – 2001 final	21	-	-	-	(1,200,000)	(1,200,000)	(1,200,000)
<b>At 31 December 2002</b>		40,000,000	5,486,547	10,846,150	1,958,387	18,291,084	58,291,084
Issue of shares:							
Exercise of share options		1,688,000	660,790	-	-	660,790	2,348,790
Net profit for the year		-	-	-	19,249,864	19,249,864	19,249,864
Dividend – 2002 final	21	-	-	-	(1,800,225)	(1,800,225)	(1,800,225)
<b>At 31 December 2003</b>		41,688,000	6,147,337	10,846,150	19,408,026	36,401,513	78,089,513

Note 12

The notes set out on pages 59 to 81 form an integral part of, and should be read in conjunction with, these financial statements.

## Company Cash Flow statement for the year ended 31 December 2003

	Note	2003 RM	2002 RM
<b>Cash flows from operating activities</b>			
Profit before taxation		21,252,642	1,885,903
Adjustments for:			
Depreciation		114,502	30,817
Gain on disposal of other investments		(1,990,410)	-
Interest income		(2,217,158)	(117,443)
Interest expense		2,759,281	233,333
Loss on disposal of property, plant and equipment		789	-
Operating profit before working capital changes		19,919,646	2,032,610
Movements in working capital:			
Other receivables		(326,427)	17,664
Other payables		16,668	(59,996)
Cash generated from operating activities		19,609,887	1,990,278
Tax paid		(2,002,266)	(512)
<b>Net cash generated from operating activities</b>		<b>17,607,621</b>	<b>1,989,766</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries		(1,608,750)	-
Interest received		2,168,858	67,443
Proceeds from disposal of other investments		74,903,422	-
Proceeds from disposal of property, plant and equipment		8,760	-
Purchase of other investments		(53,107,464)	(24,000,000)
Purchase of property, plant and equipment	i)	(283,644)	(8,181)
Subscription of shares in a subsidiary		-	(100,005)
<b>Net cash generated from/(used in) investing activities</b>		<b>22,081,182</b>	<b>(24,040,743)</b>
<b>Cash flows from financing activities</b>			
Advance to subsidiaries		(51,682,688)	(747,837)
Dividend paid		(1,800,225)	(1,200,000)
Interest paid		(2,759,281)	-
Proceeds from exercise of options		2,348,790	-
Proceeds from term loan		-	39,000,000
Repayment of hire purchase liability		(38,153)	-
<b>Net cash (used in)/generated from financing activities</b>		<b>(53,931,557)</b>	<b>37,052,163</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(14,242,754)</b>	<b>15,001,186</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>15,117,544</b>	<b>116,358</b>
<b>Cash and cash equivalents at end of year</b>	ii)	<b>874,790</b>	<b>15,117,544</b>
<b>i) Purchase of property, plant and equipment</b>			
In 2003, the Company acquired property, plant and equipment with an aggregate cost of RM512,556 (2002 - RM8,181) of which RM228,912 (2002 - Nil) was acquired by means of hire purchase.			
<b>ii) Cash and cash equivalents comprise:</b>			
Cash and bank balances		874,790	8,882
Fixed deposits placed with licensed banks		-	15,108,662
		<b>874,790</b>	<b>15,117,544</b>

The notes set out on pages 59 to 81 form an integral part of, and should be read in conjunction with, these financial statements.

# Notes to the financial statements

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 25, Income Taxes;
- (ii) MASB 27, Borrowing Costs; and
- (iii) MASB 29, Employee Benefits.

Apart from the new policies and extended disclosures where required by these new standards, there is no effect on these financial statements.

### (a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

### (b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Subsidiaries which satisfy the merger relief provisions of Sections 60(4) of the Companies Act, 1965 have been consolidated using the acquisition method and the new shares issued for the acquisitions have been recorded at their nominal value in the financial statements of the Company. On consolidation, the premium arising from the new shares issued has been recorded as a merger reserve.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

### (c) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

#### *Depreciation*

Freehold land is not amortised and capital work-in-progress is not depreciated. Leasehold land is amortised in equal instalments over the period of the lease. Buildings are depreciated on a straight line basis over the shorter of 50 years or the lease period. The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

## Notes to the financial statements (cont'd)

Plant and machinery	10% to 20%
Furniture, fittings, office equipment, renovation and signboard	10% to 20%
Motor vehicles	20%

### (d) Goodwill arising on consolidation

Goodwill on consolidation represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses [refer note 1(k)]. Goodwill on consolidation is amortised on a straight-line basis over a period of 25 years.

### (e) Other intangible

Other intangible represents a trademark purchased and is stated at cost less accumulated amortisation. It is amortised on a straight-line basis over its economic useful life of 10 years.

### (f) Investments in subsidiaries

Long term investments in subsidiaries are stated at cost in the Company, less impairment loss where applicable.

### (g) Investments

Long term investments other than in subsidiaries, are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in value which is other than temporary.

Current unquoted investments are stated at the lower of cost and net realisable value while current quoted investments are stated at the lower of cost and market value on a portfolio basis/individual investment basis.

### (h) Inventories

Raw materials, work-in-progress, finished goods and consumable goods are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost. For work-in-progress and finished goods, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

### (i) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

### (k) Impairment

The carrying amount of the assets, other than inventories and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## Notes to the financial statements (cont'd)

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect on that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

### (l) Employee benefits

#### (i) *Defined contribution plan*

Obligations for contribution to defined contribution plan are recognised as an expense in the income statement as incurred.

#### (ii) *Equity and equity-related compensation benefits*

The share option programme allows Group employees to acquire shares of the Company. When the options are exercised, equity is increase by the amount of the proceeds received.

### (m) Liabilities

Borrowings and trade and other payables are stated at cost.

### (n) Hire purchase

Property, plant and equipment held under hire purchase are capitalised and depreciated over their estimated useful lives, and the corresponding obligation relating to the remaining capital payments are treated as a liability.

### (o) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

## Notes to the financial statements (cont'd)

### (p) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

#### (ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

1USD	RM3.800	(2002:	1USD	RM3.800)
1SGD	RM2.237	(2002:	NIL)	
1RMB	RM0.459	(2002:	NIL)	

### (q) Affiliated company

An affiliated company is a company which holds between 20% and 50% of the issued equity capital of the Company and has the ability to exercise significant influence over the financial and operating policies of the Company.

### (r) Revenue

Revenue of the Company represents dividends and management fees received and receivable from subsidiaries. Revenue of the Group represents the invoiced value of goods sold, less sales tax, trade discounts and allowances. Sales between companies within the Group are excluded from the revenue of the Group.

#### i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

#### ii) Dividend income

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

#### iii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

### (s) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred. The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

Notes to the financial statements (cont'd)

2. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings, office equipment, renovation and signboard RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
At 1 January 2003	2,505,842	2,321,262	10,833,418	50,351,352	5,462,015	2,806,347	28,500	74,308,736
Additions	-	1,691,200	8,575,010	13,952,970	1,507,304	596,709	1,136,847	27,460,040
Additions arising from acquisition of subsidiaries	-	-	264,442	5,987,076	385,206	190,135	-	6,826,859
Disposals	-	-	-	(3,001,699)	(47,852)	(165,532)	-	(3,215,083)
Write off	-	-	-	(1,540)	(54,125)	-	-	(55,665)
Transfer	-	-	-	-	28,500	-	(28,500)	-
<b>At 31 December 2003</b>	<b>2,505,842</b>	<b>4,012,462</b>	<b>19,672,870</b>	<b>67,288,159</b>	<b>7,281,048</b>	<b>3,427,659</b>	<b>1,136,847</b>	<b>105,324,887</b>
<b>Accumulated depreciation</b>								
At 1 January 2003	-	94,807	1,391,368	26,357,780	2,359,281	1,673,919	-	31,877,155
Charge for the year	-	21,279	335,882	5,017,286	708,528	540,136	-	6,623,111
Additions arising from acquisition of subsidiaries	-	-	78,767	1,632,508	167,755	48,041	-	1,927,071
Disposals	-	-	-	(2,769,387)	(24,114)	(113,354)	-	(2,906,855)
Write off	-	-	-	(1,285)	(35,095)	-	-	(36,380)
<b>At 31 December 2003</b>	<b>-</b>	<b>116,086</b>	<b>1,806,017</b>	<b>30,236,902</b>	<b>3,176,355</b>	<b>2,148,742</b>	<b>-</b>	<b>37,484,102</b>
<b>Net book value</b>								
<b>At 31 December 2003</b>	<b>2,505,842</b>	<b>3,896,376</b>	<b>17,866,853</b>	<b>37,051,257</b>	<b>4,104,693</b>	<b>1,278,917</b>	<b>1,136,847</b>	<b>67,840,785</b>
At 31 December 2002	2,505,842	2,226,455	9,442,050	23,993,572	3,102,734	1,132,428	28,500	42,431,581
Depreciation charge for the year ended 31 December 2002	-	15,585	287,841	4,856,655	570,598	469,648	-	6,200,327

Certain freehold and leasehold land together with the attached buildings and plant and machinery of the Group with net book value of RM13,191,085 (2002 – RM14,156,790) are charged to financial institutions to secure credit facilities granted to the subsidiaries.

The net book value of the Group's property, plant and equipment acquired under hire purchase as at 31 December 2003 is RM557,665 (2002 – RM866,519).

## Notes to the financial statements (cont'd)

Company	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Total RM
<b>Cost</b>			
At 1 January 2003	66,713	82,910	149,623
Additions	183,644	328,912	512,556
Disposals	(21,345)	-	(21,345)
<b>At 31 December 2003</b>	<b>229,012</b>	<b>411,822</b>	<b>640,834</b>
<b>Accumulated depreciation</b>			
At 1 January 2003	31,129	33,164	64,293
Charge for the year	43,101	71,401	114,502
Disposals	(11,796)	-	(11,796)
<b>At 31 December 2003</b>	<b>62,434</b>	<b>104,565</b>	<b>166,999</b>
<b>Net book value</b>			
<b>At 31 December 2003</b>	<b>166,578</b>	<b>307,257</b>	<b>473,835</b>
<b>At 31 December 2002</b>	<b>35,584</b>	<b>49,746</b>	<b>85,330</b>
Depreciation charge for the year ended 31 December 2002	14,235	16,582	30,817

The net book value of the Company's property, plant and equipment acquired under hire purchase as at 31 December 2003 is RM274,093 (2002 - Nil).

### 3. INVESTMENTS IN SUBSIDIARIES

	Company	
	2003 RM	2002 RM
Unquoted shares - subsidiaries	32,643,755	31,035,005

Details of the subsidiaries are as follows:

Name	Principal activities	Place of incorporation	Effective equity interest	
			2003 %	2002 %
Prodelcon Sdn. Bhd. (Company No. 130535-A)	Manufacture of high precision tooling, die sets, semiconductor moulds and parts and high precision component, jigs and fixtures, trading of electronic components and the design and manufacture of turnkey automation systems	Malaysia	100	100
<i>and its subsidiary</i>				
Cabletron Electronics (M) Sdn. Bhd.* (Company No.225194-M)	Manufacture and sales of electronics and electrical products	Malaysia	60	-

## Notes to the financial statements (cont'd)

Name	Principal activities	Place of incorporation	Effective equity interest	
			2003 %	2002 %
<i>and its subsidiary</i> Cabletron (M) Sdn. Bhd.* (Company No. 259373-D)	Sales and servicing of electronics and electrical products	Malaysia	60	-
Multimatic Systems Sdn. Bhd. (Company No. 445921-P)	Design, fabricate and commission of automation equipment and systems for semiconductor and electronics industries	Malaysia	100	100
Jotech Metal Fabrication Industries Sdn. Bhd. (Company No. 187741-P)	Manufacture and fabrication of tools and dies and stamped metal components for electrical and consumer electronics industries	Malaysia	100	100
<i>and its subsidiaries</i>				
JP Metal Sdn. Bhd. (Company No. 281843-D)	Manufacture and fabrication of tools and dies and stamped metal components for electronics and automotive industries	Malaysia	100	100
PT Indotech Metal Nusantara *	Manufacture and fabrication of tools and dies and stamped metal components for electronics and automotive industries	Indonesia	60	60
Guang Dong Jotech Kong Yue Precision Industries Ltd.*	Manufacture and fabrication of tools and dies and stamped metal components for electronics and electrical industries	China	60	-
Palladine Technology Pte. Ltd.*	Design, development and marketing of electronics and computer products	Singapore	60	-

\* Subsidiary audited by another firm of auditors.

#### 4. INTANGIBLE ASSETS

Group	Goodwill RM	Trademark RM	Total RM
<b>Cost</b>			
At 1 January 2003	8,367,324	-	8,367,324
Acquisition of subsidiaries	4,773,189	204,832	4,978,021
<b>At 31 December 2003</b>	<b>13,140,513</b>	<b>204,832</b>	<b>13,345,345</b>
<b>Amortisation</b>			
At 1 January 2003	1,659,635	-	1,659,635
Amortisation charge for the year	388,600	4,278	392,878
<b>At 31 December 2003</b>	<b>2,048,235</b>	<b>4,278</b>	<b>2,052,513</b>
<b>Net book value</b>			
<b>At 31 December 2003</b>	<b>11,092,278</b>	<b>200,554</b>	<b>11,292,832</b>
<b>At 31 December 2002</b>	<b>6,707,689</b>	<b>-</b>	<b>6,707,689</b>
For the year ended 31 December 2002			
Amortisation charge	334,693	-	334,693

## Notes to the financial statements (cont'd)

### 5. OTHER INVESTMENTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
<i>Short term</i>				
Unquoted bonds	5,042,500	-	-	-
Quoted unit trusts	-	20,000,000	-	20,000,000
Quoted shares	194,452	-	194,452	-
	5,236,952	20,000,000	194,452	20,000,000
<i>Long term</i>				
Unquoted bonds	4,000,000	4,000,000	4,000,000	4,000,000

The market value of the quoted investments is shown in Note 27.

### 6. LOAN TO SUBSIDIARIES

The amount due from subsidiaries is non-trade in nature, unsecured, interest free except for an amount of RM51,871,237 which bears interest of 5%-8% per annum (2002-NIL) and is not receivable within the next twelve months.

### 7. INVENTORIES

	Group	
	2003 RM	2002 RM
<i>At cost</i>		
Raw materials	10,890,839	5,584,465
Work-in-progress	5,757,373	2,836,857
Finished goods	5,022,071	1,733,429
Consumable goods	330,009	383,881
	22,000,292	10,538,632

### 8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Trade receivables	22,619,950	10,003,570	-	-
Other receivables, deposits and prepayment	5,803,620	2,313,440	1,410,739	1,036,012
	28,423,570	12,317,010	1,410,739	1,036,012

Included in trade receivables of the Group is an amount owing by a subsidiary of an affiliated company amounting to RM557,277 (2002 - RM662,736). The amount due is unsecured, interest free and has no fixed term of repayment.

Included in other receivables of the Group and of the Company is prepaid interest on borrowings amounting to RM783,329 (2002 - RM983,000).

## Notes to the financial statements (cont'd)

### 9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Cash and bank balances	23,158,532	15,161,124	874,790	8,882
Fixed deposits placed with:				
Licensed banks	424,095	30,596,020	-	15,108,662
Other corporations	3,510,845	-	-	-
	27,093,472	45,757,144	874,790	15,117,544

### 10. TRADE AND OTHER PAYABLES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Trade payables	14,331,382	9,431,501	-	-
Other payables and accrued expenses	12,530,966	7,277,006	526,544	509,876
Amount due to subsidiaries	-	-	68,321	-
	26,862,348	16,708,507	594,865	509,876

Included in other payables of the Group and of the Company is an amount due to an affiliated company of RM128,640 (2002 - RM203,484) and RM101,457 (2002 - RM176,301) respectively. The amount due is unsecured, interest free and has no fixed term of repayment.

Included in other payables of the Group is consideration withheld amounting to RM7,052,926 (2002 - RM2,656,951). The amount due is unsecured and interest free except for an amount of RM2,852,926 (2002 - RM2,656,951) which bear interest at 8% (2002 - 8%) per annum.

The amount due to subsidiaries is unsecured, interest free and is repayable within the next twelve months.

### 11. BORROWINGS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Current				
Hire purchase liabilities	167,841	239,483	42,001	-
Term loans - secured	5,570,051	5,561,938	-	-
	5,737,892	5,801,421	42,001	-
Non-current				
Hire purchase liabilities	318,878	236,601	148,758	-
Term loans - secured	2,880,016	8,504,115	-	-
- unsecured	40,000,000	40,000,000	40,000,000	40,000,000
	43,198,894	48,740,716	40,148,758	40,000,000

## Notes to the financial statements (cont'd)

### Terms and debt repayment schedule

The secured term loans amounting to RM7,252,188 (2002 - RM12,555,097) are subject to fixed interest rates ranging from 4.0% to 7.5% (2002- 4.0% to 7.5%) per annum with the remaining RM1,197,879 (2002 - RM1,510,956) subject to variable interest rates at 1% (2002 – 1%) per annum above the lenders' base lending rates. The unsecured term loan is subject to fixed interest rate of 7% (2002 – 7%) per annum. Hire purchase liabilities are subject to fixed interest rates ranging from 3.5% to 12.5% (2002 - 3.5% to 12.5%) per annum.

The secured term loans are secured by the following:

- i) legal charge over the freehold and leasehold land and buildings of subsidiaries;
- ii) negative pledge over the unencumbered assets of subsidiaries;
- iii) fixed and floating charge over the property, plant and equipment of subsidiaries; and
- iv) corporate guarantees by the Company.

Group	Total RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Term loan - unsecured	40,000,000	-	-	40,000,000
Term loans - secured	8,450,067	5,570,051	1,705,223	1,174,793
	48,450,067	5,570,051	1,705,223	41,174,793

### Company

Term loan - unsecured	40,000,000	-	-	40,000,000
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### Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Payments 2003 RM	Interest 2003 RM	Principal 2003 RM	Payments 2002 RM	Interest 2002 RM	Principal 2002 RM
Less than one year	206,112	38,271	167,841	276,586	37,103	239,483
Between one and five years	376,149	57,271	318,878	286,669	50,068	236,601
	582,261	95,542	486,719	563,255	87,171	476,084
<b>Company</b>						
Less than one year	54,024	12,023	42,001	-	-	-
Between one and five years	171,072	22,314	148,758	-	-	-
	225,096	34,337	190,759	-	-	-

## Notes to the financial statements (cont'd)

### 12. SHARE CAPITAL

	Company	
	2003 RM	2002 RM
Ordinary shares of RM1 each:		
Authorised	100,000,000	100,000,000
Issued and fully paid		
At 1 January	40,000,000	40,000,000
Share issued under ESOS	1,688,000	-
At 31 December	41,688,000	40,000,000

### 13. RESERVES

#### *Retained Earnings*

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all its retained profits at 31 December 2003 if paid out as dividends.

### 14. MINORITY INTERESTS

Minority interests consist of the minority shareholders' proportion of share capital and reserves of subsidiaries, net of the share of subsidiaries' goodwill on consolidation and amortisation of goodwill charged to the minority shareholders.

### 15. DEFERRED TAX

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Deferred tax liabilities	3,490,549	2,291,000	-	-

The recognised deferred tax liabilities are as follows:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Property, plant and equipment - capital allowances	3,490,549	2,291,000	-	-

No deferred tax has been recognised for the following item:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Unutilised tax losses	1,432,000	1,229,000	1,197,000	1,229,000

## Notes to the financial statements (cont'd)

The unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

The Group has tax losses carried forward of RM1,432,000 (2002 - RM1,229,000) which give rise to the unrecognised deferred tax assets in respect of unutilised tax losses above.

### 16. OPERATING PROFIT

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Revenue - sale of goods	117,952,878	87,627,173	-	-
- dividends	-	-	19,652,778	3,000,000
- management services	-	-	1,493,247	80,000
Cost of goods	117,952,878 (94,022,096)	87,627,173 (71,483,000)	21,146,025 -	3,080,000 -
<b>Gross profit</b>	<b>23,930,782</b>	<b>16,144,173</b>	<b>21,146,025</b>	<b>3,080,000</b>
Operating profit for the year is arrived at after crediting:				
Dividend income	11,280	-	-	-
Gain on disposal of other investments	2,020,345	-	1,990,410	-
Gain on disposal of property, plant and equipment	1,170,555	69,757	-	-
Gain on foreign exchange				
- realised	73,195	26,776	-	-
- unrealised	20,106	31,936	-	-
after charging:				
Auditors' remuneration	84,315	55,100	15,000	10,000
Amortisation of goodwill and other intangibles	392,878	334,693	-	-
Depreciation	6,623,111	6,200,327	114,502	30,817
Directors' remuneration	1,484,300	1,056,030	51,300	22,430
Directors' fees	162,000	148,750	162,000	148,750
Loss on foreign exchange				
- realised	71,272	-	-	-
- unrealised	16,573	-	-	-
Management fee payable to an affiliated company	100,000	250,000	100,000	250,000
Rental of land and building	571,220	671,223	6,000	24,000
Property, plant and equipment written off	19,285	22,158	-	-
Loss from disposal of property, plant and equipment	6,319	-	789	-
Rental of machinery and equipment	6,838	-	3,248	-

## Notes to the financial statements (cont'd)

### 17. EMPLOYEE INFORMATION

*Expense recognised in the income statements*

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Defined contribution -EPF	1,213,182	999,808	80,619	25,841
Other staff costs	15,929,572	12,427,834	463,433	189,112
	17,142,754	13,427,642	544,052	214,953

The number of employees of the Group and of the Company (including Directors) at the end of the year was 1,002 (2002 - 665) and 5 (2002 - 5) respectively.

### 18. EMPLOYEE BENEFITS

*Equity Compensation Benefits*

#### Executive Share Option Scheme

The movements in the number of share options held by eligible Executive Directors and executive employees are as follows:

	Group and Company	
	2003 RM	2002 RM
Outstanding at 1 January	3,276,000	-
Granted	800,000	3,276,000
Exercised	(1,688,000)	-
Lapsed	(263,000)	-
Outstanding at 31 December	2,125,000	3,276,000
Details of share options granted during the period:		
Expiry date	21/5/2012	21/5/2012
Exercise price per ordinary share (RM)	1.29 - 1.72	1.40
Aggregate proceeds if shares are issued (RM)	1,211,740	4,586,400
Details of share options exercised during the period:		
Expiry date	21/5/2012	-
Exercise price per ordinary share (RM)	1.29 - 1.40	-
Aggregate issue proceeds (RM)	2,348,790	-
Fair value at date of issue	2,350,250	-

Terms of options outstanding at 31 December:

Expiry date	Exercise price	Number
21 May 2012	1.40	1,474,000
21 May 2012	1.29	233,000
21 May 2012	1.72	418,000
		2,125,000

## Notes to the financial statements (cont'd)

The Group received proceeds of RM2,348,790 in respect of the 1,688,000 options exercised during the year of which RM1,688,000 was credited to share capital and RM660,790 was credited to share premium.

### 19. TAX EXPENSE

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Malaysia				
- Current year	616,112	574,195	2,002,778	-
- Underprovision in prior year	65,053	7,713	-	512
Overseas - current	384,708	299,299	-	-
	1,065,873	881,207	2,002,778	512
Deferred tax expense				
Origination and reversal of temporary differences	549,549	50,000	-	-
	1,615,422	931,207	2,002,778	512

#### Reconciliation of effective tax rate

Group	2003		2002	
	%	RM	%	RM
Profit before taxation		10,998,341		4,557,693
Income tax using Malaysian tax rates	28	3,071,535	28	1,276,154
Non-deductible expenses	6	712,979	9	404,468
Tax incentives	(8)	(923,828)	(4)	(165,563)
Tax exempt income	(13)	(1,417,590)	(13)	(596,337)
Other items	1	107,273	-	4,772
	14	1,550,369	20	923,494
Underprovision in prior years	1	65,053	-	7,713
Tax expense	15	1,615,422	20	931,207
<b>Company</b>				
Profit before taxation		21,252,642		1,885,903
Income tax using Malaysian tax rates	28	5,950,740	28	528,053
Tax exempt income	(16)	(3,500,000)	(28)	(528,053)
Other items	(2)	(447,962)	-	-
Tax expense	10	2,002,778	-	-

## Notes to the financial statements (cont'd)

### 20. EARNINGS PER SHARE

#### Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM8,338,263 (2002 - RM3,323,282) and the weighted average number of ordinary shares in issue during the year of 40,237,000 (2002 - 40,000,000).

#### Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders of RM8,338,263 (2002 - RM3,323,282) and the weighted average number of ordinary shares in issue during the year of 41,972,000 (2002 - 40,541,000).

#### Weighted average number of ordinary shares (diluted)

	2003	2002
Number of ordinary shares	40,237,000	40,000,000
Effect of share options	1,735,000	541,000
<i>Weighted average number of ordinary shares</i>	<i>41,972,000</i>	<i>40,541,000</i>

### 21. DIVIDENDS

	Group and Company	
	2003 RM	2002 RM
Final dividend paid:		
2002 - 4.5% per share tax exempt		
(2001 - 3% per share tax exempt)	1,800,225	1,200,000

The proposed final dividend of 7% tax exempt amounting approximately RM2,900,000 has not been accounted for in the financial statements of the Group and of the Company as at 31 December 2003.

### 22. RELATED PARTIES

Controlling related party relationships are as follows:

- i) the affiliated company, AIC Corporation Berhad, ("AIC") as explained in Note 1(q);
- ii) a subsidiary of AIC, AIC Semiconductor Sdn. Bhd. ("AICS");
- iii) an enterprise related to a Director, Mr Ooi Boon Pin, APAC Trading;
- iv) its subsidiaries as disclosed in Note 3;
- v) a company related to a Director, Tuan Haji Mohd Ali bin Bawal, Permai Bakti Sdn. Bhd. ("PBSB"); and
- vi) companies in which a Director, Datuk Haji Sarip bin Hamid, is deemed to have substantial financial interests:
  - Autoventure Electronics Sdn. Bhd. ("AVE")
  - HKR Manufacturing Sdn. Bhd. ("HKR")
  - Autovisor Plastic Sdn. Bhd. ("AVP")
  - Autokorsia Sdn. Bhd. ("AKSB")
  - Nobel Decree Sdn. Bhd. ("NDSB")
  - Direct Past Sdn. Bhd. ("DPSB")

## Notes to the financial statements (cont'd)

### Transactions with related parties

Significant transactions and balances with related parties other than disclosed elsewhere in the financial statements are as follows:

#### Transactions

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
a) Transactions with AIC:				
Management fee	100,000	250,000	100,000	250,000
Rental expense	6,000	24,000	6,000	24,000
b) Transaction with AICS:				
Sales	1,263,090	812,542	-	-
c) Transaction with PBSB:				
Rental expense	282,600	388,800	-	-
Purchase of land and building	3,650,000	-	-	-
d) Transaction with AVE:				
Sales	1,000	26,256	-	-
e) Transaction with AVP:				
Sales	95,676	7,029	-	-
f) Transaction with AKSB:				
Sales	202,348	99,108	-	-
g) Transaction with DPSB:				
Sales	527,705	233,485	-	-
h) Transaction with HKR:				
Sales	180,353	55,942	-	-
i) Transaction with NDSB:				
Sales	322,281	109,070	-	-

The related party transactions have been entered in the normal course of business and have been established under negotiated terms.

### 23. Capital commitments

	Group	
	2003 RM	2002 RM
Property, plant and equipment Approved and contracted for	-	3,650,000

## Notes to the financial statements (cont'd)

### 24. CONTINGENT LIABILITIES - COMPANY

The Company has executed corporate guarantees in favour of licensed banks for facilities of up to a limit of RM40.1million (2002 - RM27.4 million) granted to its subsidiaries.

### 25. ACQUISITION OF SUBSIDIARIES

On 15 April 2003, the Company subscribed for 60% interest in Palladine Technology Pte. Ltd. at a cash consideration of SGD0.75 million or RM1.61 million.

On 10 June 2003, the Company through its wholly-owned subsidiary, Jotech Metal Fabrication Industries Sdn. Bhd., invested cash of USD2.4 million or RM9.12 million to subscribe for 60% interest in the new Joint Venture Company, Guang Dong Jotech Kong Yue Precision Industries Ltd.

On 1 October 2003, the Company through its wholly owned subsidiary, Prodelcon Sdn. Bhd. ("Prodelcon"), acquired 3,000,000 ordinary shares of RM1.00 each, equivalent to 60% of the share capital of Cabletron Electronics (M) Sdn. Bhd. ("Cabletron") for a total cash consideration of RM2.52 million.

Cabletron forecasts its audited consolidated profit after tax and minority interest for the financial periods of 1 October 2003 to 30 September 2004 and 1 October 2004 to 30 September 2005 shall be not less than RM2.5 million and RM4.5 million respectively ("Target Profits"). Should Cabletron achieve the Target Profits, Prodelcon will pay 60% of the Target Profits amounting to RM1.5 million and RM2.7 million for the two financial periods ending 30 September 2004 and 30 September 2005.

The fair value of assets and liabilities assumed were as follows:

	<b>Group 2003 RM</b>
Property, plant and equipment	4,899,788
Intangible assets	204,833
Current assets	31,081,394
Current liabilities	(14,410,080)
Long term liabilities	(650,000)
Minority interests	(8,450,374)
Net assets acquired	12,675,561
Goodwill on acquisition	4,773,189
Purchase price	17,448,750
Less: Cash and cash equivalents of subsidiaries acquired	(17,288,325)
Consideration withheld	(4,200,000)
Cash flow on acquisition, net of cash acquired	4,039,575

### 26. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Company's management and internal reporting structure. Inter segment pricing is determined based on negotiated terms.

## Notes to the financial statements (cont'd)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total incurred during the year to acquire segment assets that are expected to be used for more than one period.

### Business segments

The Group comprises the following main basis segments:

Investment holding	Ultimate holding company of the Group.
Precision stamping	Manufacture and fabrication of tools and dies and stamped metal components for electrical, consumer electronics and automotive industries.
Semiconductor tooling and automation	Manufacture of high precision tooling, dies sets, moulds, parts and high precision components, jigs and fixtures, trading of electronic components, the design and manufacture of turnkey automation equipment and systems for electronics and semiconductor industries.
Electronics	Manufacture, sales and service of electrical, electronic and computer products.

### Geographical segments

The precision stamping segment of the Group is also operated in Indonesia and China apart from its home country, Malaysia.

The other major business segments are operated solely in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets and capital expenditure are also based on the geographical location of assets.

	Investment holding	Precision stamping	Semiconductor tooling and automation	Electronics	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
<b>2003</b>						
<b>Business segments</b>						
Revenue from external customers	-	75,439,505	28,553,637	13,959,736	-	117,952,878
Inter-segment revenue	21,146,025	551,884	-	57,697	(21,755,606)	-
<b>Total revenue</b>	<b>21,146,025</b>	<b>75,991,389</b>	<b>28,553,637</b>	<b>14,017,433</b>	<b>(21,755,606)</b>	<b>117,952,878</b>
<b>Segment result</b>	<b>21,523,449</b>	<b>6,166,214</b>	<b>4,507,709</b>	<b>1,585,218</b>	<b>(19,652,778)</b>	<b>14,129,812</b>
Interest expense						(3,831,300)
Interest income						699,829
Profit before taxation						10,998,341
Tax expense						(1,615,422)
Minority interests						(1,044,656)
<b>Net profit for the year</b>						<b>8,338,263</b>

## Notes to the financial statements (cont'd)

2003	Investment holding RM	Precision stamping RM	Semiconductor tooling and automation RM	Electronics RM	Eliminations RM	Consolidated RM
Segment assets	2,948,717	83,005,769	36,205,518	23,392,567	-	145,552,571
Goodwill on consolidation	5,130,387	1,603,248	4,358,643	-	-	11,092,278
Unallocated assets						11,287,443
<b>Total assets</b>						<b>167,932,292</b>
Segment liabilities	526,544	16,789,366	3,308,187	2,022,655	-	22,646,752
Unallocated liabilities						57,957,885
<b>Total liabilities</b>						<b>80,604,637</b>
Capital expenditure	512,556	19,874,510	6,947,696	125,278	-	27,460,040
Depreciation and amortisation	386,818	4,039,528	2,426,103	163,540	-	7,015,989
<b>2002</b>						
<b>Business segments</b>						
Revenue from external customers		-	73,584,671	14,042,502	-	87,627,173
Inter-segment revenue		3,080,000	-	-	(3,080,000)	-
<b>Total revenue</b>		<b>3,080,000</b>	<b>73,584,671</b>	<b>14,042,502</b>	<b>(3,080,000)</b>	<b>87,627,173</b>
<b>Segment result</b>		<b>2,001,791</b>	<b>5,448,194</b>	<b>1,287,099</b>	<b>(3,332,143)</b>	<b>5,404,941</b>
Interest expense						(1,465,795)
Interest income						618,547
Profit before taxation						4,557,693
Tax expense						(931,207)
Minority interest						(303,204)
<b>Net profit for the year</b>						<b>3,323,282</b>
Segment assets		40,321,857	60,208,571	36,053,465	-	136,583,893
Goodwill on consolidation		5,034,733	1,672,956	-	-	6,707,689
<b>Total assets</b>		<b>45,356,590</b>	<b>61,881,527</b>	<b>36,053,465</b>		<b>143,291,582</b>
<b>Total liabilities</b>		<b>40,509,876</b>	<b>26,566,967</b>	<b>7,338,682</b>		<b>74,415,525</b>
Capital expenditure		8,181	3,500,461	306,270	-	3,814,912
Depreciation and amortisation		293,326	4,026,970	2,214,724	-	6,535,020

## Notes to the financial statements (cont'd)

	Malaysia RM	Singapore RM	Indonesia RM	China RM	Eliminations RM	Consolidated RM
<b>Geographical segments</b>						
<i>By location of customers:</i>						
<b>2003</b>						
Revenue from external customers	102,716,086	4,407,897	10,562,879	266,016	-	117,952,878
Segment assets by location of assets	115,042,869	2,844,529	11,629,774	16,035,399	-	145,552,571
Capital expenditure by location of assets	15,410,461	7,954	1,260,289	10,781,336	-	27,460,040
<b>2002</b>						
Revenue from external customers	76,653,906	-	10,973,267	-	-	87,627,173
Segment assets by location of assets	133,324,520	-	9,967,062	-	-	143,291,582
Capital expenditure by location of assets	2,761,876	-	1,053,036	-	-	3,814,912

## 27. FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control system and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves such policies that covers the management of these risks.

### Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into and financial instruments maintained by subsidiaries in currencies other than their functional currency. The Group does not engage in foreign currency hedging on its foreign currency exposures but the management monitors these exposures on an ongoing basis.

The Group and Company are also exposed to foreign currency risk in respect of their investments in foreign subsidiaries. The Group does not hedge this exposure by having foreign currency borrowings but keeps this policy under review and will take necessary action to minimise the exposure of the risk.

### Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings is managed through the use of fixed and floating rate debt. The Group does not use derivative financial instruments to hedge its debt obligations.

## Notes to the financial statements (cont'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 good credit rating. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At balance sheet date, there were no significant concentrations of credit risk.

### Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining the flexibility in funding by keeping committed credit lines available. In addition, the objective for debt maturities is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and/or refinance.

### Effective interest rates and repricing analysis

In respect of interest earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	2003				2002			
	Effective interest rate per annum %	Total RM	Within 1 year RM	2-5 years RM	Effective interest rate per annum %	Total RM	Within 1 year RM	2-5 years RM
<b>Financial assets</b>								
Fixed deposits place with:								
- Licensed banks	2.29	424,095	424,095	-	2.63	30,596,020	30,596,020	-
- Other corporations	2.50	3,510,845	3,510,845	-	-	-	-	-
Other investments								
Unquoted bonds	6.50	9,042,500	5,042,500	4,000,000	6.50	4,000,000	-	4,000,000
Quoted unit trusts	-	-	-	-	5.41	20,000,000	20,000,000	-
Quoted shares	4.20	194,452	194,452	-	-	-	-	-
		13,171,892	9,171,892	4,000,000		54,596,020	50,596,020	4,000,000
<b>Financial liabilities</b>								
Term loans								
- unsecured	7.00	40,000,000	-	40,000,000	7.00	40,000,000	-	40,000,000
- secured	6.43	8,450,067	1,197,879	7,252,188	6.41	14,066,053	5,561,938	8,504,115
		48,450,067	1,197,879	47,252,188		54,066,053	5,561,938	48,504,115

## Notes to the financial statements (cont'd)

Company	2003				2002			
	Effective interest rate per annum %	Total RM	Within 1 year RM	2-5 years RM	Effective interest rate per annum %	Total RM	Within 1 year RM	2-5 years RM
<b>Financial assets</b>								
Fixed deposits with licensed banks	-	-	-	-	2.63	15,108,662	15,108,662	-
Other investments								
Unquoted bonds	6.50	4,000,000	-	4,000,000	6.50	4,000,000	-	4,000,000
Quoted unit trusts	-	-	-	-	5.41	20,000,000	20,000,000	-
Quoted shares	4.20	194,452	194,452	-	-	-	-	-
Loan to subsidiaries	6.50	51,871,237	-	51,871,237	-	-	-	-
		56,065,689	194,452	55,871,237		39,108,662	35,108,662	4,000,000
<b>Financial liabilities</b>								
Term loans								
- unsecured	7.00	40,000,000	-	40,000,000	7.00	40,000,000	-	40,000,000

### Fair values

#### Recognised financial instruments

The carrying amounts in respect of inventories, trade and other receivables, tax recoverable, cash and cash equivalent, trade and other payables approximate their fair values due to the relatively short term nature of these financial instruments.

The aggregate fair values of the other financial assets and liabilities carried on the balance sheet as at 31 December 2003 are represented in the following table:

Group	2003		2002	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial assets</b>				
Other investments				
Unquoted bonds	9,042,500	9,042,500	4,000,000	4,000,000
Quoted unit trusts	-	-	20,000,000	20,026,702
Quoted shares	194,452	189,382	-	-
	9,236,952	9,231,882	24,000,000	24,026,702
<b>Financial liabilities</b>				
Term loans - unsecured	40,000,000	40,000,000	40,000,000	40,000,000
- secured	8,450,067	7,707,009	14,066,053	13,655,453
	48,450,067	47,707,009	54,066,053	53,655,453

## Notes to the financial statements (cont'd)

Company	2003		2002	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial assets</b>				
Other investments				
Unquoted bonds	4,000,000	4,000,000	4,000,000	4,000,000
Quoted unit trusts	-	-	20,000,000	20,026,702
Quoted shares	194,452	189,382		
	<b>4,194,452</b>	<b>4,189,382</b>	<b>24,000,000</b>	<b>24,026,702</b>
<b>Financial liabilities</b>				
Term loan - unsecured	40,000,000	40,000,000	40,000,000	40,000,000

The fair value of quoted securities is their quoted bid price at the balance sheet date. For other financial instruments listed above, fair value has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

In respect of the loan to subsidiaries, a reasonable estimate of fair value could not be made as the long term repayment terms are not specified.

## Statistics on Shareholdings

### ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2004

Size of shareholdings	No. of Shareholders	%	No. of shares	%
Less than 100	2	0.14	100	0.00
100 – 1,000	677	46.02	661,898	1.58
1,001 – 10,000	648	44.05	2,761,400	6.58
10,001 - 100,000	108	7.34	3,143,803	7.49
100,001 to less than 5% of issued shares	32	2.18	14,564,426	34.69
5% and above of issued shares	4	0.27	20,847,373	49.66
<b>Total</b>	<b>1,471</b>	<b>100.00</b>	<b>41,979,000</b>	<b>100.00</b>

### LIST OF TOP 30 SHAREHOLDINGS AS AT 31 MARCH 2004

No.	Name	No. of ordinary Shares of RM1.00 each	Percentage of issued capital (%)
1	AIC Corporation Berhad	13,599,993	32.40
2	Liew Cheng York	2,693,021	6.42
3	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK -UOB Small Cap Opportunity Unit Trust	2,425,900	5.78
4	Lim Siok Hui	2,128,459	5.07
5	Chew Siew Hong	2,020,399	4.81
6	Ooi Boon Pin	1,979,265	4.72
7	Liew Cheng York	1,075,611	2.56
8	Hong Leong Finance Berhad Pledged Securities Account For Liew Cheng York	1,000,000	2.38
9	Ooi Boon Pin	904,736	2.16
10	Uma Devi A/P N Nadarajah	597,700	1.42
11	Mayban Securities Nominees (Tempatan) Sdn Bhd Mayban Ventures Sdn Bhd For Liew Cheng York	560,000	1.33

## Statistics on Shareholdings (cont'd)

### LIST OF TOP 30 SHAREHOLDINGS AS AT 31 MARCH 2004 (cont'd)

No.	Name	No. of ordinary shares of RM1.00 each	Percentage of issued capital (%)
12	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management Sdn Bhd For Rin Kei Mei	500,000	1.19
13	Malaysia Nominees (Tempatan) Sendirian Berhad Malaysian Trustees Berhad For Alliance Vision Fund	500,000	1.19
14	Lim Gaik See	435,000	1.04
15	Goo Chooi Lian	412,700	0.98
16	Lim Kian @ Lim Chow Yang	381,324	0.91
17	Hoo Kuong	361,499	0.86
18	Wai Ka Leng	331,200	0.79
19	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management Sdn Bhd For Alpha-Grace Sdn Bhd	316,000	0.75
20	Lim Siok Hui	314,283	0.75
21	Chang Chuen Lee	300,000	0.71
22	Liew Cheng York	294,633	0.70
23	Chen Shun Ching @ Hoo Chen Shun Ching	254,000	0.61
24	Juay Cheng Piah	223,900	0.53
25	Goo Chin Teong	218,676	0.52
26	How Chee Keong	202,500	0.48
27	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For TMT Focus Fund	200,000	0.48
28	Sarip Bin Hamid	175,000	0.42
29	Leong Beng Kong	165,300	0.39
30	Liew Kok Leong	147,000	0.35
Total		34,718,099	82.70

## Statistics on Shareholdings (cont'd)

### SUBSTANTIAL SHAREHOLDINGS AS AT 31MARCH 2004 (As per the Register of Substantial Shareholders of Jotech Holdings Berhad)

Name	Direct	Indirect		%
	No. of shares	%	No. of shares	
Liew Cheng York	5,618,265	13.38	-	-
Lim Siok Hui	2,442,742	5.82	-	-
Ooi Boon Pin	2,884,001	6.87	-	-
Chew Siew Hong	2,020,399	4.81	-	-
AIC Corporation Berhad	13,599,993	32.40	-	-
Asteria Consolidated Sdn. Bhd.	-	-	13,599,993 (a)	32.40
Golden Prism Sdn. Bhd.	-	-	13,599,993 (b)	32.40
Nadi Mal Sdn. Bhd.	-	-	13,599,993 (b)	32.40
Datuk Haji Sarip Bin Hamid	175,000	0.42	13,599,993 (c)	32.40
Hakikat Seri Sdn. Bhd.	-	-	13,599,993 (d)	32.40
Maznah Bte Mohamad	1,000	0.00	13,599,993 (e)	32.40
HSBC Holdings plc	2,625,900	6.26	-	-

Notes :-

- Deemed interest by virtue of its substantial shareholdings in AIC Corporation Berhad.
- Deemed interest by virtue of its substantial shareholdings in AIC Corporation Berhad through Asteria Consolidated Sdn. Bhd.
- Deemed Interest by virtue of his substantial shareholdings in AIC Corporation Berhad through Asteria Consolidated Sdn. Bhd. and Golden Prism Sdn. Bhd.
- Deemed interest by virtue of its substantial shareholdings in AIC Corporation Berhad through Asteria Consolidated Sdn. Bhd. and Nadi Mal Sdn. Bhd.
- Deemed interest by virtue of her substantial shareholdings in AIC Corporation Berhad through Asteria Consolidated Sdn. Bhd., Nadi Mal Sdn. Bhd. and Hakikat Seri Sdn. Bhd.

## Statistics on Shareholdings (cont'd)

### DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2004 (As per the Register of Directors' Shareholdings)

Name	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Datuk Haji Sarip Bin Hamid	175,000	0.42	* 13,599,993	32.40
Tuan Haji Mohd Ali Bin Bawal	10,000	0.02	-	-
Ooi Boon Pin	2,884,001	6.87	-	-
Chew Siew Hong	2,020,399	4.81	-	-
Lim Siok Hui	2,442,742	5.82	-	-
Liew Cheng York	5,618,265	13.38	-	-
Ashari Bin Ayub	10,000	0.02	-	-
Lasa Bin Mat Desa	10,000	0.02	-	-
Lt Jen (B) Datuk Haji Abdul Aziz Bin Hasan	-	-	-	-
<b>Total</b>	<b>13,170,407</b>	<b>31.36</b>	<b>* 13,599,993</b>	<b>32.40</b>

\* Deemed interest by virtue of his substantial shareholdings in AIC Corporation Berhad through Asteria Consolidated Sdn. Bhd. and Golden Prism Sdn. Bhd.

## Properties Of The Group

Location/ Address	Description and Existing use	Date of Purchase	Approximate Age of Building	Land Area (Sq. Ft.)	Built Up Area (Sq. Ft.)	Tenure of Land	Net book Values as at 31/12/2003
Plot 78, Bayan Lepas, Industrial Park IV Mukim 12, South West District, Pulau Pinang	Office and factory building: Manufacture of semiconductor tooling products and automation systems for semiconductor industries.	June 1996	8 years	66,000	51,000	60 years leasehold land expiring in year 2056	6,810,912
No. 20 & 22, Jalan Masyhur 1 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Darul Takzim	Office and factory building: Manufacture of precision stamping parts for electronic and electrical industries.	November 1997	6.5 years	78,400	63,000	Freehold	7,433,496
Kawasan Industri KIIC C-7C Jl. Tol Jakarta – Cikampek, KM 47 Teluk Jambe Karawang 41361 Indonesia	Office and factory building Manufacture and fabrication of tools and dies and parts of automotive, electronics and electrical industries.	April 1997	7 years	46,467	68,245	30 years leasehold land expiring year 2027	3,108,685
Lot 7, Lintang Bayan Lepas 2 Phase IV, Kawasan Perindustrian Bayan Lepas 11900 Pulau Penang	Office and factory building: Manufacture of high precision machining parts	March 2003	4 years	16,458	5,856	60 years leasehold land expiring in year 2058	1,118,505
Lot 6, Jalan 6/4 Kawasan Perindustrian Seri Kembangan 43300 Seri Kembangan Daerah Petaling, Selangor Darul Ehsan	Office and factory building: Manufacture of precision stamping parts for electronic and automotive industries	September 2003	14 years	48,320	23,014	99 years leasehold land expiring in year 2089	3,734,575
Kong Yue Industrial Park Jing Gu Zhou Zone XinHui District JiangMen City GuangDong Province People's Republic of China	Office and factory building: Manufacture and fabrication of tools and dies and precision stamping parts for electronic and electrical industries	September 2003	1 year	355,220	79,925	50 years leasehold land expiring in year 2052	1,875,113

# Form of Proxy



JOTECH HOLDINGS BERHAD

(company no: 334818-P)

(Incorporated in Malaysia)

## Ninth Annual General Meeting

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being a member/members of JOTECH HOLDINGS BERHAD  
hereby appoint \* the Chairman of the meeting or \_\_\_\_\_ of \_\_\_\_\_  
or failing whom \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the Ninth Annual  
General Meeting of the Company to be held at Eastin Hotel, Ballroom 2, LG Level, 13, Jalan 16/11, Pusat Dagang Seksyen 16,  
46350 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 26 May 2004 at 10am and at any adjournment thereof.

\*My/\*Our proxy(ies) is/are to vote as indicated below:-

Resolutions	For	Against
<b>ORDINARY BUSINESS</b>		
1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2003 together with the Directors' and Auditors' Reports thereon. <b>Ordinary Resolution 1</b>		
2. To declare a First and Final Tax-Exempt Dividend of 7 sen per ordinary share of the Company for the year ended 31 December 2003. <b>Ordinary Resolution 2</b>		
3. To approve the payment of Directors' fees of RM162,000.00 for the year ended 31 December 2003. <b>Ordinary Resolution 3</b>		
4. To re-elect the following Directors who are retiring in accordance with Article 82(1) of the Company's Articles of Association:- 4.1 Ooi Boon Pin 4.2 Ashari Bin Ayub 4.3 Lasa Bin Mat Desa <b>Ordinary Resolution 4</b> <b>Ordinary Resolution 5</b> <b>Ordinary Resolution 6</b>		
5. To re-appoint Messrs. KPMG as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. <b>Ordinary Resolution 7</b>		
<b>SPECIAL BUSINESS</b>		
6. Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965. <b>Ordinary Resolution 8</b>		

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion]

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

Number of ordinary shares held :

\_\_\_\_\_  
Signature/Common Seal of Shareholder(s)

[\* Delete if not applicable]

Notes:-

1. A member entitled to attend and vote at the Ninth Annual General Meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at Level 17, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur at least forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

**Explanatory note on special business of the Agenda**

Item 6

The Ordinary Resolution proposed under item 6 is in line with the Company's expansion plan which may involve the issue of new shares. Under Section 132D of the Companies Act, 1965, the Directors would have to call for a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the issued share capital of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting, it is thus considered appropriate to seek the shareholders' approval for Directors of the Company to issue shares in the Company up to an aggregate amount of not exceeding 10% of the issued share capital of the Company at the time of issue for such purposes as they consider would be in the best interest of the Company and also to empower Directors to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for additional shares issued. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company Secretary

**JOTECH HOLDINGS BERHAD** (334818-P)  
Level 17, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
50490 Kuala Lumpur.

P.O. Box 12547  
50782 Kuala Lumpur

STAMP