

PRINSIPTEK

Prinsiptek Corporation Berhad

(formerly known as Itsucom Berhad)
(595000-H)



2003 Annual Report

Prinsiptek Corporation Berhad

(formerly known as Itsucom Berhad)
(595000-H)

83 & 85, Jalan SS15/4C
47500 Subang Jaya
Selangor Darul Ehsan
Malaysia

Tel: 603-5629 2600 / 5635 1808

Fax: 603-5635 1802

Website: www.prinsiptek.com

Email: prinsiptek@prinsiptek.com



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THE COVER The five pictures on the cover show the broad range of quality construction work covered by Prinsiptek Corporation Berhad Group. Needing no introduction, the First World Hotel and the Tenaga Nasional building are towering testaments of the Company's progress in the construction industry. More work lies ahead for the Company, as the partially completed building on the lower half of the cover indicates.

NOTICE of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of Prinsiptek Corporation Berhad (formerly known as Itsucom Berhad) ("the Company") will be held at Ivory 10, Level 4, Convention Centre, Holiday Villa Subang, No. 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Friday 25 June 2004 at 10.00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS


1. To receive the Consolidated Audited Financial Statements of the Company for the financial year ended 31 December 2003 and the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**
2. To approve payment of Directors' fees totaling RM5,000.00 for the financial year ended 31 December 2003. **Ordinary Resolution 2**
3. To re-elect the following Directors who retire pursuant to Article 91 of the Company's Articles of Association and who, being eligible, have offered themselves for re-election:-
 - 3.1 Dato' Seri Mohamad Noor Abdul Rahim **Ordinary Resolution 3**
 - 3.2 Datuk Nur Jazlan Bin Tan Sri Mohamed **Ordinary Resolution 4**
 - 3.3 Dato' Foo Chu Jong **Ordinary Resolution 5**
 - 3.4 Foo Chu Pak **Ordinary Resolution 6**
 - 3.5 Shariman Bin Zainal Abideen **Ordinary Resolution 7**
 - 3.6 Foo Chew Sam **Ordinary Resolution 8**
4. To re-appoint Messrs Anuarul Azizan Chew & Co. as Auditors of the Company, to hold office until the conclusion of the next annual general meeting of the Company, and to authorise the Directors to fix their remuneration. **Ordinary Resolution 9**

AS SPECIAL BUSINESS:

5. To consider, and if thought, to pass the following resolution as an Ordinary Resolution:-

5.1 Authority For Directors To Allot And Issue Shares

"That subject always to the Companies Act, 1965, the Articles of Association of the Company 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 further allot and issue shares in the Company at any time, from time to time, at such price and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be allotted and issued



NOTICE of Annual General Meeting

(Continued)

pursuant to this resolution shall not exceed ten percent (10%) of the total issued share capital of the Company as at the date of allotment of such shares in any one financial year and that such authority shall remain in force until the conclusion of the next annual general meeting of the Company .”

Ordinary Resolution 10

BY ORDER OF THE BOARD

Ng Wai Peng (MAICSA 7014112)
Secretary

Selangor Darul Ehsan, Malaysia
3 June 2004

NOTES

1. **Appointment of Proxy**

A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies (but not more than two (2) save for an Authorised Nominee as defined in the Securities Industries (Central Depositories) Act, 1991) to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149 (1) (b) of the Companies Act, 1965 shall not apply.

The Form of Proxy must be deposited at the Company's Registered Office, No. 83 & 85, Jalan SS15/4C, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for the holding of the meeting.

2. **Statement Accompanying Notice of Annual General Meeting**

Additional information as required under Appendix 8A pursuant to Paragraph 8.28 of the Listing Requirements of Bursa Malaysia Securities Berhad is set out in the Statement Accompanying Notice of Annual General Meeting.

3. **Explanatory Notes on Special Business**

Ordinary Resolution 10

The proposed Ordinary Resolution 10, if passed, will empower the Board of Directors to allot and issue shares up to ten percent (10%) of the total issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next annual general meeting of the Company.

STATEMENT Accompanying Notice of Annual General Meeting

1. THE DIRECTORS STANDING FOR RE-ELECTION ARE:

- Dato' Seri Mohamad Noor Abdul Rahim
- Datuk Nur Jazlan Bin Tan Sri Mohamed
- Dato' Foo Chu Jong
- Foo Chu Pak
- Shariman Bin Zainal Abideen
- Foo Chew Sam

2. THE DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

One (1) Board Meeting was held during the financial year ended 31 December 2003, the details of attendance are as follows:-

No.	Name of Director	Number of Meetings Attended	% of Attendance
1.	Dato' Seri Mohamad Noor Abdul Rahim	1	100
2.	Datuk Nur Jazlan Bin Tan Sri Mohamed	1	100
3.	Dato' Foo Chu Jong	1	100
4.	Foo Chu Pak	1	100
5.	Shariman Bin Zainal Abideen	1	100
6.	Foo Chew Sam	1	100

3. DATE, TIME AND PLACE OF THE BOARD MEETINGS

No.	Date	Time	Place
1.	17 December 2003	12.00 noon	Selangor Darul Ehsan

4. DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

No.	Name of Director	No. of Shares held as at 18 May 2004	
		The Company	Subsidiary Companies
1.	Dato' Seri Mohamad Noor Abdul Rahim	-	-
2.	Datuk Nur Jazlan Bin Tan Sri Mohamed	-	-
3.	Dato' Foo Chu Jong	30,840,625	-
4.	Foo Chu Pak	26,355,000	-
5.	Shariman Bin Zainal Abideen	13,795,000	-
6.	Foo Chew Sam	-	-

Profile of the Directors standing for re-election are outlined in pages 11 to 12 of this Annual Report.



CORPORATE Information

BOARD OF DIRECTORS

Chairman and Independent Non-Executive Director
Dato' Seri Mohamad Noor Abdul Rahim

Independent Non-Executive Director
Datuk Nur Jazlan Bin Tan Sri Mohamed

Managing Director
Dato' Foo Chu Jong

Executive Directors
Foo Chu Pak
Shariman Bin Zainal Abideen
Foo Chew Sam

AUDIT COMMITTEE

Dato' Seri Mohamad Noor Abdul Rahim (Chairman)
Datuk Nur Jazlan Bin Tan Sri Mohamed
Foo Chu Pak

SECRETARY

Ng Wai Peng (MAICSA 7014112)

REGISTERED OFFICE

No. 83 & 85, Jalan SS15/4C
47500 Subang Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603-56292600/56351808
Fax : 603-56351802

REGISTRARS

Signet Share Registration Services Sdn. Bhd.
Level 26, Menara Multi-Purpose
Capital Square, No. 8
Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia
Tel : 603-27212222
Fax : 603-27212530/1

AUDITORS

Anuarul Azizan Chew & Co
Chartered Accountants
18 Jalan 1/64, Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur, Malaysia

PRINCIPAL BANKERS

Malayan Banking Berhad
Bumiputra-Commerce Bank Berhad
Public Bank Berhad

LISTING

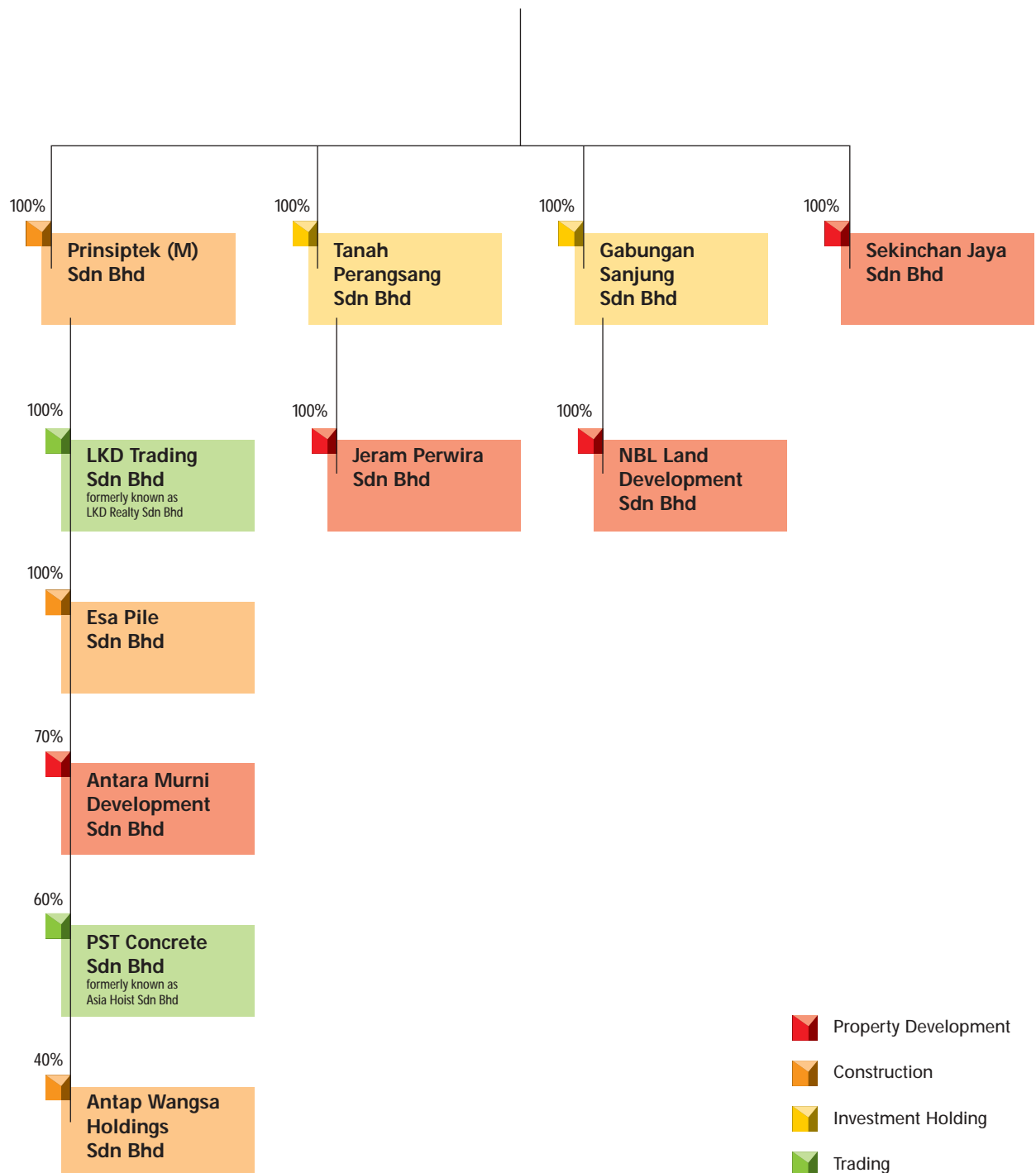
Second Board of Bursa Malaysia Securities Berhad



GROUP Structure & Principal Activities

PRINSIPTEK

Prinsiptek Corporation Berhad
formerly known as Itsucom Berhad





CORPORATE Profile

Prinsiptek Corporation Berhad (“PCB”) (then known as Itsucom Berhad) was incorporated in year 2002 for the purpose of the Reverse Takeover of L & M Corporation (M) Bhd’s listing status on 10 December 2003 with a total authorised capital of RM100,000,000 and paid up capital of RM45,308,022 as at 31 December 2003.

PCB Group has a total of 10 subsidiary companies and 1 associated company. The Group Structure and Principal Activities of each company are as set out in page 6 of the Annual Report.

The history of PCB Group started from one of its largest and longest set up subsidiary company, Prinsiptek (M) Sdn Bhd (“PST”). PST was incorporated in year 1990 with existing authorised share capital of RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which 3,200,000 ordinary shares of RM1.00 each have been issued and fully paid-up. It principally involves in building construction activities.

PST is registered with Pusat Khidmat Kontraktor, the contractor services division of the Ministry of Entrepreneur Development, as a Class “A” contractor. PST is also registered with the Construction Industry Development Board as a Grade G7 contractor. These registrations allow PST to bid and undertake construction projects of unlimited value.

In line with the government’s call to build and provide more affordable homes for the nation, PST is also involved in assisting the Selangor State Government to revive and build several low cost and medium low cost apartments.

As at 31 December 2003, PST had undertaken and completed construction projects valued at approximately RM511 million. PST’s track records include completion of sizeable construction project amounted to RM190 million for Genting Berhad Group from year 1990 to 2001. These projects were mainly consisted of high rise hotels, multi-storey carparks and staff hostels.

Besides Genting Berhad Group, PST has another successful track record which was the completion of several important rehabilitation projects such as the low cost, low medium cost and medium cost apartments in Shah Alam and Ulu Klang for the Selangor State Government with a total contract value amounted to RM112 million.

5 YEARS Financial Highlights

		Year ended 31 December				
		1999	2000	2001	2002	2003
Revenue	RM'000	110,073	153,069	104,906	92,374	185,041
Profit from operations	RM'000	4,634	4,879	5,387	12,314	25,613
Profit before taxation	RM'000	4,634	4,884	5,386	12,283	24,354
Profit after taxation after minority interests	RM'000	4,332	3,881	3,895	8,157	17,420
Gross earnings per share						
- Basic	Sen	5.1 *	5.4 *	5.9 *	13.6 *	80.0
- Diluted	Sen	3.7 ^	3.9 ^	4.3 ^	9.7 ^	57.8
Net earnings per share						
- Basic	Sen	4.8 *	4.3 *	4.3 *	9.0 *	57.6
- Diluted	Sen	3.4 ^	3.1 ^	3.1 ^	6.4 ^	41.6

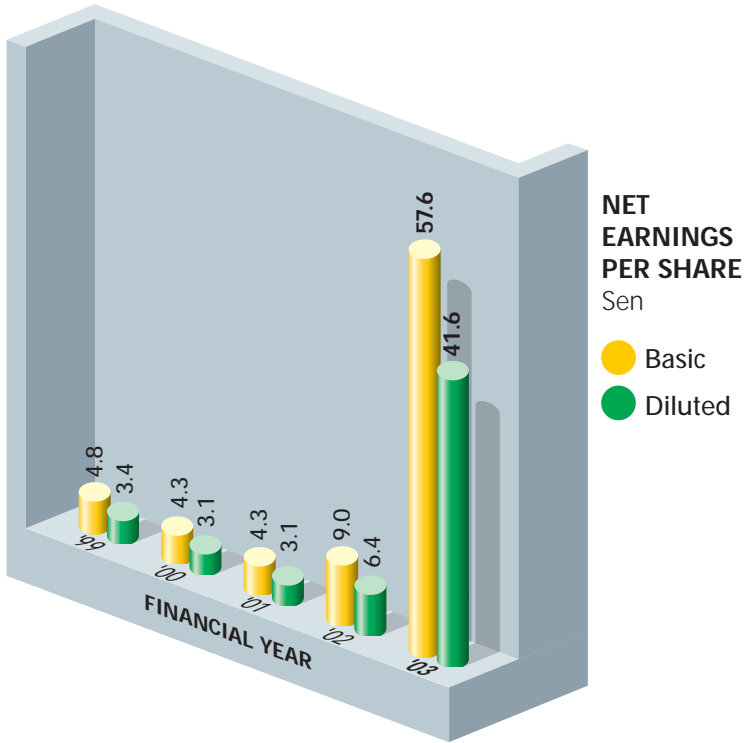
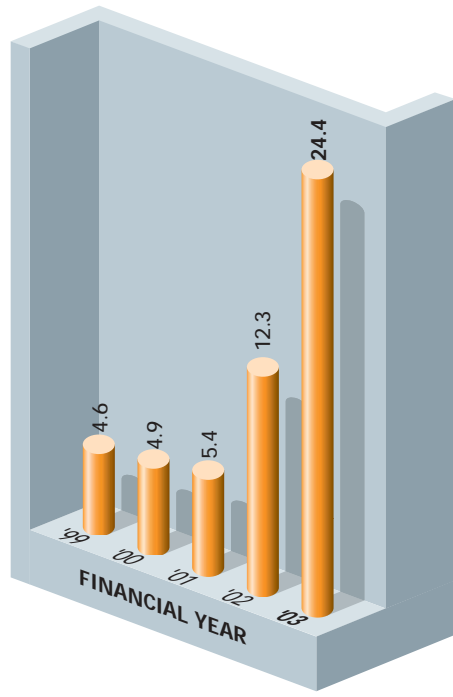
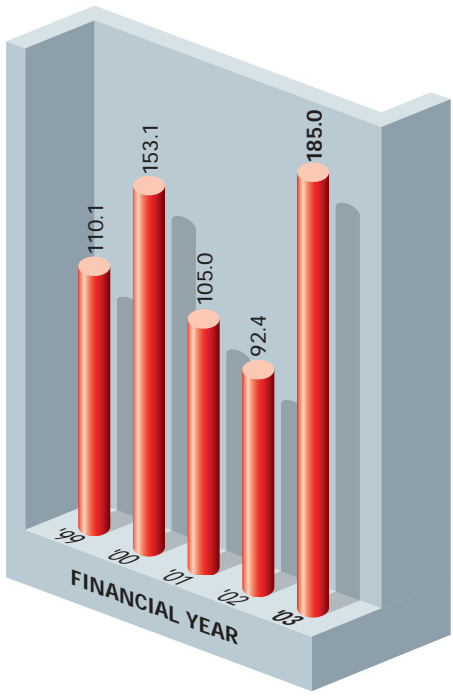
The figures as stated above are prepared based on the assumption that the listing exercise as disclosed in this Annual Report has been completed since the year ended 31 December 1999.

* - computed based on the number of ordinary shares assume to be issued after taking into account the effect of the listing exercise but excluding the conversion of ICULS.

^ - computed based on the number of ordinary shares assume to be issued after taking into account the effect of the listing exercise and including the conversion of ICULS.



5 YEARS Financial Highlights
(Continued)





BOARD of Directors



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Shariman Bin Zainal Abideen
Executive Director

Foo Chew Sam
Executive Director

Dato' Seri Mohamad Noor Abdul Rahim
Chairman & Independent
Non-Executive Director

Dato' Foo Chu Jong
Managing Director

Foo Chu Pak
Executive Director

Datuk Nur Jazlan Bin Tan Sri Mohamed
Independent
Non-Executive Director



PROFILE of Directors

1. DATO' SERI MOHAMAD NOOR ABDUL RAHIM

Y. Bhg. Dato' Seri Mohamad Noor Abdul Rahim, aged 59 and a Malaysian, was appointed to the Board of Prinsiptek Corporation Berhad ("PCB" or "the Company") on 4 December 2003 as an Independent Non-Executive Director and Chairman of the Company. He is also the Chairman of the Audit Committee of PCB.

He holds a Bachelor of Arts (Honours) Degree from University Malaya. His last post in the civil service was as the Secretary General of the Ministry of Home Affairs. He was the Secretary General of the Ministry of Domestic Trade and Consumer Affairs from 1996 to 1998. Prior to that, he held the positions of State Secretary of Pulau Pinang, Federal Development Director (Prime Minister's Department) of Kelantan, State Financial Officer of Perak, Director General of Kuala Lumpur City Hall, Under-Secretary (Supply Division) for both the Ministry of Defence and Ministry of Finance.

Y. Bhg. Dato' Seri Mohamad has no family relationship with any directors and/or major shareholders of the Company and he does not hold any directorships in any other public companies. He has no conflict of interest with the Company and has had no convictions for any offences in the past ten years other than traffic offences, if any.

2. DATO' FOO CHU JONG

Y. Bhg. Dato' Foo Chu Jong, aged 46 and a Malaysian, is the founder of Prinsiptek (M) Sdn Bhd ("PST"). He was appointed to the Board of the Company and as its Managing Director on 21 November 2003.

Y. Bhg. Dato' Foo started his career in the construction industry in the early eighties when he was exposed to the development of commercial buildings, condominiums, hotels and housing estates.

His sharp entrepreneurial acumen, hard work and visionary leadership are the main factors which have led PST to achieve numerous highly acclaimed projects. These include the Staff Hostel and Hotel Awana Golf and Country Club in Genting Highlands, Mixed Development in Gohtong Jaya and First World Hotel in Genting Highlands.

Y. Bhg. Dato' Foo has gained vast experience and knowledge through his involvement in most of the civil and engineering works where he has secured and completed a total of RM511 million worth of contracts. Being a hands-on Managing Director, he is actively involved in the day to day operations to ensure that all projects are carried out in a well managed and controlled manner.

Currently, he sits on the boards of several other subsidiary companies of PCB. He does not hold any directorships in any other public companies. Y. Bhg. Dato' Foo Chu Jong is the brother of Mr. Foo Chu Pak who is a director and major shareholder of PCB and Mr. Foo Chew Sam who is a director of PCB. Save as aforesaid, he has no family relationship with any other director and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no convictions for any offences in the past ten years other than traffic offences, if any.

3. MR. FOO CHU PAK

Mr. Foo Chu Pak, aged 44 and a Malaysian, was appointed to the Board of the Company as its Executive Director on 21 November 2003. He is also a member of the Audit Committee of PCB.

He obtained his Certificate of Building Construction from Kolej Tunku Abdul Rahman in 1981. In 1997, he graduated with a Civil Engineering degree from the Summit University of Louisiana and completed his Masters Degree in Business Administration from the Honolulu University of Hawaii in 2000.

Mr. Foo Chu Pak has more than 20 years of experience in the building and construction industry. In 1981, he started his career with Serbanika (M) Sdn Bhd, a building construction company, as a project supervisor. From 1983 to 1985, he worked as a project supervisor cum quantity surveyor with Syarikat Pembinaan Sow Tee Sdn



PROFILE of Directors

(Continued)

Bhd, a company involved in building construction activities. From 1981 to 1998, he was appointed as a Director of Syarikat Bedena (M) Sdn Bhd, a company principally involved in building construction activities.

Currently, he sits on the boards of several other subsidiary companies of PCB. He does not hold any directorships in any other public companies. Mr. Foo Chu Pak is the brother of Dato' Foo Chu Jong who is a director and major shareholder of PCB and Mr. Foo Chew Sam who is a director of PCB. Save as aforesaid, he has no family relationship with any other director and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted for any offences in the past ten years other than traffic offences, if any.

4. DATUK NUR JAZLAN BIN TAN SRI MOHAMED

Y.B. Datuk Nur Jazlan Bin Tan Sri Mohamed, aged 38 and a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 4 December 2003. He is also a member of the Audit Committee of PCB. In addition, he sits on the Board of United Malayan Land Bhd.

He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and is currently a council member of the Malaysian Institute of Accountants. He is also currently the Member of Parliament for Pulai Constituency in Johor.

Y.B. Datuk Nur Jazlan has no family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no convictions for any offences in the past ten years other than traffic offences, if any.

5. ENCIK SHARIMAN BIN ZAINAL ABIDEEN

Encik Shariman Bin Zainal Abideen, aged 33 and a Malaysian, was appointed to the Board of the Company as its Executive Director of PCB on 21 November 2003.

He obtained his Certificate in Building from Politeknik Ungku Omar, Ipoh in 1990 and started his career with PST in the same year as a project supervisor. In 1991, he left PST to pursue his Diploma in Civil Engineering in Politeknik Ungku Omar, Ipoh. After graduation, he rejoined PST in 1994 as a project manager. Thereafter, he was appointed as a Director of PST in 2000.

Encik Shariman has no family relationship with any directors and/or major shareholders of the Company and he does not hold any directorships in any other public companies. He has no conflict of interest with the Company and has not been convicted for any offences in the past ten years other than traffic offences, if any.

6. MR. FOO CHEW SAM

Mr. Foo Chew Sam, aged 36 and a Malaysian, was appointed as an Executive Director of PCB on 21 November 2003.

Mr. Foo Chew Sam holds a Bachelor of Science Degree majoring in Civil Engineering from the University of Arizona, United States of America. In 1991, he joined PST as a project engineer and was subsequently promoted to project manager, where he is involved in the project management and the construction of government contracts.

Mr. Foo Chew Sam is the brother of Dato' Foo Chu Jong and Mr. Foo Chu Pak who are directors and substantial shareholders of PCB. Save as aforesaid, he has no family relationship with any other directors and/or major shareholders of the Company and does not hold any directorships in any other public companies. He has no conflict of interest with the Company and has not been convicted for any offences in the past ten years other than traffic offences, if any.



SENIOR Management



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From left:

Mak Bonleo, Foo Chu Pak, Lai May Ting, Hiew Chee Seng, Dato' Foo Chu Jong, Teoh Yee Shien, Lee Teck Keow, Foo Chew Sam & Shariman Bin Zainal Abideen



CHAIRMAN'S Statement



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The Group has secured a total of RM1.03 billion order book which will occupy the Group's operations until the year 2006. The Group will continue to venture into its core activities such as building construction, infrastructure and property development.



CHAIRMAN'S Statement (Continued)

It is my pleasure in my first year as Chairman to present the Annual Report and Financial Statements of Prinsiptek Corporation Berhad for the financial year ended 31 December 2003.



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This financial year saw the achievement of a major milestone in the Company's history with the Reverse Takeover of L & M Corporation (M) Berhad's listing status on the Second Board of Bursa Malaysia Securities Berhad on 10 December 2003.

FINANCIAL PERFORMANCE

The Group recorded a profit before tax of RM24.4 million on the back of a turnover of RM185.0 million for the financial year ended 31 December 2003. This achievement was mainly due to the consistent progress billings from the construction and property development divisions.

PROSPECT

The Group has secured a total of RM1.03 billion order book which will occupy the Group's operations until the year 2006. The Group will continue to venture into its core activities such as building construction, infrastructure and property development. The Management remains conservative and selective in its tendering and securing of works to ensure that the Group undertakes works which are in line with the Group's level of competency and strength. The Group's fundamentals are expected to remain intact with its low



CHAIRMAN'S Statement

(Continued)

gearing. The primary focus of the Group still remains in construction. In addition, the Group will continue to expand its property development division with projects currently being carried out in the Klang Valley and Kuantan for a total value of RM282.4 million.

The construction sector will continue to be supported by the property sub-sector, driven by measures and incentives introduced under the economic stimulus package introduced by the government to stimulate construction and sales of residential properties, in particular affordable houses. On-going public and privatised infrastructure projects will boost the growth of the construction and property development sectors.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, customers, suppliers, bankers and government authorities for their continuing support and confidence in the Group. And to the entire management and staff for their deep sense of dedication, hard work, commitment and enthusiasm for the advancement of the Group. I would also take this opportunity to thank my fellow colleagues on the Board for their guidance and contribution.

Dato' Seri Mohamad Noor Abdul Rahim
Chairman





CORPORATE Governance Statement

The Board of Directors ("the Board") affirms its overall responsibility in ensuring that the highest standard of Corporate Governance is practised throughout the Group with the objective of protecting and enhancing shareholders' value, and the financial position of the Group.

The Board will endeavour to fully comply with all the Principles in Part 1 of the Malaysian Code on Corporate Governance ("the Code") and to adopt the Best Practices as recommended in Part 2 of the Code in the best interest of the shareholders of the Group.

A. DIRECTORS

The Board

The Group is led and controlled by an effective Board. The Board provides strategic directions for the Group and regularly meets to review corporate strategies, resolve operational matters and monitor financial performance of the Group.

The Board has identified its Chairman, Dato' Seri Mohamad Noor Abdul Rahim, to whom concerns of shareholders, management and others may be conveyed.

Board Balance

The Board comprises six (6) directors of whom four (4) are executive directors and two (2) are independent non-executive directors, thereby meeting the minimum one-third requirement for independent directors to be appointed to the Board as required under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The individual profile of each director is presented in pages 11 to 12 of this Annual Report. The combination of different professionals with varied background, experience and skills has also enabled the Board to discharge its responsibilities effectively and efficiently.

Indeed, there is a clear segregation of duties between the Chairman of the Board ("the Chairman") and the Managing Director ("MD") so as to ensure that there is always a balance of power and authority. Essentially, the Chairman has the obligation to preside at various meetings, namely general meetings of shareholders, Board and Audit Committee meetings in order to address issues to be highlighted by and to members independently, whilst the MD has the responsibility to manage the day-to-day business operations of the Group by ensuring that strategies, policies and matters approved by the Board and other committees are carried out diligently.

Appointment to the Board

Prior to the appointment of a director to the Board, all nominations for the appointment of new directors will be submitted to the full Board for deliberation on the suitability of the candidate for directorship. A familiarisation programme, including visits to the Group's business and operations premises and meetings with senior management will be arranged for new directors to facilitate their understanding of the Group.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the directors including the MD shall retire by rotation from office at each Annual General Meeting ("AGM") and they shall be eligible for re-election at such AGMs. The directors to retire shall be the directors who have been longest in office since

CORPORATE Governance Statement

(Continued)

their appointment or last re-election. In addition, all directors including the MD shall be subject to retirement by rotation once in every three (3) years.

Board Meetings

The Board meets at least five (5) times a year. When necessary, additional meetings will be convened by the Board to make important decisions on an urgent basis. The Board will also meet at the end of every quarter of the financial year to deliberate and approve the financial results of the Group, corporate plans, acquisition and disposal of assets, investment proposals and other pertinent issues.

The details of attendance of the directors during the financial year ended 31 December 2003 are as follows: -

Name of Director	Number of Meetings Attended	Percentage of Attendance
Dato' Seri Mohamad Noor Abdul Rahim	1	100
Datuk Nur Jazlan Bin Tan Sri Mohamed	1	100
Dato' Foo Chu Jong	1	100
Foo Chu Pak	1	100
Shariman Bin Zainal Abideen	1	100
Foo Chew Sam	1	100

All the above meetings were held at the Company's registered office.

Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia. The directors will continue to attend continuous education programmes and seminars so as to further enhance their skills and knowledge, and keep abreast with developments in the market place.

Supply of Information

All directors have access to all information within the Group as well as the advice and services of the Company Secretary whether as a full Board or in their individual capacity to assist them in their decision making. Where necessary, the directors may engage independent professionals at the Group's expense on specialised issues to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated.

The agenda for the Board Meetings, together with appropriate reports and information on the Group's business operations and proposals for the Board's consideration are circulated to all the directors prior to the meetings with sufficient notice so as to ensure that all directors are given time to prepare, obtain additional information or clarification prior to attendance at the meetings.

Committees of the Board

The following committee is established to assist the Board in the discharge of its duties. The committee operates under approved terms of reference.

- **Audit Committee**

The terms of reference of the Company's Audit Committee and its activities during the financial year are set out under the Audit Committee Report in pages 23 to 26 of this Annual Report.

CORPORATE Governance Statement

(Continued)

- **Nomination Committee and Remuneration Committee**

In regard to the Nomination and Remuneration Committees as recommended under Part 2 of the Code, the Board opines that all matters relating to the nomination and remuneration of office bearers shall for the time being be deliberated upon by the Audit Committee and the Board in view that the Company has just been listed on Bursa Malaysia on 10 December 2003 and the size of the Board is small, comprising only six directors of whom four are executive directors and two are independent non-executive directors. The Nomination Committee and Remuneration Committee shall be established when the need arises in the future.

B. DIRECTORS' REMUNERATION

The aggregate remuneration of the Company's directors derived from the Group for the financial year under review is as follows:-

	Executive Director RM	Non-Executive Director RM	Total RM
Fee	686,900	5,000	691,900
Salary and other emoluments	272,766	-	272,766
Bonus and benefits-in-kind	61,000	-	61,000
Total	1,020,666	5,000	1,025,666

The number of the Company's directors whose total remuneration derived from the Group during the financial year under review that fall within the following bands is as follows:-

Range of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM50,000 and below	-	2
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	-
RM350,001 - RM400,000	1	-
RM400,001 - RM450,000	1	-
Total	4	2



CORPORATE Governance Statement

(Continued)

C. SHAREHOLDERS

Dialogue Between Company and Investors

The Group practises an open communication policy with its investors. In its efforts to promote effective communication, the Board has dialogue with shareholders and investors and recognises that timely and equitable dissemination of relevant information be provided to them through public announcements made during the year to Bursa Malaysia, the Company's Annual Reports, circulars and financial results on quarterly basis to enable shareholders and investors to have an overview of the Group's business activities and performance.

Annual General Meeting

The shareholders will be given sufficient notice for the holding of Annual General Meetings ("AGM") through Annual Reports sent to them at least 21 clear days prior to the date of the AGMs. At the AGMs, the Board will present to the shareholders a comprehensive report on the performance of the Group and the shareholders are encouraged to participate in the questions and answers session thereat, and will be given the opportunity to raise question or seek more information during the AGMs.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly announcement of financial results to shareholders, the Board has always strived to present a balanced and understandable assessment of the Group's financial position and prospects to shareholders.

The Audit Committee assists the Board in ensuring accuracy and adequacy of information by reviewing and recommending for adoption of information for disclosure.

The Statement of Directors' Responsibility for preparing Annual Audited Financial Statements pursuant to Paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia is set out in page 69 of this Annual Report.

Internal Control

The Board affirms the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. In order to enhance consistency within the Group, the Board has appointed an external consultant, Grant Thornton Consulting Sdn Bhd to provide professional services for internal control assessment and to carry out internal audit function for the Group.

The Statement on Internal Control set out in pages 21 to 22 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with the Auditors

The Board has appropriately established a formal and transparent relationship with the Group's auditors. The role of the Audit Committee in relation to the External Auditors may be found in the Audit Committee Report as set out in pages 23 to 26 of this Annual Report.



STATEMENT on Internal Control

INTRODUCTION

The Board of Directors (“The Board”) is committed in maintaining a sound system of internal controls to safeguard shareholders’ investment and the Group’s assets. The Board is pleased to provide the following Statement on Internal Control which outlines the nature and scope of internal controls of the Group during the year pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia.

Meanwhile, the Board also understands fully that the Board’s responsibility is to maintain a sound system of internal controls and ensures accurate information to be presented in the financial statements. Hence, the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve its business objectives.

In pursuing the business objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. As such, the Board recognises that a sound system of internal controls is an important part of managing risks in an effort to attain a balanced achievement of its business objectives, and operational efficiency and effectiveness.

KEY ELEMENTS OF THE GROUP’S INTERNAL CONTROLS

The Group has incorporated various key elements into its system of internal controls in order to safeguard shareholders’ investment and Group’s assets by:-

- giving authority to the Board’s committee members to investigate and report on any areas of improvement for the betterment of the Group;
- performing in-depth study on major variances and deliberating irregularities in the Board meetings and Audit Committee meetings so as to identify the causes of the problems and formulate solutions to resolve them;



STATEMENT on Internal Control

(Continued)

- arranging regular interactive meetings between the External Auditors and consultants to identify and rectify any weaknesses in the system of internal controls. The Board would also be informed on the matters brought up in the Audit Committee meetings on a timely basis;
- determining proactive actions to create awareness on the importance of staff's and line management's involvement in the system of internal controls as well as risk management by providing various training courses, seminars and workshops conducted by the external consultants;
- keeping management informed on the development of action plan for enhancing system of internal controls and allowing various management personnel to have access to important information for better decision making;
- making frequent on-site visits to the business and operations premises by senior management personnel so as to acquire a first hand view on various operational matters and addressing the issues accordingly; and
- monitoring key commercial, operational and financial risks through reviewing the system of internal controls and other operational structures so as to ensure that reasonable assurance on the effectiveness and efficiency of the same will mitigate the various risks faced by the Group to an appropriate level acceptable to the Board.

Furthermore, the Board recognises that the development of the system of internal controls is an ongoing process for identifying, evaluating and managing the risk faced by the Group. The Board maintains an ongoing commitment to strengthen the Group's internal control function and processes.

Indeed, the Board and Audit Committee have always ensured that the Group adopts good system of internal controls, corporate governance and best practices in its Board meetings and Audit Committee meetings taking into cognisance of possible establishment of additional processes for identifying, evaluating and managing the significant risks within the Group which is in accordance with the guidelines stipulated in the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" issued by the Bursa Malaysia.

INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROL

Currently, the Group has appointed an independent firm, Grant Thornton Consulting Sdn Bhd to independently review the system of internal controls and report to the Audit Committee.

Certain control weaknesses have been identified and are being addressed by the Board and Audit Committee so as to ensure that the integrity of internal controls can be enhanced in the future. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require mention in the Group's Annual Report. The management of the Group continues to take measures to strengthen the internal control environment.

AUDIT Committee Report

FORMATION

The Audit Committee was formed by the Board of Directors on 4 December 2003.

MEMBERS

The Audit Committee consists of the following members during the financial year:-

1. Dato' Seri Mohamad Noor Abdul Rahim - Chairman
(Chairman and Independent Non-Executive Director)
2. Datuk Nur Jazlan Bin Tan Sri Mohamed - Member
(Independent Non-Executive Director)
3. Foo Chu Pak - Member
(Executive Director)

MEETINGS AND ATTENDANCE

The Audit Committee held one (1) meeting during the financial year. The attendance of the Committee Members was as follow:-

Name of Committee Member	Number of Meetings Attended	Percentage of Attendance
Dato' Seri Mohamad Noor Abdul Rahim	1	100
Datuk Nur Jazlan Bin Tan Sri Mohamed	1	100
Foo Chu Pak	1	100

The Audit Committee meeting was attended by all Committee Members, and invitees comprising the Managing Director, Executive Directors and Senior Management. The Company Secretary acted as Secretary at the meetings to record and maintain minutes for the proceedings of the meeting.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are as follows:-

1. OBJECTIVES

- 1.1 To provide additional assurance to the Board by giving objective and independent review of Group's financial, operational and administrative controls and procedures.
- 1.2 To assist the Board in establishing and maintaining internal controls for areas of risks as well as safeguarding of assets within the Group.
- 1.3 To assess and supervise the quality of audits conducted by the Internal Auditors and External Auditors.
- 1.4 To reinforce the independence of the External Auditors and to assure that the External Auditors will have free rein in the audit process.

AUDIT Committee Report

(Continued)

1.5 To provide a forum for regular, informal and private discussion between the External Auditors and Directors who have no significant relationship with Management.

1.6 To reinforce the objectivity of the Internal Auditors.

2. MEMBERSHIP

2.1 The Audit Committee shall be appointed by the Board pursuant to a Board Resolution.

2.2 It shall comprise at least three (3) members of whom majority shall be independent non-executive directors.

2.3 The Chairman of the Audit Committee shall be appointed by the Board, or failing which, amongst the members of the Audit Committee themselves.

2.4 If the number of the members is reduced to below three (3) as a result of resignation or death of a member, or for any other reason(s) the member ceases to be member of the Audit Committee, the Board shall, within three (3) months of that event, appoint amongst such other directors, a new member to make-up the minimum number required herein.

2.5 At least one (1) member of the Audit Committee:-

2.5.1 must be a member of the Malaysian Institute of Accountants ("MIA"); or

2.5.2 if he/she is not a member of MIA, he must have at least three (3) years of working experience; and

(a) he/she must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

(b) he/she must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

2.5.3 must possess such qualifications as may from time to time be prescribed by Bursa Malaysia.

2.6 An alternate director is not eligible for membership in the Audit Committee.

3. AUTHORITY

3.1 The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference.

3.2 It shall have unlimited access to both the Internal Auditors and External Auditors as well as all employees of the Group.

3.3 It shall also have the authority to obtain independent legal or other professional advice and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

3.4 It shall also have the power to established Sub-Audit Committee(s) and delegate its powers to such Sub-Audit Committee(s) for the purpose of carrying out certain investigations on its behalf in such manner as the Audit Committee deems fit and necessary and, to appoint such officers within the Group as members of the Sub-Audit Committee(s).

4. FUNCTIONS

4.1 To review with both the Internal Auditors and External Auditors their audit plans and reports.

4.2 To review the scope of the internal audit programme and procedures, consider the results of internal audit investigations and assess Management's responses and actions to rectify any reported shortcoming.

AUDIT Committee Report

(Continued)

- 4.3 To evaluate the adequacy and effectiveness of the internal control systems as well as the administrative, operating and accounting policies employed.
- 4.4 To review the assistance given by the officers and employees of the Group to the Internal Auditors and External Auditors.
- 4.5 To review the Group's quarterly and annual consolidated financial statements and thereafter to submit them to the Board, focusing particularly on any changes in accounting polices and practices; significant adjustments arising from audit; the going concern assumption; compliance with accounting standards and other legal requirements.
- 4.6 To review any related party transactions that may arise within the Company or Group.
- 4.7 To identify and direct any special projects or investigations it deems necessary.
- 4.8 To nominate a person or persons as the External Auditors. To consider the audit fee and any question of resignation or dismissal of the External Auditors.
- 4.9 To discuss with the External Auditors before the audit commences, the nature and scope of their audit and ensure co-ordination where more than one audit firm is involved.
- 4.10 To discuss problems and reservations arising from the interim and final audits, and any other matter the External Auditors may wish to discuss in the absence of Management, where necessary.
- 4.11 To review the External Auditors' management letter and Management's response.
- 4.12 To carry out such other functions and consider other topics as may be agreed upon from time to time with the Board.
- 4.13 To review reports and consider recommendations of the Sub-Audit Committee(s), if any.

5. MEETINGS

- 5.1 The Audit Committee will hold regular meetings as and when the need arises and any such additional meetings as the Chairman of the Audit Committee so decides to fulfill its duties.
- 5.2 A quorum shall consist of two (2) members. The majority of members present must be independent non-executive directors.
- 5.3 Notice of not less than three (3) working days shall be given for the calling of any meeting to those entitled and required to be present.
- 5.4 Matters raised and tabled at all meetings shall be decided by a majority of votes of the members.
- 5.5 A resolution in writing, signed by all the members shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the Audit Committee.
- 5.6 Proceedings of all meetings held and resolutions passed as referred to in Clause 5.5 above shall be recorded by the Secretary and kept at the Company's registered office.
- 5.7 Every member of the Board shall have the right at any time to inspect the minutes of all meetings held and resolutions passed by the Audit Committee and the reports submitted thereat.

AUDIT Committee Report

(Continued)

- 5.8 The External Auditors shall have the right to appear and be heard at any meeting and shall appear before the Audit Committee when so required by the Audit Committee.
- 5.9 Upon the request of the External Auditors, the Chairman shall convene a meeting to consider any matters the External Auditors believe should be brought to the attention of the directors or shareholders of the Company.
- 5.10 The executive directors of any Group, Company, representatives of the Internal Auditors, the management and any employees of the Group, as the case requires, may be requested to attend such meetings.
- 5.11 The Audit Committee shall meet with the External Auditors at least once in a financial year without the presence of the executive board members of the Company.

6. COMPLIANCE

- 6.1 The provisions of Articles 119, 120 and 121 of the Company's Articles of Association except as otherwise expressly provided in these Terms of Reference shall apply to the Audit Committee.

SUMMARY OF ACTIVITIES

The activities of the Audit Committee since its establishment on 4 December 2003 up to the financial year ended 31 December 2003 are as follows:-

- Adopt its Terms of Reference; and
- Adopt the proposed schedule of Audit Committee Meetings during the financial year ending 31 December 2004

However, the Audit Committee had after the financial year ended 31 December 2003, reviewed and approved the following:-

- The financial results for the quarter ended 31 December 2003;
- All recurrent related party transactions during the same financial quarter;
- The appointment of Grant Thornton Consulting Sdn Bhd as the Internal Auditors and approved their terms of appointment;
- The Internal Audit Charter;
- The Statement on Internal Control;
- The Corporate Governance Statement;
- The Audit Committee Report;
- The Internal Auditors' Report on Operating Manuals and Corporate Governance Policies; and
- The audited consolidated financial statements of the Company for the financial year ended 31 December 2003.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The internal audit function for the PCB Group has been outsourced to an external consultant who has performed an independent review of the Group's Operating Manuals and Corporate Governance Policies.

FINANCIAL STATEMENTS



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REPORT of the Directors

The directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of management and investment holding. The principal activities of the subsidiary companies and associated companies are stated in notes 4 and 5 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(loss) before taxation	24,354,471	(107,786)
Taxation	(6,934,639)	(3,578)
Profit/(loss) after taxation	17,419,832	(111,364)
Minority shareholders' interest	(29,173)	-
Pre-acquisition profit	(11,529,513)	-
Net profit/(loss) for the year	5,861,146	(111,364)

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

There has not arisen during the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year.

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM2 to RM45,308,022 by additional allotment of 90,616,040 ordinary shares of RM0.50 each as follows:

Date of allotment	Number of shares issued	Consideration RM	Purposes
20.11.2003	69,800,000	34,900,000	Settlement of consideration for the acquisition of shares in Prinsiptek (M) Sdn. Bhd.
20.11.2003	5,200,000	2,600,000	Settlement of consideration for the acquisition of shares in Tanah Perangsang Sdn. Bhd.
20.11.2003	4,200,000	2,100,000	Settlement of consideration for the acquisition of shares in Gabungan Sanjung Sdn. Bhd.
20.11.2003	600,000	300,000	Settlement of consideration for the acquisition of shares in Sekinchan Jaya Sdn. Bhd.
20.11.2003	10,000,000	10,000,000	Private placement for the purpose of working capital and debts settlement under corporate and debt restructuring scheme of L&M Corporation (M) Berhad.
20.11.2003	816,040	408,020	Exchange 816,040 ordinary shares of RM1.00 each in L&M Corporation (M) Berhad under the corporate and debt restructuring scheme of L&M Corporation (M) Berhad.
	90,616,040	50,308,020	

The new ordinary shares issued during the year ranked pari passu in all respects with the existing ordinary shares of the Company.

On 19 November 2003, the Company also issued RM36,100,000 of nominal value of RM1.00 each of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") for the following :

- (a) RM100,000 ICULS as part of the purchase consideration for the Prinsiptek (M) Sdn. Bhd., a subsidiary company incorporated in Malaysia; and
- (b) RM36,000,000 ICULS for the settlement of scheme creditors under the corporate and debt restructuring scheme of L&M Corporation (M) Berhad ("CDRS of L&M").

The details of the ICULS are disclosed in note 19 to the financial statements.

REPORT of the Directors

(Continued)

DIRECTORS

The directors who served in office since the date of the last report are as follows:-

Dato' Foo Chu Jong D.S.S.A., J.P.	(appointed on 21.11.2003)
Dato' Seri Mohamad Noor Abdul Rahim	(appointed on 4.12.2003)
Datuk Nur Jazlan Bin Tan Sri Mohamed	(appointed on 4.12.2003)
Foo Chu Pak	(appointed on 21.11.2003)
Foo Chew Sam	(appointed on 21.11.2003)
Shariman Bin Zainal Abideen	(appointed on 21.11.2003)
Chan Chee Sheng	(resigned on 22.11.2003)
Cheng Ah Seng	(resigned on 22.11.2003)

Details of holdings and deemed interests in the share capital of the Company or its related corporations by the directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:-

Number of ordinary shares of RM0.50 each

	As at date of appointment	Acquired	Disposed	As at 31.12.2003
Direct interest -				
Dato' Foo Chu Jong D.S.S.A, J.P.	-	31,050,625	10,000	31,040,625
Foo Chu Pak	-	10,592,797	2,612,797	7,980,000
Shariman Bin Zainal Abideen	-	25,423,125	3,628,125	21,795,000

By virtue of their interests in the shares of the Company, Dato' Foo Chu Jong D.S.S.A, J.P., Foo Chu Pak and Shariman Bin Zainal Abideen are also deemed to have interest in the shares of all the subsidiary companies to the extent the Company has an interest.

None of the other directors in office at the end of the financial year held or dealt with any shares of the Company or its related corporations during the financial year.

Since the end of the previous financial year, no director of the Company has received or 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 note 22 to 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.

Neither during nor at the end of the financial year was the Company or any of its subsidiary companies a party to any arrangement the object of which is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) The directors, before the financial statements of the Group and of the Company were made out, took reasonable steps:-
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business were written down to an amount which they might be expected so to realise.
- (b) The directors are not aware of any circumstances, at the date of this report, which would render:-
- (i) the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
 - (iii) any amount stated in the financial statements of the Group and of the Company misleading; and
 - (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) No contingent or other liabilities have become enforceable, or are 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 affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (d) At the date of this report:-
- (i) there are no charges on the assets of the Company and its subsidiary companies which have arisen since the end of the financial year to secure the liabilities of any other person; and
 - (ii) there are no contingent liabilities in respect of the Company and its subsidiary companies which have arisen since the end of the financial year.

CHANGE OF NAME

On 22 November 2003, the Company changed its name from Itsucom Berhad to Prinsiptek Corporation Berhad.

NUMBER OF EMPLOYEES

The total number of employees of the Group and of the Company at the end of the financial year were 119 and Nil (2002 : Nil and Nil) respectively.

SIGNIFICANT EVENTS

The significant events are disclosed in note 30 to the financial statements.

REPORT of the Directors

(Continued)

SUBSEQUENT EVENTS

The subsequent events are disclosed in note 32 to the financial statements.

AUDITORS

The auditors, Anuarul Azizan Chew & Co., have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors,

DATO' FOO CHU JONG D.S.S.A, J.P.

FOO CHU PAK

KUALA LUMPUR
21 APRIL 2004

STATEMENT by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **DATO' FOO CHU JONG** D.S.S.A, J.P. and **FOO CHU PAK**, being two of the directors of PRINSIPTEK CORPORATION BERHAD (formerly known as Itsucom Berhad), do hereby state that, in the opinion of the directors, the financial statements set out on pages 35 to 68 are drawn up in accordance with the 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 state of affairs of the Group and of the Company as at 31 December 2003 and of their results and the cash flows of the Group and of the Company for the year ended on that date.

On behalf of the Board,

DATO' FOO CHU JONG D.S.S.A, J.P.

FOO CHU PAK

KUALA LUMPUR
21 APRIL 2004

STATUTORY Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **DATO' FOO CHU JONG** D.S.S.A, J.P., being the director primarily responsible for the financial management of PRINSIPTEK CORPORATION BERHAD (formerly known as Itsucom Berhad), do solemnly and sincerely declare that the financial statements set out on pages 35 to 68 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 **DATO' FOO
CHU JONG** D.S.S.A, J.P. at Kuala
Lumpur in the Federal Territory this
21 APRIL 2004

DATO' FOO CHU JONG D.S.S.A, J.P.

Before me,

Commissioner for Oaths

REPORT of the Auditors to the Members

of PRINSIPTEK CORPORATION BERHAD

(formerly known as Itsucom Berhad) • (Company No.: 595000-H) • (Incorporated in Malaysia)

We have audited the financial statements set out on pages 35 to 68. 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 approved standards on auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company as at 31 December 2003 and of their results and the cash flows of the Group and of the Company 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.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of consolidated financial statements and have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

ANUARUL AZIZAN CHEW & CO

Firm Number : AF 0791

Chartered Accountants

TEE GUAN PIAN

Approved Number : 1886/05/04 (J/PH)

Partner of Firm

KUALA LUMPUR

21 APRIL 2004

BALANCE Sheets

as at 31 December 2003

	Note	Group	Company	
		2003 RM	2003 RM	2002 RM
ASSETS EMPLOYED				
PROPERTY, PLANT AND EQUIPMENT	3	9,049,160	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	4	-	40,000,000	-
INVESTMENT IN ASSOCIATED COMPANY	5	5,959	-	-
LAND AND DEVELOPMENT EXPENDITURE	6	13,152,635	-	-
OTHER INVESTMENT	7	10,800	-	-
INTANGIBLE ASSETS	8	43,568,016	38,408,020	-
CURRENT ASSETS				
Inventories		24,817	-	-
Land and development expenditure	6	23,434,134	-	-
Amount owing by customers on contracts	9	23,709,861	-	-
Trade receivables		94,417,712	-	-
Other receivables	10	14,638,238	1,093,693	-
Amount owing by subsidiary companies	11	-	5,910,167	-
Amount owing by associated companies	12	5,028	-	-
Fixed deposits placed with licensed banks	13	26,381,200	-	-
Cash and bank balances		1,073,620	18,519	2
		183,684,610	7,022,379	2
Less : CURRENT LIABILITIES				
Trade payables	14	64,525,140	-	-
Other payables	15	9,352,694	637,693	705
Hire purchase payables	16	1,200,770	-	-
Amount owing to customers on contracts	9	31,495,564	-	-
Amount owing to directors		-	-	6,825
Bank borrowings	17	47,639,787	-	-
Provision for taxation		2,301,207	3,578	-
		156,515,162	641,271	7,530
NET CURRENT ASSETS/(LIABILITIES)		27,169,448	6,381,108	(7,528)
		92,956,018	84,789,128	(7,528)

BALANCE Sheets

as at 31 December 2003 (Continued)

	Note	Group	Company	
		2003 RM	2003 RM	2002 RM
FINANCED BY				
SHARE CAPITAL	18	45,308,022	45,308,022	2
SHARE PREMIUM		3,500,000	3,500,000	-
RESERVE ON CONSOLIDATION		658,115	-	-
IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS	19	35,765,741	35,765,741	-
RETAINED PROFITS/(ACCUMULATED LOSSES)		5,853,616	(118,894)	(7,530)
		91,085,494	84,454,869	(7,528)
MINORITY INTERESTS		86,135	-	-
BANK BORROWINGS	17	275,867	-	-
HIRE PURCHASE PAYABLES	16	337,811	-	-
IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS	19	334,259	334,259	-
DEFERRED TAXATION	20	836,452	-	-
		92,956,018	84,789,128	(7,528)

The notes on pages 41 to 68 form part of these financial statements.

INCOME Statements
for the year ended 31 December 2003

	Note	Group	Company	
		2003 RM	2003 RM	2002 RM
Revenue	21	185,041,319	12,780	-
Cost of sales		(155,458,979)	-	-
Gross profit		29,582,340	12,780	-
Other operating income		598,569	-	-
Marketing and distribution expenses		(43,480)	-	-
Administration expenses		(3,155,419)	(35,509)	(7,530)
Other operating expenses		(1,369,081)	-	-
Net profit/(loss) from operations	22	25,612,929	(22,729)	(7,530)
Finance cost	23	(1,257,464)	(85,057)	-
Share of loss in associated company		(994)	-	-
Profit/(loss) before taxation		24,354,471	(107,786)	(7,530)
Taxation	24	(6,934,639)	(3,578)	-
Profit/(loss) after taxation		17,419,832	(111,364)	(7,530)
Minority interests		(29,173)	-	-
Pre-acquisition profit		(11,529,513)	-	-
Net profit/(loss) for the year		5,861,146	(111,364)	(7,530)
Earning per share (Sen)	25			
Basic		57.6		
Fully diluted		41.6		

For the purposes of presentation and comparison, the Consolidated Income Statement has been drawn up for the entire period of 12 months, and the results of the subsidiary companies prior to the effective formation of the Group have been treated as pre-acquisition profit.

The notes on pages 41 to 68 form part of these financial statements.

STATEMENTS of Changes in Equity

for the year ended 31 December 2003

	Share Capital RM	Share Premium RM	ICULS Equity Component RM	Reserve on Consolidation RM	Retained Profit/ (Accumulated Losses) RM	Total RM
Group						
Balance at 1 January 2003	2	-	-	-	(7,530)	(7,528)
Issued during the year	45,308,020	5,000,000	-	-	-	50,308,020
Listing expense	-	(1,500,000)	-	-	-	(1,500,000)
Arising on acquisition of subsidiary companies	-	-	-	658,115	-	658,115
Reclassification of ICULS - equity component	-	-	35,765,741	-	-	35,765,741
Net profit for the year	-	-	-	-	5,861,146	5,861,146
Balance at 31 December 2003	45,308,022	3,500,000	35,765,741	658,115	5,853,616	91,085,494

	Share Capital RM	Share Premium RM	ICULS Equity Component RM	Retained Profit/ (Accumulated Losses) RM	Total RM
Company					
Balance at date of incorporation	2	-	-	-	2
Net loss for the year	-	-	-	(7,530)	(7,530)
Balance at 31 December 2002	2	-	-	(7,530)	(7,528)
Balance at 1 January 2003	2	-	-	(7,530)	(7,528)
Issued during the year	45,308,020	5,000,000	-	-	50,308,020
Listing expenses	-	(1,500,000)	-	-	(1,500,000)
Reclassification of ICULS - equity component	-	-	35,765,741	-	35,765,741
Net loss for the year	-	-	-	(111,364)	(111,364)
Balance at 31 December 2003	45,308,022	3,500,000	35,765,741	(118,894)	84,454,869

The notes on pages 41 to 68 form part of these financial statements.

CASH FLOW Statements
for the year ended 31 December 2003

	Group	Company	
	2003 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation	24,354,471	(107,786)	(7,530)
Adjustment for:-			
Pre-acquisition results	(16,212,100)	-	-
Depreciation of property, plant and equipment	-	-	-
- charge for the year	385,602	-	-
- less : pre-acquisition	(284,772)	-	-
Interest expense	100,830	-	-
Interest income	737,950	-	-
Share of loss in associated company	(144,829)	(12,780)	-
Loss on disposal of property, plant and equipment	491	-	-
	396	-	-
Operating profit/(loss) before working capital changes	8,837,209	(120,566)	(7,530)
Decrease/(increase) in working capital			
Inventories	8,653	-	-
Land and development expenditure	(257,583)	-	-
Amount owing by/to customers on Contract Receivables	15,440,034	-	-
Amount owing by subsidiary company	(20,950,188)	(1,093,693)	-
Payables	-	(5,910,167)	-
Amount owing by associated company	1,011,142	630,163	7,530
	(5,028)	-	-
	(4,752,970)	(6,373,697)	7,530
Cash generated from/(used in) operations	4,084,239	(6,494,263)	-
Interest paid	(682,460)	-	-
Tax paid	(1,145,492)	-	-
	(1,827,952)	-	-
Net cash from/(used in) operating activities	2,256,287	(6,494,263)	-

CASH FLOW Statements

for the year ended 31 December 2003 (Continued)

	Note	Group	Company	
		2003 RM	2003 RM	2002 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		144,829	12,780	-
Purchase of property, plant and equipment		(243,233)	-	-
Proceeds from sale of property, plant and equipment		51,498	-	-
Acquisition of subsidiary companies	4(c)	(28,529,940)	-	-
Net cash (used in)/from investing activities		(28,576,846)	12,780	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		10,000,000	10,000,000	2
Debt settlement pursuant to CDRS of L&M		(2,000,000)	(2,000,000)	-
Repayment of hire purchase payables		(472,631)	-	-
Listing and CDRS expenses		(1,500,000)	(1,500,000)	-
Drawdown of bank borrowings		182,393	-	-
Net cash from financing activities		6,209,762	6,500,000	2
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(20,110,797)	18,517	2
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		2	2	-
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		(20,110,795)	18,519	2
Closing balance of cash and cash equivalents comprises:-				
Cash and bank balances		1,073,620	18,519	2
Deposits with licensed bank		26,381,200	-	-
Bankers' acceptances		(8,372,985)	-	-
Bank overdrafts and projects loans		(39,192,630)	-	-
		(20,110,795)	18,519	2

The notes on pages 41 to 68 form part of these financial statements.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of management and investment holding. The principal activities of the subsidiary companies and associated company are stated in notes 4 and 5 to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

(b) Basis of consolidation

Subsidiary companies 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 the subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed 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 subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate.

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.

Minority interest is measured at the minorities' share of the fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

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 goodwill and exchange differences which were not previously recognised in the consolidated income statement.

(c) Associated companies

Associated companies are defined as those enterprises, not being a subsidiary company, in which the investor company has a long term equity interest and in whose financial and operating decisions the investor company exercises significant influence.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

NOTES to the Financial Statements

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets

(i) Goodwill or reserve arising on consolidation

Goodwill or reserve arising on consolidation represents the difference between the cost of the acquisition over the fair value of the net identifiable assets of subsidiary companies and associated companies acquired at the date of acquisition. Goodwill or reserve is not amortised. Goodwill or reserve is stated at cost less impairment losses, if any. Goodwill will be reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

(ii) Listing status

This represents the purchase consideration paid/payable for the transfer of L&M Corporation (M) Berhad's listing status to the Company.

Listing status is not amortised. Listing status is stated at cost less impairment losses, if any. It will be reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

(iii) Development rights

Development rights represent the excess of the acquisition cost over the fair values of the net assets of subsidiary companies, which own development rights over certain development lands, acquired at the date of acquisition.

Development rights are amortised through the consolidated income statement based on the percentage of completion of each project commencing from the launching date of the project.

(e) Investments

Investments in subsidiary and associated companies are stated at cost less impairment losses, if any.

Other investments are stated at cost and allowance is made where, in the opinion of the Directors, there is a permanent diminution in value. Permanent diminution in the value of investment is recognised as an expense in the financial year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is not depreciated. All other property, plant and equipment with the exception of loose tools are depreciated on a straight line method at rates calculated to write off the cost of the assets over their estimated useful lives.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (Continued)

The principal annual rates used are as follows:-

Buildings	2%
Computers	10%-33%
Furniture and fittings	10%
Tools and instruments	Base stock
Motor vehicles	20%
Office and electrical equipment	10%
Plant and machinery	10%
Renovation	10%
Scaffolding	10%

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised as income or expense in the income statements.

(g) Impairment of assets

The carrying values of the Group's and of the Company's assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

An impairment loss is charged to the income statement immediately. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(h) Inventories

The inventories are stated at the lower of cost and net realisable value.

The inventories mainly comprise cement, aggregate and chemicals and their cost are determined using first-in-first-out method.

(i) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when identified. Doubtful debts are provided based on specific review of the receivables.

(j) Land and development expenditure

Land and development expenditure consist of leasehold land stated at cost, development cost, including interest expense on loans and advances utilised to finance on-going development and the portion of profit attributable to development work performed to date less provision for foreseeable losses, if any.

The Company considers that portion of land and development expenditure on which development work has commenced and is expected to be completed within the normal operating cycle of two to three years as current assets.

NOTES to the Financial Statements

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Construction contracts

Construction contracts are stated at cost plus the attributable profits less applicable progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour, sub-contract sum, interest expenses and general expenses which can be allocated to specific contract.

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

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing by customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to customers on contracts.

(l) Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed or unbilled.

(m) Hire purchase liabilities

Assets under hire purchase arrangements, which in substance transfer the risks and benefits of ownership of the assets to the Group, are capitalised under property, plant and equipment. The assets and the corresponding hire purchase obligations are recorded at the lower of present value of the minimum hire purchase payments or the fair value of the hire purchase assets at the beginning of the hire purchase terms. Such hire purchase assets are subject to depreciation consistent with that for depreciable assets which are owned.

The interest element of the hire purchase installments is charged to income statement over the period of the hire purchase term and accounted for on the sum of digits method.

(n) Borrowings

Interest bearing bank borrowings are recorded at the amount of proceeds received, net of transaction costs incurred.

(o) ICULS

ICULS are regarded as compound instruments consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible borrowings. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in shareholders' equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or maturity whilst the value of the equity component is not adjusted in subsequent periods except in times of ICULS conversion into ordinary shares.

Under the effective interest rate method, the interest expenses on liability component is calculated by applying the prevailing market interest rate for a similar non-convertible borrowings. The difference between this amount and the interest paid is added to the carrying value of the ICULS.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(p) Equity instruments**

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

The portion of of the ICULS representing the value of conversion option is included in equity as stated in Note 2(o) on ICULS.

(q) Revenue recognition

(i) Profit from development projects is recognised based on the percentage of completion method on all building units that have been sold. Stage of completion is based on the total costs incurred to date over the estimated total project costs. Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

(ii) Profit from construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on completion of a physical proportion of contract work

Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

(iii) Sales of goods are recognised upon delivery of products and customer acceptance net of discounts, if any.

(iv) Interest income and management fee are recognised on a accrual basis.

(r) Income Tax

Taxation for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of 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.

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 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.

NOTES to the Financial Statements

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Borrowing cost

Borrowing costs related to the acquisition and construction of property, plant and equipment, construction contracts and property development activities are capitalised during the period of time that is required to complete and prepared the assets for their intended use or sale. All other borrowing costs are recognised as expenses in the income statements in the period in which they are incurred.

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(u) Financial instruments

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

Financial instruments carried on the balance sheets include cash and bank balances, deposits, investment, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

(v) 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 Company. 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 in the period to which they relate.

(iii) Employees' Share Option Scheme

Company's Employees' Share Option Scheme allows the Group's employees to subscribe for shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Computers RM	Furniture and fittings RM	Tools and instrument RM	Motor vehicles RM	Office and electrical equipment RM	Plant and machinery RM	Renovation RM	Scaffolding RM	Total RM
Group											
Cost											
At 1.1.2003	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary companies	573,387	860,080	718,906	921,217	45,820	1,500,111	843,875	8,137,537	451,764	1,141,038	15,193,735
Additions	-	-	68,825	41,496	4,000	153,884	28,530	656,550	-	-	953,285
Disposal	-	-	-	-	-	-	(950)	(62,927)	-	-	(63,877)
Other movement	-	-	-	-	-	-	-	-	-	(1,141,038)	(1,141,038)
At 31.12.2003	573,387	860,080	787,731	962,713	49,820	1,653,995	871,455	8,731,160	451,764	-	14,942,105
Accumulated depreciation											
At 1.1.2003	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary companies	-	-	236,265	168,039	-	1,248,221	402,809	3,376,129	235,500	526,582	6,193,545
Charge for the year	-	19,555	11,883	8,019	-	41,248	12,610	137,134	7,515	19,015	256,979
Disposal	-	-	-	-	-	-	(554)	(11,428)	-	-	(11,982)
Other movement	-	-	-	-	-	-	-	-	-	(545,597)	(545,597)
At 31.12.2003	-	19,555	248,148	176,058	-	1,289,469	414,865	3,501,835	243,015	-	5,892,945
Net book value											
At 31.12.2003	573,387	840,525	539,583	786,655	49,820	364,526	456,590	5,229,325	208,749	-	9,049,160

Included in property, plant and equipment are motor vehicles and plant and machinery under hire purchase with net book value of RM2,118,174 and 193,802 respectively.

The freehold land and building with net book values of RM438,187 and RM641,249 respectively are pledged to a financial institution as security for credit facilities granted to a subsidiary company.

NOTES to the Financial Statements
(Continued)

NOTES to the Financial Statements

(Continued)

4. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company	
	2003 RM	2002 RM
Unquoted shares, at cost	40,000,000	-

(b) The subsidiary companies and shareholdings therein are as follows:-

Name of Company	Equity Interest		Principal activities
	2003 %	2002 %	
Direct holding -			
Sekinchan Jaya Sdn. Bhd.	100	-	Property development
Tanah Perangsang Sdn. Bhd.	100	-	Investment holding
@ Gabungan Sanjung Sdn. Bhd.	100	-	Investment holding
Prinsiptek (M) Sdn. Bhd.	100	-	Building contractors and undertaking various government contracts
Indirect holding-			
Jeram Perwira Sdn. Bhd.	100	-	Property development
Esa Pile Sdn. Bhd.	100	-	Piling and construction works
LKD Trading Sdn. Bhd. (formerly known as LKD Realty Sdn. Bhd.)	100	-	Trading of building materials
Antara Murni Development Sdn. Bhd.	70	-	Property development
PST Concrete Sdn. Bhd. (formerly known as Asia Hoist Sdn. Bhd.)	60	-	Manufacturing and trading of ready mix concrete
@ NBL Land Development Sdn. Bhd.	100	-	Property development

@ The consolidation of these subsidiary companies are based on unaudited management accounts for the period ended 31 December 2003.

All the subsidiary companies are incorporated in Malaysia and are audited by Anuarul Azizan Chew & Co.

NOTES to the Financial Statements

(Continued)

4. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Acquisition of subsidiary companies

The effect of the acquisition on the financial results of the Group during the financial year is as follows:-

	Group
	2003 RM
Revenue	37,512,592
Cost of sales	(28,139,147)
Gross profit	9,373,445
Other operating income	144,829
Marketing and distribution	(42,602)
Administration expenses	(390,489)
Other operating expenses	(181,642)
Net profit from operations	8,903,541
Finance cost	(652,893)
Share of associated company	(491)
Profit before taxation	8,250,157
Taxation	(2,271,188)
Profit after taxation	5,978,969
Minority shareholders' interest	(6,459)
Net profit for the year	5,972,510

NOTES to the Financial Statements

(Continued)

4. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Acquisition of subsidiary companies (Continued)

The summary of effects of the acquisition on the financial position of the Group as at 31 December 2003 is as follows:-

	Group
	2003 RM
Property, plant and equipment	9,049,160
Land and development expenditure	36,586,769
Other investment	10,800
Investment in associated company	5,959
Intangible assets	5,159,996
Amount owing by customers on contracts	23,709,861
Inventories	24,817
Trade receivables	94,417,712
Other receivables	7,634,378
Amount owing by associated company	5,028
Fixed deposits placed with licensed banks	26,381,200
Cash and bank balances	1,055,101
Amount owing to customers on contracts	(31,495,564)
Trade payables	(64,525,140)
Other payables	(8,715,001)
Bank borrowings	(47,915,654)
Hire purchase payables	(1,538,581)
Provision for taxation	(2,297,629)
Deferred taxation	(836,452)
Reserve on consolidation	(658,115)
Minority interest	(86,135)
	45,972,510

NOTES to the Financial Statements

(Continued)

4. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Acquisition of subsidiary companies (Continued)

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

	Group
	2003 RM
<hr/>	
Net assets acquired:-	
Property, plant and equipment	9,000,190
Land and development expenditure	36,329,186
Investment in associated companies	6,450
Other investment	10,800
Amount owing by customers on contracts	7,173,788
Inventories	33,470
Receivables	88,079,143
Fixed deposits with licensed banks	25,027,878
Cash and bank balances	815,976
Payables	(72,774,104)
Hire purchase payables	(1,301,162)
Provision for taxation	(1,326,959)
Bank borrowings	(54,541,440)
Deferred taxation	(654,807)
Minority interest	(79,676)
Amount owing to customers on contracts	(300,614)
<hr/>	
Share of net assets acquired	35,498,119
Goodwill on consolidation	3,276,114
Development rights	1,883,882
Reserve on consolidation	(658,115)
<hr/>	
Total purchase consideration	40,000,000
Less: Portion discharged by	
- issuance of the Company's shares	(39,900,000)
- issuance of the Company's ICULS	(100,000)
<hr/>	
Discharged by cash	-
Less: cash and cash equivalent of subsidiary companies	(28,529,940)
<hr/>	
Cash outflow on acquisition, net of cash acquired	(28,529,940)
<hr/>	

NOTES to the Financial Statements

(Continued)

5. INVESTMENT IN ASSOCIATED COMPANY

(a) Investment in associated company

	Group
	2003 RM
Unquoted shares - at cost	40,000
Share of post acquisition accumulated losses	(34,041)
	5,959
Share of net assets	5,959

(b) The associated company and shareholdings therein is as follows :-

Name of Company	Country of incorporation	Effective interest		Principal activities
		2003 %	2002 %	
Antap Wangsa Holdings Sdn. Bhd.	Malaysia	40	-	Project contractors

NOTES to the Financial Statements

(Continued)

6. LAND AND DEVELOPMENT EXPENDITURE

	Group
	2003 RM
Non-current	
Development expenditure	
Balance as at 1 January	-
Acquisition of subsidiary companies	12,839,306
Addition during the year	313,329
Balance as at 31 December	13,152,635
Current	
Leasehold land, at cost	233,845
Development expenditure	
Balance as at 1 January	-
Acquisition of subsidiary companies	26,118,579
Addition during the year	2,013,498
Balance as at 31 December	28,132,077
Total	28,365,922
Attributable profit	4,764,189
Less: Progress billings	33,130,111 (9,695,977)
	23,434,134

A subsidiary company entered into a privatisation agreement with the landowner to develop a piece of leasehold land solely at the cost of that subsidiary company and based on the agreement, that subsidiary company is required to pay a consideration of 20% of the total projected gross sales value of the development to the landowner in the manner specified in the agreement.

NOTES to the Financial Statements

(Continued)

7. OTHER INVESTMENT

	Group
	2003 RM
At cost	
Quoted shares in Malaysia	10,800
At market value	
Quoted shares in Malaysia	16,530

8. INTANGIBLE ASSETS

	Group	Company	
	2003 RM	2003 RM	2002 RM
Goodwill	3,276,114	-	-
Listing status	38,408,020	38,408,020	-
Development rights	1,883,882	-	-
	43,568,016	38,408,020	-

9. AMOUNTS OWING BY/TO CUSTOMERS ON CONTRACTS

	Group
	2003 RM
Aggregate cost incurred to date	356,785,953
Attributable profit	47,352,276
	404,138,229
Less: Progress billings	(411,923,932)
	(7,785,703)
Represented by:-	
Amount owing by customers on contracts	23,709,861
Amount owing to customers on contracts	(31,495,564)
	(7,785,703)
Retention sum included in progress billings	4,727,976

NOTES to the Financial Statements

(Continued)

9. AMOUNTS OWING BY/TO CUSTOMERS ON CONTRACTS (CONTINUED)

Included in construction contract costs incurred during the financial year are:-

	Group
	2003 RM
Hire of machinery	1,852,343
Depreciation of property, plant and equipment	
- pre acquisition	705,755
- post acquisition	156,149
Finance cost	5,028,155
Rental of premises	168,770

10. OTHER RECEIVABLES

	Group	Company	
	2003 RM	2003 RM	2002 RM
Other receivables	1,369,141	-	-
Deposits	13,269,097	1,000,000	-
	14,638,238	1,000,000	-

11. AMOUNT OWING BY SUBSIDIARY COMPANIES

This represents unsecured interest free advances with no fixed term of repayment.

12. AMOUNT OWING BY ASSOCIATED COMPANY

This represents unsecured interest free advances with no fixed term of repayment.

13. FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS

The above have been pledged to financial institutions as security for banking facilities granted to subsidiary companies.

The interest rates and maturities of deposits ranges from 2.60% to 4.00% per annum and 30 to 365 days (2002: 2.60% to 4.00% and 30 to 365 days) respectively.

NOTES to the Financial Statements

(Continued)

14. TRADE PAYABLES

Included in the trade payables of the Group is an amount of RM15,450,592 (2002 : RM2,713,564) owing to the landowner as mentioned in note 6 to the financial statements.

15. OTHER PAYABLES

	Group	Company	
	2003 RM	2003 RM	2002 RM
Other payables	7,954,255	6,825	-
Accruals	1,398,439	630,868	705
	9,352,694	637,693	705

16. HIRE PURCHASE PAYABLES

		Group
		2003 RM
(a)	Future minimum payments	
	Payable within one year	1,260,009
	Payable between one and five years	348,744
		1,608,753
	Less : Finance charges	(70,172)
		1,538,581
(b)	Present value representing hire purchase liabilities	
	Payable within one year	1,200,770
	Payable between one and five years	337,811
		1,538,581

NOTES to the Financial Statements
(Continued)

17. BANK BORROWINGS

	Group
	2003 RM
Project loans	18,260,989
Bank overdrafts	20,931,641
Bankers' acceptances	8,372,985
Fixed loans	350,039
	47,915,654
Repayable within twelve months	47,639,787
Repayable after twelve months	275,867
	47,915,654

The above credit facilities obtained from licensed financial institutions are secured by a charge over the freehold land and building of subsidiary company with net book values of RM438,187 and RM641,249 respectively, fixed deposits of RM26,381,200 and personal guarantee of certain directors.

The fixed loan is repayable over a period of 72 months at a monthly instalment of RM6,818.

Range of interest rates is as follows:-

	2003 %	2002 %
Project loans	7.75 - 8.15	8.15 - 8.55
Bank overdrafts	7.75 - 8.15	8.15 - 8.55
Bankers' acceptances	3.00 - 4.00	3.00 - 4.00
Fixed loans	7.25 - 7.00	7.90 - 8.30

NOTES to the Financial Statements

(Continued)

18. SHARE CAPITAL

	Group/Company	
	2003 RM	2002 RM
Ordinary shares:		
Authorised		
At 1 January/date of incorporation of RM1.00 each	100,000	100,000
Upon sub division of RM0.50 each	100,000	100,000
Created during the year of RM0.50 each/RM1.00 each	99,900,000	-
As at 31 December of RM0.50 each/RM1.00 each	100,000,000	100,000
Issued and fully paid		
At 1 January/date of incorporation of RM1.00 each	2	2
Upon sub division of RM0.50 each	2	2
Issued during the year of RM0.50 each	45,308,020	-
As at 31 December of RM0.50 each/RM1.00 each	45,308,022	2

During the financial year, the issued and paid-up share capital of the Company was increased from RM2 to RM45,308,022 by additional allotment of 90,616,040 ordinary shares of RM0.50 each as follows:

Date of allotment	Number of shares issued	Consideration RM	Purposes
20.11.2003	69,800,000	34,900,000	Settlement of consideration for the acquisition of shares in Prinsiptek (M) Sdn. Bhd.
20.11.2003	5,200,000	2,600,000	Settlement of consideration for the acquisition of shares in Tanah Perangsang Sdn. Bhd.
20.11.2003	4,200,000	2,100,000	Settlement of consideration for the acquisition of shares in Gabungan Sanjung Sdn. Bhd.

NOTES to the Financial Statements

(Continued)

18. SHARE CAPITAL (CONTINUED)

Date of allotment	Number of shares issued	Consideration RM	Purposes
20.11.2003	600,000	300,000	Settlement of consideration for the acquisition of shares in Sekinchan Jaya Sdn. Bhd.
20.11.2003	10,000,000	10,000,000	Private placement for the purpose of working capital and debts settlement under corporate and debt restructuring scheme of L&M Corporation (M) Berhad.
20.11.2003	816,040	408,020	Exchange 816,040 ordinary shares of RM1.00 each in L&M Corporation (M) Berhad under the corporate and debt restructuring scheme of L&M Corporation (M) Berhad.
	90,616,040	50,308,020	

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19. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	Group/Company	
	2003 RM	2002 RM
Equity instrument		
Nominal value - Irredeemable Convertible Unsecured Loan Stocks 2003/2006	35,765,741	-
Liability instrument		
Nominal value - Irredeemable Convertible Unsecured Loan Stocks 2003/2006	334,259	-

The Company, under a Trust Deed dated 19 November 2003, issued RM36,100,000 of nominal value of RM1.00 each of ICULS as part of the purchase consideration for the Prinsiptek (M) Sdn. Bhd., a subsidiary company incorporated in Malaysia and for the settlement of scheme creditors under the corporate and debt restructuring scheme of L&M Corporation (M) Berhad.

NOTES to the Financial Statements

(Continued)

19. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONTINUED)

The salient terms of the ICULS are as follows:-

- (a) The ICULS issued in registered form and in multiples of RM1.00;
- (b) The ICULS bears interest at the rate of 2.0% per annum for the first and second year and 3.0% per annum for the third year, payable in arrears on each anniversary date of issuance of the ICULS based on the amount outstanding at the respective anniversaries;
- (c) RM1.00 nominal value of ICULS is convertible into 1 ordinary share of the Company. The conversion price will be subject to adjustments under certain circumstances in accordance with the provisions of the trust deed;
- (d) The ICULS is convertible into new ordinary shares during the period commencing from and including the date of issue of the ICULS up to the maturity date;
- (e) The ICULS constitutes direct, unconditional and unsecured obligations of the Company ranking pari passu with the unsecured obligations of the Company without any preference or priority amongst themselves;
- (f) The new ordinary shares of the Company issued pursuant to the conversion of the ICULS are rank pari passu in all respects with the existing ordinary shares of the Company in issue at the date of conversion, except that they are not entitled to any dividend, rights, allotments and/or other distributions, the entitlement date of which is prior to such date of allotment of the new ordinary shares of the Company; and
- (g) The ICULS are for a period of 3 years commencing from and including the date of issue of the ICULS.

20. DEFERRED TAXATION

	Group
	2003 RM
At 1 January	655,300
Recognised in income statement	181,152
At 31 December	836,452

NOTES to the Financial Statements

(Continued)

20. DEFERRED TAXATION (CONTINUED)

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

	Accelerated capital allowances RM	Total RM
At 1 January 2003	655,300	655,300
Recognised in income statement	181,152	181,152
At 31 December 2003	836,452	836,452

21. REVENUE

	Group	Company	
	2003 RM	2003 RM	2002 RM
Property development	17,986,825	-	-
Construction contracts	161,658,668	-	-
Trading	5,383,046	-	-
Interest income	12,780	12,780	-
	185,041,319	12,780	-

22. NET PROFIT/(LOSS) FROM OPERATIONS

Net profit/(loss) from operations is derived after charging/(crediting):-

	Group	Company	
	2003 RM	2003 RM	2002 RM
Auditors' remuneration	38,000	5,000	500
Directors' remuneration			
- fees	691,900	5,000	-
- salaries, bonus and allowances	307,299	-	-
- contribution to Employees Provident Fund	26,467	-	-
Depreciation of property, plant and equipment	385,602	-	-
Property, plant and equipment written off	2,237	-	-
Preliminary expenses	-	-	2,800
Loss on disposal of property, plant and equipment	665	-	-
Rental of premises	82,750	-	-
Interest income	(584,310)	(12,780)	-
Dividend income	(240)	-	-
Gain on disposal of property, plant and equipment	(2,595)	-	-

NOTES to the Financial Statements

(Continued)

23. FINANCE COST

	Group	Company	
	2003 RM	2003 RM	2002 RM
Interest expense:-			
- fixed loans	61,911	-	-
- bank overdrafts	936,035	-	-
- hire purchase	83,159	-	-
- ICULS	85,057	85,057	-
- others	91,302	-	-
	1,257,464	85,057	-

24. TAXATION

	Group	Company	
	2003 RM	2003 RM	2002 RM
Tax expense for the year:-			
Current tax provision	6,689,674	3,578	-
Under provision in prior year	63,813	-	-
	6,753,487	3,578	-
Deferred tax:-			
Relating to origination and reversal of temporary differences	314,056	-	-
Over provision in prior year	(132,904)	-	-
	181,152	-	-
	6,934,639	3,578	-

Income tax is calculated at the statutory rate of 20% on the first RM100,000 and 28% on chargeable income above RM100,000 (2002: 28%) of the estimated assessable profit for the year.

NOTES to the Financial Statements

(Continued)

24. TAXATION (CONTINUED)

A reconciliation of income tax expense applicable to profit/(loss) 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 are as follows:

	Group		Company	
	2003 RM	2003 RM	2003 RM	2002 RM
Profit/(loss) before taxation	24,354,471	(107,786)		(7,530)
Taxation at statutory tax rate of 28% (2002: 28%)	6,603,947	(30,180)		(2,108)
Tax incentive obtained from differential tax rate of 20%	179,196	-		-
Expenses not deductible for tax purposes	220,783	33,758		2,108
Under provision of taxation in respect of prior years	63,750	-		-
Over provision of deferred taxation in respect of prior years	(132,841)	-		-
Provision for taxation under recognised in current year	(196)	-		-
	6,934,639	3,578		-

25. EARNINGS PER SHARE

(a) Basic earnings per share

The earnings per share has been calculated based on the consolidated profit after taxation and minority interests of RM5,861,000 for the Group and the weighted average number of ordinary shares in issue during the financial year of 10,178,792.

(b) Fully diluted earnings per share

Fully diluted earnings per share has been calculated based on the adjusted consolidated profit after taxation and minority interests of RM5,922,241 for the Group and the adjusted weighted average number of ordinary shares issued and issuable of 14,236,156 shares. The consolidated profit after taxation and minority interests and weighted average number of ordinary shares in issue and issuable during the financial year have been adjusted for the effects of dilutive potential ordinary shares from conversion of the ICULS.

26. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including interest rate, credit, liquidity and cash flow risks. The Group does not trade in financial instruments.

NOTES to the Financial Statements

(Continued)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk

The Group finances its operation through operating cash flows and borrowings. Interest rate exposure arises from the Group's borrowings and deposits. The Group seeks to achieve the desired interest rate profile by maintaining a prudent mix of fixed and floating rate borrowings.

(c) Credit risk

The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

(d) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and maintains a flexible and cost effective borrowing structure to ensure that all refinancing, repayment and funding needs are met. The Group also maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

(e) Fair values

- (i) The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowings approximate fair value due to the relatively short term nature of these financial instruments.
- (ii) The fair value of the non quoted investments are represented by their market value as disclosed in Note 7 to the financial statements.
- (iv) It is not practical to estimate the fair values of non trade intercompany balances as there are no fixed repayment terms between the parties involved and without having to incur excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheets to be significantly different from the values that would eventually be received or settled.
- (v) The fair values of the long term borrowings are estimated using the discounted cash flow analysis. Based on the prevailing borrowing rates of similar borrowings with the same maturity profile obtainable by the Company and the Group, the carrying values of the long term borrowings approximate their fair values.

NOTES to the Financial Statements

(Continued)

27. CONTINGENT LIABILITIES

	Group
	2003 RM
Secured performance guarantees	48,372,598
Guarantees given to trade suppliers :	
- secured	4,296,746
- unsecured	484,927
	4,781,673
	53,154,271

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group
	2003 RM
Transactions with companies in which the brother of the Directors has financial interest :	
Professional fees payable to Perunding CMF Sdn Bhd	452,293
Purchases from SKC Machinery Sdn Bhd	6,565,711
Sales to SKC Machinery Sdn Bhd	113,982

The Directors of the Company are of the opinion that the related party transactions are carried out in the normal course of business and at terms mutually agreed between the parties.

29. STAFF INFORMATION

	Group
	2003 RM
Staff cost (excluding directors)	3,504,181

Included in the staff cost (excluding directors) is contribution made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM321,627.

The total number of employees of the Group and of the Company at the end of the financial year were 119 and Nil (2002: Nil and Nil).

NOTES to the Financial Statements

(Continued)

30. SIGNIFICANT EVENTS

The proposed exercise to assume the listing status of L&M Corporation (M) Bhd (Special Administrators Appointed) ("L&M") by the Company, as disclosed in the previous report, were modified and approved by all the relevant regulatory authorities.

The exercise involved the following :

- (a) acquisition of the entire equity interest in Prinsiptek (M) Sdn Bhd, Tanah Perangsang Sdn Bhd, Gabungan Sanjung Sdn Bhd and Sekinchan Jaya Sdn Bhd for a total purchase consideration of RM40,000,000 satisfied by an issue of 79,800,000 new ordinary shares of RM0.50 each in the Company at par and RM100,000 nominal amount of Irredeemable Convertible Unsecured Loan Stocks 2003/2006 ("ICULS") at 100% nominal amount;
- (b) private placement of 10,000,000 new ordinary shares of RM0.50 of the Company at an issue price of RM1.00 per share;
- (c) issuance of RM36,000,000 nominal amount of ICULS at 100% for the settlement of scheme creditors under the Corporate and Debt Restructuring Scheme ("CDRS") of L&M via a creditors' agent;
- (d) cash payment of RM2,000,000, to the creditors in accordance with the terms of the CDRS of L&M via the Special Administrator of L&M;
- (e) exchange 816,040 ordinary shares of RM0.50 each in the Company with 816,040 ordinary shares of RM1.00 each in L&M;
- (f) transfer of the listing status of L&M on the Second Board of the Bursa Malaysia Securities Berhad to the Company.

The entire exercise was completed on 10 December 2003.

31. SEGMENT INFORMATION - GROUP

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing borrowings and expenses, and corporate assets and expenses.

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

The accounting policies of the segments are consistent with the accounting policies of the Group.

(a) Business segments

The main business segments of the Group comprise the following:-

Property Development	Development of residential and commercial properties.
Construction	Piling and construction work
Trading	Trading in building materials

NOTES to the Financial Statements

(Continued)

31. SEGMENT INFORMATION - GROUP (CONTINUED)

	Construction RM	Property Development RM	Trading and others RM	Elimination RM	Total RM
Revenue					
External sales	161,658,668	17,986,825	5,395,826	-	185,041,319
Inter-segment sales	3,206,131	-	22,253,754	(25,459,885)	-
	164,864,799	17,986,825	27,649,580	(25,459,885)	185,041,319
Results					
Segment results	20,350,569	4,276,725	388,372	(1,306)	25,014,360
Interest expense	(1,107,400)	-	(150,064)	-	(1,257,464)
Interest income	595,581	2,748	240	-	598,569
Share of results of associated company	(994)	-	-	-	(994)
Profit before tax	19,837,756	4,279,473	238,548	(1,306)	24,354,471
Taxation					(6,934,639)
Minority interests					(29,173)
Profit after tax after minority interest					17,390,659
Pre-acquisition results					(11,529,513)
Net profit for the period					5,861,146
Assets					
Segment assets	139,302,947	42,306,202	41,448,253	-	223,057,402
Fixed deposits	26,381,200	-	-	-	26,381,200
Associated company	5,959	-	-	-	5,959
Tax recoverable	-	-	26,619	-	26,619
Consolidated total assets	165,690,106	42,306,202	41,474,872	-	249,471,180
Liabilities					
Segment liabilities	82,223,908	15,645,222	9,031,862	-	106,900,992
Current and deferred taxation	2,600,341	521,445	15,873	-	3,137,659
Borrowings	47,926,641	-	334,259	-	48,260,900
Consolidated total liabilities	132,750,890	16,166,667	9,381,994	-	158,299,551
Other information					
Capital expenditure	953,285	-	-	-	953,285
Depreciation	246,596	15	10,368	-	256,979
Non cash expenses other than depreciation	396	-	-	-	396

NOTES to the Financial Statements

(Continued)

32. SUBSEQUENT EVENTS

Subsequent to the financial year end, the following subsequent events took place:-

- (a) The Company had vide an announcement made on 5 February 2004, announced that it proposed to implement an Employees' Share Option Scheme ("ESOS") for the eligible employees and executive directors of Group.

The Proposal was approved by the shareholders of the Company at its Extraordinary General Meeting held on 21 February 2004.

The approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued arising from the exercise of share options under the ESOS were obtained on 9 March 2004.

- (b) RM7,077,000 nominal value of ICULS were converted into 7,077,000 new ordinary shares of RM0.50each.

33. CHANGE OF NAME

On 22 November 2003, the Company changed its name from Itsucom Berhad to Prinsiptek Corporation Berhad.

34. COMPARATIVE FIGURES

No comparative figures are presented for the Group as this is the first set of consolidated financial statements.

The financial statements of previous year which are presented for comparative purposes were examined and reported on by another firm of auditors.

35. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2003 were authorised for issue in accordance with a resolution of the Board of Directors on 21 April 2004.

STATEMENT of Directors' Responsibilities in Respect of The Audited Financial Statements

The directors are required by the Companies Act, 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable; and
- ensured applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been followed.

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

OTHER Compliance Information

1. UTILISATION OF PROCEEDS RAISED FROM THE PRIVATE PLACEMENT

During the year, the Company has completed a private placement of 10,000,000 new ordinary shares of RM0.50 at an issue price of RM1.00 in conjunction with the Reverse Takeover of L&M's listing status on the Second Board of Bursa Malaysia.

The details of the utilisation of the proceeds raised from the above private placement as at 31 December 2003 are as follows:-

	Approved utilisation RM	Actual utilisation RM	Balance not utilised RM
Debt settlement pursuant to the CDRS of L&M	2,000,000	2,000,000	-
Listing and CDRS exercise expenses	6,500,000	6,500,000	-
Working capital	1,500,000	1,500,000	-
	10,000,000	10,000,000	-

2. SHARE BUYBACK

There is no share buyback during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities of the Company were exercised during the year.

4. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year.

5. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiary companies, directors or management by the relevant regulatory bodies.

6. NON-AUDIT FEES

The non-audit fees paid to the external auditors by the Company during the financial year in conjunction with the Reverse Takeover of L&M's listing status on the Second Board of Bursa Malaysia were RM65,000.

OTHER Compliance Information

(Continued)

7. VARIATION IN RESULTS

There were no variances between the financial results for the financial year and the unaudited financial results announced. There were no profit estimates, forecast or projections published by the Company.

8. PROFIT GUARANTEES

There were no profit guarantees given by the Company during the financial year.

9. REVALUATION POLICY

The Company does not have any revaluation policy on landed properties.

10. MATERIAL CONTRACTS

There were no material contracts (including material contracts relating to loans) entered into by the Company and/or its subsidiary companies which involved its directors' and major shareholders' interest, either still subsisting as at the end of the financial year or which were entered into since the listing of the Company on Second Board of Bursa Malaysia on 10 December 2003.

LIST of Properties

as at 31 December 2003

Location	Description	Area (Sq. feet)	Tenure	Net Book Value (RM'000)	Age Of Building (years)	Year Of Acquisition
1. PT 3742 & 3743 H.S. (D) 9104 & 9105 Mukim Damansara Daerah Petaling Selangor Darul Ehsan	Shop offices	4,038	Freehold	1,079,436	21	1990
2. PT 45 - 49 H.S. (D) 1389 - 1423 Mukim Pekan Sekinchan Daerah Sabak Bernam Selangor Darul Ehsan	Development land	134,164	Leasehold - expiring 2091	233,845	-	1991
3. Parcel No. A - 02 - 08 Storey No. 2nd Floor of Building No. Block A Genting Permai Park and Resort Phase 1	Apartment	802	Freehold	158,080	7	2002
4. No. 3, Jalan Kemudi 2C/1, Bernam Jaya Selangor Darul Ehsan	Shop house	1,399	Leasehold - expiring 2103	176,396	1	2003

ANALYSIS of Shareholdings

as at 18 May 2004

SHARE CAPITAL

Authorised share capital	:	RM100,000,000.00
Issued and paid-up share capital	:	RM57,966,522.00
Class of Shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One (1) vote per ordinary share
Number of shareholders	:	3,066

ANALYSIS OF SHAREHOLDINGS

Size of holdings	Number of shareholders		Shareholdings	
		%		%
Less than 100	1,507	49.15	76,520	0.07
100 to 1,000	834	27.20	493,360	0.42
1,001 to 10,000	472	15.40	2,165,910	1.87
10,001 to 100,000	190	6.20	7,139,013	6.16
100,001 to less than 5% of issued shares	58	1.89	44,428,241	38.32
5% and above of issued shares	5	0.16	61,630,000	53.16
Total	3,066	100.00	115,933,044	100.00

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

Name	Shareholdings		%
	Direct	Indirect	
Dato' Foo Chu Jong	30,840,625	-	26.60
Foo Chu Pak	26,355,000	-	22.73
Shariman Bin Zainal Abideen	13,795,000	-	11.90

DIRECTORS' INTERESTS IN SHARES

As per the Register of Directors' Shareholdings

In the Company

Name	Shareholdings			
	Direct	%	Indirect	%
Dato' Seri Mohamad Noor Abdul Rahim	-	-	-	-
Datuk Nur Jazlan Bin Tan Sri Mohamed	-	-	-	-
Dato' Foo Chu Jong	30,840,625	26.60	-	-
Foo Chu Pak	26,355,000	22.73	-	-
Shariman Bin Zainal Abideen	13,795,000	11.90	-	-
Foo Chew Sam	-	-	-	-

ANALYSIS of Shareholdings

as at 18 May 2004 (Continued)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Shareholdings	%
1	FOO CHU JONG	22,800,000	19.67
2	BBMB SECURITIES NOMINEES (TEMPATAN) SDN BHD ECM LIBRA SECURITIES LIMITED FOR FOO CHU PAK	12,925,000	11.15
3	FOO CHU PAK	11,155,000	9.62
4	SHARIMAN BIN ZAINAL ABIDEEN	7,800,000	6.73
5	FOO CHU JONG	6,950,000	5.99
6	BBMB SECURITIES NOMINEES (ASING) SDN BHD ECM LIBRA SECURITIES LIMITED FOR ECM LIBRA INVESTMENT BANK LIMITED	4,961,000	4.28
7	SHARIMAN BIN ZAINAL ABIDEEN	4,470,000	3.86
8	DB (MALAYSIA) NOMINEE (ASING) SDN BHD UBS AC FOR ARTRADIS BARRACUDA FUND	4,387,600	3.78
9	TAN KIM GUAN	4,160,000	3.59
10	FOO CHU PAK	2,275,000	1.96
11	CITICORP NOMINEES (ASING) SDN BHD AMERICAN INTERNATIONAL ASSURANCE COMPANY LIMITED (AIA EQUITY FD)	2,000,000	1.73
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD AMANAH SSCM ASSET MANAGEMENT BERHAD FOR AMANAH SMALLCAP FUND BERHAD (JM730)	1,799,200	1.55
13	HDM NOMINEES (TEMPATAN) SDN BHD GH TEE & CO FOR SHARIMAN BIN ZAINAL ABIDEEN	1,575,000	1.36
14	MICHEAL LEONG YEW CHONG	1,501,000	1.29
15	HDM NOMINEES (TEMPATAN) SDN BHD GH TEE & CO FOR FOO CHU JONG	1,050,000	0.91
16	NG YOKE KONG	1,040,000	0.90
17	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)	1,000,000	0.86
18	CARTABAN NOMINEES (ASING) SDN BHD STATE STREET MUNICH FUND USVM FOR DWS AZIONARIO EMERGENTI	1,000,000	0.86

ANALYSIS of Shareholdings
as at 18 May 2004 (Continued)

THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No.	Name	Shareholdings	%
19	MOHD MUHID BIN SANIB	890,000	0.77
20	CITICORP NOMINEES (ASING) SDN BHD AMERICAN INTERNASIONAL ASSURANCE COMPANY LIMITED (AIA MANAGED FD)	729,400	0.63
21	WONG FONG KEE @ WONG KUAN YAM	698,000	0.60
22	LAI KENG ONN	637,929	0.55
23	LOONG YIT MING	627,697	0.54
24	CHIN SOONG JIN	566,463	0.49
25	H'NG BAK TEE	532,000	0.46
26	WONG CHUI KHENG	520,000	0.45
27	TAN CHEE WAH	515,000	0.44
28	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD AUTB PROGRESS FUND	508,300	0.44
29	RAYMOND FAM CHYE SOON	400,000	0.34
30	NBL DEVELOPMENT (M) SDN BHD	345,780	0.30
	TOTAL	99,819,369	86.10

ANALYSIS of Holdings in Convertible Securities

as at 18 May 2004

Type of convertible securities : RM36,100,000.00 Nominal Value of Irredeemable
Convertible Unsecured Loan Stocks 2003/2006 ("ICULS")

Nominal value of ICULS
remaining unexercised : RM 10,783,000

ANALYSIS OF ICULS HOLDINGS

Size of holdings	Number of ICULS Holders	%	ICULS Holdings	%
Less than 100	-	-	-	-
100 to 1,000	21	80.77	21,000	0.20
1,001 to 10,000	4	15.38	22,000	0.20
10,001 to 100,000	-	-	-	-
100,001 to less than 5% of issued ICULS	-	-	-	-
5% and above of issued ICULS	1	3.85	10,740,000	99.60
Total	26	100.00	10,783,000	100.00

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THIRTY (30) LARGEST ICULS HOLDERS

No.	Name	ICULS Holdings	%
1	BBMB SECURITIES NOMINEES (TEMPATAN) SDN BHD ECM LIBRA SECURITIES LIMITED FOR FOO CHU JONG	10,740,000	99.60
2	LEE LIP BOON	10,000	0.09
3	CHANG YEAN PHING	8,000	0.07
4	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG WEE HUA	2,000	0.02
5	AMSEC NOMNEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOK TEE (AM FINANCE)	2,000	0.02
6	CHANG YEAN PHING	1,000	0.01
7	ANGELLA CHANG POH CHEO	1,000	0.01
8	LIM HOW KUAN @ SUWIT	1,000	0.01
9	LEE KOK BOON	1,000	0.01
10	LAI KENG ONN	1,000	0.01

ANALYSIS of Holdings in Convertible Securities

as at 18 May 2004 (Continued)

THIRTY (30) LARGEST ICULS HOLDERS (CONTINUED)

No.	Name	ICULS Holdings	%
11	LEE CHEE KEONG	1,000	0.01
12	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOKE WAH CHEONG (800100)	1,000	0.01
13	SYAHRI BIN BAHERAMSYAH	1,000	0.01
14	NG KIM MING	1,000	0.01
15	TAN KAH WOOL	1,000	0.01
16	KAW HONG WA	1,000	0.01
17	LIM CHING HWA	1,000	0.01
18	CHOO KIAU SENG	1,000	0.01
19	CHOONG KOON YEW	1,000	0.01
20	ROSHADAH BINTI IBRAHIM	1,000	0.01
21	CHIN KUANG HUA	1,000	0.01
22	UNG SING MING	1,000	0.01
23	TOH SIN NEY	1,000	0.01
24	TAN KOK PIN @ KOK KHONG	1,000	0.01
25	CHONG CHEE HENG	1,000	0.01
26	TAM FOOK CHEONG	1,000	0.01
27	-	-	-
28	-	-	-
29	-	-	-
30	-	-	-
TOTAL		10,783,000	100.00

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PRINSIPTEK**Prinsiptek Corporation Berhad**(formerly known as Itsucom Berhad)
(595000-H)

I/We _____

of _____

being a member/members of PRINSIPTEK CORPORATION BERHAD ("the Company") hereby

appoint _____

of _____

or failing whom _____

of _____

/the Chairman of the Meeting as my/our proxy to attend, speak and vote on my/our behalf at the SECOND ANNUAL GENERAL MEETING of the Company ("the Meeting") to be held at Ivory 10, Level 4, Convention Centre, Holiday Villa Subang, No. 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Friday, 25 June 2004 at 10.00 a.m. and at any adjournment thereof.

I/We direct my / our proxy to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder:

		For	Against
Ordinary Resolution 1	Consolidated Audited Financial Statements		
Ordinary Resolution 2	Payment of Directors' Fees		
	Re-election of Directors:		
Ordinary Resolution 3	• Dato' Seri Mohamad Noor Abdul Rahim		
Ordinary Resolution 4	• Datuk Nur Jazlan Bin Tan Sri Mohamed		
Ordinary Resolution 5	• Dato' Foo Chu Jong		
Ordinary Resolution 6	• Foo Chu Pak		
Ordinary Resolution 7	• Shariman Bin Zainal Abideen		
Ordinary Resolution 8	• Foo Chew Sam		
Ordinary Resolution 9	Re-appointment of Auditors		
Ordinary Resolution 10	Authority For Directors To Allot And Issue Shares		

Dated this _____ day of _____ 2004.

No. of Shares Held_____
Signature/ common seal of shareholder**NOTES**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies (but not more than two (2) save for an Authorised Nominee as defined in the Securities Industries (Central Depositories) Act, 1991) to attend and vote in his stead. A proxy may but need not be a member of the Company and Sections 149 (1) (a) and (b) of the Companies Act, 1965 shall not apply.
2. This Form of Proxy, in the case of an individual, must be signed by the appointor or by his attorney duly authorised in writing and in the case of a body corporate, it must be given under its common seal or signed on its behalf by an attorney or officer of the body corporate duly authorised in writing.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of shareholdings to be represented by each proxy. Each proxy appointed shall represent a minimum of 100 shares held by the member.
4. Please indicate with an X in the appropriate column as to how you wish your proxy to vote (For or Against) each resolution. If this Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will be entitled to vote or abstain from voting as he thinks fit.
5. This Form of Proxy must be deposited at the Company's Registered Office, No. 83 & 85, Jalan SS15/4C, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for the holding of the Meeting.

The Company Secretary
PRINSIPTEK CORPORATION BERHAD
No. 83 & 85, Jalan SS15/4C
47500 Subang Jaya
Selangor Darul Ehsan
Malaysia

Affix
Stamp