

LAPORAN TAHUNAN

2003

ANNUAL REPORT



安裕資源有限公司
ANN JOO RESOURCES BERHAD

371152-U

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NOTICE OF EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Sheraton Subang Hotel & Towers, Selangor 3 Ballroom, Jalan SS12/1, 47500 Subang Jaya on Thursday, 17 June 2004 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2003 and the Reports of Directors and Auditors thereon. Resolution 1
2. To declare a final dividend of 6% less income tax of 28% for the financial year ended 31 December 2003. Resolution 2
3. To approve the payment of Directors' fees amounting to RM210,000.00 for the financial year ended 31 December 2003. Resolution 3
4. To re-elect the following Directors, who shall retire pursuant to Article 101 of the Company's Articles of Association:-
 - a) En Mohd Alkaf Bin Mohd Kahar; and Resolution 4
 - b) Mr Lim Seng Qwee. Resolution 5
5. To re-elect Mr Lim Kien Lip who shall retire pursuant to Article 108 of the Company's Articles of Association. Resolution 6
6. To consider and, if thought fit, pass the following resolution, with or without modifications, as an Ordinary Resolution of the Company:-

"THAT, pursuant to Section 129(6) of the Companies Act, 1965, Dato' Ong Kim Hoay be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

Resolution 7
7. To re-appoint Messrs Ong Boon Bah & Co. as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. Resolution 8

AS SPECIAL BUSINESS

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

AUTHORITY TO ALLOT SHARES

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed 10% of the total 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 Bursa Malaysia Securities Berhad and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company".

Resolution 9

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

PROPOSED RENEWAL OF AUTHORISATION TO ENABLE THE COMPANY TO PURCHASE UP TO 10% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965

"**THAT**, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through the BMSB upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of shares purchased does not exceed 10 per cent of the total issued and paid-up share capital of the Company as quoted on the BMSB as at the point of purchase;
- (ii) an amount not exceeding the Company's audited retained profit of RM68,813,000.00 and/or the share premium account of RM55,266,000.00 for the financial year ended 31 December 2003 be allocated by the Company for the purchase of own shares; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

AND THAT the authority conferred by this resolution will commence immediately and will, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution (unless earlier revoked or varied by an Ordinary Resolution of the shareholders of the Company in a general meeting) but shall not prejudice the completion of purchase(s) by the Company before that aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by the BMSB or any other relevant authorities;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of the BMSB and all other relevant governmental and/or regulatory authorities."

Resolution 10

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT** approval be and is hereby given for the renewal of shareholders' mandate for the Company and/or its subsidiary companies to enter into the categories of recurrent transactions of a revenue or trading nature with the following Related Parties as specified in Section 3.4 of the Circular to Shareholders dated 25 May, 2004 ("Circular"):-

(i) LIM Group	Resolution 11
(ii) MISI Group	Resolution 12
(iii) Sanritsu Group	Resolution 13
(iv) CHH Group	Resolution 14
(v) SHH Group	Resolution 15
(vi) Tokyo Boeki Ltd	Resolution 16
(vii) MESB Group	Resolution 17
(viii) MYS Group	Resolution 18

AND THAT a mandate be and is hereby granted for the Company and/or its subsidiary companies to enter into additional recurrent related party transactions of a revenue or trading nature with the following Related Parties as set out in Section 3.5 of the Circular:-

(i) Sanritsu Group	Resolution 19
(ii) MYS Group	Resolution 20

PROVIDED ALWAYS that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out on an arm's length basis, in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders

AND THAT the shareholders' mandate, unless revoked or varied by the Company in a general meeting, shall take effect from the date of the passing of this Ordinary Resolution and will continue in force until:-

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

whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Mandate."

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

NOTICE OF DIVIDEND ENTITLEMENT & PAYMENT

NOTICE IS HEREBY GIVEN THAT a final dividend of 6% less income tax of 28% in respect of the financial year ended 31 December 2003, if so approved at the Eighth Annual General Meeting, will be paid on 30 June 2004 to Depositors registered in the Record of Depositors at the close of business on 22 June 2004.

A Depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 22 June 2004 in respect of ordinary transfers;
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

MABEL TIO MEI PENG (MAICSA 7009237)

LEONG OI WAH (MAICSA 7023802)

Company Secretaries

25 May 2004

Notes :-

- 1) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 2) A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1) (b) of the Companies Act, 1965, shall not apply to the Company.
- 3) The instrument appointing a proxy shall be in writing under the hand of appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- 4) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or official copy of such power or authority, shall be deposited at the Registered Office of the Company at Wisma Ann Joo, Lot 19391, Bt 8 ½ Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- 5) Explanatory Notes on Special Business:-
 - a) Ordinary Resolution 9
The proposed resolution in relation to authority to allot shares pursuant to Section 132D of the Companies Act, 1965, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.
 - b) Ordinary Resolution 10 to Ordinary Resolution 20
Please refer to the Circular to Shareholders dated 25 May 2004 for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

I. Directors standing for re-election at the Eighth Annual General Meeting of the Company

(a) Pursuant to Section 129 of the Companies Act, 1965

Dato' Ong Kim Hoay

(b) Pursuant to Article 101 of the Company's Articles of Association
(Retirement by rotation)

Mohd Alkaf bin Mohd Kahar
Lim Seng Qwee

(c) Pursuant to Article 108 of the Company's Articles of Association

Lim Kien Lip

• Details of attendance at Board Meetings:

Director	No. of Meetings Attended
Dato' Ong Kim Hoay	4 out of 5
Mohd Alkaf bin Mohd Kahar	5 out of 5
Lim Seng Qwee	5 out of 5
Lim Kien Lip (Appointed w.e.f. 17.06.2003)	2 out of 5

• Further details of Directors standing for re-election are set out on pages 7, 8, 9 and 10 of this Annual Report. The securities holdings of these directors are to be found on pages 93 and 94.

II. Place, date and time of the Eighth Annual General Meeting

Place	Date	Time
Sheraton Subang Hotel & Towers Selangor 3 Ballroom Jalan SS12/1 47500 Subang Jaya	Thursday, 17 June, 2004	10:00 a.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Seng Qwee
Executive Chairman

Lim Kiam Lam
Group Managing Director

Lim Sin Seong
Executive Director

Lim Kien Lip
Executive Director

Lim Hong Thye
Executive Director

Dato' Ong Kim Hoay
Independent Non-Executive Director

Mohd Alkaf Bin Mohd Kahar
Independent Non-Executive Director

Datuk Haidar Ali bin Haji Sheikh Fadzir
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Ong Kim Hoay
(Chairman)
(Independent Non-Executive Director)

Mohd Alkaf Bin Mohd Kahar
(Independent Non-Executive Director)

Lim Kiam Lam
(Group Managing Director)

COMPANY SECRETARIES

Leong Oi Wah
(MAICSA 7023802)

Mabel Tio Mei Peng
(MAICSA 7009237)

HEAD OFFICE & REGISTERED OFFICE

Wisma Ann Joo, Lot 19391
Batu 8^{1/2}, Jalan Klang Lama
46000 Petaling Jaya
Telephone No: 03-7877 0028
Fax No: 03-7875 9354

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad
Alliance Bank Malaysia Berhad
RHB Bank Berhad
Southern Bank Berhad

AUDITORS

Ong Boon Bah & Co.

SHARE REGISTRAR

Signet Share Registration Services Sdn Bhd
Level 26 Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel No: 03-2721 2222
Fax No: 03-2721 2530/31

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
- Main Board

BOARD OF DIRECTORS' PROFILE

Lim Seng Qwee

64 years of age - Malaysian

Executive Chairman. He is also the Executive Chairman of Ann Joo Metal Sdn Bhd. He has more than forty (40) years experience in the steel trading business and has contributed significantly to the growth and development of the trading business. He also sits on the board of several private limited companies.

Appointed as Director of the Company on 11 September 1996 and from the position of Deputy Executive Chairman, he was appointed as the Executive Chairman of the Company on 17 June 2003. He was also appointed to the Investment Committee in May 2003 as its Chairman.

Attended all the five Board Meetings held for the financial year. Father of Mr Lim Hong Thye, the Executive Director of the Company and brother of major shareholder, Mr Lim Seng Chee and Executive Director, Mr Lim Sin Seong, as well as uncle of Mr Lim Kiam Lam and Mr Lim Kien Lip, the Group Managing Director and Executive Director of the Company respectively. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Lim Kiam Lam

51 years of age - Malaysian

Group Managing Director. He is currently the Executive Chairman of Malayawata Steel Berhad. He has over thirty (30) years of hands on experience in the steel business. During his tenure as a key member of the senior management, the Group's business has grown and expanded rapidly. He is the Adviser of the Selangor & Federal Territory Metal Dealers Association and the Malaysia Hardware, Machinery & Building Materials Dealer Association. He is also the Chairman of the Commerce Committee of the Kuala Lumpur & Selangor Chinese Chamber of Commerce & Industry. Mr Lim Kiam Lam also sits on the board of various private companies.

Appointed as Director of the Company on 11 September 1996 and as Group Managing Director on 12 September 1996. He serves as a member of its Audit Committee, Investment Committee and Remuneration Committee besides being the Chairman of Strategic Business Unit (SBU) Management Committee of the Company. Current directorship in a public company includes Malayawata Steel Berhad.

Attended all the five Board Meetings held for the financial year. Son of major shareholder, Lim Seng Chee and nephew of Mr Lim Seng Qwee and Mr Lim Sin Seong, the Executive Chairman and Executive Director of the Company respectively. He is also the brother of Executive Director, Mr Lim Kien Lip as well as cousin to Executive Director, Mr Lim Hong Thye. No conflict of interest with the Company. No convictions for offences within the past 10 years.

BOARD OF DIRECTORS' PROFILE (CONT'D)

Lim Sin Seong

47 years of age - Malaysian

Executive Director. He is also the Managing Director of Ann Joo Metal Sdn Bhd. He has over twenty-five (25) years of involvement in the steel trading business. He is the Director responsible for the trading division of the Group. His embracing of modern management approaches was instrumental in the transformation of the company with adoption of modern logistic facilities and state-of-the-art computerised management system. He is currently the Head of Strategic Business Unit 1 of the Company. He also sits on the board of several private limited companies.

Appointed as Director of the Company on 11 September 1996. Besides being a member on Strategic Business Unit Management Committee of the Company, he was also appointed as a member on the Investment Committee in May 2003. He also served as a member on its Option Committee until the expiry of Employees' Share Option Scheme in November 2003 and hence, the dissolution of the Committee.

Attended all the five Board Meetings held for the financial year. Brother of major shareholder, Mr Lim Seng Chee and Executive Chairman, Mr Lim Seng Qwee, as well as uncle to Group Managing Director, Mr Lim Kiam Lam and Executive Directors, Mr Lim Kien Lip and Mr Lim Hong Thye respectively. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Lim Kien Lip

42 years of age - Malaysian

Executive Director. He is also the Managing Director of Anshin Steel Industries Sdn Bhd ("ASI") and prior to 31 January 2004, the Managing Director of ACSAN Steel Service Centre Sdn Bhd. He joined the Ann Joo Group of Companies in 1987 and rose to the rank of General Manager/Executive Director of ASI in 1997 and by the year 2000, he was appointed as the Managing Director of ASI. He holds a Bachelor of Science in Business Administration (major in Management) from the Central Washington University St., United States of America in 1983 and obtained his Master of Science in Business Administration (major in Management) from City University, Washington St., United States of America in 1984. He is currently the Head of Strategic Business Unit 2 of the Company. He also sits on the board of several private limited companies.

Appointed as Director of the Company on 17 June 2003 and serves as a member on the Strategic Business Unit Management Committee of the Company.

Son of Lim Seng Chee, the major shareholder of the Company and nephew of Executive Chairman, Lim Seng Qwee and Executive Director, Mr Lim Sin Seong. He is also the brother of Mr Lim Kiam Lam, the Group Managing Director and cousin of Mr Lim Hong Thye, the Executive Director. No conflict of interest with the Company. No convictions for offences within the past 10 years.

BOARD OF DIRECTORS' PROFILE (CONT'D)

Lim Hong Thye

29 years of age - Malaysian

Executive Director. He joined AJR in August 2000 and was under secondment to Malayawata Steel Berhad ("MYS") on 10 August 2000 as Senior Vice President, Finance & Investment. He was then appointed as Executive Director of MYS on 15 January 2004 and with effect from 18 February 2004, became its President. Prior to that, he was with the Assurance & Business Advisory Service unit of Price Waterhouse and PriceWaterhouseCoopers. He holds a Bachelor of Commerce (Accounting and Finance) from The University of Melbourne and is a Certified Practising Accountant (CPA) of Australian Society of CPAs. He also sits on the board of several private limited companies.

Appointed as Director of the Company on 1 January 2003 and serves as a member on Strategic Business Unit Management Committee. He was also appointed as a member of Investment Committee in May 2003. Current directorship in a public company includes Malayawata Steel Berhad.

Son of Executive Chairman, Lim Seng Qwee and nephew of Mr Lim Seng Chee and Mr Lim Sin Seong, the major shareholder and Executive Director of the Company respectively as well as cousin to the Group Managing Director, Mr Lim Kiam Lam and Executive Director, Mr Lim Kien Lip. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Dato' Ong Kim Hoay

70 years of age - Malaysian

Independent Non-Executive Director. He is an Associate Member of the Institute of Chartered Accountants (Australia), Institute of Chartered Secretaries and Administrators (Australia) and also a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants. He started his career in 1969 as an Auditor with Terquand Youngs & Co. (now known as Ernst & Young), a public accounting firm. He subsequently joined Malayan Banking Berhad (Maybank) in 1970 and has held various senior positions in the Bank before retiring as General Manager, Singapore Operations in 1992. He has also served on the Board of Directors of Maybank for several years.

Appointed as Director of the Company on 11 September 1996. Besides serving as Chairman of Audit Committee, Remuneration Committee and Nominating Committee, he is also the Senior Independent Non-Executive Director of the Company. Current directorship in public companies includes Amanah Capital Partners Berhad, Atlan Holdings Berhad, Multivest Resources Berhad, Artwright Holdings Berhad, Kimble Corporation Berhad and Sriwani Holdings Berhad.

Attended four out of the five Board Meetings held for the financial year. No family relationship with any Director and/or major shareholder of the Company. No conflict of interest with the Company. No convictions for offences within the past 10 years.

BOARD OF DIRECTORS' PROFILE (CONT'D)

Mohd Alkaf Bin Mohd Kahar

55 years of age - Malaysian

Independent Non-Executive Director. He is currently the Chairman of Kimble Corporation Berhad. He was formerly with the RHB Bank Berhad from 1984 to 1994 where he assumed the post of General Manager in 1990. Prior to that, he was attached to the Ministry of Finance (Tax and Economic Divisions) from 1980 to 1983, and to the Prime Minister's Department (Economic Planning Unit) from 1971 to 1980. He holds a Bachelor of Arts Honours in Economics from the University of Malaya in 1971 and obtained his Master of Arts in Development Economics from Williams College, Massachusetts, in 1975.

Appointed as Director of the Company on 11 September 1996 and also serves as a member of Audit Committee, Remuneration Committee, Nominating Committee and Investment Committee. Current directorship in public companies includes Talam Corporation Berhad and Kimble Corporation Berhad.

Attended all the five Board Meetings held for the financial year. No family relationship with any Director and/or major shareholder of the Company. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Datuk Haidar Ali Bin Haji Sheikh Fadzir

43 years of age - Malaysian

Independent Non-Executive Director. He holds a Bachelor of Science degree majoring in Business Administration from Indiana State University, United States of America. He has many years of extensive working experience in international trade, agricultural development and property development and procurement of building materials both locally and overseas. His knowledge and insight of international trade is instrumental in contributing to the continuing growth of the International Division of Life In Style Sdn Bhd.

Appointed as Director of the Company on 1 March 2000 and served as Chairman of its Option Committee Meeting since August 2002 until the expiry of Employees' Share Option Scheme in November 2003 and hence, the dissolution of the Committee. He was also appointed as a member on its Nominating and Remuneration Committee of the Company in January 2004. Current directorship in a public company includes Gold Bridge Engineering & Construction Berhad.

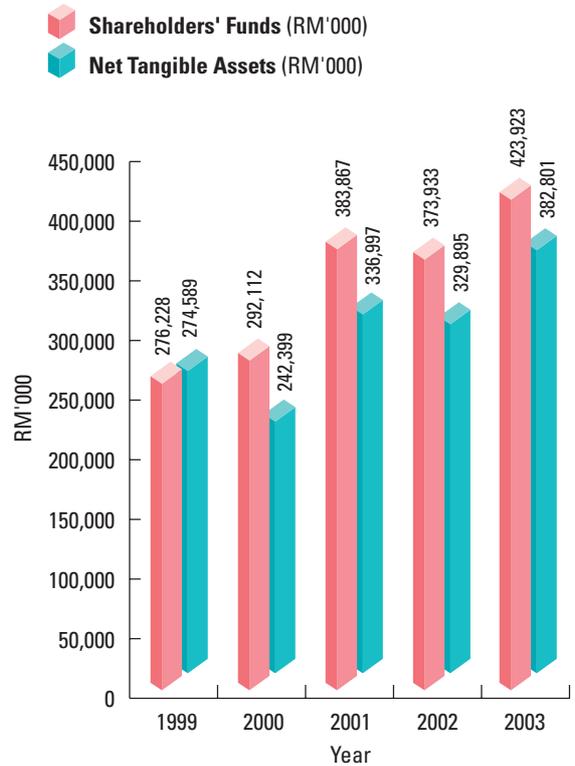
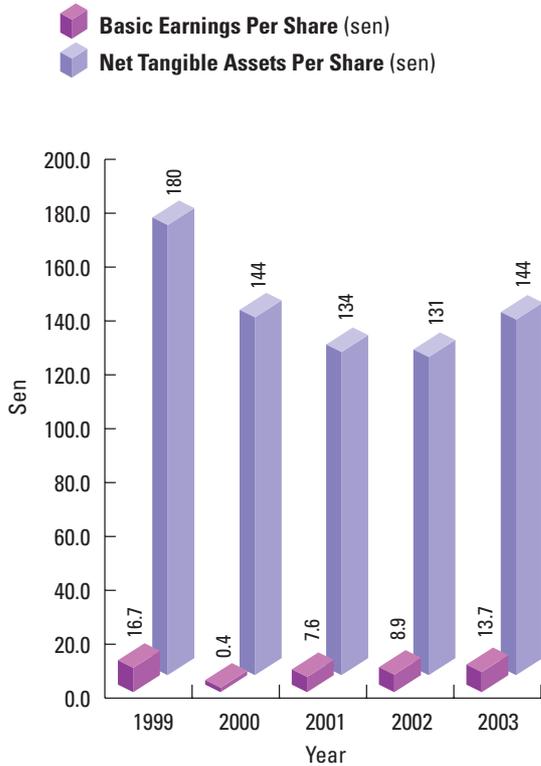
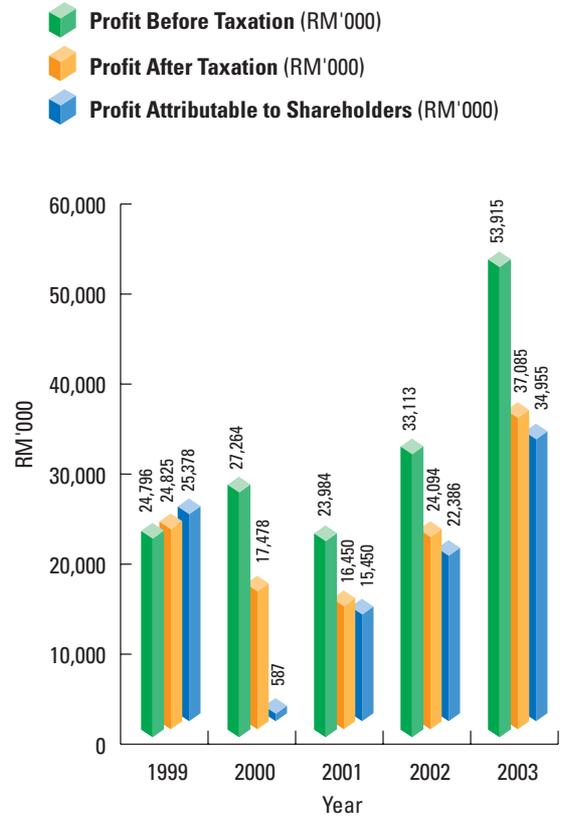
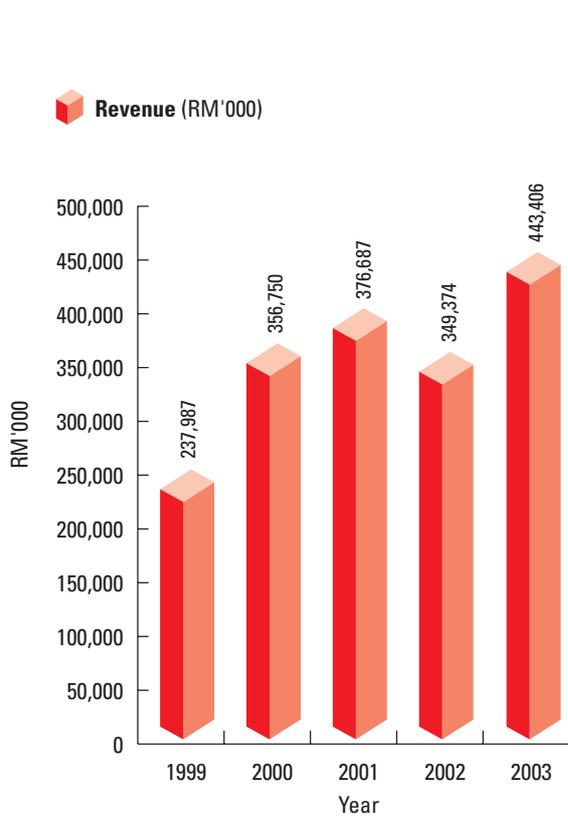
Attended four out of the five Board Meetings held for the financial year. No family relationship with any Director and/or major shareholder of the Company. No conflict of interest with the Company. No convictions for offences within the past 10 years.

5 YEARS' GROUP FINANCIAL HIGHLIGHTS

	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	237,987	356,750	376,687	349,374	443,406
Profit Before Taxation	24,796	27,264	23,984	33,113	53,915
Profit After Taxation	24,825	17,478	16,450	24,094	37,085
Profit Attributable to Shareholders of the Company	25,378	587	15,450	22,386	34,955
Dividend Rate (%)	3.0	5.0	3.5	3.5	12.0
Net Dividend	3,937	7,777	6,353	6,353	24,433
Shareholders' Funds	276,228	292,112	383,867	373,933	423,923
Net Tangible Assets	274,589	242,399	336,997	329,895	382,801
Net Tangible Assets Per Share (sen)	180	144	134	131	144
Basic Earnings Per Share (sen)	16.7	0.4	7.6	8.9	13.7

Certain comparative figures have been restated to reflect the changes in accounting policies.

5 YEARS' GROUP FINANCIAL HIGHLIGHTS (CONT'D)



CHAIRMAN'S STATEMENT

“On behalf of the Board of Directors of Ann Joo Resources Berhad, I am pleased to present the eighth Annual Report and Audited Accounts of the Company and the Group for the financial year ended 31st December 2003.”

FINANCIAL HIGHLIGHTS

For the financial year under review, the Group's net profit posted a record high of RM35.0 million which represents an increase of 64% compared with RM21.3 million recorded for the financial year ended 31st December 2002. Even excluding the gain arising from the disposal of a rolling mill belonging to a subsidiary, the Group achieved a net profit of RM24.5 million or an increase of 15% compared with RM21.3 million in the preceding year. The commendable performance was attributable to the rise in the price of steel products in the country in tandem with the increase in the price in the international market.

DIVIDEND

In view of the record profit achieved, the Company paid a maiden interim dividend of 6 sen per share (3 sen tax-exempt, 3 sen less 28% income tax) in September 2003. In addition to the interim dividend, the Board of Directors is pleased to recommend a final dividend of 6 sen per share, less 28% income tax.

OPERATIONS REVIEW

Profit from stockist operations was higher during the financial year under review compared to the preceding financial year despite the decline in sales tonnage recorded, which was primarily a result of the imposition of import restrictions and customs duties on steel products. The increase in profit was driven by a time-proven effective procurement strategy facilitated through our long-established business network, management experience and expertise. As a result, the Company was able to maximise shareholder returns in spite of the relatively uncertain market conditions.

On the other hand, the performance of the manufacturing operations was mixed in their contribution to the Group's profit in financial year 2003. Our steel service centres recorded sales and profit which were higher than those in preceding financial year following the conversion of a previously associated company to a 57%-owned subsidiary as well as improved profit margin and productivity. While sales rose, profit margin of our long products operations however was adversely affected by the sharp increase in the price of our key raw material, scrap metal and the Government-fixed ceiling price of billets and construction bars, our core products.

CORPORATE DEVELOPMENT

With a view to achieving greater synergy amongst all operating units and a sharper focus on our core business, the Company had successfully completed the disposal of one of the rolling mills of a subsidiary during the year.

CHAIRMAN'S STATEMENT (CONT'D)

In addition, ACSAN Steel Service Centre Sdn Bhd, a previously 37%-owned associated company has converted to a 57%-owned subsidiary while the Group's stake in Saga Makmur Industri Sdn Bhd, was increased from 51% to 72%.

The Group also acquired an additional 4,075,637 ordinary shares of RM1.00 each of MYS representing a 2.02% of the latter's issued and fully paid-up share capital, effectively raising the Company's equity stake in MYS to 32.06% from 30.04%.

PROSPECTS

In light of the prevailing bullish global steel market, most particularly that of high-grade and specialty steel, our stockist operations would be the Company's key growth driver, and appears increasingly likely to herald in a much more profitable financial year 2004 than that of financial year 2003. Higher selling prices alone are not the only factor that is expected to drive earnings forward. The Company's increasing emphasis and focus on engineering intensive related industries, most particularly in the oil and gas and petrochemical and the palm oil and oleochemical sectors are likely to bear fruits in the financial year ahead. As in the past, our time-tested and proven strategic procurement measures will continue to remain firmly in place, consistently in search of windows of buying opportunities. In addition, the Group would endeavour to explore business opportunities, particularly in the South-East Asian region in view of an increasingly more liberalised regional market.

The outlook for the Group's manufacturing operations, led by steel servicing centres, meanwhile are similarly likely to record higher profits in financial year 2004, owing mostly to improving selling prices while demand stays relatively steady. The manufacturing of long products, driven by our associated company, Malayawata Steel Berhad, is expected to perform better as a result of increasing sales tonnage, higher effective selling prices, continuing realisation of cheaper scrap costs and continuous improvement in productivity and efficiency.

In light of the above factors, the Group is, given the current volatility in the global economy, cautiously optimistic of rewarding our shareholders with a significantly better performance in financial year 2004.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to record my sincere thanks and appreciation to our previous Chairman, Mr. Lim Seng Chee, who retired from the Board after over 50 years of tireless service to the Group. To the management and staff, their dedication, diligence and hard work are truly appreciated. My sincere thanks also goes to our shareholders, customers, suppliers, financiers and business associates for their continued support.

I would also like to record our gratitude to Mr. Toh Tuan Sun who resigned as a director and the late Tan Sri Zulkifli Bin Mahmood, for their valuable contribution to the Group.

I would like to extend a warm welcome to Mr. Lim Kien Lip who was appointed as Executive Director to lend his experience and expertise to the Company.

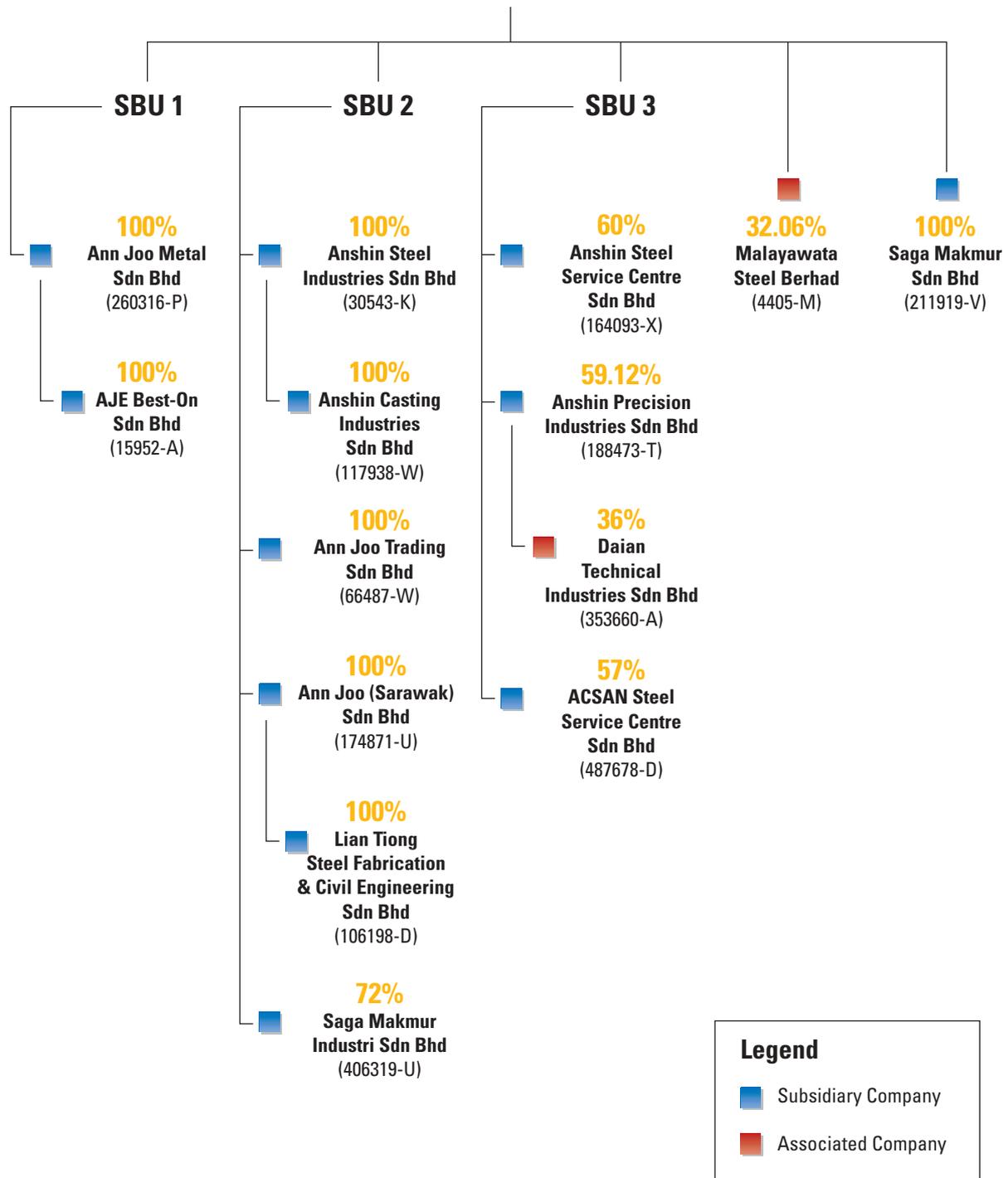
Lim Seng Owee
Chairman
12 May 2004

GROUP STRUCTURE

as at 5 May 2004



ANN JOO RESOURCES BERHAD



CORPORATE GOVERNANCE STATEMENT

The Board is pleased to provide the following statements, which outline the main corporate governance practices that were in place throughout the financial year, unless otherwise stated.

PRINCIPLES STATEMENT

The following statement sets out how the Group has applied the principles in Part 1 of the Code.

A. Board of Directors

Board responsibilities

The Group acknowledges the important role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction and overall well being. Although it does not have a formal schedule of matters reserved to itself for decision, the Board is normally involved in matters concerning the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group.

Meetings

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the year ended 31 December 2003, the Board met on five (5) occasions, where it deliberated upon and considered amongst others, a variety of matters including the Group's financial results, major investments, strategic decisions and the business plan and direction of the Group.

All proceedings from the Board meetings are recorded and the minutes thereof signed by the Chairman of the meeting.

Details of each existing Director's meeting attendance are as set out in the profile of the respective directors from pages 7 to 10 of this Annual Report.

Board Committees

The Board, who is the ultimate authority in decision-making for all significant matters, delegates certain responsibilities to the Board Committees, namely an Audit Committee, an Investment Committee, a Nominating Committee and a Remuneration Committee, to consider particular issues and recommend the proposed actions to the Board in order to enhance business and operational efficiency as well as efficacy.

The Chairmen of the various Committees will report to the Board the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting.

Board Balance

As at the date of this statement, the Board consists of eight (8) members, comprising three (3) Independent Non-Executive Directors and five (5) Executive Directors. A brief profile of each Director is presented on pages 7 and 10 of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB"). The key elements for fulfilling the criteria are the appointment of an independent Director who is not a member of management (a non-executive Director) and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Board has complied with paragraph 15.02 of the Listing Requirements, which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are independent.

The Directors, with their different backgrounds and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The executive Directors in particular are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The independent non-executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a capable check and balance for the executive Directors. The independent non-executive Directors contribute in areas such as policy and strategy and performance monitoring. Together with the executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board is led by Mr Lim Seng Qwee as the Executive Chairman, who is responsible for running the Board and ensures effectiveness of Board policies whilst Mr Lim Kiam Lam, the Group Managing Director, leads the executive management and is responsible for the day-to-day operations and implementation of Board policies and decisions. The Code recommends the appointment of a senior independent non-executive Director to whom concerns may be conveyed. For this purpose, the Board has appointed Dato' Ong Kim Hoay as the senior independent non-executive Director.

The Board is of the opinion that its current composition fairly reflects the investment of all shareholders in the Company.

Supply of information

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full access to information. Every Director has also unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. The Articles of Association specify that the removal of the Company Secretary is a matter for the Board as a whole.

Prior to the meetings of the Board and the Board Committees, appropriate documents which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all the members to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Supply of information (Cont'd)

Although there are no agreed formal procedures in place, the Board as a whole will determine, whether as a full board or in their individual capacity, to take independent professional advice on an ad-hoc basis, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense.

Appointments to the Board

Nominating Committee

The Nominating Committee comprises the following members who are exclusively Independent Non-Executive Directors:

- Dato' Ong Kim Hoay - Chairman of Committee
- Encik Mohd Alkaf Bin Mohd Kahar - Member
- Datuk Haidar Ali bin Haji Sheikh Fadzir - Member (Appointed: 14 January 2004)

The Nominating Committee is empowered by the Board to bring to the Board recommendations on the appointment of new Directors, review the Board structure, size and composition as well as those of Board Committees. The Committee met twice during the financial year and the meetings were also attended by the Group Managing Director upon the invitation of the Committee.

Directors' training

The Board, through the Nominating Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. There is no formal training or orientation programme for Directors. However, all Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia (RIIAM). The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

Re-election

The Articles of Association provide that at least one-third of the Board, are subject to retirement by rotation at each Annual General Meeting and that all directors shall retire from office once at least in every three (3) years. The directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-election. The Articles of Association has been amended to provide that even the Managing Director is required to retire once at least in each three (3) years unless there is a subsisting contract with the Managing Director and the retirement of such would result in the Company being in breach of the contract with the Managing Director.

Mr Lim Kiam Lam, the Managing Director of the Company, has entered into a contract of service with the Company before 1 June 2001 and accordingly he is not subjected to retirement by rotation in accordance with the requirements of Paragraph 7.28 of the BMSB Listing Requirements. This is because the retirement of the Managing Director by rotation would result in the Company being in breach of the contract with the Managing Director.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

B. Director's remuneration

Remuneration Committee

The Remuneration Committee comprises the following members, who are mainly Non-Executive Directors:

- Dato' Ong Kim Hoay - Chairman
- Encik Mohd Alkaf Bin Mohd Kahar - Member
- Datuk Haidar Ali bin Haji Sheikh Fadzir - Member (Appointed: 14 January 2004)
- Lim Kiam Lam - Member (Appointed: 14 January 2004)

The Company pays its Directors annual fee, which is approved annually by the shareholders. During the financial year, the Committee met twice and the meeting was also attended by the Group Managing Director at the invitation of the Committee. The Remuneration Committee is responsible for recommending the framework of Executive Directors' remuneration package as well as reviewing their scope of services. The ultimate approval of the remuneration of Executive Directors lies with the Board.

The Board as a whole determines the remuneration of the Non-Executive Directors with the individual Directors concerned abstaining from the decision in respect of their individual remuneration.

The policy adopted by the Remuneration Committee is to recommend remuneration packages in order to attract, retain and motivate Directors in managing the business of the Group.

Details of the nature and amount of each major element of the remuneration of Directors of the Company, during the financial year, are as follows:

	Salary RM'000	Fees RM'000	Retirement Benefit RM'000	Bonus & Allowances RM'000	Statutory contribution RM'000	Benefit- in-kind RM'000	Total RM'000
Executive Directors	1,728	271	1,500	489	303	408	4,699
Non-Executive Directors	--	90	--	26	--	--	116

The remuneration paid/payable to Directors, analysed into bands of RM50,000 for the year ended 31 December 2003, are summarised as follows:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
RM0 to RM50,000		4
RM50,001 to RM100,000	1	
RM200,001 to RM250,000	1	
RM500,001 to RM550,000	1	
RM600,001 to RM650,000	1	
RM650,001 to RM700,000	1	
RM700,001 to RM750,000	1	
RM1,800,001 to RM1,850,000	1	

CORPORATE GOVERNANCE STATEMENT (CONT'D)

C. Shareholders

The Company recognises the importance of communicating with its shareholders and does this through the Annual Report, AGM, Extraordinary General Meetings, public announcements and meetings with analyst upon request. The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders an overview of the Group's performance and operations. As the AGM is the main forum used by the Company to communicate with its shareholders, the Chairman normally encourages the shareholders to ask questions both about the resolutions being proposed and the Group's operations in general. The Board members, including certain members of senior management, are present and available at the AGM to respond to questions raised at the meeting by shareholders.

In addition, the Company makes various announcements through the BMSB, in particular, the timely release of the quarterly results within two months from the close of a particular quarter. Summaries of the quarterly and the full year's results and copies of the full announcement are supplied to the shareholders and members of the public upon request. Members of the public can also obtain the full financial results and the Company's announcement from the BMSB's website.

D. Accountability and audit

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and yearly announcement of the results to shareholders and the Chairman's statement in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Directors' responsibility statement is set out from page 22 of this Annual Report.

State of internal controls

The Directors recognise their ultimate responsibility for the Group's system of internal controls and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. This system, by its nature, can only provide reasonable but not absolute assurance against misstatement, fraud or loss.

At this juncture, the Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard the Group's interest.

Relationship with the Auditors

The relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee's Report as detailed on pages 23 to 25 of this Annual Report.

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on page 25 of this Annual Report.

COMPLIANCE STATEMENT

The Group has complied, throughout the financial year ended 31 December 2003, with the Best Practices of corporate governance set out in Part 2 of the Code except for the following:

- Although the Nominating Committee has no formal guidelines for new appointments to the Board, it has been the Board's practice, prior to the formation of the Nominating Committee, to evaluate candidates for Directorship only those with specific industry experience, complemented by professionals with expertise in accounting, banking and finance. The Nominating Committee is expected to continue with this practice;
- There are no formalised position descriptions, which set forth the limits of Management's responsibilities such as the adoption of a Board Charter or terms of reference for the Board. This is because the Board views that the current Management structure fulfils the objectives of the Board in directing and supervising the business affairs of the Group. Moreover, a Management Committee is in place to manage the business activities of the Group, presently housed under three (3) strategic business units;
- There is minimal non-financial information furnished to the Board as the bulk of the information provided is financial-oriented in nature. The Board recognises that operational issues are managed and addressed by Executive Directors at the operating unit as well as strategic business unit level. The Directors, therefore, adopt the view that such operational issues need not be re-addressed at Company level, as the Company is essentially an investing holding company. Nevertheless, the Board does not restrict any of its members, in particular Non-Executive Directors, from receiving such non-financial information in discharge of their duties and responsibilities;
- There is no formal orientation and education programme for new recruits to the Board apart from the Mandatory Accreditation Programme that all Directors need to undergo. This is because the Nominating Committee is empowered to recruit to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately;
- The Board does not have a formal schedule of matters specifically reserved to it for decision. However, it has been the practice for the Board to deliberate on matters that involve overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of the financial and operating performance of the Group; and
- The Board currently does not have an agreed procedure for Directors, whether as a full Board or in their individual capacity, in furtherance of their duties, to take independent professional advice at the Company's expense. The Board is of the view that it is adequate for the matter to be brought before the whole Board for deliberation and decision whenever a need for independent professional advice arises.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

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

In preparing the financial statements, the Directors have :

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that financial statements comply with the Companies Act, 1965 and applicable approved accounting standards. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

OTHER INFORMATION

Share Buy-Back

Details of shares re-purchased during the financial year ended 31 December 2003 are as follows :

Month	No. of shares re-purchased	Lowest price paid (RM)	Highest price paid (RM)	Average price paid (RM)	Total consideration paid (RM)
August 2003	10,000	1.39	1.40	1.395	14,067.23

As at the end of the financial year -

- a total of 10,000 re-purchased shares are being held as treasury shares and carried at cost; and
- no shares have been cancelled

Options, Warrants or Convertible Securities

During the financial year, there were 13,096,500 options exercised pursuant to the Employees' Share Option Scheme of the Company.

No warrants of the Company were exercised during the financial year.

Non-Audit Fees

An amount of RM210.00 was accrued being professional fees in respect of certain application to some utility board for special concessionary by a subsidiary company.

Material Contracts

There were no material contracts subsisting as at or entered into since the end of the financial year 2003, by the Company or its subsidiaries, which involved the interest of the Directors and major shareholders.

Revaluation Policy

The revaluation policy of the Company is disclosed in Note 3 to the Accounts.

AUDIT COMMITTEE REPORT

MEMBERSHIP

The present members of the Committee comprise:-

Dato' Ong Kim Hoay	-	Chairman, Independent Non-Executive Director
Mohd Alkaf Bin Mohd Kahar	-	Independent Non-Executive Director
Lim Kiam Lam	-	Group Managing Director

TERMS OF REFERENCE

Constitution & Membership

1. The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members and at least one member of the 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 three (3) years' working experience and:-
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
2. A majority of the Committee members must be Independent Directors.
3. No alternate director is to be appointed as a member of the Committee.
4. The members of the Committee shall elect a chairman from among their number who shall be an Independent Director.
5. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

Authority

6. The Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from the external auditors and any employee and all employees are directed to co-operate with any request made by the Committee.
7. The Committee shall have the resources which are required to perform its duties.
8. The Committee is authorised to obtain independent professional or other advice if it considers necessary.

Functions and Duties

9. The functions and duties of the Committee shall be:-
 - (i) To review the following and report the same to the Board of Directors:-
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal control;

AUDIT COMMITTEE REPORT (CONT'D)

Functions and Duties (Cont'd)

- (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, focusing particularly on:-
 - changes in or implementation of accounting policies and practices;
 - significant and unusual events;
 - compliance with accounting standards and other legal requirements;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - major judgmental areas.
 - (h) any related party transaction and conflict 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; and
 - (i) external auditors' management letter and management's response.
- (ii) To consider the major findings of internal investigations and management's response;
- (iii) To discuss problems and reservations arising from the audit and any matter the auditor may wish to discuss (in the absence of management where necessary);
- (iv) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- (v) To recommend the nomination of a person or persons as external auditors;
- (vi) To review any appraisal or assessment of the performance of members of the internal audit function;
- (vii) To approve any appointment or termination of senior staff members of the internal audit function;
- (viii) To be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning; and
- (ix) To perform any other functions or duties as may be agreed to by the Committee and the Board.

Quorum and Attendance at Meetings

10. A quorum shall be 2 members and the majority of members present must be Independent Directors.

11. The Head of Finance, the Head of Internal Audit (where such a function exists) and a representative of the external auditors shall normally attend meetings. Other Board members and employees may attend meetings upon invitation of the Committee. However, at least once in a financial year, the Committee shall meet with the external auditor without executive board members present.

Quorum and Attendance at Meetings (Cont'd)

12. The external auditors may request a meeting if they consider it necessary.

13. The Secretary to the Committee shall be the Company Secretary.

14. Meetings shall be held not less than four (4) times in a financial year.

15. Minutes of each meeting shall be distributed to each member of the Board.

Meetings

During the financial year ended 31 December 2003, the Audit Committee convened a total of five (5) meetings. The details of attendance of the Committee members are as follows:

Members	Attendance
1. Dato' Ong Kim Hoay	4 out of 5 meetings
2. Tan Sri Zulkifli Bin Mahmood	4 out of 5 meetings (Demised on 20/11/2003)
3. Mohd Alkaf Bin Mohd Kahar	All 5 meetings
4. Lim Kiam Lam	All 5 meetings

The Group Financial Controller and Head of Internal Audit were present in all the meetings. Representative of the external auditors attended meetings where matters relating to the audit of the statutory accounts were discussed. The Company Secretary was the secretary to the Audit Committee.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee carried out its duties in accordance with its terms of reference during the year.

The main activities undertaken by the Committee were as follows:

- Review of the quarterly and annual financial statements of the Company and the Group prior to submission to the Board of Directors for consideration and approval.
- Review of the internal audit reports and consideration of the findings and management's responses thereto.
- Review and discuss with external auditors the issues arising from the statutory audit and the audit report.
- Discuss problems and reservation arising from external audit, and any matter the external auditors may wish to discuss.
- Review Related Party Transactions and conflict of interest situation that may arise within the Group.

Internal Audit Function

The internal audit function is independent of the activities or operations of other operating units. The principal role of the function is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsible of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

STATEMENT ON INTERNAL CONTROL

Introduction

Paragraph 15.27(b) of Bursa Malaysia Securities Berhad Listing Requirements requires the Board of Directors of public listed companies to include in its annual reports a “statement about the state of internal control of the listed issuer as a group”. The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the year and up to the date of this Annual Report.

Board Responsibility

The Board is ultimately responsible for the Group’s system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk and Control Processes

The Board confirms that there is a process for identifying, evaluating and managing significant risks faced by the Group, that has been in place throughout the year and up to the date of approval of the Annual Report and financial statements, and that this process is subject to periodic review by the Board and accords with the Internal Control Guidance.

The Group has in place an enterprise risk management framework and an internal audit function that combines in-house resources and outsourcing to external consultants in providing the Board with much of the assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance systems.

The Group has adopted a risk-based internal audit function with internal audit strategies and internal audit plans formulated based on the risk profiles of the Group established from the enterprise risk management framework. Currently, a two-year internal audit strategy and a detailed annual internal audit plan are reviewed and approved by the Audit Committee. The main focus of internal audit function is to provide an independent review of the risk identification procedures and the internal control procedures on key business activities of the Group. The internal audit findings will be reported to the Audit Committee at least twice a year.

The Audit Committee reviews reports from internal audit and from management, before reporting and recommending to the Board in strengthening the risk management, internal control and governance systems. The Committee presents its findings to the Board on a yearly basis or earlier as appropriate. Where areas of improvement in the system are identified, the Board considers the recommendation made by the Audit Committee and the Management.

Besides, the Group Managing Director also reports to the Board on significant changes in the business and the external environment. The Board is provided with quarterly financial information including, among others, the monitoring of results against budget.

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management and the Board continue to take pertinent measures to strengthen the control environment of the Group.

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DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property management. The principal activities of its subsidiary companies are shown in Note 4 to the financial statements.

There have been no significant changes in the activities of the Company and of its subsidiary companies during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit before taxation	53,915	35,863
Taxation	(16,830)	(10,450)
Profit after taxation	37,085	25,413
Profit attributable to minority interests	(2,130)	-
Net profit for the financial year	34,955	25,413

RESERVES AND PROVISIONS

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

SHARE CAPITAL

During the financial year, the issued and paid-up share capital of the Company was increased from 252,115,000 shares of RM1.00 each to 265,211,500 shares of RM1.00 each by the issue of 13,096,500 new ordinary shares of RM1.00 each pursuant to the Employees' Share Option Scheme.

DIVIDENDS

The Directors recommend a final dividend of 6.0 sen per share (less 28% income tax) in respect of the financial year ended 31 December 2003 amounting to RM11,456,705. The proposed final dividend is subject to the shareholders' approval in the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

The Company has paid a final dividend of 6.0 sen per share (less 28% income tax) proposed in respect of the financial year ended 31 December 2002 amounting to RM10,891,800. This is an increase of RM432 over the amount disclosed in the previous Directors' Report due to additional shares issued pursuant to the Employees Share Option Scheme after the financial year end.

An interim dividend of 6.0 sen consisting of 3.0 sen tax exempt and 3.0 sen less 28% income tax, amounting to RM13,541,156 was paid in respect of the current financial year.

DIRECTORS

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

Lim Seng Qwee	
Lim Kiam Lam	
Lim Sin Seong	
Lim Hong Thye	
Dato' Ong Kim Hoay	
Mohd Alkaf Bin Mohd Kahar	
Datuk Haidar Ali Bin Haji Sheikh Fadzir	
Lim Kien Lip	(Appointed on 17.6.2003)
Lim Seng Chee	(Retired on 17.6.2003)
Tan Sri Zulkifli Bin Mahmood	(Demised on 20.11.2003)
Toh Tuan Sun	(Resigned on 18.1.2004)

In accordance to Section 129(2) of the Companies Act 1965, Dato' Ong Kim Hoay retires, having attained the age of over 70 years. The Board recommends that Dato' Ong Kim Hoay be re-elected in accordance to Section 129(6) of the Companies Act, 1965.

In accordance to Article 108 of the Articles of Association of the Company, Mr Lim Kien Lip retires and being eligible, offers himself for re-election.

In accordance to Article 101 of the Articles of Association of the Company, Mr Lim Seng Qwee and En. Mohd Alkaf Bin Mohd Kahar retire and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest.

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	As at 01.01.03/ Date of Appointment	Additions	Disposals	As at 31.12.03
Direct interest in shares				
Lim Seng Qwee	1,801,648	300,000	-	2,101,648
Lim Kiam Lam	528,000	563,000	-	1,091,000
Toh Tuan Sun	1,380,244	400,000	780,000	1,000,244
Dato' Ong Kim Hoay	15,000	-	-	15,000
Mohd Alkaf Bin Mohd Kahar	165,000	-	-	165,000
Lim Sin Seong	-	300,000	300,000	-
Lim Kien Lip	-	750,000	-	750,000
Indirect interest in shares				
Lim Seng Qwee	166,338,575	-	-	166,338,575
Lim Kiam Lam	166,338,575	-	-	166,338,575
Lim Sin Seong	166,338,575	-	-	166,338,575
Mohd Alkaf Bin Mohd Kahar	1,261,455	-	-	1,261,455
		Number of warrants		
	As at 01.01.03	Granted	Disposals/ Exercised	As at 31.12.03
Direct interest				
Lim Seng Qwee	600,549	-	-	600,549
Lim Kiam Lam	176,000	63,000	-	239,000
Toh Tuan Sun	355,081	-	355,000	81
Dato' Ong Kim Hoay	5,000	-	-	5,000
Mohd Alkaf Bin Mohd Kahar	55,000	-	-	55,000
Indirect interest				
Lim Seng Qwee	65,248,140	-	5,000,000	60,248,140
Lim Kiam Lam	65,248,140	-	5,000,000	60,248,140
Lim Sin Seong	65,248,140	-	5,000,000	60,248,140
Mohd Alkaf Bin Mohd Kahar	420,485	-	-	420,485

Each 2001/2006 Warrant confer registered shareholders the right to subscribe for one (1) new ordinary share of RM1.00 each in the Company at an exercise price of RM1.00 each at any time within a period of five (5) years expiring 26 July 2006.

DIRECTORS' REPORT (CONT'D)

In addition to the above, the following Directors are also deemed to have an interest in the shares of the Company by virtue of options granted to them pursuant to the Employees' Share Option Scheme of the Company.

	As at 01.01.03/ Date of Appointment	Options over ordinary shares			As at 31.12.03
		Granted	Exercised	Lapsed	
Lim Seng Qwee	300,000	-	300,000	-	-
Lim Kiam Lam	500,000	-	500,000	-	-
Lim Sin Seong	300,000	-	300,000	-	-
Toh Tuan Sun	400,000	-	400,000	-	-
Lim Kien Lip	750,000	-	750,000	-	-

The Directors' interest in shares in related companies are as follows:

	Number of ordinary shares of RM1.00 each			
	As at 01.01.03	Additions	Disposals	As at 31.12.03
Ultimate holding company				
- ANN JOO CORPORATION SDN BHD				
Direct interest in shares				
Lim Kiam Lam	450,000	-	-	450,000
Indirect interest in shares				
Lim Seng Qwee	12,210,000	-	-	12,210,000
Lim Kiam Lam	14,340,000	-	-	14,340,000
Lim Sin Seong	3,000,000	-	-	3,000,000

By virtue of their interest in the ultimate holding company, Lim Seng Qwee, Lim Sin Seong and Lim Kiam Lam are also deemed to be interested in the shares of all the subsidiary companies to the extent that the ultimate holding company has an interest in those companies.

Other than as disclosed above, the Directors of the Company do not have any other interest in the shares of the Company or its related companies.

EMPLOYEES' SHARE OPTION SCHEME ('the Scheme')

The Company operates an Employees' Share Option Scheme ("the Scheme") for the employees of the Group. The Scheme came into effect on 5 November 1998 and expired on 4 November 2003. The main features of the Scheme were:

- (a) The maximum number of shares which may be subscribed and allotted under the Scheme shall not be more than ten percentum (10%) in aggregate of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme.

DIRECTORS' REPORT (CONT'D)

- (b) Employees must be at least 18 years of age on the offer date and meet the following criteria to participate in the Scheme:
- (i) a Malaysia citizen who is a confirmed employee and in full time employment of the Group for at least twelve (12) months continuous service.
 - (ii) a non-Malaysian who is employed by the Group under a contract of employment for a duration of at least three (3) years and whose contribution is vital to the Group.
 - (iii) an Executive Director of the Company whose specific grant of option and the related allotment of shares is approved by the shareholders of the Company in a general meeting.
- (c) The options granted may be exercised by notice in writing to the Company during the period commencing on the offer date and expiring at the end of five (5) years from the commencement date of the Scheme or such shorter periods as may be specifically stated in the offer.
- (d) The options do not grant any right to participate in any share issue of any other company in the Group.
- (e) The exercise price for each ordinary share under the Scheme shall be the average of the highest and lowest market quotation of the shares of the Company as shown in the Daily Official List issued by Kuala Lumpur Stock Exchange for the five (5) market days immediately preceding the offer date or at the par value of the shares, whichever is higher.

The movement of number of options granted and exercised pursuant to the Scheme during the financial year are as follows:

Date granted	Exercise price	Balance as at 01.01.03	Granted	Exercised	Forfeited	Lapsed	Balance as at 31.12.03
11.11.1998	RM1.07	9,059,000	-	8,794,000	195,000	70,000	-
11.02.1999	RM1.11	85,500	-	82,500	-	3,000	-
11.05.1999	RM1.21	36,000	-	31,500	-	4,500	-
11.08.1999	RM1.23	213,000	-	177,500	10,500	25,000	-
11.11.1999	RM1.23	37,500	-	35,500	-	2,000	-
11.02.2000	RM1.69	597,000	-	3,000	145,500	448,500	-
11.05.2000	RM2.08	223,500	-	-	46,500	177,000	-
11.08.2000	RM1.69	270,000	-	-	-	270,000	-
11.11.2000	RM1.30	1,048,500	-	829,000	51,000	168,500	-
11.02.2001	RM1.24	609,000	-	582,500	1,500	25,000	-
11.05.2001	RM1.00	1,059,000	-	912,000	133,500	13,500	-
11.08.2001	RM1.00	164,000	-	147,000	13,000	4,000	-
11.11.2001	RM1.00	58,000	-	51,000	5,000	2,000	-
11.02.2002	RM1.00	294,000	-	256,000	4,000	34,000	-
11.05.2002	RM1.14	298,000	-	271,000	12,000	15,000	-
11.08.2002	RM1.05	131,000	-	122,000	4,000	5,000	-
11.11.2002	RM1.00	64,000	-	58,000	2,000	4,000	-
11.02.2003	RM1.00	-	478,000	439,000	34,000	5,000	-
11.05.2003	RM1.00	-	230,000	217,000	5,000	8,000	-
11.08.2003	RM1.14	-	98,000	88,000	-	10,000	-
		14,247,000	806,000	13,096,500	662,500	1,294,000	-

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

DIRECTORS' REPORT (CONT'D)

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) except as disclosed in the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The Auditors, Ong Boon Bah & Co, have indicated their willingness to continue in office.

Signed in accordance with a resolution of the Directors dated 29 April 2004

LIM SENG QWEE

Executive Chairman

LIM KIAM LAM

Group Managing Director

Petaling Jaya

STATEMENT BY DIRECTORS

STATEMENT BY DIRECTORS

We, LIM SENG QWEE and LIM KIAM LAM, being two of the Directors of ANN JOO RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 37 to 85 are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2003 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors

LIM SENG QWEE

Director

Petaling Jaya

29 April 2004

LIM KIAM LAM

Director

STATUTORY DECLARATION

We, LIM KIAM LAM and TAY KIM CHUAN, being the Director and Officer respectively, both primarily responsible for the financial management of ANN JOO RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 37 to 85 are, to the best of our knowledge and belief, correct and we 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 above-named LIM KIAM LAM and TAY KIM CHUAN at Kuala Lumpur in the Federal Territory on 29 April 2004.

LIM KIAM LAM

Before me

TAY KIM CHUAN

LIANG HIEN TIEN

W 154

Commissioner for Oaths

Kuala Lumpur

REPORT OF THE AUDITORS

to the members of Ann Joo Resources Berhad

We have audited the financial statements set out on pages 37 to 85. The preparation of these financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those 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 includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the 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 have been prepared in accordance with the provisions of the Companies Act, 1965 and the 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 31 December 2003 and of the results and cash flows of the Group and of the Company for the financial 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The names of subsidiary companies of which we have not acted as auditors are shown in Note 4 to the financial statements. We have considered the financial statements of the subsidiary companies and the auditors' reports thereon.

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 as required by us for those purposes.

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

ONG BOON BAH & CO

AF: 0320

Chartered Accountants

Kuala Lumpur

29 April 2004

WONG SOO THIAM

1315/12/04(J)

Partner of the Firm

BALANCE SHEETS

as at 31 December 2003

	Note	GROUP		COMPANY	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
PROPERTY, PLANT AND EQUIPMENT	3	184,138	165,447	74,389	59,995
SUBSIDIARY COMPANIES	4	-	-	159,297	152,422
ASSOCIATED COMPANIES	5	198,610	204,623	203,399	208,949
INVESTMENTS	6	229	231	-	-
INTANGIBLE ASSETS	7	55	498	-	-
CURRENT ASSETS					
Inventories	8	106,497	105,714	-	-
Receivables	9	91,129	56,107	2,318	1,655
Tax recoverables		2,209	2,404	1,579	1,625
Short term deposits with licensed banks	10	2,683	4,038	-	-
Cash and bank balances		5,896	3,877	4	11
		208,414	172,140	3,901	3,291
CURRENT LIABILITIES					
Payables	11	22,765	17,531	12,875	2,257
Short term borrowings	12	76,564	88,782	12,500	22,500
Bank overdrafts	13	1,618	1,855	-	-
Taxation		5,118	765	-	-
		106,065	108,933	25,375	24,757
NET CURRENT ASSETS/(LIABILITIES)		102,349	63,207	(21,474)	(21,466)
		485,381	434,006	415,611	399,900
Financed by:					
SHARE CAPITAL	14	265,212	252,115	265,212	252,115
TREASURY SHARES, at cost	15	(14)	-	(14)	-
OTHER RESERVES	16	54,401	28,862	64,674	54,136
ACCUMULATED PROFITS		104,324	92,956	68,813	67,833
SHAREHOLDERS' FUNDS		423,923	373,933	398,685	374,084
MINORITY INTERESTS		23,143	15,031	-	-
TERM LOANS	17	12,500	25,000	12,500	25,000
PROVISION FOR RETIREMENT BENEFITS	18	1,703	1,610	258	337
DEFERRED TAXATION	19	24,112	18,432	4,168	479
		485,381	434,006	415,611	399,900
Net tangible assets per share (RM)		1.44	1.31		

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

INCOME STATEMENTS

for the financial year ended 31 December 2003

	Note	GROUP		COMPANY	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	20	443,406	349,374	48,162	24,439
Cost of sales		(391,213)	(307,254)	-	-
Gross profit		52,193	42,120	48,162	24,439
Other operating income		24,866	3,136	235	512
Distribution expenses		(6,530)	(6,840)	-	-
Administration expenses		(18,236)	(13,164)	(10,649)	(4,766)
Profit from operations	21	52,293	25,252	37,748	20,185
Finance costs	22	(4,845)	(5,219)	(1,885)	(2,453)
Profit before share of results of associated companies		47,448	20,033	35,863	17,732
Share of results of associated companies		6,467	13,080	-	-
Profit before taxation		53,915	33,113	35,863	17,732
Taxation	23	(16,830)	(9,019)	(10,450)	(4,198)
Profit after taxation		37,085	24,094	25,413	13,534
Profit attributable to minority interests		(2,130)	(1,708)	-	-
Net profit for the financial year		34,955	22,386	25,413	13,534
Basic earnings per share (sen)	24	13.7	8.9		
Fully diluted earnings per share (sen)	24	12.6	8.7		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2003

	Note	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated profits RM'000	Total RM'000
Balance at 31 December 2001						
- As previously reported		252,090	-	41,084	90,693	383,867
- Prior year adjustments	25	-	-	(12,223)	(13,770)	(25,993)
- Restated balance		252,090	-	28,861	76,923	357,874
Shares issued		25	-	1	-	26
Net profit for the financial year		-	-	-	22,386	22,386
Dividends	26	-	-	-	(6,353)	(6,353)
Balance at 31 December 2002		252,115	-	28,862	92,956	373,933
Balance at 31 December 2002						
- As previously reported		252,115	-	41,085	105,616	398,816
- Prior year adjustments	25	-	-	(12,223)	(12,660)	(24,883)
- Restated balance		252,115	-	28,862	92,956	373,933
Shares issued		13,097	-	1,130	-	14,227
Share buybacks		-	(14)	-	-	(14)
Acquisition of a subsidiary company		-	-	368	-	368
Additional share of accumulated loss after increase in shareholding of a subsidiary company		-	-	-	(760)	(760)
Surplus on revaluation of property, plant and equipment		-	-	24,515	-	24,515
Share of surplus on revaluation of property, plant and equipment of an associated company		-	-	-	230	230
Reversal of deferred taxation upon disposal of property, plant and equipment		-	-	222	-	222
Realisation of revaluation reserve on property, plant and equipment		-	-	(793)	793	-
Realisation of revaluation reserve on property, plant and equipment not recognised in prior years		-	-	(583)	583	-
Decrease in debit balance arising from merger method of accounting		-	-	680	-	680
Net profit for the financial year		-	-	-	34,955	34,955
Dividends	26	-	-	-	(24,433)	(24,433)
Balance at 31 December 2003		265,212	(14)	54,401	104,324	423,923

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2003

	Note	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated profits RM'000	Total RM'000
Balance at 31 December 2001						
- As previously reported		252,090	-	54,135	61,427	367,652
- Prior year adjustments	25	-	-	-	(775)	(775)
- Restated balance		252,090	-	54,135	60,652	366,877
Shares issued		25	-	1	-	26
Net profit for the financial year		-	-	-	13,534	13,534
Dividends	26	-	-	-	(6,353)	(6,353)
Balance at 31 December 2002						
Balance at 31 December 2002						
- As previously reported		252,115	-	54,136	68,872	375,123
- Prior year adjustments	25	-	-	-	(1,039)	(1,039)
- Restated balance		252,115	-	54,136	67,833	374,084
Shares issued		13,097	-	1,130	-	14,227
Share buybacks		-	(14)	-	-	(14)
Surplus on revaluation of property, plant and equipment		-	-	9,408	-	9,408
Net profit for the financial year		-	-	-	25,413	25,413
Dividends	26	-	-	-	(24,433)	(24,433)
Balance at 31 December 2003						

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

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2003

	Note	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		53,915	33,113
Adjustments for non-cash items and interests	27(a)	(9,092)	1,518
Operating profit before working capital changes		44,823	34,631
Decrease/(Increase) in inventories		7,993	(4,425)
(Increase)/Decrease in trade and other receivables		(23,534)	9,700
Increase/(Decrease) in trade and other payables		4,295	(5,591)
Cash generated from operations		33,577	34,315
Tax paid		(13,884)	(9,906)
Retirement benefits paid		(1,515)	-
Interest received		1,204	822
Interest paid		(2,913)	(2,380)
Net cash inflow from operating activities		16,469	22,851
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		35,859	494
Purchase of property, plant and equipment		(6,669)	(4,363)
Purchase of additional shares in a subsidiary company		(369)	-
Acquisition of a subsidiary company	28(a)	(1,053)	-
Dividend received from an associated company		3,488	3,294
Repayment from associated companies		51	428
Interest received		276	18
Net cash inflow/(outflow) from investing activities		31,583	(129)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		14,227	26
Repayment of borrowings		(34,090)	(9,865)
Share buybacks		(14)	-
Interest received		1	27
Interest paid		(1,512)	(2,381)
Dividends paid		(24,433)	(6,353)
Dividends paid to minority interests		(1,330)	-
Net cash outflow from financing activities		(47,151)	(18,546)
Net increase in cash and cash equivalents		901	4,176
Cash and cash equivalents at beginning of the financial year		6,060	1,884
Cash and cash equivalents at end of the financial year	27(b)	6,961	6,060

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

CASH FLOW STATEMENT

for the financial year ended 31 December 2003

	Note	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		35,863	17,732
Adjustments for non-cash items, interests and dividends	27(a)	(34,930)	(16,046)
Operating profit before working capital changes		933	1,686
Decrease/(Increase) in other receivables		139	(252)
Increase in other payables		736	36
Cash generated from operations		1,808	1,470
Retirement benefits paid		(1,500)	-
Tax refunded		649	-
Net cash inflow from operating activities		957	1,470
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		283	178
Purchase of property, plant and equipment		(3,279)	(670)
Purchase of additional shares in a subsidiary company		(369)	-
Acquisition of a subsidiary company		(3,167)	-
Advances from/(Repayment to) subsidiary companies		9,142	(1,336)
(Repayment to)/Advances from an associated company		(1)	1
Dividend received from an associated company		3,488	3,294
Dividends received from subsidiary companies		27,533	15,184
Interest received		1	2
Net cash inflow from investing activities		33,631	16,653
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		14,227	26
Repayment of borrowings		(22,500)	(9,375)
Share buybacks		(14)	-
Interest received		1	28
Interest paid		(1,876)	(2,445)
Dividends paid		(24,433)	(6,353)
Net cash outflow from financing activities		(34,595)	(18,119)
Net (decrease)/increase in cash and cash equivalents		(7)	4
Cash and cash equivalents at beginning of the financial year		11	7
Cash and cash equivalents at end of the financial year	27(b)	4	11

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

1. BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Group and the Company had adopted the following new Malaysian Accounting Standards Board's standards (MASBs) which have been applied retrospectively:

- MASB 25: Income Taxes
- MASB 29: Employee Benefits

The effects of adopting the above MASB 25 and 29 are disclosed in Note 25. The adoption of other new MASBs have not given rise to any adjustment to the opening balances of accumulated profits of prior and current year or changes in comparative figures.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all 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 activities so as to obtain benefits from their activities. The subsidiary companies are consolidated based on the merger method of accounting in accordance with MASB 21 - Business Combinations, except for AJE Best-On Sdn Bhd, Anshin Casting Industries Sdn Bhd, Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd, Anshin Precision Industries Sdn Bhd, Saga Makmur Sdn Bhd, Anshin Steel Service Centre Sdn Bhd and ACSAN Steel Service Centre Sdn Bhd which are consolidated based on the acquisition method of accounting.

Under the merger method of accounting, the results of the subsidiary companies are combined throughout the current and previous financial years.

Under the acquisition method of accounting, the results of the subsidiary companies acquired during the financial year are included in the consolidated income statement from the date of acquisition. All inter-company balances and transactions and unrealised surpluses and deficits on transactions between group companies have been eliminated on consolidation. Where necessary, accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made of minority interests.

Goodwill and reserve arising on consolidation represents the difference between the purchase price and fair value of the net assets of the subsidiary companies acquired, as applicable. Goodwill on consolidation is amortised over a period of ten years. Goodwill is written down immediately through the income statement if there is a permanent diminution in its value. Reserve on consolidation is not amortised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Property, plant and equipment

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

Surpluses arising from revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in the carrying amount is charged to the income statement.

Land and buildings are revalued at a regular interval of approximately once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differs from the market values.

Property, plant and equipment are written down to recoverable amount if the recoverable amount is less than their carrying value. Recoverable amount is the higher of an asset's net selling price and its value in use.

Gains or losses arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Freehold land and capital work-in-progress are not amortised. Leasehold land is amortised over the period of the leases ranging from 60 to 99 years.

Depreciation of the other assets is provided on the straight line or production volume basis to write off the cost of each asset over its estimated useful life.

The principal annual depreciation rates used are:

Buildings	2%
Plant, machinery, tools and equipment	6.67% - 50% / production volume
Furniture, fittings and office equipment	10% - 33.3%
Motor vehicles	20%

Capital work-in-progress represents assets under construction and are stated at cost. Cost comprises cost of plant and equipment and other direct costs incurred for the construction of the assets.

(c) Associated companies

A company, other than a subsidiary company, in which the Group has a long term equity investment of between 20% and 50% and where the Group has representation on the Board and is in a position to exercise significant influence is accounted for as an associated company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(c) Associated companies (cont'd)**

The Group's investment in associated companies are accounted for under the equity method of accounting based on audited or management financial statements of the associated companies made up to the Group's financial year end. The equity method of accounting involves recognising in the income statement the Group's share of results of associated companies for the financial year. The Group's investment's in associated companies is carried in the balance sheet at an amount that reflects its share of the net assets of the associated companies and includes premium on acquisition (net of accumulated amortisation). Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Unrealised gain on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies within the Group.

(d) Investments

Investment in subsidiary and associated companies in the Company's financial statements are stated at cost. Where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

Other non-current investments are stated at cost less allowance for diminution in value of investment to recognise any decline, other than a temporary decline in the value of the investment.

(e) Intangible assets

Intangible assets comprise pre-commercial production expenses, is amortised on a straight line basis over a period of ten years upon commencement of operation or commercial production. These expenses will be written off if future economic benefits relating to the intangible assets cannot be determined with reasonable certainty.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of raw materials, comprises the original purchase price plus costs incurred in bringing the inventories to their present locations and conditions. The cost of finished goods comprise the cost of raw materials, direct labour, direct charge and a proportions of production overheads.

Inventories of properties are stated at lower of cost and net realisable value. Cost is determined on specific identification method.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Receivables

Specific allowances are made for doubtful debts which have been individually reviewed and identified as bad or doubtful. In addition, general allowances are made to cover possible losses which are not specifically identified.

(h) Income tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither profit nor taxable profit.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

(i) Revenue recognition

Revenue from sales of goods or services are recognised when the goods are delivered or upon performance of services.

Interest income and management fee income are recognised on an accrual basis unless collectibility is in doubt.

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income from subsidiary companies and other investments are recognised when the right to receive payment is established.

(j) Foreign currency

The financial statements are stated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Foreign currency (cont'd)

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the transaction dates or at contracted rates where applicable. Monetary assets and liabilities in foreign currencies at the financial year end are translated into Ringgit Malaysia at the rates of exchange ruling at that date or at contracted rates, where applicable. All exchange differences arising therefrom are included in the income statement.

The principal closing rates used in the translation of foreign currency amounts are as follows:

Foreign currency	2003 RM	2002 RM
1 USD	3.800	3.800
1 SGD	2.234	2.160

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts, demand deposits and other short-term and highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.

(l) Borrowings costs

Borrowings costs are recognised as an expense in the period in which they are incurred.

(m) Financial instruments

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

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

(n) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use.

An impairment loss is charged to the income statement unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment of assets (cont'd)

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(o) Employee benefits

The Company operates a defined benefit scheme for eligible employees. Provision for retirement benefits is made based on eligible employees' current basic salary and the number of completed years of services. Retirement benefits are payable to employees upon their retirement.

Wages, salaries, bonuses and social contributions are recognised as expenses in the year in which the associated services are rendered by employees. Contributions to Employees' Provident Fund are charged to income statement in the year to which they relate under the defined contribution plan.

The Employees' Share Option Scheme allows the Group's eligible employees to acquire shares of the Company. When the granted options are exercised, equity is increased by the amount of the proceeds received.

3. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
GROUP						
COST/VALUATION						
At 1 January 2003	149,125	118,825	6,754	7,344	722	282,770
Additions	2,691	1,203	758	1,618	399	6,669
Acquisition of a subsidiary company	-	6,582	162	109	-	6,853
Revaluation	33,916	-	-	-	-	33,916
Disposals	(3,842)	(37,950)	(10)	(2,181)	-	(43,983)
Written off	(33)	(790)	(126)	-	-	(949)
Reclassification	-	795	38	-	(833)	-
At 31 December 2003	181,857	88,665	7,576	6,890	288	285,276

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

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

	Land and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
GROUP						
Representing items at:						
Cost	-	88,665	7,576	6,890	288	103,419
Valuation	181,857	-	-	-	-	181,857
	181,857	88,665	7,576	6,890	288	285,276
ACCUMULATED DEPRECIATION						
At 1 January 2003	16,120	91,230	4,923	5,050	-	117,323
Acquisition of a subsidiary company	-	1,469	39	34	-	1,542
Charge for the financial year	1,769	6,041	654	806	-	9,270
Disposals	(1,014)	(24,522)	(7)	(1,852)	-	(27,395)
Written off	(5)	(492)	(112)	-	-	(609)
At 31 December 2003	16,870	73,726	5,497	4,038	-	100,131
ACCUMULATED IMPAIRMENT LOSSES						
Impairment loss for the financial year	1,007	-	-	-	-	1,007
At 31 December 2003	1,007	-	-	-	-	1,007
NET BOOK VALUE						
At 31 December 2003	163,980	14,939	2,079	2,852	288	184,138
At 31 December 2002	133,005	27,595	1,831	2,294	722	165,447
Depreciation charge for the financial year ended 31 December 2002	1,800	6,319	623	658	-	9,400

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

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

Analysis of land and buildings are as follows:

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
GROUP				
VALUATION				
At 1 January 2003	16,261	76,631	56,233	149,125
Additions	-	-	2,691	2,691
Revaluation	3,767	15,791	14,358	33,916
Disposals	-	-	(3,842)	(3,842)
Written off	-	-	(33)	(33)
Reclassification	-	5	(5)	-
At 31 December 2003	20,028	92,427	69,402	181,857
ACCUMULATED DEPRECIATION				
At 1 January 2003	-	4,691	11,429	16,120
Charge for the financial year	-	755	1,014	1,769
Disposals	-	-	(1,014)	(1,014)
Written off	-	-	(5)	(5)
Reclassification	-	5	(5)	-
At 31 December 2003	-	5,451	11,419	16,870
ACCUMULATED IMPAIRMENT LOSSES				
Impairment loss for the financial year	43	964	-	1,007
At 31 December 2003	43	964	-	1,007
NET BOOK VALUE				
At 31 December 2003	19,985	86,012	57,983	163,980
At 31 December 2002	16,261	71,940	44,804	133,005
Depreciation charge for the financial year ended 31 December 2002	-	750	1,050	1,800

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

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

	Land and buildings RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
COMPANY				
COST/VALUATION				
At 1 January 2003	63,330	1,065	1,877	66,272
Additions	2,690	134	455	3,279
Revaluation	13,066	-	-	13,066
Disposals	-	(2)	(1,042)	(1,044)
Written off	(33)	(22)	-	(55)
At 31 December 2003	79,053	1,175	1,290	81,518
Representing items at:				
Cost	-	1,175	1,290	2,465
Valuation	79,053	-	-	79,053
At 31 December 2003	79,053	1,175	1,290	81,518
ACCUMULATED DEPRECIATION				
At 1 January 2003	3,961	1,003	1,313	6,277
Charge for the financial year	636	40	232	908
Disposals	-	(1)	(992)	(993)
Written off	(5)	(22)	-	(27)
At 31 December 2003	4,592	1,020	553	6,165
ACCUMULATED IMPAIRMENT LOSSES				
Impairment loss for the financial year	964	-	-	964
At 31 December 2003	964	-	-	964
NET BOOK VALUE				
At 31 December 2003	73,497	155	737	74,389
At 31 December 2002	59,369	62	564	59,995
Depreciation charge for the financial year ended				
31 December 2002	636	51	164	851

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

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

Analysis of land and buildings are as follows:

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
COMPANY				
VALUATION				
At 1 January 2003	16,133	26,131	21,066	63,330
Additions	-	-	2,690	2,690
Revaluation	3,767	3,788	5,511	13,066
Written off	-	-	(33)	(33)
At 31 December 2003	19,900	29,919	29,234	79,053
ACCUMULATED DEPRECIATION				
At 1 January 2003	-	1,342	2,619	3,961
Charge for the financial year	-	214	422	636
Written off	-	-	(5)	(5)
At 31 December 2003	-	1,556	3,036	4,592
ACCUMULATED IMPAIRMENT LOSSES				
Impairment loss for the financial year	-	964	-	964
At 31 December 2003	-	964	-	964
NET BOOK VALUE				
At 31 December 2003	19,900	27,399	26,198	73,497
At 31 December 2002	16,133	24,789	18,447	59,369
Depreciation charge for the financial year ended 31 December 2002	-	215	421	636

The issuance of titles for certain land and buildings of the Group are pending as at 31 December 2003.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

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

The land and buildings were revalued on 31 December 2003 based on valuation carried out by Mr. Paul Khong Poh Yew, a valuer (V528) registered with the Board of Valuers, Appraisals and Estate Agents Malaysia and the associate director of Regroup Associates Sdn Bhd, a firm of property valuers based on open market basis.

The freehold land, long leasehold land and buildings if stated at cost less depreciation would amount to RM91.45 million (2002: RM32.75 million).

4. SUBSIDIARY COMPANIES

	COMPANY	
	2003 RM'000	2002 RM'000
Unquoted shares at cost	161,508	152,422
Impairment loss	(2,211)	-
	159,297	152,422

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding In Equity		Principal Activities
		2003	2002	
AJE Best-On Sdn Bhd	Malaysia	#100%	#100%	Trading in hardware, steel and iron products and building and construction materials of all kinds
Ann Joo Metal Sdn Bhd	Malaysia	100%	100%	Trading, retailing, importing, exporting and supplying of all kinds of metal products
Ann Joo (Sarawak) Sdn Bhd *	Malaysia	100%	100%	Trading in hardware and steel materials
Ann Joo Trading Sdn Bhd	Malaysia	100%	100%	Trading, retailing and supplying of all kinds of building and construction materials
Anshin Casting Industries Sdn Bhd	Malaysia	#100%	#100%	Manufacturing and trading of cast iron products, sluice valves and other steel related products
Anshin Precision Industries Sdn Bhd *	Malaysia	59%	59%	Manufacturing and trading in precision press parts

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

4. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding In Equity		Principal Activities
		2003	2002	
Anshin Steel Industries Sdn Bhd	Malaysia	100%	100%	Manufacturing, sales and distribution of steel and iron products and property management
Anshin Steel Service Centre Sdn Bhd	Malaysia	60%	60%	Operations of a steel service centre
Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd *	Malaysia	#100%	#100%	Letting of properties
Saga Makmur Industri Sdn Bhd	Malaysia	72%	51%	Steel bar service centre and trading of steel related products
Saga Makmur Sdn Bhd	Malaysia	100%	100%	General merchants, manufacturers and exporters (yet to commence operations)

The subsidiary company acquired during the financial year is as follows:

Name of Company	Country of Incorporation	Holding In Equity	Principal Activity
ACSAN Steel Service Centre Sdn Bhd	Malaysia	57%	Steel service centre

Holding in equity by subsidiary companies.

* Financial statements of subsidiary companies as at 31 December 2003 not audited by Ong Boon Bah & Co.

5. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unquoted shares in Malaysia at cost	1,800	7,350	-	5,550
Impairment losses	(1,800)	(1,800)	-	-
Quoted shares in Malaysia at cost	203,399	203,399	203,399	203,399
	203,399	208,949	203,399	208,949

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

5. ASSOCIATED COMPANIES (cont'd)

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Prior year adjustments (Note 25)				
- share of deferred taxation on revaluation of property, plant and equipment	-	(9,158)	-	-
Share of surplus on revaluation of property, plant and equipment	230	-	-	-
Share of accumulated (losses)/profits	(5,019)	4,832	-	-
	198,610	204,623	203,399	208,949
Market value of quoted shares	151,371	115,042	151,371	115,042

The Group's interest in the associated companies are analysed as follows:

	GROUP	
	2003 RM'000	2002 RM'000
Share of net assets	157,543	161,083
Premium on acquisition net of amortisation of RM8.388 million (2002: RM5.915 million)	41,067	43,540
	198,610	204,623

The associated companies are:

Name of Company	Country of Incorporation	Holding In Equity		Accounting Year End	Principal Activities
		2003	2002		
Daian Technical Industries Sdn Bhd *	Malaysia	#36%	#36%	31 December	Manufacturing of die tooling
Malayawata Steel Berhad *	Malaysia	30%	30%	31 March	Mini steel mill and property investment holding company
ACSAN Steel Service Centre Sdn Bhd	Malaysia	-	37%	31 December	Steel service centre

All the investment in a quoted associated company has been placed as security for a credit facility granted to the Company.

Holding in equity by a subsidiary company.

* Financial statements of associated companies as at 31 December 2003 not audited by Ong Boon Bah & Co.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

6. INVESTMENTS

	GROUP	
	2003 RM'000	2002 RM'000
Club memberships at cost	179	179
Amortisation:		
Balance brought forward	(9)	(7)
Current year	(2)	(2)
	168	170
Quoted shares in Malaysia at cost	4	4
Unquoted shares in Malaysia at cost	57	57
	229	231
Market value of quoted shares	1	1

7. INTANGIBLE ASSETS

	GROUP	
	2003 RM'000	2002 RM'000
Goodwill on consolidation	216	216
Cumulative amortisation at 1 January	(156)	(134)
Amortisation for the current financial year	(22)	(22)
	38	60
Pre-commercial production expenses, at cost	3,380	3,380
Cumulative amortisation at 1 January	(2,942)	(2,604)
Amortisation for the current financial year	(173)	(338)
Written off during the financial year	(248)	-
	17	438
Total	55	498

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

8. INVENTORIES

	GROUP	
	2003 RM'000	2002 RM'000
At cost:		
Raw materials	24,848	21,445
Finished goods	78,725	81,607
Work-in-progress	1,035	716
Consumables	524	790
Properties	-	1,156
	105,132	105,714
At valuation:		
Properties	1,365	-
	106,497	105,714

The properties if stated at cost would amount to RM1.61 million.

9. RECEIVABLES

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables	92,671	61,586	-	-
Allowance for doubtful debts				
- general	(5,902)	(5,084)	-	-
- specific	(4,400)	(3,684)	-	-
	82,369	52,818	-	-
Other receivables	280	234	2	2
Allowance for doubtful debts	(30)	(30)	-	-
	250	204	2	2
Deposits	2,187	393	21	236
Prepayments	6,272	2,624	219	146
Amount due from subsidiary companies	-	-	2,072	1,270
Amount due from an associated company	47	68	-	1
Amount due from a related party	4	-	4	-
	91,129	56,107	2,318	1,655

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

9. RECEIVABLES (cont'd)

Amounts due from subsidiary companies which arose mainly from inter-company advances and trade transactions are unsecured, interest free except for certain subsidiary companies which carry interest at rates ranging from 3.0% to 4.3% per annum and have no fixed repayment terms.

Amounts due from an associated company which arose mainly from trade transactions and payments made on behalf are unsecured, interest free and have no fixed repayment terms except for trade transactions where the credit terms ranges from 14 to 30 days.

Amount due from a related party which arose from trade transaction is unsecured, interest free and the credit term is 7 days.

The Group's normal trade credit terms ranges from 14 to 150 days.

Related companies balances:

	COMPANY	
	2003 RM'000	2002 RM'000
Amount due from subsidiary companies:		
Ann Joo Metal Sdn Bhd	1,650	-
Ann Joo Trading Sdn Bhd	277	14
Ann Joo (Sarawak) Sdn Bhd	120	100
Anshin Casting Industries Sdn Bhd	5	-
Saga Makmur Sdn Bhd	2	2
Saga Makmur Industri Sdn Bhd	18	12
Anshin Steel Industries Sdn Bhd	-	1,142
	2,072	1,270

Related parties balances:

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Amount due from an associated company				
Malayawata Steel Berhad	47	68	-	1
Amount due from a related party				
Ann Joo Land Sdn Bhd	4	-	4	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

10. SHORT TERM DEPOSITS WITH LICENSED BANKS

Short term deposits of the Group carry effective interest rates range from 2.0% to 3.2% per annum and have maturity period range from 7 to 30 days.

11. PAYABLES

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade payables	11,158	8,940	-	-
Other payables	2,970	1,556	492	309
Accruals	6,229	5,180	1,439	1,183
Deposits	925	378	839	542
Amount due to subsidiary companies	-	-	9,943	-
Amount due to associated companies	1,270	1,240	-	-
Provision for retirement benefits (Note 18)	213	237	162	223
	22,765	17,531	12,875	2,257

The normal trade credit terms granted to the Group ranges from 5 to 90 days.

The amounts due to subsidiary companies which arose mainly from inter-company advances and payments made on behalf are unsecured, carry interest at rates ranging from 2.9% to 3.3% per annum and have no fixed repayment terms.

The amounts due to associated companies which arose mainly from trade transactions and payments made on behalf are unsecured, interest free and the repayment terms is 14 days.

Related companies balances:

	COMPANY	
	2003 RM'000	2002 RM'000
Amount due to subsidiary companies		
Anshin Steel Industries Sdn Bhd	5,846	-
Anshin Precision Industries Sdn Bhd	3,103	-
Anshin Steel Service Centre Sdn Bhd	994	-
	9,943	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

11. PAYABLES (cont'd)

Related parties balances:

	GROUP	
	2003 RM'000	2002 RM'000
Amount due to associated companies		
Malayawata Steel Berhad	1,058	654
Daian Technical Industries Sdn Bhd	212	244
ACSAN Steel Service Centre Sdn Bhd	-	342
	1,270	1,240

12. SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unsecured:				
Bills payable	63,564	61,782	-	-
Revolving credits	500	4,500	-	-
	64,064	66,282	-	-
Secured:				
Term loans (Note 17)	12,500	22,500	12,500	22,500
	76,564	88,782	12,500	22,500

The interest charged on short term borrowings ranged from 3.11% to 7.15% (2002: 3.18% to 6.90%) per annum.

13. BANK OVERDRAFTS

	GROUP	
	2003 RM'000	2002 RM'000
Unsecured	1,618	1,855

The interest charged on bank overdrafts ranged from 6.5% to 7.4% (2002: 6.9% to 7.4%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

14. SHARE CAPITAL

	GROUP AND COMPANY	
	2003 RM'000	2002 RM'000
Authorised:		
500,000,000 Ordinary shares of RM1.00 each	500,000	500,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At beginning of the financial year	252,115	252,090
13,096,500 shares issued pursuant to the Employees' Share Option Scheme (2002: 25,000 shares)	13,097	25
At end of the financial year	265,212	252,115

As at 31 December 2003, there were 84,030,000 warrants with a right to subscribe for ordinary shares of the Company, on the basis of one new ordinary share for every one warrant held, at the subscription price of RM1.00 per ordinary share, not exercised. These warrant holders may exercise their right at anytime within a period of five (5) years expiring 26 July 2006.

The Company operates an Employees' Share Option Scheme ("the Scheme") for the employees of the Group. The Scheme came into effect on 5 November 1998 and expired on 4 November 2003. The main features of the Scheme were:

- (a) The maximum number of shares which may be subscribed and allotted under the Scheme shall not be more than ten percentum (10%) in aggregate of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme.
- (b) Employees must be at least 18 years of age on the offer date and meet the following criteria to participate in the Scheme:
 - (i) a Malaysian citizen who is a confirmed employee and in full time employment of the Group for at least twelve (12) months continuous service.
 - (ii) a non-Malaysian who is employed by the Group under a contract of employment for a duration of at least three (3) years and whose contribution is vital to the Group.
 - (iii) an Executive Director of the Company whose specific grant of option and the related allotment of shares is approved by the shareholders of the Company in a general meeting.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

14. SHARE CAPITAL (cont'd)

(c) The options granted may be exercised by notice in writing to the Company during the period commencing on the offer date and expiring at the end of five (5) years from the commencement date of the Scheme or such shorter periods as may be specifically stated in the offer.

(d) The options do not grant any right to participate in any share issue of any other company in the Group.

(e) The exercise price for each ordinary share under the Scheme shall be the average of the highest and lowest market quotation of the shares of the Company as shown in the Daily Official List issued by Kuala Lumpur Stock Exchange for the five (5) market days immediately preceding the offer date or at the par value of the shares, whichever is higher.

The movement of number of options granted and exercised pursuant to the Scheme during the financial year are as follows:

Date granted	Exercise price	Balance as at					Balance as at 31.12.03
		01.01.03	Granted	Exercised	Forfeited	Lapsed	
11.11.1998	RM1.07	9,059,000	-	8,794,000	195,000	70,000	-
11.02.1999	RM1.11	85,500	-	82,500	-	3,000	-
11.05.1999	RM1.21	36,000	-	31,500	-	4,500	-
11.08.1999	RM1.23	213,000	-	177,500	10,500	25,000	-
11.11.1999	RM1.23	37,500	-	35,500	-	2,000	-
11.02.2000	RM1.69	597,000	-	3,000	145,500	448,500	-
11.05.2000	RM2.08	223,500	-	-	46,500	177,000	-
11.08.2000	RM1.69	270,000	-	-	-	270,000	-
11.11.2000	RM1.30	1,048,500	-	829,000	51,000	168,500	-
11.02.2001	RM1.24	609,000	-	582,500	1,500	25,000	-
11.05.2001	RM1.00	1,059,000	-	912,000	133,500	13,500	-
11.08.2001	RM1.00	164,000	-	147,000	13,000	4,000	-
11.11.2001	RM1.00	58,000	-	51,000	5,000	2,000	-
11.02.2002	RM1.00	294,000	-	256,000	4,000	34,000	-
11.05.2002	RM1.14	298,000	-	271,000	12,000	15,000	-
11.08.2002	RM1.05	131,000	-	122,000	4,000	5,000	-
11.11.2002	RM1.00	64,000	-	58,000	2,000	4,000	-
11.02.2003	RM1.00	-	478,000	439,000	34,000	5,000	-
11.05.2003	RM1.00	-	230,000	217,000	5,000	8,000	-
11.08.2003	RM1.14	-	98,000	88,000	-	10,000	-
		14,247,000	806,000	13,096,500	662,500	1,294,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

15. TREASURY SHARES, at cost

The shareholders of the Company, by a resolution passed in a general meeting held on 17 June 2003, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 10,000 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM1.407 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

There are no treasury shares distributed as share dividends and/or re-issued during the financial year.

16. OTHER RESERVES

	Non-distributable					Total RM'000
	Share premium RM'000	Capital reserve RM'000	Reserve on consolidation RM'000	Revaluation reserve RM'000	Merger reserve RM'000	
GROUP						
Balance at beginning						
of the financial year	33,296	2,500	5,289	31,432	(43,655)	28,862
Premium on shares issued	1,130	-	-	-	-	1,130
Acquisition of a subsidiary company	-	-	368	-	-	368
Surplus on revaluation of property, plant and equipment	-	-	-	24,515	-	24,515
Reversal of deferred taxation upon disposal of property, plant and equipment	-	-	-	222	-	222
Realisation of revaluation reserve on property, plant and equipment	-	-	-	(793)	-	(793)
Realisation of revaluation reserve on property, plant and equipment not recognised in prior years	-	-	-	(583)	-	(583)
Decrease in debit balance arising from merger method of accounting	-	-	-	-	680	680
Balance at end of the financial year	34,426	2,500	5,657	54,793	(42,975)	54,401

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

16. OTHER RESERVES (cont'd)

	Non-distributable		Total RM'000
	Share premium RM'000	Revaluation reserve RM'000	
COMPANY			
Balance at beginning of the financial year	54,136	-	54,136
Premium on shares issued	1,130	-	1,130
Surplus on revaluation of property, plant and equipment	-	9,408	9,408
Balance at end of the financial year	55,266	9,408	64,674

17. TERM LOANS

	GROUP AND COMPANY	
	2003 RM'000	2002 RM'000
Term loans - secured	25,000	47,500
Portion repayable within one year and included under short term borrowings (Note 12)	(12,500)	(22,500)
	12,500	25,000
The term loans are repayable over the following periods:		
Within one year	12,500	22,500
From one to two years	12,500	12,500
From two to five years	-	12,500
	25,000	47,500

The term loans are secured by the investment in a quoted associated company.

The interest charged on term loans ranged from 4.35% to 4.38% (2002: 4.38% to 4.60%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

18. PROVISION FOR RETIREMENT BENEFITS

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Balance at beginning of the financial year	1,847	1,679	560	534
Transfer from income statements	1,584	168	1,360	26
Amount paid during the financial year	(1,515)	-	(1,500)	-
Balance at end of the financial year	1,916	1,847	420	560

Provision for retirement benefits are repayable over the following periods:

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Within one year (Note 11)	213	237	162	223
More than one year	1,703	1,610	258	337
	1,916	1,847	420	560

19. DEFERRED TAXATION

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revaluation and excess of capital allowances over depreciation:				
Balance at beginning of the financial year	18,432	17,179	479	555
Transfer from revaluation reserve	9,401	-	3,658	-
Reversal of deferred taxation upon disposal of property, plant and equipment	(222)	-	-	-
Transfer (to)/from income statements	(4,047)	1,253	31	(76)
Acquisition of a subsidiary company	548	-	-	-
Balance at end of the financial year	24,112	18,432	4,168	479

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

20. REVENUE

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

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Sale of goods	441,021	348,185	-	-
Rental income	2,385	1,189	5,122	5,235
Dividend income	-	-	42,043	19,161
Management fee	-	-	997	43
	443,406	349,374	48,162	24,439

21. PROFIT FROM OPERATIONS

Profit from operations is arrived at:

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
After charging:				
Allowance for diminution in value of inventories	241	-	-	-
Allowance for doubtful debts	1,097	1,320	-	-
Amortisation of:				
- goodwill on consolidation	22	22	-	-
- intangible assets	173	338	-	-
- investment in club memberships	2	2	-	-
Auditors' remuneration				
- current year	63	58	10	10
- prior year	-	2	-	-
Depreciation	9,270	9,400	908	851
Directors' remuneration:				
- fees:				
- current year	361	339	210	215
- prior year	(5)	-	-	-
- retirement benefits	1,388	52	1,340	12
- other emoluments	2,565	2,267	1,544	1,613
Employee provident fund	1,591	1,254	196	160
Impairment loss for a subsidiary company	-	-	2,211	-
Impairment loss on property, plant and equipment	1,007	-	964	-
Intangible assets written off	248	-	-	-
Management fee paid to a related party	156	156	-	-
Property, plant and equipment written off	340	12	28	-
Rental of equipment	46	45	-	-
Retirement benefits	196	116	20	14
Staff costs (excluding employee provident fund)	15,224	13,160	1,533	908

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

21. PROFIT FROM OPERATIONS (cont'd)

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
And crediting:				
Dividend income from:				
- subsidiary companies	-	-	37,199	15,528
- an associated company	-	-	4,844	3,633
Rental income from:				
- subsidiary companies	-	-	4,965	5,078
- associated companies	1,137	753	104	104
- a related party	53	53	53	53
- others	1,332	505	-	-
Interest income from:				
- subsidiary companies	-	-	1	28
- others	1,481	867	1	2
Management fee income from:				
- subsidiary companies	-	-	997	43
- others	-	12	-	-
Bad debts written back	16	48	-	-
Gain on disposal of property, plant and equipment	19,271	437	232	177
Gain on foreign exchange	51	48	-	-
Allowance for specific doubtful debts written back	266	73	-	-

The estimated money value of benefits provided to the Directors of the Group and of the Company by way of usage of the Group and of the Company's assets and the provision of other benefits amounted to RM402,000 (2002: RM112,000) and RM258,000 (2002: RM84,000) respectively.

22. FINANCE COSTS

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Bank commissions and charges	(398)	(412)	(9)	(8)
Banker's guarantee commission	(22)	(46)	-	-
	(420)	(458)	(9)	(8)
Interest expenses on:				
- subsidiary companies balances	-	-	(223)	(22)
- bank overdrafts	(115)	(175)	-	-
- bills payable	(2,591)	(2,038)	-	-
- term loans	(1,653)	(2,423)	(1,653)	(2,423)
- others	(66)	(125)	-	-
	(4,845)	(5,219)	(1,885)	(2,453)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

23. TAXATION

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current year	(29,433)	(10,420)	(10,418)	(4,030)
Prior years	197	201	(1)	(244)
Recovery of tax deducted at source on dividend received from subsidiary and associated companies	11,039	4,283	-	-
Deferred taxation	4,047	(1,253)	(31)	76
	(14,150)	(7,189)	(10,450)	(4,198)
Share of taxation of an associated company				
- Current year	(2,451)	(1,830)	-	-
- Deferred taxation	(229)	-	-	-
	(16,830)	(9,019)	(10,450)	(4,198)

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:

	GROUP		COMPANY	
	2003 %	2002 %	2003 %	2002 %
Applicable statutory tax rate	(28)	(28)	(28)	(28)
Expenses not deductible for tax purposes	(8)	(2)	-	-
Income not subject to tax	-	3	-	-
Utilisation of capital allowance	2	9	-	4
Prior years	-	1	-	-
Deferred taxation	8	(4)	(1)	-
Share of taxation of an associated company	(5)	(6)	-	-
Average effective tax rate	(31)	(27)	(29)	(24)

The Company has an estimated accumulated tax exempt profits amounting to RM14.60 million (2002: RM19.80 million) available for the payment of tax exempt dividend.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend out of the balance of accumulated profits as at 31 December 2003.

These amounts are subject to the agreement with the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

24. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's profit after taxation and minority interests of RM34.96 million (2002: RM22.39 million) by the weighted average number of ordinary shares of the Company in issued during the financial year of 255.80 million (2002: 252.11 million).

Fully diluted earnings per share is calculated by dividing the Group's profit after taxation and minority interests of RM34.96 million (2002: RM22.39 million) by the weighted average number of ordinary shares of 276.65 million (2002: 258.73 million that include ESOS) and warrants that would have been exercised at that date.

25. PRIOR YEAR ADJUSTMENTS

(a) Deferred taxation

Under MASB 25, deferred tax liabilities are recognised for taxable temporary differences. Previously, deferred tax liabilities were provided for on timing differences to the extent that a tax liability was expected to materialise in the foreseeable future.

This change in accounting policy, has been applied retrospectively, and comparative figures had been restated.

(b) Provision for retirement benefits

Under MASB 29, retirement benefits is recognised for employees who had rendered services to the Group and the Company including post-employment benefits. Previously, post-employment benefits is recognised upon payment made.

This change in accounting policy, has been applied retrospectively, and comparative figures had been restated.

The effects of the new accounting policies on the financial statements are as follows:

GROUP	As previously reported RM'000	Effects of change in accounting policies RM'000	As restated RM'000
At 31 December 2001			
Revaluation reserve	43,655	(12,223)	31,432
Accumulated profits	90,693	(13,770)	76,923
Associated companies	205,825	(9,158)	196,667
Minority interests	13,882	(559)	13,323
Provision for retirement benefits	-	1,679	1,679
Deferred taxation	1,464	15,715	17,179
At 31 December 2002			
Revaluation reserve	43,655	(12,223)	31,432
Accumulated profits	105,616	(12,660)	92,956
Associated companies	213,781	(9,158)	204,623
Minority interests	15,590	(559)	15,031
Provision for retirement benefits	-	1,847	1,847
Deferred taxation	3,995	14,437	18,432

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

25. PRIOR YEAR ADJUSTMENTS (cont'd)

	As previously reported RM'000	Effects of change in accounting policies RM'000	As restated RM'000
COMPANY			
At 31 December 2001			
Accumulated profits	61,427	(775)	60,652
Provision for retirement benefits	-	534	534
Deferred taxation	314	241	555
At 31 December 2002			
Accumulated profits	68,872	(1,039)	67,833
Provision for retirement benefits	-	560	560
Deferred taxation	-	479	479

26. DIVIDENDS

	GROUP AND COMPANY			
	2003		2002	
	Gross dividend per share (sen)	Amount of dividend, net of tax RM'000	Gross dividend per share (sen)	Amount of dividend, net of tax RM'000
Final dividend	6.0	10,892	3.5	6,353
First interim paid:				
- Tax dividend	3.0	5,668	-	-
- Tax exempt dividend	3.0	7,873	-	-
		24,433		6,353

The Company has paid a final dividend of 6.0 sen (2001: 3.5 sen) per share, less 28% income tax, proposed in respect of the financial year ended 31 December 2002 amounting to RM10,891,800. This is an increase of RM432 over the amount disclosed in the previous Directors' Report due to additional shares issued pursuant to the Employees' Share Option Scheme after the financial year end.

An interim dividend of 6.0 sen consisting of 3.0 sen tax exempt and 3.0 sen less 28% income tax (2002: Nil), amounting to RM13,541,156 was paid in respect of the current financial year.

The Board of Directors has recommended a final dividend of 6.0 sen (2002: 6.0 sen) per share, less 28% income tax, in respect of the financial year ended 31 December 2003 amounting to RM11,456,705. The proposed final dividend is subject to the shareholders' approval in the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

27. CASH FLOW STATEMENTS

(a) Adjustments for non-cash items, interests and dividends

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Amortisation of goodwill on consolidation and intangible assets	195	360	-	-
Intangible assets written off	248	-	-	-
Depreciation	9,270	9,400	908	851
Interest expenses	4,425	4,761	1,876	2,445
Interest income	(1,481)	(867)	(2)	(30)
Gain on disposal of property, plant and equipment	(19,271)	(437)	(232)	(177)
Share of results of associated companies	(6,467)	(13,080)	-	-
Property, plant and equipment written off	340	12	28	-
Allowance for doubtful debts	1,097	1,320	-	-
Amortisation of investment in club memberships	2	2	-	-
Dividend income	-	-	(42,043)	(19,161)
Allowance for specific doubtful debts written back	(266)	(73)	-	-
Allowance for diminution in value of inventories	241	-	-	-
Bad debts written back	(16)	(48)	-	-
Retirement benefits	1,584	168	1,360	26
Impairment loss on property, plant and equipment	1,007	-	964	-
Impairment loss on a subsidiary company	-	-	2,211	-
	(9,092)	1,518	(34,930)	(16,046)

(b) Cash and cash equivalents at end of the financial year

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash and bank balances	5,896	3,877	4	11
Short term deposits with licensed banks	2,683	4,038	-	-
Bank overdrafts	(1,618)	(1,855)	-	-
	6,961	6,060	4	11

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

28. ACQUISITION OF A SUBSIDIARY COMPANY

Ann Joo Resources Berhad (AJR) has on 10 January 2003 entered into a Sale of Shares Agreement with Ann Yak Siong Hardware Sdn Bhd for the acquisition of additional 3,000,000 ordinary shares of RM1.00 each in the issued and paid up share capital of ACSAN Steel Service Centre Sdn Bhd (ACSAN) at the purchase consideration of RM3,150,000.

Upon completion of the acquisition on 14 January 2003, AJR hold a total of 8,550,000 ordinary shares of RM1.00 each representing 57% of the total issued and paid up share capital of ACSAN thus transforming ACSAN to be a subsidiary of AJR.

(a) Details of net assets acquired at date of acquisition are as follows:

	GROUP 2003 RM'000
Property, plant and equipment	(5,311)
Inventories	(9,018)
Receivables	(12,327)
Cash and bank balances	(2,114)
Payables	933
Short term borrowings	9,372
Taxation	237
Deferred taxation	548
Minority interests	7,603
Net assets acquired	(10,077)
Reserve on consolidation	368
Purchase consideration	(9,709)
Reclassification from associated company	6,542
Cash and bank balances acquired	2,114
Net cash flow from acquisition of a subsidiary company	(1,053)

There was no acquisition of subsidiary company during the last financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

28. ACQUISITION OF A SUBSIDIARY COMPANY (cont'd)

(b) The effect of the acquisition of a subsidiary company on the financial results of the Group during the financial year is as follows:

	GROUP 2003 RM'000
Revenue	56,403
Cost of sales	(53,251)
Gross profit	3,152
Other operating income	2,990
Distribution	(731)
Administration expenses	(525)
Profit from operations	4,886
Finance costs	(448)
Profit before taxation	4,438
Taxation	(1,210)
Profit after taxation	3,228
Minority interest	(1,388)
Net profit for the financial year	1,840

(c) The effect of the acquisition of a subsidiary company on the financial position of the Group at the end of the financial year is as follows:

	GROUP 2003 RM'000
Property, plant and equipment	4,713
Inventories	5,199
Receivables	19,177
Short term deposit with licensed bank	500
Cash and bank balances	973
Payables	(291)
Short term borrowings	(9,377)
Taxation	(457)
Deferred taxation	(818)
Increase in Group's net assets	19,619

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

29. SEGMENT ANALYSIS - GROUP

Business segments:

- (i) Iron and steel - Manufacture and trading of hardware, steel and iron products, building and construction materials of all kinds and operations of steel services centre.
- (ii) Investment holdings and property management

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

2003

	Iron & Steel		Investment Holdings and Property Management	Eliminations	Consolidated
	Trading RM'000	Manufacturing RM'000	RM'000	RM'000	RM'000
REVENUE					
External sales	197,445	243,576	2,385	-	443,406
Inter-segment sales	1,397	13,570	49,321	(64,288)	-
Total sales	198,842	257,146	51,706	(64,288)	443,406
RESULTS					
Segment result	20,597	36,095	(5,880)		50,812
Finance costs					(4,845)
Interest income					1,481
Share of results of associated companies					6,467
Taxation					(16,830)
Profit after taxation					37,085
OTHER INFORMATION					
Segment assets	115,259	162,411	112,957		390,627
Investment in associated companies					198,610
Total segment assets					589,237
Total segment liabilities	49,615	38,413	27,122		115,150
Capital expenditure	5,699	160,854	122,103		288,656

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

29. SEGMENT ANALYSIS - GROUP (cont'd)

	Iron & Steel		Investment Holdings and Property Management	Eliminations RM'000	Consolidated RM'000
	Trading RM'000	Manufacturing RM'000	RM'000		
OTHER INFORMATION (cont'd)					
Depreciation	549	7,577	1,144		9,270
Amortisation of goodwill	18	4	-		22
Allowance for diminution in value of investment	-	2	-		2
Amortisation of intangible assets	-	173	-		173
Reconciliation:					RM'000
(i) Segment assets:					
Property, plant and equipment					184,138
Investments					229
Intangible assets					55
Current assets					208,414
Less: Tax recoverable					(2,209)
					<u>390,627</u>
(ii) Segment liabilities:					
Current liabilities					106,065
Provision for retirement benefits					1,703
Term loans					12,500
Less: Taxation					(5,118)
					<u>115,150</u>
(iii) Capital expenditure:					
Property, plant and equipment					285,276
Intangible assets					3,380
					<u>288,656</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

29. SEGMENT ANALYSIS - GROUP (cont'd)

2002

	Iron & Steel		Investment Holdings and Property	Eliminations RM'000	Consolidated RM'000
	Trading RM'000	Manufacturing RM'000	Management RM'000		
REVENUE					
External sales	160,957	187,228	1,189	-	349,374
Inter-segment sales	1,033	5,582	24,984	(31,599)	-
Total sales	161,990	192,810	26,173	(31,599)	349,374
RESULTS					
Segment result	15,993	11,460	(3,068)		24,385
Finance costs					(5,219)
Interest income					867
Share of results of associated companies					13,080
Taxation					(9,019)
Profit after taxation					24,094
OTHER INFORMATION					
Segment assets	106,325	135,615	93,972		335,912
Investment in associated companies					204,623
Total segment assets					540,535
Total segment liabilities	46,057	39,185	49,536		134,778
Capital expenditure	6,845	176,161	103,144		286,150
Depreciation	531	7,553	1,316		9,400
Amortisation of goodwill	18	4	-		22
Allowance for diminution in value of investment	-	2	-		2
Amortisation of intangible assets	-	338	-		338

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

29. SEGMENT ANALYSIS - GROUP (cont'd)

2002

Reconciliation:	RM'000
(i) Segment assets:	
Property, plant and equipment	165,447
Investments	231
Intangible assets	498
Current assets	172,140
Less: Tax recoverable	<u>(2,404)</u>
	<u>335,912</u>
(ii) Segment liabilities:	
Current liabilities	108,933
Provision for retirement benefits	1,610
Term loans	25,000
Less: Taxation	<u>(765)</u>
	<u>134,778</u>
(iii) Capital expenditure:	
At cost:	
Property, plant and equipment	282,770
Intangible assets	<u>3,380</u>
	<u>286,150</u>

No segment information by geographical area has been presented as the Group operates predominantly in Malaysia.

30. RELATED PARTY TRANSACTIONS

Related parties and relationship

The related parties of the Group and of the Company comprise the following:

- (a) related companies being subsidiary companies of Ann Joo Resources Berhad.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

30. RELATED PARTY TRANSACTIONS (cont'd)

(b) other related parties being companies in which Directors of the Company or Directors of the subsidiary companies have an interest.

	GROUP	
	2003 RM'000	2002 RM'000
(a) Sale of goods		
Related parties:		
ACSAN Steel Service Centre Sdn Bhd	-	20
Hitec Metal Sdn Bhd	254	919
Ipmuda Berhad	-	11
Leong Chong Steel Sdn Bhd	323	1,625
Malayawata Steel Berhad	21,354	10,875
Silveron Builders Sdn Bhd	680	485
United Power Matrix Sdn Bhd	-	12
Chuan Huat Hardware (Sdn) Berhad	9,995	-
Soon Hin Hardware Sdn Bhd	6,608	-
(b) Purchase of goods		
Related parties:		
ACSAN Steel Service Centre Sdn Bhd	-	4,279
Daian Technical Industries Sdn Bhd	2,870	3,054
Hitec Metal Sdn Bhd	67	-
Leong Chong Steel Sdn Bhd	82	211
Malayawata Steel Berhad	68,183	65,014
Marubeni-Itochu Steel Inc	17,740	17,529
Scandata Systems (M) Sdn Bhd	-	448
United Power Matrix Sdn Bhd	252	48
Chuan Huat Hardware (Sdn) Berhad	20	-
Soon Hin Hardware Sdn Bhd	84	-
Ipmuda Berhad	972	-
(c) Management fee paid to		
Related party:		
Sanritsu Kogyo Co. Ltd	156	156
(d) Rental income		
Related parties:		
ACSAN Steel Service Centre Sdn Bhd	-	580
Ann Joo Land Sdn Bhd	53	53
Malayawata Steel Berhad	1,054	104
Daian Technical Industries Sdn Bhd	83	69
(e) Interest income		
Related parties:		
Silveron Builders Sdn Bhd	5	-
Hitec Metal Sdn Bhd	33	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

30. RELATED PARTY TRANSACTIONS (cont'd)

	GROUP	
	2003 RM'000	2002 RM'000
(f) Purchase of property, plant and equipment		
Related parties:		
Abec Technology Sdn Bhd	67	-
Scandata Systems (M) Sdn Bhd	85	-
(g) Sales incentive received from		
Related party:		
Malayawata Steel Berhad	79	-
	COMPANY	
	2003 RM'000	2002 RM'000
(h) Other related party transactions		
Management fee received from		
Subsidiary companies:		
Ann Joo Metal Sdn Bhd	245	-
Ann Joo Trading Sdn Bhd	59	-
Ann Joo (Sarawak) Sdn Bhd	10	-
Anshin Steel Industries Sdn Bhd	174	-
Saga Makmur Industri Sdn Bhd	32	7
Anshin Steel Service Centre Sdn Bhd	301	36
Anshin Precision Industries Sdn Bhd	86	-
ACSAN Steel Service Centre Sdn Bhd	90	-
Rental income		
Subsidiary companies:		
Ann Joo Metal Sdn Bhd	1,771	1,586
Ann Joo Trading Sdn Bhd	134	143
Anshin Casting Industries Sdn Bhd	391	391
Anshin Precision Industries Sdn Bhd	1,212	1,501
Anshin Steel Service Centre Sdn Bhd	1,457	1,457
Related parties:		
Ann Joo Land Sdn Bhd	53	53
Malayawata Steel Berhad	104	104

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

30. RELATED PARTY TRANSACTIONS (cont'd)

	COMPANY	
	2003 RM'000	2002 RM'000
Dividend income		
Subsidiary companies:		
Ann Joo (Sarawak) Sdn Bhd	160	139
Ann Joo Metal Sdn Bhd	14,921	13,889
Ann Joo Trading Sdn Bhd	370	-
Anshin Steel Industries Sdn Bhd	19,167	1,500
Anshin Precision Industries Sdn Bhd	178	-
Anshin Steel Service Centre Sdn Bhd	1,548	-
ACSAN Steel Service Centre Sdn Bhd	855	-
Related party:		
Malayawata Steel Berhad	4,844	3,633
Interest expenses		
Subsidiary companies:		
Ann Joo Metal Sdn Bhd	25	-
Anshin Precision Industries Sdn Bhd	49	-
Anshin Steel Service Centre Sdn Bhd	1	-
Anshin Steel Industries Sdn Bhd	149	22
Interest income		
Subsidiary companies:		
Ann Joo Metal Sdn Bhd	-	22
Anshin Steel Industries Sdn Bhd	1	6

ACSAN Steel Service Centre Sdn Bhd is an associated company of Ann Joo Resources Berhad for the financial year ended 2002.

Daian Technical Industries Sdn Bhd and Malayawata Steel Berhad are associated companies of Ann Joo Resources Berhad.

Hitec Metal Sdn Bhd and Silveron Builders Sdn Bhd represent the associated companies of the ultimate holding company, Ann Joo Corporation Sdn Bhd.

Ipmuda Berhad is the holding company of Modular Equity Sdn Bhd, a substantial shareholder of a subsidiary company, Saga Makmur Industri Sdn Bhd.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

30. RELATED PARTY TRANSACTIONS (cont'd)

Leong Chong Steel Sdn Bhd is a company substantially owned by the son of Mr Lim Seng Qwee who is a Director of Ann Joo Resources Berhad.

United Power Matrix Sdn Bhd is a company where the son-in-law of Mr Lim Seng Qwee has substantial interest.

Chuan Huat Hardware (Sdn) Berhad is a related company of Chuan Huat Hardware Holdings Sdn Bhd, a substantial shareholder of a subsidiary company, ACSAN Steel Service Centre Sdn Bhd.

Soon Hin Hardware Sdn Bhd is a subsidiary company of SHH Holdings Sdn Bhd, a substantial shareholder of ACSAN Steel Service Centre Sdn Bhd.

Marubeni-Itochu Steel Inc is a minority shareholder of a subsidiary company, Anshin Steel Service Centre Sdn Bhd.

Scandata Systems (M) Sdn Bhd and Abec Technology Sdn Bhd are companies in which Mr Lim Sin Seong, a Director of Ann Joo Resources Berhad is also a Director and has financial interests.

Sanritsu Kogyo Co. Ltd is a minority shareholder of a subsidiary company, Anshin Precision Industries Sdn Bhd.

Ann Joo Land Sdn Bhd represents a subsidiary company of the ultimate holding company, Ann Joo Corporation Sdn Bhd.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are not more favourable to the related parties than those arranged with independent third parties.

31. CAPITAL COMMITMENT

As at the end of the financial year, the Group and the Company have the following capital commitment:

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Approved and contracted for	108	2,500	-	2,500
Approved and not contracted for	400	-	-	-
	508	2,500	-	2,500

32. SIGNIFICANT EVENTS

- (a) On 7 January 2003, Anshin Steel Industries Sdn Bhd (Anshin), a wholly-owned subsidiary of Ann Joo Resources Berhad (AJR), had entered into a conditional Sale and Purchase Agreement (SPA) with Malayawata Steel Berhad (Malayawata), an associated company of AJR, for the disposal of its Rolling Mill Plant for a cash consideration of RM34,500,000 which was completed on 30 July 2003.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

32. SIGNIFICANT EVENTS (cont'd)

In accordance with provision of the above SPA, Malayawata and Anshin had simultaneously with the execution of the SPA, executed a conditional tenancy agreement in which Malayawata will rent from Anshin a portion of the land measuring 300,000 square feet together with the structures erected thereon at RM183,960 per month.

- (b) On 25 July 2003, AJR has entered into a Sale and Purchase Agreement with Syn Tai Hung Trading Sdn Bhd for the acquisition of 1,050,000 ordinary shares of RM1.00 each representing 21% equity interest in Saga Makmur Industri Sdn Bhd (SMI) at purchase consideration of RM367,500.

AJR would now hold a total of 3,600,000 ordinary shares of RM1.00 each representing 72% of the total issued and paid up share capital of SMI.

33. SUBSEQUENT EVENT

AJR has on 27 February 2004 entered into a Sale and Purchase Agreement with Mitsui & Co. Ltd for the acquisition of 4,075,637 ordinary shares of RM1.00 each in the issued and paid-up share capital of Malayawata at the purchase consideration of RM8,966,401.

Upon completion of the acquisition, AJR's interest in Malayawata will increase from 30.04% to 32.06%.

34. CORPORATE INFORMATION

- (a) The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

- (b) Registered office and principal place of business

The registered office and principal place of business of the Company are both located at Wisma Ann Joo, Lot 19391, Bt 8½, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan.

- (c) Number of employees

	GROUP		COMPANY	
	2003	2002	2003	2002
Total number of employees as at the end of the financial year	575	587	29	19

- (d) Ultimate holding company

The directors regard Ann Joo Corporation Sdn Bhd, a company incorporated in Malaysia, as its ultimate holding company.

35. FINANCIAL INSTRUMENTS

Financial risk management objective and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors for observation in the day-to-day operation for the controlling and management of the risk associated with the financing, investing and operating activities of the Group.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). Exposures to foreign currency risks are monitored on an ongoing basis.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits. The Group's policy is to borrow principally on the floating rate basis. Investments in financial assets are short term in nature and are mostly placed as short term deposits with licensed financial institutions.

(c) Credit risk

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(d) Market risk

The group has in place policies to manage its exposure to fluctuation in the prices of the key raw materials used in the operation through close monitoring and buying ahead in anticipation of significant price increase, where possible. For market risk arising from changes in equity prices, the Group manages disposal of its investment to optimise returns on realisation.

(e) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

In addition, the Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings. Short-term flexibility is achieved through credit facilities and short-term borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

35. FINANCIAL INSTRUMENTS (cont'd)

Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company as at 31 December 2003 approximated their fair values except as set out below:

	GROUP	
	Carrying amount RM'000	Fair value RM'000
Financial assets		
Investments – quoted shares	4	1

Investments in quoted shares have not been adjusted to their fair values on the basis that the underlying net tangible assets per share of these companies are above their market values.

No disclosure is made for unquoted shares as it is not practical to estimate the fair value because of the lack of market information and the assumptions used in valuations models to value these investments cannot be reasonably determined.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- i. Deposits, cash and bank balances
The carrying amounts of deposits, cash and bank balances approximate fair values due to the relatively short term maturity of these instruments.
- ii. Trade and other receivables and payables
The carrying amounts of trade receivables and payables subject to normal trade credit terms approximate fair values. The carrying amounts of other receivables and payables are reasonable estimates of fair value because of their short maturity.
- iii. Borrowings
The carrying amounts of short term borrowings approximates fair value because of the short maturity period. The fair value of long term borrowings is estimated based on the current rates available for borrowings with the same maturity profile.
- iv. Amounts due from/to subsidiary/associated companies and a related party
The carrying amounts of amounts due from/to subsidiary/associated companies and a related party are reasonable estimates of fair value because of their short maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2003

36. COMPARATIVE FIGURES

(a) Comparative figures which have been reclassified where necessary to conform with current financial year's presentation which include the following:

(i) Directors' remuneration and staff costs

Comparative figures for Directors' remuneration and staff costs of the Group and of the Company had been reclassified by an amount of RM238,122 and RM153,720 to comply with the requirement of Companies Act, 1965, Ninth Schedule, paragraph 1(o)(i).

(ii) Rental income

Rental income in respect of the Group amounted to RM1,189,091 had been reclassified to Revenue from Other operating income.

(b) The following comparatives have been restated to reflect the change in accounting policies as explained in Note 25.

	GROUP		COMPANY	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
Balance sheets				
Associated companies	204,623	213,781	N/A	N/A
Revaluation reserve	31,432	43,655	N/A	N/A
Accumulated profits	92,956	105,616	67,833	68,872
Minority interests	15,031	15,590	N/A	N/A
Provision for retirement benefits	1,847	-	560	-
Deferred taxation	18,432	3,995	479	-
Net tangible assets per share (RM)	1.31	1.41	N/A	N/A
Income statements				
Administration expenses	(13,164)	(12,996)	(4,766)	(4,740)
Profit before taxation	33,113	33,281	17,732	17,758
Taxation	(9,019)	(10,297)	(4,198)	(3,960)
Profit after taxation	24,094	22,984	13,534	13,798
Basis earnings per ordinary share (sen)	8.9	8.4	N/A	N/A
Fully diluted earnings per ordinary share (sen)	8.7	8.2	N/A	N/A
Statements of changes in equity				
Accumulated profits at 31 December 2001	76,923	90,693	60,652	61,427
Accumulated profits at 31 December 2002	92,956	105,616	67,833	68,872
Cash flow statements				
Profit before taxation	33,113	33,281	17,732	17,758
Retirement benefits	168	-	26	-

N/A - Not applicable

RECURRENT RELATED PARTY TRANSACTIONS

FOR FINANCIAL YEAR ENDED 31 DECEMBER 2003

Set out below are the recurrent related party transactions of the Company for the financial year ended 31 December 2003 that were carried out in its normal course of business on an arm's length basis :

Related Parties	Transacting Party	Nature of Transaction	Actual (RM)
LIM Group	Ann Joo Group	(1) Sale of steel related products to LIM Group	1,295,202
		(2) Purchase of steel related products from LIM Group	401,768
		(3) Lease of office space to LIM Group	53,400
		(4) Purchase of computer equipment and related maintenance services from LIM Group	152,467
			1,902,837
MISI Group	Ann Joo Group	(1) Sale of steel related products to MISI Group	9,420,185
		(2) Purchase of steel related products from MISI Group	27,028,733
		(3) Lease of office/factory space to MISI Group	2,669,082
		(4) Provision of services to MISI Group	399,821
		(5) Rental paid to MISI Group for storage of steel coils	8,236
		(6) Rental paid to Ann Joo Group for storage of steel related materials	12,421
			39,538,478
Sanritsu Group	Ann Joo Group	(1) Purchase of steel related products from Sanritsu Group	1,680
		(2) Purchase of die tooling from Sanritsu Group	2,868,207
		(3) Lease of office/factory space to Sanritsu Group	82,939
		(4) Payment of technical and advisory support fee to Sanritsu Group	156,000
			3,108,826

RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Related Parties	Transacting Party	Nature of Transaction	Actual (RM)
CHH Group	Ann Joo Group	(1) Sale of steel related products to CHH Group	7,164,619
		(2) Purchase of steel related products from CHH Group	20,380
			7,184,999
SHH Group	Ann Joo Group	(1) Sale of steel related products to SHH Group	5,951,630
		(2) Purchase of steel related products from SHH Group	83,855
			6,035,485
MESB Group	Ann Joo Group	(1) Purchase of steel related products from MESB Group	972,360
Wah Seong Group	Ann Joo Group	(1) Sale of steel related products to Wah Seong Group	942,796
MYS Group	Ann Joo Group	(1) Sale of steel related products to MYS Group	21,353,742
		(2) Purchase of steel related products from MYS Group	68,104,350
		(3) Lease of office/factory space to MYS Group	1,053,901
			90,511,993

PROPERTIES OWNED

by Ann Joo Resources Berhad and its subsidiaries as at 31 December 2003

Location	Tenure	Description	Land Area / Built-up Area	Existing Use	Approximate Age of Building (No. of Years)	At Valuation RM'000	NBV RM'000	Date of Last Revaluation	Date of Acquisition
Lot 19391 Mukim and District of Petaling	Freehold	Commercial Land & Building	1,2965 hectares / 9,996 sq.m.	Office and Warehouse	21	21,600	21,600	31-12-2003	09-09-1996
Lot 1508 Mukim and District of Petaling	Freehold	Industrial Land & Building	0.658 hectares / 3,790 sq.m.	Office and Warehouse	1	8,300	8,300	31-12-2003	09-09-1996
HS (D) 5044 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 25.03.2070)	Industrial Land & Building	4.150 hectares / 30,949 sq.m.	Factory, Office and Store	12	34,100	34,100	31-12-2003	09-09-1996
Lot 55 - 59 Section 4 Phase 2A Pulau Indah Industrial Park West Port	Leasehold (99 years upon issue of qualified title)	Industrial Land	5.135 hectares / -	Vacant Land	-	9,500	9,500	31-12-2003	05-05-1998
H.S.D. 711 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 29.06.2076)	Industrial Land & Building	1.658 hectares / 12,709 sq.m.	Factory and Office	13	15,779	15,779	31-12-2003	08-01-1987
Lot 9 Persiaran Perusahaan Section 23 Shah Alam	Leasehold (expiring on 30.05.2098)	Industrial Land & Building	5.3255 hectares / 26,521 sq.m.	Factory and Office	10	40,631	40,631	31-12-2003	06-09-1990
Lot 11 Persiaran Perusahaan Section 23 Shah Alam	Leasehold (expiring on 30.05.2098)	Industrial Land & Building	5.9908 hectares / 9,234 sq.m.	Factory, Office and Vacant Land	7	32,220	32,220	31-12-2003	06-09-1990
Lot PT 3707 Mukim of Pasir Panjang Port Dickson	Freehold	Detached House	528 sq.m. / 195 sq.m.	Staff Recreation	18	150	150	31-12-2003	10-10-1985
Lot 2171 Section 66 Kuching	Leasehold (expiring on 04.02.2050)	Industrial Land & Building	4,059 sq.m. / 1,522 sq.m.	Office and Warehouse	9	1,700	1,700	31-12-2003	25-10-1995
Sub-Total (value of properties held as property, plant and equipment)						163,980	163,980		

PROPERTIES OWNED (CONT'D)

Location	Tenure	Description	Land Area / Built-up Area	Existing Use	Approximate Age of Building (No. of Years)	At Valuation RM'000	NBV RM'000	Date of Last Revaluation	Date of Acquisition
No. C-7-10 Type 12 Storey No. 7th Floor Building No. Block C Phase 1 Zone G Sri Alam Condominium Kelab Golf Sultan Abdul Aziz Shah	Leasehold (expiring on 14.02.2091)	Condominium	245 sq.m.	Vacant	5	500	500	31-12-2003	13-09-2000
Lot No.350 in Town of Port Dickson and District of Port Dickson	Freehold	Shop Office	142 sq.m./ 442 sq.m.	Vacant	1	300	300	31-12-2003	28-01-2003
No. F-12-04 Washington Tower Medow Park 3 Jalan 1/130 Off Jalan Kelang Lama 58200 Kuala Lumpur	Freehold	Apartment	1,120 sq.ft.	Vacant	5	150	150	31-12-2003	17-07-1998
No. 7-20 Tingkat 7 Building No. T1 Turf View Apartment Taman Kuda Emas Section 6 Serdang Jaya Selangor	Leasehold (expiring on 28.11.2092)	Apartment	946 sq.ft.	Vacant	6	125	125	31-12-2003	16-08-1999
704 Block A Tiara Kelana Condo. Jalan SS 7/19 Taman Sri Kelana Kelana Jaya 47301 Petaling Jaya	Leasehold (expiring on 28.01.2092)	Apartment	1,725 sq.ft.	Vacant	8	290	290	31-12-2003	22-03-2001
Sub-Total (value of properties held as inventories)						1,365	1,365		
Total (value of properties held as property, plant and equipment and inventories)						165,345	165,345		

STATISTICAL REPORTS

as at 5 May 2004

ANALYSIS OF SHAREHOLDINGS

Authorised share capital	: RM500,000,000
Issued and paid up share capital	: RM265,211,500
Class of shares	: Ordinary shares of RM1.00 each
Voting shares	: One (1) vote per ordinary share

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	45	0.65	298	0.00
100 - 1,000	3,007	43.59	2,993,132	1.13
1,001 - 10,000	3,227	46.78	12,690,105	4.79
10,001 - 100,000	509	7.38	15,131,111	5.71
100,001 - 13,250,124	108	1.57	69,676,784	26.29
13,250,125 and above	2	0.03	164,511,070	62.08
Total	6,898	100.00	265,002,500	100.00

LIST OF TOP 30 SHAREHOLDERS

Name	No. of Shares Held	%
1. Ann Joo Corporation Sdn Bhd	89,238,972	33.65
2. Ann Joo Corporation Sdn Bhd	75,272,098	28.38
3. Mecroflex Sdn Bhd	3,776,876	1.42
4. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pheim Asset Management Sdn Bhd For Employees Provident Fund</i>	3,350,900	1.26
5. Lim Chai Beng	3,100,000	1.17
6. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Islamic Equity Fund</i>	2,834,200	1.07
7. Dato' Soo Lai Sing	2,811,000	1.06
8. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad For Public Ittikal Fund (N14011970240)</i>	2,405,400	0.91
9. Lim Seng Chee	2,244,500	0.85
10. BHLB Trustee Berhad <i>Pacific Recovery Fund</i>	2,168,200	0.82
11. Lim Seng Qwee	2,101,648	0.79
12. RHB Nominees (Tempatan) Sdn Bhd <i>RHB Asset Management Sdn Bhd For Kumpulan Wang Simpanan Pekerja</i>	2,008,700	0.76
13. AMMB Nominees (Tempatan) Sdn Bhd <i>Amtrustee Berhad For Pacific Dividend Fund (5/27-2)</i>	1,972,300	0.74
14. United Hardware Holdings Sendirian Berhad	1,827,505	0.69
15. Yoong Yan Pin	1,700,000	0.64
16. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	1,604,300	0.60
17. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad For Public Aggressive Growth Fund (N14011940110)</i>	1,368,500	0.52

STATISTICAL REPORTS (CONT'D)

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

Name	No. of Shares Held	%
18. Yeoh Chun Heng	1,322,700	0.50
19. Pandu Sinar Sdn Bhd	1,261,455	0.48
20. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public SmallCap Fund</i>	1,206,100	0.45
21. Thun Lian @ Teoh Shok Lian	1,176,600	0.44
22. Lim Kiam Lam	1,091,000	0.41
23. Tan Guat Poh	1,026,500	0.39
24. Abdul Kudus Bin Dahalan	980,000	0.37
25. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Su Ming Keat (E-SS2/SEA)</i>	900,000	0.34
26. Citicorp Nominees (Asing) Sdn Bhd <i>American International Assurance Company Limited (P Trading)</i>	788,000	0.30
27. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad For Income Plus Fund (N14011980070)</i>	770,000	0.29
28. Lim Kien Lip	750,000	0.28
29. EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account For Mohammad Rizal Bin Musa</i>	750,000	0.28
30. UOBM Nominees (Asing) Sdn Bhd <i>UOB - IOD For United Overseas Bank Limited (ACU)</i>	750,000	0.28
	212,557,454	80.15

ANALYSIS OF WARRANTS HOLDINGS

No. of Warrants in issue	: 84,030,000
Exercise Price of Warrants	: RM 1.00
Expiry Date of Warrants	: 26 July 2006
Voting Rights	: Every Warrant holder present in person at any such meeting or adjourned meeting shall be entitled by a show of hands to one (1) vote and every Warrant Holder present in person or by proxy at any meeting shall be entitled on a poll to one (1) vote for each New Share to which such holder would be entitled at the Subscription Price on the exercise in full of the Subscription Rights represented by such Warrant Holders.

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 - 99	1	0.11	81	0.00
100 - 1,000	301	32.51	268,100	0.32
1,001 - 10,000	430	46.44	1,987,400	2.37
10,001 - 100,000	164	17.71	5,096,845	6.07
100,001 - 4,201,499	29	3.13	17,038,602	20.28
4,201,500 and above	1	0.11	59,638,972	70.97
Total	926	100.00	84,030,000	100.00

STATISTICAL REPORTS (CONT'D)

LIST OF TOP 30 WARRANT HOLDERS

Name	No. of Warrants Held	%
1. Ann Joo Corporation Sdn Bhd	59,638,972	70.97
2. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	3,830,000	4.56
3. Yang Pouy Soon	2,084,000	2.48
4. Yeoh Chun Heng	1,644,500	1.96
5. Tan Poh Gek	1,150,000	1.37
6. Tan Guat Poh	1,000,000	1.19
7. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pheim Asset Management Sdn Bhd For Employees Provident Fund</i>	712,300	0.85
8. United Hardware Holdings Sendirian Berhad	609,168	0.72
9. Lim Seng Qwee	600,549	0.71
10. Lim Seng Chee	581,500	0.69
11. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)</i>	570,000	0.68
12. Pandu Sinar Sdn Bhd	420,485	0.50
13. Eng Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ng Sun Lai</i>	389,000	0.46
14. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Goh Keng Huat (CE8)</i>	340,000	0.40
15. Su Ming Keat	303,000	0.36
16. Hong Leong Finance Berhad <i>Pledged Securities Account For Sa Chee Peng</i>	285,000	0.34
17. Ling Teck Hong	262,100	0.31
18. Thun Lian @ Teoh Shok Lian	243,000	0.29
19. Yong Cheau Chin	240,000	0.29
20. Lim Kiam Lam	239,000	0.28
21. Mayban Nominees (Asing) Sdn Bhd <i>G K Goh Stockbrokers Pte Ltd (IA 69693-985180)</i>	200,000	0.24
22. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i>	200,000	0.24
23. Keng Thiam Wah	179,000	0.21
24. OSK Nominees (Asing) Sdn Berhad <i>Pledged Securities Account For Tan Boon Chiang</i>	178,000	0.21
25. Kevin Koh Vee Yeong	163,000	0.19
26. Yee Swee Lian @ Yu Swee Lian	130,000	0.15
27. RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Kuan Gan</i>	130,000	0.15
28. Wong Yow Kong	129,000	0.15
29. Hong Leong Finance Berhad <i>Pledged Securities Account For Saw Guat Choo</i>	116,000	0.14
30. Affin-ACF Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Chang Lip Ngin</i>	110,000	0.13
	76,677,574	91.25

STATISTICAL REPORTS (CONT'D)

DIRECTORS' HOLDINGS AS AT 5 MAY 2004

(Extracted from Register of Directors' Shareholdings)

Name	Direct		Indirect	
	No. of Ordinary Shares Held	%	No. of Ordinary Shares Held	%
LIM SENG QWEE	2,101,648	0.79	166,338,575 ^{*1}	62.77 ^{*1}
LIM KIAM LAM	1,091,000	0.41	166,338,575 ^{*1}	62.77 ^{*1}
LIM SIN SEONG	NIL	NIL	166,338,575 ^{*1}	62.77 ^{*1}
LIM KIEN LIP	750,000	0.28	NIL	NIL
LIM HONG THYE	NIL	NIL	NIL	NIL
DATO' ONG KIM HOAY	15,000	0.01	NIL	NIL
MOHD ALKAF BIN MOHD KAHAR	165,000	0.06	1,261,455 ^{*1}	0.48 ^{*1}
DATUK HAIDAR ALI BIN HAJI SHEIKH FADZIR	NIL	NIL	NIL	NIL

Name	Direct		Indirect	
	No. of Warrants 2001 / 2006 Held	%	No. of Warrants 2001 / 2006 Held	%
LIM SENG QWEE	600,549	0.71	60,248,140 ^{*1}	71.70 ^{*1}
LIM KIAM LAM	239,000	0.28	60,248,140 ^{*1}	71.70 ^{*1}
LIM SIN SEONG	NIL	NIL	60,248,140 ^{*1}	71.70 ^{*1}
LIM KIEN LIP	NIL	NIL	NIL	NIL
LIM HONG THYE	NIL	NIL	NIL	NIL
DATO' ONG KIM HOAY	5,000	0.01	NIL	NIL
MOHD ALKAF BIN MOHD KAHAR	55,000	0.07	420,485 ^{*1}	0.50 ^{*1}
DATUK HAIDAR ALI BIN HAJI SHEIKH FADZIR	NIL	NIL	NIL	NIL

^{*1} deemed interest pursuant to Section 6A(4) of the Companies Act, 1965.

STATISTICAL REPORTS (CONT'D)

SUBSTANTIAL SHAREHOLDERS AS AT 5 MAY 2004

(Extracted from Register of Substantial Shareholders)

Name	Direct		Indirect	
	No. of Ordinary Shares Held	%	No. of Ordinary Shares Held	%
ANN JOO CORPORATION SDN BHD	164,511,070	62.08	1,827,505 ^{*1}	0.69
LIM SENG CHEE & SONS SDN BHD	NIL	NIL	166,338,575 ^{*1}	62.77 ^{*1}
LSQ & SONS SDN BHD	NIL	NIL	166,338,575 ^{*1}	62.77 ^{*1}
LIM SIN SEONG SDN BHD	NIL	NIL	166,338,575 ^{*1}	62.77 ^{*1}
LIM SENG CHEE	2,244,500	0.85	166,338,575 ^{*1}	62.77 ^{*1}
LIM SENG QWEE	2,101,648	0.79	166,338,575 ^{*1}	62.77 ^{*1}
LIM KIAM LAM	1,091,000	0.41	166,338,575 ^{*1}	62.77 ^{*1}
LIM SIN SEONG	NIL	NIL	166,338,575 ^{*1}	62.77 ^{*1}

^{*1} deemed interest pursuant to Section 6A(4) of the Companies Act, 1965.

Form Of Proxy



安裕资源有限公司
ANN JOO RESOURCES BERHAD
(Incorporated in Malaysia) 371152-U

No. of Ordinary Shares Held	
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I/We _____
(Full name in block letters)

of _____
(Address)

being a member/members of **ANN JOO RESOURCES BERHAD**, hereby appoint _____

_____ of _____
(Full name in block letters) (Address)

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

of _____
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Sheraton Subang Hotel & Towers, Selangor 3 Ballroom, Jalan SS12/1, 47500 Subang Jaya on Thursday, 17 June, 2004 at 10.00 a.m. or at any adjournment thereof, and to vote as indicated below:-

Resolutions	For	Against
1 To receive and adopt the audited financial statements		
2 To declare a final dividend of 6% less 28% tax		
3 To approve the payment of Directors' fee		
To re-elect the following Directors retiring under Article 101 of the Company's Articles of Association :-		
4 Mohd Alkaf bin Mohd Kahar		
5 Lim Seng Qwee		
6 To re-elect Mr. Lim Kien Lip retiring under Article 108 of the Company's Articles of Association :-		
7 To consider and if thought fit, pass the following resolution, with or without modifications, as an Ordinary Resolution of the Company:- "THAT, pursuant to Section 129(6) of the Companies Act, 1965, Dato' Ong Kim Hoay be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."		
8 To re-appoint Messrs Ong Boon Bah & Co. as the Auditors of the Company		
9 Special Business - To authorise Directors to allot shares pursuant to Section 132D of the Companies Act, 1965		
10 Special Business - To authorise Directors to purchase the Company's own shares		
Special Business - To obtain Shareholders' mandate for recurrent related party transactions of a revenue or trading nature with the following related parties:-		
11 LIM Group		
12 MISI Group		
13 Sanritsu Group		
14 CHH Group		
15 SHH Group		
16 Tokyo Boeki Ltd		
17 MESB Group		
18 MYS Group		
19 Sanritsu Group		
20 MYS Group		

Please indicate with a "✓" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote as he or she thinks fit, or, at his or her discretion, abstain from voting.

Signed this _____ day of _____, 2004 _____

Signature / Common Seal

Notes:-

Proxy

- A Member of the Company entitled to attend and vote at this Meeting is entitled to appoint proxy to attend and vote instead of him. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- The instrument appointing a proxy shall be in writing under the hand of appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Wisma Ann Joo, Lot 19391, Bt 8^{1/2}, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

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ANN JOO RESOURCES BERHAD
Wisma Ann Joo, Lot 19391
Batu 8¹/₂, Jalan Klang Lama
46000 Petaling Jaya, Selangor Darul Ehsan

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