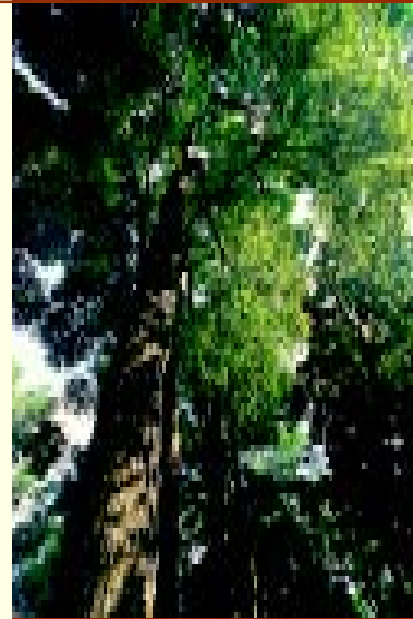


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## Corporate Information

### Board of Directors

Dato' Mohd Nor Bin Abdul Wahid  
(Non-Executive Chairman)

Lim Yen Siew @ Tan Sit Seng  
(Executive Deputy Chairman)

Tan Aik Hong  
(Managing Director)

Yap Keat Choon

Low Chee Hock

Mohd Zaki Bin Hamzah

Kamal Bin Abu

Dato' Tan Yin Wah

Bong Chan Loong

### Company Secretaries

Lee Chee Chow (MACS 00143)  
Liew Woon Lee (MAICSA 7022612)

### Registered Office

B-8-7 Megan Phileo Promenade  
189 Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-2161 6322  
Fax: 03-2161 0501

### Registrar

PFA Registration Services Sdn Bhd  
Level 13 Uptown 1  
No. 1 Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor  
Tel: 03-7725 4888  
Fax: 03-7722 2311

### Principal Bankers

Bangkok Bank Berhad  
Bank of China (Malaysia) Berhad  
Southern Bank Berhad  
HSBC Bank Malaysia Berhad

### Solicitors

Manjit Singh Sachdev,  
Mohammad Radzi & Partners

### Auditors

Folks DFK & Co.

### Stock Exchange Listing

Second Board of Kuala Lumpur  
Stock Exchange.

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the Company will be held at Swan 1, 7th Floor, Pearl International Hotel, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur, Malaysia on 28 June 2002 at 9.30 a.m., for the following purposes:-

## AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2001 together with the Reports of Directors and Auditors thereon. **(Resolution 1)**
2. To declare a first and final tax exempt dividend of 3.6% as recommended by the Directors in their Report. **(Resolution 2)**
3. To approve Directors' Fees. **(Resolution 3)**
4. To re-elect the following Directors retiring pursuant to Article 77 of the Company's Articles of Association:
  - a) Dato' Mohd Nor Bin Abdul Wahid **(Resolution 4)**
  - b) Encik Kamal Bin Abu **(Resolution 5)**
5. To re-elect the following Directors retiring pursuant to Article 83 of the Company's Articles of Association:
  - a) Dato' Tan Yin Wah **(Resolution 6)**
  - b) Mr Bong Chan Loong **(Resolution 7)**
6. To re-appoint Messrs Folks DFK & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**
7. As Special Businesses

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

### i. Authority to Allot Shares

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued in any one financial year does not exceed 10% of the issued share capital of the Company for the time being, and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange." **(Resolution 9)**

### ii. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Shareholders' Mandate")

"THAT approval be and is hereby given to the Company and its subsidiaries to renew the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and to give effect to the specified Recurrent Related Party Transactions with the specified classes of the Related Parties as outlined in paragraph 2.2.1 on pages 4 and 5 of the Circular to Shareholders dated 28 December 2001, which are necessary for Aikbee Group's day-to-day operations subject to the following:

- a. the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those available to the public and not to the detriment of the minority shareholders; and
- b. disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year.

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

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

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Mandate Renewal." **(Resolution 10)**

8. To transact any other ordinary business for which due notice has been given.

#### **NOTICE OF DIVIDEND ENTITLEMENT**

NOTICE IS ALSO HEREBY GIVEN that the First and Final Tax Exempt Dividend of 3.6 % in respect of the financial year ended 31 December 2001, if approved by the shareholders at the Fifth Annual General Meeting, will be paid on 25 September 2002.

The entitlement date shall be fixed on 30 August 2002 and a Depositor shall qualify for entitlement only in respect of:

- a. Shares transferred into the Depositors' Securities Account before 12.30 p.m. on 30 August 2002 in respect of ordinary transfers.
- b. Shares bought on the Kuala Lumpur Stock Exchange ("KLSE") on a cum entitlement basis according to the Rules of KLSE.

By Order of the Board

Lee Chee Chow  
Liew Woon Lee  
Company Secretaries

Kuala Lumpur  
5 June 2002

#### **Notes:-**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at B-8-7, Megan Phileo Promenade, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia not later than 48 hours before the time set for holding the meeting.
3. If the Appointer is a corporation, the proxy form must be executed either under its Common Seal or signed by an officer or attorney duly authorised.
4. A Form of Proxy is enclosed.

#### **Explanatory Notes on Special Businesses:-**

5. Ordinary Resolution No. 9 if passed, will give the Directors of the Company from the date of the AGM, the authority to allot and issue ordinary shares from the unissued share capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. The authority unless revoked or varied at a General Meeting, will expire at the next AGM.
6. Ordinary Resolution No.10 if passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the mandated related parties as identified in paragraph 2.2.1 on pages 4 and 5 of the Circular to Shareholders dated 28 December 2001, which are necessary for Aikbee Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those available to the public and not to the detriment of the minority shareholders. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company.

# Statement Accompanying Notice Of Annual General Meeting

Pursuant to paragraph 8.28(2) of the Listing Requirements of KLSE

## Directors who are standing for re-election at the Fifth Annual General Meeting

Pursuant to Article 77 of the Company's Articles of Association

- Dato' Mohd Nor Bin Abdul Wahid
- Kamal Bin Abu

Pursuant to Article 83 of the Company's Articles of Association

- Dato' Tan Yin Wah
- Bong Chan Loong

## Details of Directors who are standing for re-election

Details of the above Directors who are standing for re-election and their shareholding information, if any, are set out in Profile of the Board of Directors appearing on pages 6 to 8 of this Annual Report.

## Details of attendance of Directors at Board Meetings

There were six (6) Board Meetings held during the financial year ended 31 December 2001. Details of attendance of the Directors are set out below:

<b>Director</b>	<b>No. of Meetings Attended</b>
Dato' Mohd Nor Bin Abdul Wahid	6/6
Lim Yen Siew @ Tan Sit Seng	6/6
Tan Aik Hong	6/6
Yap Keat Choon	4/6
Low Chee Hock	5/6
Mohd Zaki Bin Hamzah	6/6
Kamal Bin Abu	4/6
Dato' Tan Yin Wah (appointed on 1 June 2001)	3/3
Bong Chan Loong (appointed on 18 October 2001)	1/1

## Details of place, date and time of Board Meetings

All Board Meetings during the financial year ended 31 December 2001 were held at 3<sup>rd</sup> Floor, Pearl Point Shopping Mall, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur. The date and time of the Board Meetings held were as follows:

<b>Date Of Meeting</b>	<b>Time</b>
2 February 2001	9:30 a.m.
27 March 2001	10:30 a.m.
1 June 2001	10:30 a.m.
29 August 2001	10:30 a.m.
18 October 2001	10:30 a.m.
26 November 2001	10:30 a.m.



## Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors of Aikbee Resources Berhad, I am pleased to present the Annual Report and Financial Statements of the Company and Group for the financial year ended 31 December 2001.

2001 has been a difficult year for most. The perceived cloudy economic outlook for the year turned out to be more severe than anticipated with reports of the global economy slipping into recession and growth in trade in many countries undergoing serious decelerations. The effect of the terrorist attacks on the United States of America had further sent shock wave across the world, causing severe repercussions on the world's economy, which was already reeling from anaemic growth.

### FINANCIAL PERFORMANCE

The slowdown of the global economy has dampened the timber market causing timber prices and volume to decline. For the financial year ended 31 December 2001, the Group achieved a turnover of RM96.28 million, a decrease of 6% from the forecasted turnover of RM102.24 million. The Group profitability was affected by lower selling prices and high cost of sales caused by under absorption of fixed cost whereby profit before tax drop by 34% to RM11.41 million from the forecast of RM17.31 million. The profit after tax results stood at RM7.46 million.

Notwithstanding the above, the Group's balance sheet remains healthy with shareholders' fund of RM93.8 million. The Group's net tangible assets is RM1.88 per share and the earnings per share is 16.2 sen.

### DIVIDENDS

The Board of Directors recommends a first and final tax exempt dividend of 3.6% for the financial year ended 31 December 2001.

### PROSPECTS

Future prospects for the timber industry remain challenging with the continuing global economic weakness marked by limited visibility and cautious prediction. Despite the increasing difficulties and challenging environment ahead, the Board is confident that the Group's performance for the forthcoming year will remain satisfactory and growth could be achieved due to the anticipated improvement in the global timber market.

The Board believes that the Group's long-term prospect in the industry remains intact and the Group would continue to strive to maintain market position and focus on measures to improve recovery rates.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend my appreciation to the management and employees of the Group for their contributions towards the achievements of the Group. Our thanks also go towards our business associates, bankers and financiers, advisers and shareholders for their continued support of and confidence in the Group.

Dato' Mohd Nor Bin Abdul Wahid  
Chairman

## Profile Of The Board Of Directors

### **Dato' Mohd Nor Bin Abdul Wahid** *Chairman*

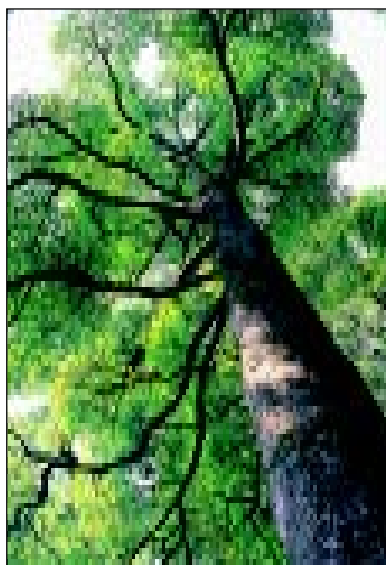
Dato' Mohd Nor Bin Abdul Wahid, aged 50, a Malaysian, is an Independent Non-Executive Director and Chairman of Aikbee Resources Berhad. He was appointed to the Board of the Company on 7 December 2000. He is also a Director of Saship Holdings Berhad, Setron (Malaysia) Berhad and several private limited companies.

Dato' Mohd Nor Bin Abdul Wahid started his career with Bank Bumiputera Malaysia Berhad and was with the Bank Bumiputera Group for 23 years. He holds a Master Degree in Business Administration (Finance) from the American World University, Iowa, USA.

He is the Chairman of the Audit Committee of the Company and a member of the Nomination and Remuneration Committees. He has attended all six Board Meetings held during the financial year ended 31 December 2001.

He does not have any shareholding in the Company.

Dato' Mohd Nor Bin Abdul Wahid has no family relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years.



### **Lim Yen Siew @ Tan Sit Seng** *Deputy Chairman*

Lim Yen Siew @ Tan Sit Seng, aged 59, a Malaysian, was appointed to the Board on 21 December 2000. He is currently an Executive Director and the Deputy Chairman of Aikbee Resources Berhad. He is the founder of Aikbee Group and has been in the timber industry since 1960's. He has more than 40 years' experience in sawmilling, timber moulding and related business activities. As a businessman, he has been involved in property development, plantation and investment sectors. He does not hold directorship in any other public corporations.

He is a member of the Remuneration Committee and has attended all six Board Meetings held during the financial year ended 31 December 2001.

Lim Yen Siew @ Tan Sit Seng has direct shareholding of 3,260,590 shares and indirect shareholding of 9,085,573 shares of RM1.00 each in the Company.

He is the father of Tan Aik Hong, Managing Director and the brother-in-law of Yap Keat Choon, Executive Director. He has no conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years.

### **Tan Aik Hong** *Managing Director*

Tan Aik Hong, aged 37, a Malaysian, is currently the Managing Director of Aikbee Resources Berhad. He was appointed to the Board on 21 December 2000. He graduated from the University of Stirling, Scotland, majoring in Business Administration and he also has a qualification in the civil engineering field from Singapore Polytechnic.

Tan Aik Hong joined Aikbee Group in September 1989 and he is a qualified timber grader registered with the Malaysian Timber Industry Board. He does not hold directorship in any other public corporations.

He is a member of the Audit Committee of the Company and has attended all six Board Meetings held during the financial year ended 31 December 2001.

Tan Aik Hong has direct shareholding of 1,745,045 shares of RM1.00 each in the Company.

He is the son of Lim Yen Siew @ Tan Sit Seng, Deputy Chairman and the nephew of Yap Keat Choon, Executive Director. He has no conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years.



**Yap Keat Choon**

*Director*

Yap Keat Choon, aged 43, a Malaysian, was appointed as an Executive Director of the Company on 21 December 2000. He joined Aikbee Group in 1980 and has been in the sawmilling and timber industry for over 26 years. He is a qualified timber grader registered with the Malaysian Timber Industry Board. He does not hold directorship in any other public corporations.

He has attended four of the six Board Meetings held during the financial year ended 31 December 2001.

Yap Keat Choon has direct shareholding of 580,732 shares of RM1.00 each in the Company.

He is the brother-in-law of Lim Yen Siew @ Tan Sit Seng, Deputy Chairman, and the uncle of Tan Aik Hong, Managing Director. He has no conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years.

**Low Chee Hock**

*Director*

Low Chee Hock, aged 46, a Malaysian, is an Executive Director of Aikbee Resources Berhad. He was appointed to the Board on 21 December 2000. He has more than 27 years' experience in the timber industry and is a qualified timber grader under the Malaysian Timber Industry Board. He has a Master Degree in Business Administration from Honolulu University, Hawaii, USA and is also a member of the Malaysian Institute of Management. He does not hold directorship in any other public corporations.

Low Chee Hock is a member of the Remuneration Committee and has attended five of the six Board Meetings held during the financial year ended 31 December 2001.

He has direct shareholding of 160,314 shares of RM1.00 each in the Company.

Low Chee Hock has no family relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years.

**Mohd Zaki Bin Hamzah**

*Director*

Mohd Zaki Bin Hamzah, aged 45, a Malaysian, was appointed as an Executive Director of the Company on 21 December 2000. He graduated from the State University of New York, Binghamton with a Bachelor of Science in Accounting and has a Master in Business Administration majoring in Management Information System and Finance. He was a consultant with Arthur Andersen & Co. prior to joining Bank Bumiputra Malaysia Berhad as an EDP Audit Manager. He subsequently assumed the role of Chief Internal Auditor of the banking group. Mohd Zaki Bin Hamzah is also a Director of Saship Holdings Berhad.

He has attended all the six Board Meetings held during the financial year ended 31 December 2001.

He has direct shareholding of 8,000 shares of RM1.00 each in the Company.

Mohd Zaki Bin Hamzah has no family relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years.

**Kamal Bin Abu**

*Director*

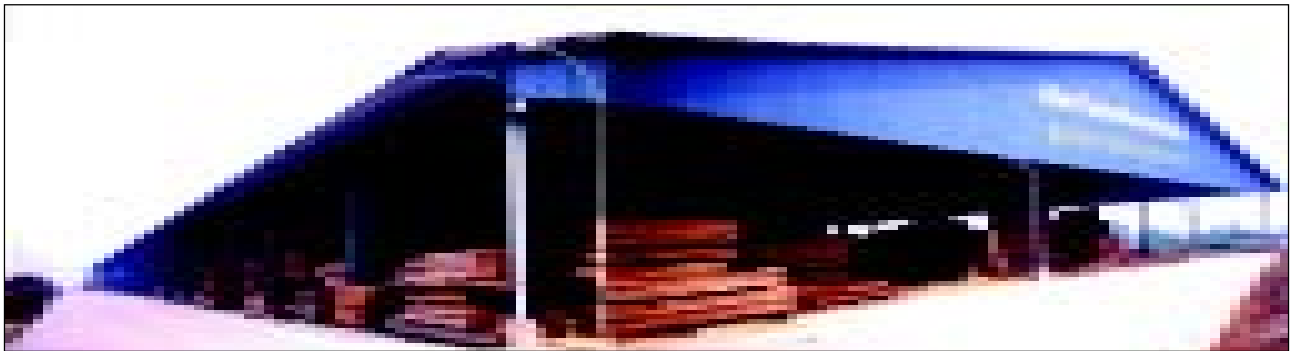
Kamal Bin Abu, aged 52, a Malaysian, was appointed to Board of the Company as an Executive Director on 21 December 2000. He was re-designated as a Non-Executive Director on 8 March 2002. He has extensive knowledge and experience in the sawmilling industry and has been in the logging industry since 1987. He does not hold directorship in any other public corporations.

Kamal Bin Abu has attended four of the six Board Meetings held during the financial year ended 31 December 2001.

He has direct shareholding of 2,054,212 shares of RM1.00 each in the Company.

Kamal Bin Abu has no family relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years.





**Dato' Tan Yin Wah**  
*Director*

Dato' Tan Yin Wah, aged 50, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 1 June 2001. He has been involved in business for the past 25 years, primarily in property development and construction as well as the electrical and electronic industries. He does not hold directorship in any other public corporations.

Dato' Tan Yin Wah is the Chairman of the Remuneration Committee and a member of the Nomination Committee. He has attended the three Board Meetings held during the financial year ended 31 December 2001 since his appointment to the Board.

He has direct shareholding of 53,000 shares of RM1.00 each in the Company. Dato' Tan Yin Wah has no family relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years.

**Bong Chan Loong**  
*Director*

Bong Chan Loong, aged 29, a Malaysian, was appointed an Independent Non-Executive Director on 18 October 2001. He began his career with Hume Industries (M) Berhad and is a Member of both the Malaysian Institute of Accountants and the Australian Society of Certified Practising Accountants. He is currently a Senior Consultant with Deloitte Consulting Sdn Bhd. He currently does not hold directorship in any other public corporations in Malaysia.

Bong Chan Loong is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee. He has attended one Board Meeting held during the financial year ended 31 December 2001 since his appointment to the Board. He has no shareholding in the Company. Bong Chan Loong has no family relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years.



# Statement On Corporate Governance

The Board of Directors acknowledges the importance of good corporate governance and is committed to follow the highest standards of corporate governance throughout the Group. In preparing this report, the Board has considered the manner in which it has applied the Principles of the Malaysian Code on Corporate Governance and the extent to which it has complied with the Best Practices of the Code.

## BOARD OF DIRECTORS

### *Composition*

The Board currently has nine members. Four (4) out of the nine (9) members are non-executive directors, three (3) of whom are independent. The composition reflects a fair balance such that no individual or group of individuals dominates the Board's decision making.

The Board is led by Dato' Mohd Nor Bin Abdul Wahid, the Chairman, who is an Independent Non-Executive Director, and Tan Aik Hong, the Managing Director. There is a clear division of responsibility between them to ensure a balance of power and authority.

### *Duties and Responsibilities*

The Board has the overall responsibility for corporate governance, determining the Group's overall strategic direction, succession planning as well as development and control of the Group.

The Board meets on a scheduled basis quarterly to review its quarterly performances and discuss policies and strategies. Additional meetings will be convened as and when necessary. Six Board Meetings were held during the financial year ended 31 December 2001 and details of the attendance of the directors are set out in Statement Accompanying Notice of Annual General Meeting on page 4.

The following committees are established to assist the Board in the discharge of its duties and responsibilities:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Each committee operates within clearly defined terms of reference and is chaired by an independent non-executive director.

### *Supply of Information*

Prior to each Board meeting, all directors receive an agenda and a full set of Board papers for each agenda item to be discussed at the meeting, including information on major financial, operational and corporate matters relating to the activities and performance of the Group. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. All directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed.

### *Re-election of Directors*

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to re-election by the shareholders at the next AGM held following their appointments. The Articles also provided that at least one-third of the Board shall retire from office at each AGM and they may offer themselves for re-election. All directors, including the Managing Director, shall retire from office once at least in every three years.

## NOMINATION COMMITTEE

The Nomination Committee comprises three Independent Non-Executive Directors. This Committee is responsible for making recommendations to the Board as to the appointment of any new executive or non-executive director. However, all decisions on appointments are made by the Board after considering the recommendations of the Committee.

The members of the Nomination Committee are as follows:

### **Chairman**

Bong Chan Loong (Independent Non-Executive Director)

### **Members**

1. Dato' Mohd Nor Bin Abdul Wahid (Independent Non-Executive Director)
2. Dato' Tan Yin Wah (Independent Non-Executive Director)

## REMUNERATION COMMITTEE

The Remuneration Committee comprises three Independent Non-Executive Directors, and two Executive Directors. The Committee is responsible for making recommendations to the Board the remuneration package for each Executive Director. The Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

The members of the Remuneration Committee are as follows:

### **Chairman**

Dato' Tan Yin Wah (Independent Non-Executive Director)

### **Members**

1. Dato' Mohd Nor Bin Abdul Wahid (Independent Non- Executive Director)
2. Bong Chan Loong (Independent Non-Executive Director)
3. Lim Yen Siew @ Tan Sit Seng (Executive Director)
4. Low Chee Hock (Executive Director)

## DIRECTORS' REMUNERATION

The remuneration packages of Executive Directors are structured so as to link rewards to corporate and individual performance. This is to ensure that the Company attracts, motivates and retains the Directors needed to run the Group successfully. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive Director concerned.

The aggregate remuneration of directors for the financial year ended 31 December 2001 is as follows:

	<b><i>Fees/Salary RM'000</i></b>	<b><i>Other Emoluments RM'000</i></b>	<b><i>Total RM'000</i></b>
Executive	656	124	780
Non-Executive	37	-	37
Total	693	124	817

The number of directors whose total remuneration falls within the following bands for the financial year ended 31 December 2001 is as follows:

<b>Range of Remuneration</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-Executive</b>
Below RM50,000	1	3
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	2	-
RM150,001 to RM200,000	1	-
RM250,001 to RM300,000	1	-

## **SHAREHOLDERS**

The Group recognises the importance of accountability to its shareholders through proper communication with shareholders. The Group adheres to the disclosure requirements of KLSE and views the timely and equal dissemination of information to shareholders as important. The Company reaches out to its shareholders through its distribution of annual reports.

The Annual General Meeting is an important forum where communications with shareholders can be effectively conducted. All shareholders are encouraged to attend the Company's Annual General Meeting and to participate in the proceedings. During the meeting, the Board is prepared to respond to all queries and provide sufficient clarification on issues and concerns raised by the shareholders.

Institutional investors and analysts as well as members of the press are given equal opportunity to meet our management about performance, corporate governance and other matters related to shareholders' interest.

## **ACCOUNTABILITY AND AUDIT**

### ***Financial Reporting***

The directors recognise the responsibility to present a fair assessment of the Group's position and prospects. The quarterly reports to KLSE and the annual report to shareholders reflect the Board's commitment to provide regular updated assessment of the Group's performance and results.

### ***Internal Controls***

Information on the Group's internal control is presented in the Statement on Internal Control set out on page 12.

### ***Relationship with Auditors***

The external auditors report to members of the Company on their findings which are included as part of the Company's statutory financial statements. The Company maintains a transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The role of the Audit Committee in relation to the external auditors is set out in the Report on Audit Committee on pages 14 to 16.

## Statement On Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and thus internal controls can only provide reasonable and not absolute assurance against material misstatement or loss. It is possible that internal control system can be circumvented or overridden. Moreover, because of changing circumstances and conditions, the effectiveness of internal control system may vary over time. Hence the system of internal control cannot be expected to eliminate all the risks.

The Board confirms that there is a continuous process for identifying, evaluating and managing significant risks faced by the Group, which has been in place for the financial year under review and up to date of approval of the annual report and financial statements.

The Group has a defined delegation of authority with a clear line of responsibility and accountability. It sets out the decisions that need to be taken and the appropriate approving authority at various levels of management including matters that require board approval.

The Group performs regular reviews of business processes to assess the effectiveness and integrity of its internal control system. Internal audit has been outsourced to a reputable accounting firm subsequent to the financial year. The Audit Committee will conduct annual review on the adequacy of the internal audit function.

To assist the Board in fulfilling its role, the Audit Committee in its advisory capacity is established with specific terms of reference which include the overseeing and monitoring of the Group's financial reporting system and the internal and external audit processes.

## Statement Of Directors' Responsibility In Relation To The Financial Statements

This statement is prepared as required by the Listing Requirements of KLSE.

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

In preparing the financial statements set out on pages 23 to 47, the directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that were prudent and reasonable; and
- ensured applicable approved accounting standards in Malaysia have been followed.

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

The statement by the Board pursuant to Section 169(15) of the Companies Act, 1965 is presented on page 21.

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

# Report On Audit Committee

## COMPOSITION

### **Chairman**

Dato' Mohd Nor Bin Abdul Wahid

Independent Non-Executive Director

### **Members**

Bong Chan Loong

Independent Non-Executive Director

Tan Aik Hong

Managing Director

## TERMS OF REFERENCE OF AUDIT COMMITTEE

### **Membership**

1. The Audit Committee shall be appointed by the Board of Directors from among their number which fulfils the following requirements:-
  - (a) the Audit Committee must be composed of no fewer than 3 members;
  - (b) a majority of the Audit Committee must be independent directors; and
  - (c) at least one member of the Audit Committee :-
    - (i) must be a member of the Malaysian Institute of Accountants; or
    - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
      - (aa) he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
      - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967.
2. No alternative director shall be appointed as a member of the Audit Committee.
3. The members of an Audit Committee shall elect a chairman from among their number who shall be an independent director.
4. If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.
5. The term of office and performance of an Audit Committee and each of its members should be reviewed by the Board at least once every three years.

### **Quorum**

The quorum for a meeting shall not be less than three and the majority of members present must be independent directors.

### **Authority**

The Audit Committee shall have the following authority as empowered by the Board of Directors:-

1. authority to investigate any matter within its terms of reference;
2. resources which are required to perform its duties;
3. full and unrestricted access to any information pertaining to the Company;
4. direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
5. able to obtain independent professional or other advice; and
6. able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

### **Duties and Responsibilities**

1. Review the following and report the same to the Board of Directors of the Company:-
  - (a) with the external auditor, the audit plan;
  - (b) with the external auditor, his evaluation of the system of internal controls;
  - (c) with the external auditor, his audit report;
  - (d) the assistance given by the employees of the Company to the external auditor;
  - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focussing particularly on;
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events; and
    - (iii) compliance with the accounting standards and other legal requirements;
  - (h) any related party transaction and conflict of interest of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (i) any letter of resignation from the external auditors of the Company; and
  - (j) whether there is reason (supported by ground) to believe that the Company's external auditor is not suitable for reappointment.
2. Recommend the nomination of a person or persons as external auditors

### **Meetings**

1. Other directors and employees attend any particular Audit Committee meeting only at the Audit Committee's invitation, specified to the relevant meeting.
2. The Company Secretary shall be the Secretary of the Committee.
3. Meetings shall be held not less than four times a year. However, at least once a year the Committee shall meet with the external auditors and upon the request of the external auditors, the Chairman of the Committee shall convene a meeting if they consider that one is necessary.
4. The Secretary is responsible for the co-ordination of administrative details including calling of meetings, voting and keeping of minutes.
5. The Secretary shall circulate the confirmed minutes of meetings of the Committee to all members of the Board.



During the financial year ended 31 December 2001, the members of the Audit Committee met four (4) times, on 27 March 2001, 1 June 2001, 29 August 2001 and 26 November 2001 respectively.

The details of attendance are as follows:

<b>Members</b>	<b>No. of Meetings Attended</b>
Dato' Mohd Nor Bin Abdul Wahid	4/4
Tan Aik Hong	4/4
Bong Chan Loong (appointed on 18 October 2001)	1/1

#### **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE**

During the year under review, the Audit Committee met with due notices of meetings issued and with agenda planned and itemised in order for issues raised to be discussed in a focused and detailed manner.

The reviews of the Group's quarterly reports were held before the Board meetings at which the reports were to be approved. The Chairman of the Committee briefed the Board on issues and recommendations of the Committee thereon during the Board meetings.

The Committee had also met with the external auditors and discussed the audit plan, scope and area of audit of the Company and the Group. In a meeting held subsequent to the financial year, the Committee reviewed the draft audited financial statements of the Company and the Group for the financial year ended 31 December 2001. The financial statements had been authorised for issue by the Board in accordance with a resolution of Directors on 29 April 2002.

The Committee carried out reviews on related party transactions within the Company and the Group and also considered and deliberated on issues arising from the KLSE Listing Requirements.

#### **INTERNAL AUDIT FUNCTION**

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit department is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control. The Group does not have an internal audit department during the financial year ended 31 December 2001. A firm of qualified professionals was appointed subsequent to the financial year to undertake the internal audit function and to review and assess the internal audit function of the Group on a periodic basis. The role of the internal audit function is to provide independent and objective reports on the organisation's management, records, accounting policies and controls to the Board. The internal audits will include evaluation of the processes by which significant risks are identified, assessed and managed and ensuring that instituted controls are appropriate and effectively applied and that risk exposures are consistent with the Company's risk management policy.

# Financial Statements

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## DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Company and of the Group for the financial year ended 31st December 2001.

### PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiary companies are set out in Note 4 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

### RESULTS

	Group RM	Company RM
Profit after taxation	7,456,359	2,834,596
Retained profit/(accumulated losses) brought forward	416,805	(33,458)
Retained profit carried forward	<u>7,873,164</u>	<u>2,801,138</u>

### DIVIDENDS

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

The directors now recommend a first and final tax exempt dividend in respect of the current financial year ended 31st December 2001 of 3.6% on 50,000,000 ordinary shares amounting to RM1,800,000. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders at the forthcoming Annual General Meeting, will be accounted for in the shareholders' equity as an appropriation of retained profit in the next financial year ending 31st December 2002.

### RESERVES AND PROVISIONS

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

### SHARE CAPITAL

During the financial year, the issued and paid-up capital of the Company was increased from RM37,719,036 to RM50,000,000 divided into 50,000,000 ordinary shares of RM1.00 each through the issue of the following shares in conjunction with the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the Kuala Lumpur Stock Exchange for the financing of capital expenditure, repayment of bank borrowings and working capital requirement of the Group:-

Date of Issue	Terms of Issue	Number of new ordinary shares of RM1.00 each
17.1.2001	Rights issue at an issue price of RM1.60 per ordinary share on the basis of approximately one new ordinary share for every 8.81 existing ordinary shares held payable in full and for cash	4,280,964
13.6.2001	Public issue at RM2.10 per ordinary share payable in full and for cash pursuant to the prospectus dated 30th March 2001	8,000,000

All new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The entire issued and paid-up capital of 50,000,000 ordinary shares of RM1.00 each was listed and quoted on the Second Board of the Kuala Lumpur Stock Exchange on 22nd June 2001.

## DIRECTORS

The directors who served since the date of the last directors' report on 27th March 2001 are as follows:-

Dato' Mohd Nor Bin Abdul Wahid  
 Lim Yen Siew @ Tan Sit Seng  
 Tan Aik Hong  
 Tan Aik Hooi (Resigned on 17<sup>th</sup> April 2002)  
 Yap Keat Choon  
 Low Chee Hock  
 Mohd Zaki Bin Hamzah  
 Kamal Bin Abu  
 Dato' Tan Yin Wah (Appointed on 1st June 2001)  
 Bong Chan Loong (Appointed on 18th October 2001)  
 Li Lim Shiu @ Lee Chee Chow (Resigned on 1st June 2001)  
 Khoo Nyok Hin (Appointed on 1st June 2001; resigned on 18th October 2001)

In accordance with Article 77 of the Company's Articles of Association, Dato' Mohd Nor Bin Abdul Wahid and Kamal Bin Abu retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 83 of the Company's Articles of Association, Dato' Tan Yin Wah and Bong Chan Loong retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial year in the shares of the Company are as follows:-

	Number of ordinary shares of RM1.00 each			As at 31.12.2001
	As at 1.1.2001	During the year		
		Bought	Sold	
Lim Yen Siew @ Tan Sit Seng				
- direct	3,590,962	407,561	(737,933)	3,260,590
- indirect*	14,229,136	1,614,953	(6,408,516)	9,435,573
Tan Aik Hong - direct	1,600,583	849,660	(195,198)	2,255,045
Tan Aik Hooi - direct	1,600,583	538,660	(195,198)	1,944,045
Low Chee Hock - direct	146,554	31,633	(17,873)	160,314
Yap Keat Choon - direct	585,686	66,473	(71,427)	580,732
Mohd Zaki Bin Hamzah - direct	-	10,000	(2,000)	8,000
Kamal Bin Abu - direct	3,387,867	394,510	(1,728,165)	2,054,212
Dato' Tan Yin Wah - direct	-	200,000	(97,000)	103,000

\* indirect interest in the Company held through Sit Seng & Sons Realty Sdn Bhd and Aikbee Timbers Sdn Bhd

By virtue of his interest in the shares of the Company, Lim Yen Siew @ Tan Sit Seng is deemed to be interested in the shares of all subsidiary companies to the extent that the Company has an interest.

Other than as disclosed, no other directors in office at the end of the financial year held any interest in shares of the Company or its subsidiary companies.

## DIRECTORS' BENEFITS

During and at the end of the financial year, there did not subsist any arrangement to which the Company was a party, whereby the directors or their nominees might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments and fixed salary received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business as disclosed in the financial statements and benefits deemed to be derived by certain directors from the offer for sale of 4,600,000 ordinary shares of RM1.00 each at the offer price of RM2.10 each to the public pursuant to the prospectus dated 30th March 2001 in connection with the Company's public issue of shares and application for listing as follows :-

Directors who participated	No of shares offered directly or indirectly by the directors	
	Direct holdings	Indirect holdings
Lim Yen Siew @ Tan Sit Seng	437,933	1,068,516*
Tan Aik Hong	195,198	-
Tan Aik Hooi	195,198	-
Low Chee Hock	17,873	-
Yap Keat Choon	71,427	-
Kamal Bin Abu	413,165	-

\* Indirect holdings through Aikbee Timbers Sdn Bhd (459,683 shares) and Sit Seng & Sons Realty Sdn Bhd (608,833 shares).

## OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Company and of the Group were made out, the directors took reasonable steps:-

- (i) to satisfy themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) As at the date of this report, the directors are not aware of any circumstances:-

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

(c) As at the date of this report, there does not exist:-

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

(d) In the opinion of the directors:-

- (i) no contingent or other liability has become enforceable or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Company and of the Group to meet their obligations when they fall due;
- (ii) the results of the Company's and the Group's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company and of the Group for the financial year in which this report is made.

## **AUDITORS**

The auditors, Messrs. Folks DFK & Co., have expressed their willingness to continue in office.

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

**LIM YEN SIEW @ TAN SIT SENG**

*Director*

**TAN AIK HONG**

*Director*

Date: 29th April 2002

## **STATEMENT BY DIRECTORS**

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

We, LIM YEN SIEW @ TAN SIT SENG and TAN AIK HONG, being two of the directors of AIKBEE RESOURCES BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements together with the notes attached thereto are drawn up in accordance with applicable approved Accounting Standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Company and of the Group as at 31st December 2001 and of the results of the operations of the Company and of the Group for the year ended on that date; and
- (ii) the cash flows of the Company and of the Group for the year ended 31st December 2001.

On behalf of the Board of Directors

**LIM YEN SIEW @ TAN SIT SENG**

*Director*

**TAN AIK HONG**

*Director*

Date: 29th April 2002

**STATUTORY DECLARATION**  
(Pursuant to Section 169(16) of the Companies Act, 1965)

I, LIM YEN SIEW @ TAN SIT SENG, being the director primarily responsible for the financial management of AIKBEE RESOURCES BERHAD, do solemnly and sincerely declare that the accompanying financial statements together with the notes attached thereto, 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 LIM YEN SIEW @ TAN SIT SENG at Kuala Lumpur in the Federal Territory on 29th April 2002.

**LIM YEN SIEW @ TAN SIT SENG**  
*Director*

Before me,

ONG KAH CHONG (W145)  
*Commissioner for Oaths*



## CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2001

	NOTE	2001 RM	2000 RM
PROPERTY, PLANT AND EQUIPMENT	3	52,253,674	52,422,878
DEFERRED EXPENDITURE	5	-	715,259
CURRENT ASSETS			
Inventories	6	24,800,057	26,400,764
Receivables	7	85,749,005	56,311,552
Cash and bank balances		335,313	6,121,685
		<u>110,884,375</u>	<u>88,834,001</u>
CURRENT LIABILITIES			
Payables	9	12,553,207	13,873,245
Amount owing to directors	10	388,251	599,094
Hire purchase creditors	11	457,997	589,477
Bank borrowings	12	34,524,266	35,697,252
Taxation		14,476,238	12,974,983
		<u>62,399,959</u>	<u>63,734,051</u>
NET CURRENT ASSETS		<u>48,484,416</u>	<u>25,099,950</u>
		<u>100,738,090</u>	<u>78,238,087</u>
Financed by:			
SHARE CAPITAL	13	50,000,000	37,719,036
SHARE APPLICATION FUNDS		-	5,928,000
SHARE PREMIUM	14	26,764,813	16,973,564
RESERVE ON CONSOLIDATION	15	9,199,082	9,684,012
RETAINED PROFIT	16	7,873,164	416,805
		<u>93,837,059</u>	<u>70,721,417</u>
LONG TERM AND DEFERRED LIABILITIES			
Term loans (secured)	17	6,321,069	6,803,459
Hire purchase creditors	11	112,962	253,211
Deferred taxation	18	467,000	460,000
		<u>100,738,090</u>	<u>78,238,087</u>

The notes on pages 31 to 47 form an integral part of these financial statements.

# **CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2001**

	NOTE	2001 RM	2000 RM
REVENUE	19	96,275,931	3,587,142
COST OF SALES		(75,513,198)	(2,835,010)
GROSS PROFIT		20,762,733	752,132
OTHER OPERATING INCOME		918,008	36,169
SELLING AND DISTRIBUTION COSTS		(1,002,788)	(9,958)
ADMINISTRATION EXPENSES		(4,512,109)	-
OTHER OPERATING EXPENSES		(1,733,297)	(25,205)
PROFIT FROM OPERATIONS		14,432,547	753,138
FINANCE COSTS		(3,022,560)	(95,896)
PROFIT BEFORE TAXATION	20	11,409,987	657,242
TAXATION	21	(3,953,628)	(240,437)
PROFIT AFTER TAXATION		7,456,359	416,805
BASIC EARNINGS PER SHARE (sen)	22	16.2	36.7
DIVIDEND (TAX EXEMPT) PER SHARE (sen)	23	3.6	-

The notes on pages 31 to 47 form an integral part of these financial statements.

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2001**

	<b>Share capital RM</b>	<b>Share application funds RM</b>	<b>Non-distributable Share premium RM</b>	<b>Reserve on consolidation RM</b>	<b>Distributable Retained profit RM</b>	<b>Total RM</b>
Balance at 31st December 1999	2	-	-	-		2
Issuance of shares for the acquisition of subsidiaries (Note 24)	37,719,034	-	16,973,564	-	-	54,692,598
Reserve arising on consolidation (Note 24)	-	-	-	9,698,628	-	9,698,628
Reserve on consolidation credited to income statement (Note 15)	-	-	-	(14,616)	-	(14,616)
Rights issue application funds	-	5,928,000	-	-	-	5,928,000
Net profit for the year	-	-	-	-	416,805	416,805
Balance at 31st December 2000	37,719,036	5,928,000	16,973,564	9,684,012	416,805	70,721,417
Rights issue of shares (Notes 13 & 14)	4,280,964	(5,928,000)	2,568,578	-	-	921,542
Public issue of shares (Notes 13 & 14)	8,000,000	-	8,800,000	-	-	16,800,000
Share issue and listing expenses written off against share premium account (Notes 5 & 14)	-	-	(1,577,329)	-	-	(1,577,329)
Reserve on consolidation credited to income statement (Note 15)	-	-	-	(484,930)	-	(484,930)
Net profit for the year	-	-	-	-	7,456,359	7,456,359
Balance at 31st December 2001	50,000,000	-	26,764,813	9,199,082	7,873,164	93,837,059

The notes on pages 31 to 47 form an integral part of these financial statements.

# **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2001**

	2001 RM	2000 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,409,987	657,242
Adjustments for:-		
Depreciation	3,663,850	97,578
Interest expenses	3,022,560	95,896
Loss on disposal of property, plant and equipment	20,515	-
Interest income	(25,803)	-
Allowance for doubtful debts	100,967	-
Allowance for doubtful debts written back	(71,418)	-
Preliminary expenses written off	-	2,500
Pre-operating expenses written off	-	8,661
Reserve on consolidation recognised as income	(484,930)	(14,616)
Operating profit before working capital changes	17,635,728	847,261
Decrease/(Increase) in inventories	1,600,707	(988,041)
(Increase)/Decrease in trade and other receivables	(29,467,002)	14,277,139
Decrease in trade and other payables	(1,320,038)	(11,310,791)
Net cash (used in)/generated from operations	(11,550,605)	2,825,568
Taxation paid	(2,445,373)	(1,859,910)
Interest paid	(2,892,150)	(95,896)
Interest received	25,803	-
Net cash (used in)/generated from operating activities	(16,862,325)	869,762
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiary companies, net of cash acquired [Note 24 (c)]	-	(17,762,278)
Proceeds from disposal of property, plant and equipment	51,620	-
Purchase of property, plant and equipment [Note 25 (a)]	(1,056,681)	-
Net cash used in investing activities	(1,005,061)	(17,762,278)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share application funds received	-	5,928,000
Share issue and listing expenses	(862,070)	(144,877)
Proceeds from issuance of shares	17,721,542	-
Proceeds from term loan	-	52,361
Repayment of term loan	(1,860,413)	-
Hire purchase principal payments	(796,829)	-
Hire purchase interest	(130,410)	-
Net drawdown of bankers' acceptance	69,000	3,562,000
Net (repayment to)/advance from directors	(210,843)	104,458
Net cash generated from financing activities	13,929,977	9,501,942
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(3,937,409)	(7,390,574)
Cash and cash equivalents at beginning of year	(7,390,574)	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> [Note 25 (b)]	(11,327,983)	(7,390,574)

The notes on pages 31 to 47 form an integral part of these financial statements.

## BALANCE SHEET AS AT 31ST DECEMBER 2001

	NOTE	2001 RM	2000 RM
PROPERTY, PLANT AND EQUIPMENT	3	2,633,721	-
INVESTMENT IN SUBSIDIARY COMPANIES	4	54,692,598	54,692,598
DEFERRED EXPENDITURE	5	-	715,259
CURRENT ASSETS			
Receivables	7	1,600	-
Amount owing by subsidiary companies	8	24,852,349	-
Cash and bank balances		23,216	5,932,978
		<hr/> 24,877,165	<hr/> 5,932,978
CURRENT LIABILITIES			
Amount owing to subsidiary companies	8	-	316,354
Payables	9	645,633	437,339
Bank borrowings	12	224,729	-
Taxation		6,900	-
		<hr/> 877,262	<hr/> 753,693
NET CURRENT ASSETS		<hr/> 23,999,903	<hr/> 5,179,285
		<hr/> 81,326,222	<hr/> 60,587,142
Financed by:			
SHARE CAPITAL	13	50,000,000	37,719,036
SHARE APPLICATION FUNDS		-	5,928,000
SHARE PREMIUM	14	26,764,813	16,973,564
RETAINED PROFIT/(ACCUMULATED LOSSES)	16	2,801,138	(33,458)
		<hr/> 79,565,951	<hr/> 60,587,142
LONG TERM LIABILITY			
Term loan	17	1,760,271	-
		<hr/> 81,326,222	<hr/> 60,587,142

The notes on pages 31 to 47 form an integral part of these financial statements.

# INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2001

	NOTE	2001 RM	2000 RM
REVENUE	19	3,931,200	-
OTHER OPERATING INCOME		86,204	-
ADMINISTRATION EXPENSES		(1,114,300)	(33,458)
PROFIT/(LOSS) FROM OPERATIONS		2,903,104	(33,458)
FINANCE COST		(61,608)	-
PROFIT/(LOSS) BEFORE TAXATION	20	2,841,496	(33,458)
TAXATION	21	(6,900)	-
PROFIT/(LOSS) AFTER TAXATION		2,834,596	(33,458)
DIVIDEND (TAX EXEMPT) PER SHARE (sen)	23	3.6	-

The notes on pages 31 to 47 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2001

	Share capital RM	Share application funds RM	Non-distributable Share premium RM	Distributable Retained profit/ (Accumulated losses) RM	Total RM
Balance at 31st December 1999	2	-	-	-	2
Issuance of shares for the acquisition of subsidiaries (Note 24)	37,719,034	-	16,973,564	-	54,692,598
Rights issue application funds	-	5,928,000	-	-	5,928,000
Loss for the year	-	-	-	(33,458)	(33,458)
Balance at 31st December 2000	37,719,036	5,928,000	16,973,564	(33,458)	60,587,142
Rights issue of shares (Notes 13 & 14)	4,280,964	(5,928,000)	2,568,578	-	921,542
Public issue of shares (Notes 13 & 14)	8,000,000	-	8,800,000	-	16,800,000
Share issue and listing expenses written off against share premium account (Notes 5 & 14)	-	-	(1,577,329)	-	(1,577,329)
Net profit for the year	-	-	-	2,834,596	2,834,596
Balance at 31st December 2001	50,000,000	-	26,764,813	2,801,138	79,565,951

The notes on pages 31 to 47 form an integral part of these financial statements.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2001

	2001 RM	2000 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	2,841,496	(33,458)
Adjustments for:-		
Depreciation	14,881	-
Dividend income - tax exempt	(3,931,200)	-
Interest expenses	61,608	-
Interest income	(86,204)	-
Preliminary expenses written off	-	2,500
Pre-operating expenses written off	-	8,661
	<hr/>	<hr/>
Operating loss before working capital changes	(1,099,419)	(22,297)
Increase in other receivables	(1,600)	-
(Increase)/Decrease in subsidiary companies' balances	(25,108,302)	316,354
Increase/(Decrease) in other payables	208,294	(144,202)
	<hr/>	<hr/>
Net cash (used in)/generated from operations	(26,001,027)	149,855
Interest paid	(61,608)	-
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(26,062,635)	149,855
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	25,803	-
Dividend received - tax exempt	3,931,200	-
Purchase of property, plant and equipment [Note 25 (a)]	(663,602)	-
	<hr/>	<hr/>
Net cash generated from investing activities	3,293,401	-
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share application funds received	-	5,928,000
Share issue and listing expenses	(862,070)	(144,877)
Proceeds from issuance of shares	17,721,542	-
	<hr/>	<hr/>
Net cash generated from financing activities	16,859,472	5,783,123
	<hr/>	<hr/>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(5,909,762)	5,932,978
Cash and cash equivalents at beginning of year	5,932,978	-
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR [Note 25 (b)]</b>	23,216	5,932,978
	<hr/>	<hr/>

The notes on pages 31 to 47 form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2001

### 1. GENERAL INFORMATION

Aikbee Resources Berhad is a public company limited by shares, incorporated and domiciled in Malaysia. The Company was listed on the Second Board of the Kuala Lumpur Stock Exchange on 22nd June 2001.

The registered office is located at B-8-7, Megan Phileo Promenade, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur.

The principal place of business is at 3rd Floor, Pearl Point Shopping Mall, 5th Mile, Jalan Kelang Lama, 58000 Kuala Lumpur.

The Company is principally an investment holding company. The principal activities of the subsidiary companies are set out in Note 4.

### 2. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year.

#### 2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies. The financial statements comply with applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

#### 2.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year.

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method, the results of subsidiary companies acquired or disposed during the financial year are included in the consolidated income statement from the date of their acquisition or up to the date of their 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. Inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The difference between the acquisition cost and the fair value of the net assets of the subsidiary companies acquired is included in the consolidated financial statements as goodwill or reserve arising on consolidation, where appropriate.

Reserve on consolidation is recognised as an income through the consolidated income statement under other operating income over the remaining weighted average useful life of the identifiable acquired depreciable/amortisable assets except where reserve on consolidation exceeds the fair values of acquired identifiable non-monetary assets, the excess will be recognised as income immediately.

#### 2.3 Investments

Investments in subsidiary companies and other investments are stated at cost and are only written down when the directors consider that there is a permanent diminution in the value of the investments.

## 2.4 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation.

Land and buildings are stated at valuation except for buildings constructed on land held under Temporary Occupation Licence. The cost of other property, plant and equipment comprises their purchase cost and any incidental costs of acquisition.

Freehold land is not depreciated. Long leasehold land is depreciated over the period of the respective leases that range from 57 to 99 years. All other property, plant and equipment are depreciated so as to write off the cost of the property, plant and equipment on a straight line basis over their estimated useful lives.

The principal annual rates used are:-

Buildings	2% - 10%
Plant and machinery	10% - 20%
Motor vehicles	20%
Office equipment	10% - 20%
Furniture and fittings	5% - 20%
Laboratory equipment	10%
Electrical installation	7.5%
Jetty	2%

Revaluation of land and buildings is undertaken at least once every 5 years by external independent valuers on an open market basis. Any surplus arising from revaluation is credited directly to revaluation reserve. Any deficit in excess of the revaluation reserve arising from previous revaluation in respect of the same property is charged to the income statement.

Where the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to the estimated recoverable amount.

## 2.5 Inventories

Inventories are valued at the lower of cost and net realisable value and cost is determined using the weighted average method or the specific identification method.

The cost components in respect of the various categories of inventories are as follows:-

Raw materials

- Cost of logs and transportation

Finished goods and work-in-progress

- Direct materials, direct labour and attributable production overheads

## 2.6 Allowance for Bad and Doubtful Debts

All known bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on evaluation of all outstanding debts at end of period.

Specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as bad or doubtful.

## 2.7 Deferred Taxation

Provision is made using the liability method for taxation which is deferred due to timing differences except where such differences are not expected to reverse in the foreseeable future. Where timing differences result in a debit balance, this is recognised only where there is a reasonable certainty of realisation.

## 2.8 Revenue Recognition

Revenue from sales of goods is recognised upon delivery of goods.

Revenue from services is recognised upon performance of services.

Revenue from investments is recognised when the right to receive payment has been established.

Rental income is recognised on an accrual basis over the period of tenancy.

## 2.9 Assets Acquired Under Hire Purchase Arrangements

Plant and equipment acquired under hire purchase arrangements are capitalised as property, plant and equipment based on the principal sum of the hire purchase and are depreciated in accordance with the policy set out in Note 2.4 above. The corresponding outstanding obligations after deducting unexpired interest are taken up as hire purchase creditors.

The interest element is charged to income statement over the period of respective arrangements.

## 2.10 Deferred Expenditure

Deferred expenditure is stated at cost and consists of preliminary, pre-operating and public listing and share issue expenses. In the previous financial year, the entire amount of preliminary and pre-operating expenses was written off in accordance with MASB No. 1. During the financial year, listing and other related expenses have been written off against the share premium account arising from the rights and public issue of shares upon completion of the public listing and share issue exercise.

## 2.11 Foreign Currency Transactions

Foreign currency transactions are converted into Ringgit Malaysia at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies at balance sheet date are converted into Ringgit Malaysia at the rates of exchange ruling at that date. Gains or losses resulting from the year's operations are dealt with through the income statement.

## 2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with licensed banks, bank overdrafts and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 2.13 Dividends

Dividends on ordinary shares are accounted for in the shareholders' equity as an appropriation in the period in which they are declared.

# 3. PROPERTY, PLANT AND EQUIPMENT

Group	At beginning of year RM	COST/VALUATION		At end of year RM
		Additions RM	Disposals RM	
<b>At valuation</b>				
Freehold land	310,000	-	-	310,000
Long leasehold land	17,595,062	-	-	17,595,062
Buildings	27,064,938	-	-	27,064,938
<b>At cost</b>				
Buildings	1,409,810	2,482,000	-	3,891,810
Plant and machinery	11,809,057	346,258	(24,269)	12,131,046
Motor vehicles	4,917,407	456,541	(90,000)	5,283,948
Office equipment	222,656	178,905	(15,535)	386,026
Furniture and fittings	167,250	94,877	(460)	261,667
Laboratory equipment	10,933	-	-	10,933
Electrical installation	291,075	8,200	-	299,275
Jetty	509,433	-	-	509,433
	<u>64,307,621</u>	<u>3,566,781</u>	<u>(130,264)</u>	<u>67,744,138</u>

# ACCUMULATED DEPRECIATION

Group	At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM	Depreciation charge for year ended 31.12.2000 RM
<b>At valuation</b>					
Long leasehold land	-	266,729	-	266,729	-
Buildings	-	1,398,188	-	1,398,188	-
<b>At cost</b>					
Buildings	1,104,710	69,546	-	1,174,256	23,444
Plant and machinery	7,302,970	1,198,566	(24,254)	8,477,282	50,991
Motor vehicles	3,091,654	629,979	(18,000)	3,703,633	20,549
Office equipment	148,584	51,542	(15,415)	184,711	965
Furniture and fittings	41,429	19,349	(460)	60,318	427
Laboratory equipment	1,093	1,094	-	2,187	36
Electrical installation	153,548	18,669	-	172,217	832
Jetty	40,755	10,188	-	50,943	334
	<u>11,884,743</u>	<u>3,663,850</u>	<u>(58,129)</u>	<u>15,490,464</u>	<u>97,578</u>

Group	NET BOOK VALUE	
	At beginning of year RM	At end of year RM
<b>At valuation</b>		
Freehold land	310,000	310,000
Long leasehold land	17,595,062	17,328,333
Buildings	27,064,938	25,666,750
<b>At cost</b>		
Buildings	305,100	2,717,554
Plant and machinery	4,506,087	3,653,764
Motor vehicles	1,825,753	1,580,315
Office equipment	74,072	201,315
Furniture and fittings	125,821	201,349
Laboratory equipment	9,840	8,746
Electrical installation	137,527	127,058
Jetty	468,678	458,490
	<u>52,422,878</u>	<u>52,253,674</u>

Company	At beginning of year RM	COST Additions RM	At end of year RM
Buildings	-	2,482,000	2,482,000
Office equipment	-	68,979	68,979
Furniture and fittings	-	89,423	89,423
Electrical installation	-	8,200	8,200
	<u>-</u>	<u>2,648,602</u>	<u>2,648,602</u>

Company	ACCUMULATED DEPRECIATION		
	At beginning of year RM	Charge for the year RM	At end of year RM
Office equipment	-	10,258	10,258
Furniture and fittings	-	4,162	4,162
Electrical installation	-	461	461
	-	14,881	14,881

Company	NET BOOK VALUE	
	At beginning of year RM	At end of year RM
Buildings	-	2,482,000
Office equipment	-	58,721
Furniture and fittings	-	85,261
Electrical installation	-	7,739
	-	2,633,721

(a) Land and buildings except for buildings constructed on land held under Temporary Occupation Licence, had been revalued in the previous financial year by the directors based on their open market values as ascertained by the professional valuers in 1999 and as approved by the Securities Commission on 28th September 2000.

(b) The net book value of the revalued land and buildings had they been stated at historical cost would have been as follows:-

Group	2001 RM	2000 RM
Freehold land	290,584	290,584
Long leasehold land	6,472,591	6,582,271
Buildings	12,033,793	12,657,310
	18,796,968	19,530,165

(c) The net book value of land and buildings pledged as security for bank borrowings as disclosed in Note 12 are as follows:-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Long leasehold land	17,328,333	17,595,062	-	-
Buildings	14,691,417	12,515,625	2,482,000	-
	32,019,750	30,110,687	2,482,000	-

(d) Included in the above are the following plant and machinery and motor vehicles acquired under hire purchase arrangements:-

<b>2001 Group</b>	<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Net book value RM</b>	<b>Current depreciation RM</b>
Plant and machinery	2,288,962	1,026,954	1,262,008	325,828
Motor vehicles	504,139	255,186	248,953	100,826
	<u>2,793,101</u>	<u>1,282,140</u>	<u>1,510,961</u>	<u>426,654</u>

<b>2000 Group</b>	<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Net book value RM</b>	<b>Current depreciation RM</b>
Plant and machinery	1,958,373	701,126	1,257,247	271,994
Motor vehicles	219,798	154,360	65,438	43,960
	<u>2,178,171</u>	<u>855,486</u>	<u>1,322,685</u>	<u>315,954</u>

#### 4. INVESTMENT IN SUBSIDIARY COMPANIES

	<b>Company</b>	
	<b>2001 RM</b>	<b>2000 RM</b>
Unquoted shares at cost	<u>54,692,598</u>	<u>54,692,598</u>

The subsidiary companies, all of which are incorporated in Malaysia and are directly held, are as follows:-

<b>Name of company</b>	<b>Effective equity interest</b>		<b>Principal activities</b>
	<b>2001 %</b>	<b>2000 %</b>	
Aikbee Timbers (Sabah) Sdn Bhd (205559-H)	100	100	Manufacturing of moulding timber, sawmilling of timber, log extraction, timber trading and plantation management.
Aikbee Timbers (Sarawak) Sdn Bhd (227966-T)	100	100	Timber trading, manufacturing of moulding timber and sawmilling of timber.
Aikbee Sawmill Sdn Bhd (4022-X)	100	100	Trading of logs and subcontracting, timber trading and property investment.

#### 5. DEFERRED EXPENDITURE

	<b>Group and Company</b>	
	<b>2001 RM</b>	<b>2000 RM</b>
Preliminary expenses	-	2,500
Pre-operating expenses	-	8,661
Share issue and listing expenses	1,577,329	715,259
	<u>1,577,329</u>	<u>726,420</u>
Amount written off to the income statement	-	(11,161)
Amount written off against share premium account (Note 14)	(1,577,329)	-
	<u>-</u>	<u>715,259</u>

Included in deferred expenditure of the Group and Company for the previous year are the following:-

	RM
Auditors' remuneration - others	6,950
Professional fee payable to a company in which a director has interest	1,000
	<u>          </u>

## 6. INVENTORIES

	Group	
	2001 RM	2000 RM
<b>At cost</b>		
Finished goods	22,546,801	20,678,232
Raw materials	1,884,659	5,350,092
Consumable stores and spares	368,597	372,440
	<u>24,800,057</u>	<u>26,400,764</u>

## 7. RECEIVABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade receivables	44,184,186	25,570,709	-	-
Less: Allowance for doubtful debts	(530,163)	(500,614)	-	-
	<u>43,654,023</u>	<u>25,070,095</u>	<u>-</u>	<u>-</u>
Advance to suppliers of timber logs	41,370,332	29,836,325	-	-
Other receivables	243,003	516,110	-	-
Deposits	211,735	621,488	1,600	-
Prepayments	269,912	267,534	-	-
	<u>85,749,005</u>	<u>56,311,552</u>	<u>1,600</u>	<u>-</u>

## 8. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

No fixed terms of repayment have been arranged for these unsecured balances.

Interest was charged at 9.30% (2000 : Nil) per annum on the amount of RM2,000,000 (2000 : Nil) owing by a subsidiary company which had been fully settled during the financial year.

No interest is charged on the amount owing by/(to) subsidiary companies at the end of the financial year.

## 9. PAYABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade payables	6,649,451	9,048,994	-	-
Other payables and accruals	5,903,756	4,824,251	645,633	437,339
	<u>12,553,207</u>	<u>13,873,245</u>	<u>645,633</u>	<u>437,339</u>

## 10. AMOUNT DUE TO DIRECTORS

No fixed terms of repayment have been arranged for this interest free and unsecured balance.

## 11. HIRE PURCHASE CREDITORS

	Group	
	2001 RM	2000 RM
Amount due under hire purchase	660,816	1,011,200
Less: Unexpired interest	(89,857)	(168,512)
Principal amount outstanding	570,959	842,688
Amount repayable within one year (included under current liabilities)	(457,997)	(589,477)
Amount repayable after one year but not later than five years (included under long term liabilities)	112,962	253,211

## 12. BANK BORROWINGS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>Secured</b>				
Bank overdrafts	11,663,296	13,512,259	-	-
Bankers' acceptances	15,960,000	15,891,000	-	-
Term loans – repayable within one year (Note 17)	2,401,970	1,794,993	224,729	-
	30,025,266	31,198,252	224,729	-
<b>Unsecured</b>				
Bankers' acceptances	4,499,000	4,499,000	-	-
	34,524,266	35,697,252	224,729	-

(a) The bank overdrafts and secured portion of the bankers' acceptances are secured by way of fixed legal charges over the leasehold land and buildings of the subsidiary companies and properties belonging to a related party, Sit Seng & Sons Realty Sdn Bhd, deeds of assignment over rights, interests, benefits and title in one of the subsidiary companies' shopping lots and are additionally guaranteed jointly and severally by the directors of the subsidiary companies.

Bankers' acceptances are subject to interest rates varying between 4.47% to 5.30% (2000: 4.60% to 5.30%) per annum and bank overdrafts are subject to interest rates varying between 2.0% to 2.5% (2000: 2.0% to 2.5%) per annum above the base lending rates of the lending banks.

(b) The term loan of the Company is secured by deed of assignment over rights, interest, benefits and title in the Company's office lot. The term loans of the subsidiary companies have the same security arrangements as detailed under (a). Detailed components and repayment terms are disclosed under Note 17.

The term loans are subject to interest rates varying between 7.40% to 9.25% (2000 : 8.55% to 9.25%) per annum.



### 13. SHARE CAPITAL

	Group and Company 2001 RM	2000 RM
Ordinary shares of RM1.00 each:		
Authorised:-		
At beginning/end of year	100,000,000	100,000,000
Issued and fully paid:-		
At beginning of year	37,719,036	2
Issued during the year:		
- Acquisition of subsidiaries (Note 24)	-	37,719,034
- Rights issue at RM1.60 per share on the basis of approximately 1 share for every 8.81 shares held	4,280,964	-
- Public issue at RM2.10 per share pursuant to the prospectus dated 30th March 2001	8,000,000	-
At end of year	50,000,000	37,719,036

The premium arising from the shares issued have been taken to the share premium account.

The entire issued and paid-up share capital of the Company was listed and quoted on the Second Board of the Kuala Lumpur Stock Exchange on 22nd June 2001.

### 14. SHARE PREMIUM

	Group and Company 2001 RM	2000 RM
<b>Non-distributable</b>		
At beginning of year	16,973,564	-
Premium arising from:		
- Issuance of 37,719,034 new ordinary shares at a premium of RM0.45 per share	-	16,973,564
- Rights issue of 4,280,964 new ordinary shares at a premium of RM0.60 per share	2,568,578	-
- Public issue of 8,000,000 new ordinary shares at a premium of RM1.10 per share	8,800,000	-
Less : Share issue and listing expenses (Note 5)	(1,577,329)	-
At end of year	26,764,813	16,973,564

### 15. RESERVE ON CONSOLIDATION

	Group 2001 RM	2000 RM
<b>Non-distributable</b>		
Reserve on consolidation	9,698,628	9,698,628
Less: Accumulated recognised income	(499,546)	(14,616)
	9,199,082	9,684,012
Accumulated recognised income:		
At beginning of year	14,616	-
Income recognised during the year	484,930	14,616
At end of year	499,546	14,616

Reserve on consolidation is recognised as income over 20 years.

## 16. RETAINED PROFIT/(ACCUMULATED LOSSES)

The Company has tax exempt income of RM3,931,200 (2000 : Nil) derived from the tax exempt dividend income received and which, subject to agreement with Inland Revenue Board and the availability of reserves, is distributable by way of tax exempt dividends.

## 17. TERM LOANS (Secured)

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Term loan facility of RM4,210,000 repayable by 120 equal monthly instalments commencing September 1995	2,309,324	2,923,424	-	-
Term loan facility of RM1,800,000 repayable by 120 equal monthly instalments commencing November 1995	1,105,827	1,274,699	-	-
Term loan facility of RM900,000 repayable by 84 equal monthly instalments commencing July 1996	324,825	470,329	-	-
Term loan facility of RM5,000,000 repayable by 60 equal monthly instalments commencing June 1999	2,998,063	3,930,000	-	-
Term loan facility of RM1,985,000 repayable by 84 equal monthly instalments commencing January 2002	1,985,000	-	1,985,000	-
	<hr/> 8,723,039	<hr/> 8,598,452	<hr/> 1,985,000	<hr/> -
Less: Amount repayable within 12 months (included under bank borrowings – Note 12)	(2,401,970)	(1,794,993)	(224,729)	-
	<hr/> 6,321,069	<hr/> 6,803,459	<hr/> 1,760,271	<hr/> -

The security arrangements and interest payable on term loans are disclosed in Note 12.

## 18. DEFERRED TAXATION

	Group	
	2001 RM	2000 RM
At beginning of year	460,000	-
Arising from acquisition of subsidiaries (Note 24)	-	460,000
Transfer from income statement (Note 21)	7,000	-
At end of year	<u>467,000</u>	<u>460,000</u>

The deferred taxation provision as at 31st December 2001 represents primarily the tax effects of the excess of capital allowances over depreciation. All timing differences of the Group have been accounted for in arriving at the deferred tax liabilities above.

## 19. REVENUE

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Revenue is derived from the following sources:-				
Sales of timber and related products	88,960,082	3,300,067	-	-
Plantation	7,025,393	275,720	-	-
Rental income	290,456	11,355	-	-
Dividend income	-	-	3,931,200	-
	<u>96,275,931</u>	<u>3,587,142</u>	<u>3,931,200</u>	<u>-</u>

## 20. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
This is arrived at after charging:-				
Auditors' remuneration				
- current year	49,500	-	8,000	2,750
- underprovision in prior year	21,950	-	5,250	-
Depreciation	3,663,850	97,578	14,881	-
Directors' remuneration:-				
Directors of the Company				
- fee	247,000	-	97,000	-
- other emoluments	570,429	-	298,480	-
Directors of subsidiary companies				
- fee	40,000	6,178	-	-
- other emoluments	81,550	12,785	-	-
Interest expense	3,022,560	95,896	61,608	-
Hiring of equipment	8,080	11,121	-	-
Hiring of vehicles	30,000	-	30,000	-
Loss on disposal of property, plant and equipment	20,515	-	-	-
Preliminary expenses written off	-	2,500	-	2,500
Pre-operating expenses written off	-	8,661	-	8,661
Allowance for doubtful debts	100,967	-	-	-
Tax penalties	147	-	-	-
Rental of premises	126,360	8,001	98,760	-

## 20. PROFIT/(LOSS) BEFORE TAXATION (Contd)

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
And crediting:-				
Dividend income (tax exempt) from a subsidiary company	-	-	3,931,200	-
Interest income	25,803	-	86,204	-
Allowance for doubtful debts written back	71,418	-	-	-
Reserve on consolidation recognised as income	484,930	14,616	-	-
Rental income	290,456	11,355	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

## 21. TAXATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Current Malaysian income tax	3,934,900	240,437	6,900	-
Underprovision in prior years	11,728	-	-	-
Transfer to deferred taxation (Note 18)	7,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,953,628	240,437	6,900	-
	<hr/>	<hr/>	<hr/>	<hr/>

The Company's current provision of tax is in respect of its interest income earned during the financial year.

The effective tax rate of the Group is higher than the statutory rate of tax due to certain expenses being disallowed for tax purposes.

## 22. BASIC EARNINGS PER SHARE

The basic earnings per share is calculated based on the Group's profit after taxation of RM7,456,359 (2000 : RM416,805) divided by the weighted average number of ordinary shares in issue during the financial year of 46,042,478 (2000 : 1,136,740).

## 23. DIVIDENDS

No dividend was paid or declared in respect of the financial year ended 31st December 2000.

A final tax exempt dividend in respect of the financial year ended 31st December 2001 of 3.6% on 50,000,000 ordinary shares amounting to RM1,800,000 will be proposed for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profit in the next financial year ending 31st December 2002.

## 24. ACQUISITION OF SUBSIDIARY COMPANIES

During the financial year ended 31st December 2000, the Company acquired the entire issued and paid-up share capital of Aikbee Timbers (Sabah) Sdn Bhd, Aikbee Timbers (Sarawak) Sdn Bhd and Aikbee Sawmill Sdn Bhd for a total consideration of RM54,692,598 and which were satisfied by the issuance of 37,719,034 new ordinary shares of RM1.00 each at an issue price of RM1.45 per share, credited as fully paid-up in that year.

(a) The effect of this acquisition on the financial results of the Group for the financial year ended 31st December 2000 was as follows :-

	Profit before taxation RM	Taxation RM	Profit after taxation RM
Results of subsidiaries acquired	13,903,421	(4,301,927)	9,601,494
Adjustment for pre-acquisition results	(13,227,335)	4,061,490	(9,165,845)
Post acquisition results of subsidiaries/ Increase in Group net profit	<u>676,086</u>	<u>(240,437)</u>	<u>435,649</u>

(b) The effect of this acquisition on the financial position of the Group at 31st December 2000 was as follows :-

	RM
Property, plant and equipment	52,422,878
Inventories	26,400,764
Debtors	56,311,552
Cash and bank balances	188,707
Creditors	(13,962,238)
Amount due to directors	(599,094)
Taxation	(12,974,983)
Bank overdrafts	(13,512,259)
Bankers' acceptance	(20,390,000)
Term loans	(8,598,452)
Deferred taxation	(460,000)
Reserve on consolidation	(9,698,628)
Increase in Group net assets	<u>55,128,247</u>

(c) Details of the fair value of net assets acquired, reserve on consolidation and cashflow arising from the acquisition at the date of acquisition were as follows:-

	RM
Property, plant and equipment	52,520,456
Inventories	25,412,723
Debtors	70,588,691
Cash and bank balances	609,150
Creditors	(25,445,183)
Amount due to directors	(494,636)
Taxation	(14,594,456)
Bankers' acceptance	(16,828,000)
Term loans	(8,546,091)
Bank overdrafts	(18,371,428)
Deferred taxation	(460,000)
	<u>64,391,226</u>
Less : Reserve on consolidation	(9,698,628)
Total purchase consideration	54,692,598
Less : Discharged by issuance of shares	(54,692,598)
Cash flow on acquisition	-
Less : Cash and cash equivalents of subsidiary companies acquired *	<u>(17,762,278)</u>
Cash flow on acquisition, net of cash acquired	<u>(17,762,278)</u>

\* Cash and cash equivalents comprised cash and bank balances and bank overdrafts.

## 25. NOTES TO CASH FLOW STATEMENT

### (a) Purchase of property, plant and equipment

Property, plant and equipment of the Group and the Company were acquired by the following means:-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash payment	1,056,681	-	663,602	-
Term loan financing	1,985,000	-	1,985,000	-
Hire purchase financing	525,100	-	-	-
Aggregate – at cost	<u>3,566,781</u>	<u>-</u>	<u>2,648,602</u>	<u>-</u>

Property, plant and equipment acquired by hire purchase financing are reflected as cash flow from financing activities based on the principal amount of instalments made.

### (b) Cash and cash equivalents at end of year comprise:-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Bank overdrafts	(11,663,296)	(13,512,259)	-	-
Cash and bank balances	<u>335,313</u>	<u>6,121,685</u>	<u>23,216</u>	<u>5,932,978</u>
	<u>(11,327,983)</u>	<u>(7,390,574)</u>	<u>23,216</u>	<u>5,932,978</u>

## 26. STAFF COSTS AND EMPLOYEES INFORMATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Staff cost	<u>3,072,581</u>	<u>64,478</u>	<u>531,963</u>	<u>7,932</u>

The number of persons employed by the Group and the Company at 31st December 2001 were 269 (2000: 378) and 6 (2000: 1) respectively.

## 27. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

### (a) Significant inter-company transactions

	Company	
	2001 RM	2000 RM
Dividend income from a subsidiary company	3,931,200	-
Interest charged to a subsidiary company (Note 8)	<u>60,401</u>	<u>-</u>

## 27. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (Contd)

### (b) Other related party transactions

The following trade transactions were entered into in the ordinary course of business with corporations of which certain directors of the Company have substantial equity interest based on contractual terms which are not materially different from those transacted with unrelated third parties:-

	Group	
	2001 RM	2000 RM
Plantation development income from :		
- Syarikat Tani Desa Sdn Bhd *	196,880	209,300
- Upaya Abadi Sdn Bhd *	-	138,000
- Yauntung Sdn Bhd *	50,000	-
- Fasgain Sdn Bhd *	-	30,628
- Realwood Enterprise Sdn Bhd *	-	18,270
- Lubah Plantation (S) Sdn Bhd *	378,300	-
- Sit Seng & Sons Realty Sdn Bhd *	242,270	53,070
	<hr/> 867,450	<hr/> 449,268
Plantation maintenance income from :		
- Sapatanian Sdn Bhd *	749,190	43,140
- Syarikat Tani Desa Sdn Bhd *	455,912	28,397
- Upaya Abadi Sdn Bhd *	315,062	27,196
- Yauntung Sdn Bhd *	635,211	52,382
- Belutanian Sdn Bhd *	421,048	33,282
- Ever-Yield Sdn Bhd *	286,240	2,172
- Fasgain Sdn Bhd *	287,529	27,161
- Realwood Enterprise Sdn Bhd *	313,078	26,044
- Lubah Plantation (S) Sdn Bhd *	45,456	-
- Sit Seng & Sons Realty Sdn Bhd *	2,360,640	220,351
	<hr/> 5,869,366	<hr/> 460,125
Log extraction contract fee income from:		
- Upaya Abadi Sdn Bhd *	175,995	51,737
- Ever-Yield Sdn Bhd *	-	274,877
	<hr/> 175,995	<hr/> 326,614
Transportation income from:		
- Sapatanian Sdn Bhd *	-	17,697
- Syarikat Tani Desa Sdn Bhd *	-	2,129
- Yauntung Sdn Bhd *	-	3,530
- Belutanian Sdn Bhd *	-	4,936
- Sit Seng & Sons Realty Sdn Bhd *	-	12,266
	<hr/> -	<hr/> 40,558
Sale of goods to Ever-Yield Sdn Bhd *	<hr/> 151,660	<hr/> -
Machinery hiring expenses charged by Aikbee Timbers Sdn Bhd *	<hr/> 60,000	<hr/> -
Vehicle hiring expenses charged by:		
- Aikbee Timbers Sdn Bhd *	30,000	-
- Sit Seng & Sons Realty Sdn Bhd *	59,500	-
	<hr/> 89,500	<hr/> -
Office rental charged by Sit Seng & Sons Realty Sdn Bhd *	<hr/> 19,200	<hr/> -
Property maintenance charged by Pearl Point Management Sdn Bhd *	<hr/> 223,757	<hr/> 18,646

## 27. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (Contd)

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Directors' remuneration:-				
Directors of the Company				
- Executive	780,429	-	358,480	-
- Non executive	37,000	-	37,000	-
Directors of subsidiary companies				
- Executive	121,550	18,963	-	-
Secretarial fee paid to Management Advisory Services Sdn Bhd **	49,400	19,200	29,900	900

(c) The balances of related parties at year end included in the financial statements are as follows:-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Amount included in trade and other receivables:				
- Belutanian Sdn Bhd *	33,297	-	-	-
- Fasgain Sdn Bhd *	24,418	-	-	-
- Lubah Plantation (S) Sdn Bhd*	11,675	-	-	-
- Realwood Enterprise Sdn Bhd*	63,834	-	-	-
- Sapatanian Sdn Bhd*	64,061	-	-	-
- Syarikat Tani Desa Sdn Bhd*	35,946	-	-	-
- Upaya Abadi Sdn Bhd*	29,071	-	-	-
- Yauntung Sdn Bhd*	46,444	-	-	-
- Sit Seng & Sons Realty Sdn Bhd*	736,835	-	-	-
- Basic Judgement Sdn Bhd*	565	-	-	-
Amount included in trade and other payables:				
- Management Advisory Sdn Bhd**	31,952	-	13,013	-
- Sit Seng & Sons Realty Sdn Bhd*	251,476	169,924	-	-
- Aikbee Timbers Sdn Bhd*	483,834	28,884	214,450	1,092
- Pearl Point Management Sdn Bhd*	297,515	73,757	-	-
- Tan Aik Thor***	50,000	-	-	-
- Ever-Yield Sdn Bhd*	516,837	10,000	5,000	5,000
- Pearl Point Seafood Restaurant Sdn Bhd*	6,979	-	6,979	-

\* Companies in which Lim Yen Siew @ Tan Sit Seng has substantial equity interest.

\*\* Company in which Lee Chee Chow, a former director of Aikbee Resources Berhad has substantial equity interest.

\*\*\* Tan Aik Thor is the son of Lim Yen Siew @ Tan Sit Seng and the brother of Tan Aik Hong and Tan Aik Hooi.

## 28. CONTINGENT LIABILITIES

	Group	
	2001 RM	2000 RM
Bank guarantees outstanding	111,900	168,750

Bank guarantee facilities are part of the blanket facilities provided by the bank as referred to in Note 12 and have the same security arrangements as disclosed thereunder.



## 29. SEGMENT ANALYSIS

		Profit/(loss) before Taxation RM	Assets Employed RM
<b>2001</b>	<b>Revenue RM</b>		
Timber and related products	88,960,082	10,947,842	146,123,178
Plantation	7,025,393	1,306,564	2,635,404
Property rental	290,456	(239,647)	11,720,930
Investment holding	-	(604,772)	2,658,537
	<hr/>	<hr/>	<hr/>
	96,275,931	11,409,987	163,138,049
	<hr/>	<hr/>	<hr/>
<b>2000</b>	<b>Revenue RM</b>	<b>Profit before Taxation RM</b>	<b>Assets Employed RM</b>
Timber and related products	3,300,067	614,015	121,757,235
Plantation	275,720	40,100	1,566,666
Property rental	11,355	3,127	12,000,000
Investment holding	-	-	6,648,237
	<hr/>	<hr/>	<hr/>
	3,587,142	657,242	141,972,138
	<hr/>	<hr/>	<hr/>

The Group's business activities are predominantly located in Malaysia.

## 30. COMPARATIVES

Certain comparative figures have been amended or reclassified to conform with current year's presentation.

## REPORT OF THE AUDITORS TO THE MEMBERS OF AIKBEE RESOURCES BERHAD

We have audited the financial statements set out on pages 23 to 47 of AIKBEE RESOURCES BERHAD. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
  - (ii) the state of affairs of the Group and of the Company as at 31st December 2001 and of the results of the operations and the cash flows of the Group and of the Company for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the said Act.

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

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

KHOO PEK LING  
NO: 900/03/04 (J/PH)  
PARTNER

FOLKS DFK & CO.  
NO: AF 0502

CHARTERED ACCOUNTANTS  
Kuala Lumpur

Date: 29th April 2002

## Other Information

### ***Utilisation of Proceeds***

The gross proceeds of RM6.85 million from the Rights Issue and RM16.80 million from the Public Issue totaling RM23.65 million have been utilised in the following manner:

Category	Amount Approved by the Securities Commission on 28 September 2000 RM'000	Amount Utilised as at 31 December 2001 RM'000
Capital expenditure	2,000	56
Repayment of bank borrowings	12,000	12,000
Specific working capital – purchase of logs	1,000	1,000
Working capital	7,150	9,052
Listing expenses	1,500	1,542
	<hr/> 23,650	<hr/> 23,650

### ***Share Buy-Backs***

There was no share buy-back by the Company during the financial year ended 31 December 2001.

### ***Options, Warrants or Convertible Securities***

The Company did not exercise any options, warrants or convertible securities during the financial year ended 31 December 2001.

### ***American Depositary Receipt ("ADR")/ Global Depositary Receipt ("GDR")***

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2001.

### ***Sanctions and/or Penalties***

No sanctions or penalties had been imposed on the Company by the Kuala Lumpur Stock Exchange or Securities Commission during the financial year ended 31 December 2001.

### ***Non-Audit Fees***

There was no non-audit fee paid to the external auditors for the financial year ended 31 December 2001.

**Variation in Results: Actual Profit After Tax (\*PAT) versus Forecast PAT**

Profit forecast variance analysis is summarised as follows:

	<b>Audited RM'000</b>	<b>Forecast RM'000</b>	<b>Variance RM'000</b>	<b>%</b>
Consolidated PAT	7,456	11,768	4,312	36.6

The overall shortfall of the Group PAT for the financial year ended 31 December 2001 was mainly due to the slowdown of the global economy which has dampened the timber market causing timber prices and volume to decline. The slowdown has resulted in the Group achieving only 63.4% of its forecast earnings.

The shortfall in profit forecast can be further analysed as follows:

**RM'000**

Forecast consolidated PAT	11,768
Reduction in contribution due to lower revenue and margin	(7,090)
Saving in administrative and other operating expenses	1,188
Reduction in taxation	1,590
Audited consolidated PAT	<u>7,456</u>

The reduction in revenue and margin is mainly attributable to shortfall in sales of moulding timber. The saving in administrative and other operating expenses arise mainly from the management's efforts to effectively control operating expenses incurred to a minimum as compared to the forecast level. There is a reduction in taxation because the actual Group PAT is lower than the forecast results.

**Profit Guarantee**

The Company did not issue any profit guarantee during the financial year ended 31 December 2001.

**Material Contracts Involving Directors and Substantial Shareholders**

Saved as disclosed below, neither the Company nor its subsidiaries have entered into any contracts, which are or may be material (not being contracts entered into in the ordinary course of business of the Company or its subsidiaries), either still subsisting at the end of the financial year ended 31 December 2001 or entered into since the end of the previous financial year:

- (i) An Underwriting Agreement dated 8 December 2000 between the Company, the Offerors, namely Aikbee Timbers Sdn Bhd, Lim Yen Siew @ Tan Sit Seng, Yap Kin Thai, Tan Aik Hooi, Tan Aik Hong, Tan Cheng Laye, Tan Aik Thor, Yap Keat Choon, Low Chee Hock, Sit Seng & Sons Realty Sdn Bhd, Astaka Budi Sdn Bhd, Kamal Bin Abu, Mohd Nor Bin Hussain, Harun Bin Abdul Samad, Halimah Binti Hashim and Mohd Raini Bin Mohamed Junus and the Underwriters, Arab-Malaysian Merchant Bank Berhad, Arab-Malaysian Securities Sdn Bhd and SBB Securities Sdn Bhd as mentioned in the Corporate Information of the Prospectus dated 30 March 2001, for underwriting 6,350,000 Public Issue Shares and 1,400,000 Offer For Sale Shares at 2% of the Initial Public Offerings price of RM2.10 per share and a Supplemental Underwriting Agreement dated 7 March 2001 between the Company, the Offerors and the Underwriters for the extension of time of the underwriting period to 7 June 2001.
- (ii) A Sale & Purchase Agreement dated 28 June 2001 between the Company and Aikbee Timbers Sdn Bhd for the acquisition of 4 parcels of commercial office spaces for a total cash consideration of RM2,482,000.

**Revaluation Policy**

Revaluation of land and buildings is undertaken at least once every 5 years by external independent valuers on an open market basis. Any surplus arising from revaluation is credited directly to revaluation reserve. Any deficit in excess of the revaluation reserve arising from previous revaluation in respect of the same property is charged to the income statement.

**Recurrent Related Party Transactions (\*RRPT\*) of a Revenue or Trading Nature**

The Company has obtained a shareholders' mandate subsequent to the financial year ended 31 December 2001 for RRPT of a revenue or trading nature on 28 January 2002. The breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2001 is set out in the financial statements on page 45.

## List Of Properties

Beneficial Owner/ Location	Description/ Existing Use	Land/ Built-up Area	Age of Building (Years)	Type of Land/Tenure (Year of expiry for leasehold)	Date of Acquisition/Last Revaluation	Net Book Value as at 31.12.2001
<b><i>Aikbee Resources Berhad</i></b>						
Parcel Nos. 1.3.18 to 1.3.21, Mukim of Petaling, Wilayah Persekutuan	Commercial (office lots)	606.80 sq. metres	5	Freehold	31.12.2001	2,482
<b><i>Aikbee Timbers (Sabah) Sdn Bhd</i></b>						
CL085311413 (PO) Off Jalan Sandakan-Telupid, District of Labuk and Sugut, Bahagian Sandakan, Sabah	Moulding factory	14,143.15 sq. metres	5	99 years Leasehold (2079)	08.09.1999	4,652
CL085311413 Off Jalan Sandakan-Telupid, District of Labuk and Sugut, Bahagian Sandakan, Sabah	Agriculture land planted with young oil palm trees	236.39 sq. acres	N/A	99 years Leasehold (2079)	04.10.1999	2,329
<b><i>Aikbee Timbers (Sarawak) Sdn Bhd</i></b>						
Lot No. 67, Block 12, District of Tanah Buan, Sarawak	Industrial land with sawmill and ancillary buildings	22,939.32 sq. metres	5	57 years Leasehold (2051)	27.09.1999	17,130
<b><i>Aikbee Sawmil Sdn Bhd</i></b>						
Lot PT 14200, Mukim of Batu, Wilayah Persekutuan	Industrial premises	4,930.73 sq. metres	4	99 years Leasehold (2079)	24.09.1999	7,399
Lot Nos. 805, 806 and 1506, Mukim of Sabai, District of Bentong, Pahang	Agriculture land	11.1125 sq. acres	N/A	Freehold	23.09.1999	310
Parcel Nos. SC-S-3 and SC-S-4, Mukim of Petaling, Wilayah Persekutuan	Commercial (retail lots)	1,298 sq. metres	5	Freehold	30.09.1999	11,721
						<hr/> 46,023 <hr/>

## Analysis Of Shareholdings As At 30th April 2002

Authorised share capital : RM100,000,000  
 Issued and fully paid shares : RM50,000,000  
 Class of shares : Ordinary shares of RM1.00 each  
 Voting rights : One vote per ordinary share  
 Total no. of shareholders : 1,611

### DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	% of Total Shareholders	No. of Shareholdings	% of Total Shareholdings
Less than 1,000	2	0.12	2	0.00
1,000 to 10,000	1,425	88.45	4,224,000	8.45
10,001 to 100,000	142	8.82	4,403,000	8.81
100,001 to less than 5%	39	2.42	29,125,425	58.25
5% and above	3	0.19	12,247,573	24.49
Total	1,611	100.00	50,000,000	100.00

### SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest	No. of Shares Held	
		%	Deemed Interest
Sit Seng & Sons Realty Sdn Bhd	4,749,021	9.50	4,336,552*
Aikbee Timbers Sdn Bhd	4,336,552	8.67	-
Astaka Budi Sdn Bhd	3,999,230 <sup>#</sup>	8.00	-
Arab-Malaysian Merchant Bank Bhd	3,232,000 <sup>+</sup>	6.46	-
Total	16,316,803	32.63	4,336,552

Notes:

\* Deemed interested by virtue of its shareholdings in Aikbee Timbers Sdn Bhd.

<sup>#</sup> Held by itself and/or through nominee company.

<sup>+</sup> Held through nominee company.

### DIRECTORS' SHAREHOLDINGS

Name of Director	Direct Interest	No. of Shares Held	
		%	Deemed Interest
Lim Yen Siew @ Tan Sit Seng	3,260,590	6.52	9,085,573**
Tan Aik Hong	1,745,045	3.49	-
Low Chee Hock	160,314	0.32	-
Yap Keat Choon	580,732	1.16	-
Mohd Zaki Bin Hamzah	8,000	0.02	-
Kamal Bin Abu	2,054,212	4.11	-
Dato' Tan Yin Wah	53,000	0.11	-
	7,861,893	15.73	9,085,573

Note:

\*\* Deemed interested by virtue of his shareholdings in Sit Seng & Sons Realty Sdn Bhd and Aikbee Timbers Sdn Bhd.

### THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholder	No. of Shares Held	% of Shareholdings
1. Sit Seng & Sons Realty Sdn Bhd	4,679,021	9.36
2. Aikbee Timbers Sdn Bhd	4,336,552	8.67
3. Arab-Malaysian Nominess (Tempatan) Sdn Bhd Qualifier: Arab-Malaysian Merchant Bank Bhd (7/45-1)	3,232,000	6.46
4. Astaka Budi Sdn Bhd	2,207,250	4.41
5. Lim Yen Siew @ Tan Sit Seng	2,142,590	4.29
6. Kamal Bin Abu	2,044,212	4.09
7. Arab-Malaysian Nominess (Tempatan) Sdn Bhd Qualifier: Tan Aik Hong (CF 6/43-4)	2,000,000	4.00
8. Arab-Malaysian Finance Berhad Qualifier: Pledged Securities Account for Astaka Budi Sdn Bhd	1,791,980	3.58
9. Tan Aik Hooi	1,037,045	2.07
10. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	1,000,000	2.00
11. MIDF Sisma Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Low Yoke Keong (CTS-LYK0006)	966,000	1.93
12. Tan Cheng Laye	953,715	1.91
13. Tan Aik Hong	952,045	1.90
14. Tan Aik Thor	943,715	1.89
15. MIDF Sisma Nominess (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Khoh Kok Yam (MGN-KKY0003M)	863,000	1.73
16. Mayfin Nominess (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tan Aik Hong (MDTM)	753,000	1.51
17. Mohd Raini Bin Mohamed Junus	748,169	1.50
18. Mohd Nor Bin Hussain	748,169	1.50
19. Harun Bin Abdul Samad	748,169	1.50
20. Halimah Binti Hashim	743,169	1.49
21. BBL Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lim Yen Siew @ Tan Sit Seng	741,000	1.48
22. Arab-Malaysian Finance Berhad Qualifier: Pledged Securities Account for Mohd Fahami Bin Hussain (Aikbee)	740,000	1.48

# THIRTY (30) LARGEST SHAREHOLDERS (Contd)

	No. of Shares Held	% of Shareholdings
23. Arab-Malaysian Finance Berhad Qualifier: Pledged Securities Account for Faizal Bin Abdul Aziz (Aikbee)	735,000	1.47
24. Mayfin Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tan Aik Hooi (MDTM)	727,000	1.45
25. Chan Yang Gee	540,000	1.08
26. A.A. Assets Nominees (Tempatan) Sdn Bhd Qualifier: EON Finance Berhad for Chan Yang Gee	450,000	0.90
27. SBB Securities Sdn Bhd	432,000	0.86
28. Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Low Yoke Keong (100336)	425,000	0.85
29. CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Foo Kim Shin (MM0902)	413,000	0.83
30. Southern Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lim Yen Siew @ Tan Sit Seng	377,000	0.75
	<hr/> 38,469,801 <hr/>	<hr/> 76.94 <hr/>





AIKBEE RESOURCES BERHAD

(Company No: 428890-D)

(Incorporated in Malaysia)

## PROXY FORM

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

of (full address) \_\_\_\_\_

being a member/members of AIKBEE RESOURCES BERHAD, hereby appoint (full name in block letters) \_\_\_\_\_

of (full address) \_\_\_\_\_

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

of (full address) \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf, at the Fifth Annual General Meeting of the Company to be held at Swan 1, 7th Floor, Pearl International Hotel, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur, Malaysia on 28 June 2002 at 9.30 a.m. and at any adjournment thereof.

My/our proxy is to vote on the resolutions as indicated by an "x" in the appropriate spaces below. If this form is returned without any indications as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

NO.	RESOLUTION	FOR	AGAINST
1.	Adoption of the Audited Financial Statements for the financial year ended 31 December 2001 together with the Reports of Directors and Auditors thereon		
2.	Approval of the declaration of a first and final tax exempt dividend of 3.6% as recommended by the Directors in their Report		
3.	Approval of Directors' Fees		
4.	Re-election of Director, Dato' Mohd Nor Bin Abdul Wahid, who retires pursuant to Article 77 of the Company's Articles of Association		
5.	Re-election of Director, Encik Kamal Bin Abu, who retires pursuant to Article 77 of the Company's Articles of Association		
6.	Re-election of Director, Dato' Tan Yin Wah, who retires pursuant to Article 83 of the Company's Articles of Association		
7.	Re-election of Director, Mr Bong Chan Loong, who retires pursuant to Article 83 of the Company's Articles of Association		
8.	Reappointment of Messrs. Folks DFK & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration		
9.	Approval of Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965		
10.	Approval of Ordinary Resolution pursuant to the Proposed Renewal of the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Number of ordinary shares held

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

Dated : \_\_\_\_\_

### Notes:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at B-8-7, Megan Phileo Promenade, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia not later than 48 hours before the time set for holding the meeting.
3. If the Appointer is a corporation, the proxy form must be executed either under its Common Seal or signed by an officer or attorney duly authorised.

*Fold this flap for sealing*

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AFFIX  
STAMP

THE COMPANY SECRETARY  
**AIKBEE RESOURCES BERHAD** (428890-D)  
B-8-7, Megan Phileo Promenade  
189, Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

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