

APPENDIX IV

AUDITED CONSOLIDATED ACCOUNTS OF ANN JOO FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2000 TOGETHER WITH THE AUDITORS' REPORT THEREONANN JOO RESOURCES BERHAD
(Incorporated in Malaysia)BALANCE SHEETS
AS AT 31ST DECEMBER, 2000

		GROUP		COMPANY	
	Note	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
FIXED ASSETS	3	178,852	175,831	61,272	62,167
SUBSIDIARY COMPANIES	4	-	-	166,391	160,310
ASSOCIATED COMPANIES	5	204,145	5,229	209,743	5,297
INVESTMENTS	6	235	135	-	-
INTANGIBLE ASSETS	7	1,228	1,639	-	9
CURRENT ASSETS					
Stocks	8	137,186	87,571	-	-
Trade debtors	9	76,025	71,061	-	-
Other debtors, deposits and prepayments		5,709	19,961	1,225	629
Amount due from ultimate holding company		6	-	6	-
Cash and bank balances		3,986	1,709	3	3
		<u>222,912</u>	<u>180,302</u>	<u>1,234</u>	<u>632</u>
CURRENT LIABILITIES					
Trade creditors		7,161	19,846	-	-
Other creditors and accruals	10	191,514	6,205	184,008	1,538
Short term borrowings	11	96,823	56,105	-	-
Taxation		4,420	3	-	-
Proposed dividend		6,469	7,654	6,469	7,654
		<u>306,387</u>	<u>89,813</u>	<u>190,477</u>	<u>9,192</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(83,475)</u>	<u>90,489</u>	<u>(189,243)</u>	<u>(8,560)</u>
		<u>300,985</u>	<u>273,323</u>	<u>248,163</u>	<u>219,223</u>
Financed by:					
SHARE CAPITAL	12	168,038	152,665	168,038	152,665
SHARE APPLICATION MONEY	10	-	-	10	-
RESERVES	13	117,595	115,909	79,801	66,244
SHAREHOLDERS' FUNDS		285,643	268,574	247,849	218,909
MINORITY INTERESTS		13,872	4,429	-	-
DEFERRED TAXATION	14	1,470	320	314	314
		<u>300,985</u>	<u>273,323</u>	<u>248,163</u>	<u>219,223</u>
Net tangible assets per share (RM)		<u>1.40</u>	<u>1.75</u>		

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

ANN JOO RESOURCES BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2000

	Note	GROUP		COMPANY	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue	15	356,750	237,987	4,941	5,361
Cost of sales		(305,189)	(200,903)	-	-
Gross profit		51,561	37,084	4,941	5,361
Other operating income		5,687	8,133	22,374	18,973
Distribution expenses		(7,785)	(4,884)	-	-
Administration expenses		(13,955)	(11,911)	(4,971)	(4,471)
Profit from operations		35,508	28,422	22,344	19,863
Finance costs	16	(5,517)	(3,493)	(1,049)	(2)
Profit before share in results of associated companies		29,991	24,929	21,295	19,861
Share in results of associated companies		(2,727)	(133)	-	-
Profit before taxation	17	27,264	24,796	21,295	19,861
Taxation	18	(9,786)	29	(5,011)	(2,684)
Profit after taxation		17,478	24,825	16,284	17,177
(Profit)/Loss attributable to minority interests		(1,320)	553	-	-
Profit after taxation and minority interests		16,158	25,378	16,284	17,177
Extraordinary item	19	(15,571)	-	-	-
Profit attributable to shareholders of the Company		<u>587</u>	<u>25,378</u>	<u>16,284</u>	<u>17,177</u>
Earnings per share (sen)	21	<u>0.4</u>	<u>16.7</u>		
Fully diluted earnings per share (sen)	21	<u>0.3</u>	<u>16.3</u>		

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

ANN JOO RESOURCES BERHAD
(Incorporated in Malaysia)
STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2000
GROUP

	Share capital RM'000	Share application money RM'000	Share premium RM'000	Other reserves RM'000	Accumulated profit RM'000	Total RM'000
Balance at 31st December, 1998	151,944	-	30,741	2,568	63,425	248,678
Shares issued	721					721
Premium on shares issued			73			73
Reserve on consolidation				1,395		1,395
Net profit for the financial year					25,378	25,378
Dividend (Note 20)					(7,671)	(7,671)
Balance at 31st December, 1999	152,665	-	30,814	3,963	81,132	268,574
Shares issued	15,373					15,373
Share application money received		10				10
Premium on shares issued			3,865			3,865
Reserve on consolidation				3,826		3,826
Net profit for the financial year					587	587
Dividend (Note 20)					(6,592)	(6,592)
Balance at 31st December, 2000	<u>168,038</u>	<u>10</u>	<u>34,679</u>	<u>7,789</u>	<u>75,127</u>	<u>285,643</u>

COMPANY

	Share capital RM'000	Share application money RM'000	Share premium RM'000	Accumulated profit RM'000	Total RM'000
Balance at 31st December, 1998	151,944	-	51,581	5,084	208,609
Shares issued	721				721
Premium on shares issued			73		73
Reserve on consolidation					-
Net profit for the financial year				17,177	17,177
Dividend (Note 20)				(7,671)	(7,671)
Balance at 31st December, 1999	152,665	-	51,654	14,590	218,909
Shares issued	15,373				15,373
Share application money received		10			10
Premium on shares issued			3,865		3,865
Net profit for the financial year				16,284	16,284
Dividend (Note 20)				(6,592)	(6,592)
Balance at 31st December, 2000	<u>168,038</u>	<u>10</u>	<u>55,519</u>	<u>24,282</u>	<u>247,849</u>

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

ANN JOO RESOURCES BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2000

		GROUP		COMPANY	
	Note	2000	1999	2000	1999
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit before taxation		27,264	24,796	21,295	19,861
Adjustments for non-cash items and interests	22(a)	20,695	12,729	(20,886)	(17,824)
Operating profit before working capital changes		47,959	37,525	409	2,037
Decrease/(Increase) in trade and other receivables		13,594	(23,179)	1,969	(12,273)
Increase in inventories		(15,526)	(1,162)	-	-
(Decrease)/Increase in trade and other payables		(9,140)	5,102	1,006	390
Cash generated from/(used in) operations		36,887	18,286	3,384	(9,846)
Interest paid		(4,275)	(3,086)	(314)	-
Tax paid		(5,247)	(4,922)	(506)	(579)
Interest received		944	1,957	51	127
Net cash inflow/(outflow) from operating activities		28,309	12,235	2,615	(10,298)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of fixed assets		808	355	2	28
Purchase of fixed assets		(8,410)	(3,086)	(270)	(89)
Deferred expenditure paid		(54)	-	-	-
Acquisition of a subsidiary company	22(b)	2,297	(3,803)	(3,633)	(2,002)
Acquisition of an associated company		(27,516)	(719)	(27,516)	(718)
Dividend received from an associated company		111	297	111	297
Dividend received from subsidiary companies		-	-	17,220	15,895
Net cash (outflow)/inflow from investing activities		(32,764)	(6,956)	(14,086)	13,411
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		19,238	794	19,248	794
Share application money received		10	-	-	-
Net repayment of short term borrowings		(5,374)	(611)	-	-
Repayment of hire purchase creditors		(19)	(55)	-	-
Dividend paid to minority shareholders in a subsidiary		(1,333)	-	-	-
Dividends paid		(7,777)	(3,937)	(7,777)	(3,937)
Net cash inflow/(outflow) from financing activities		4,745	(3,809)	11,471	(3,143)
Net increase/(decrease) in cash and cash equivalents		290	1,470	-	(30)
Cash and cash equivalents brought forward		(644)	(2,114)	3	33
Cash and cash equivalents carried forward	22(e)	(354)	(644)	3	3

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

ANN JOO RESOURCES BHD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER, 2000

1. Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain freehold and leasehold land and buildings and comply with the applicable approved accounting standards in Malaysia and the provisions of the companies Act, 1965.

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. The subsidiary companies are consolidated based on the merger method of accounting in accordance with Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, 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 and Anshin 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 acquisitions. 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 or 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.

(b) Associated companies

A company, other than a subsidiary company, in which the Group has a long term equity investment of from 20% to 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.

The Group's investment in associated company is accounted for under the equity method of accounting based on audited or management financial statements of the associated company 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 the results of associated company for the period. The Group's investment in associated company is carried in the balance sheet at an amount that reflects its share of the net assets of the associated company.

(c) Investments

Investment in subsidiary companies, associated companies and other investments in the Company's financial statements are stated at cost and provision is made where, Directors are of the opinion, there is a permanent diminution in value.

(d) Fixed assets and depreciation

Land and buildings and other fixed assets are stated at cost or valuation less accumulated depreciation.

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

Depreciation of the other fixed assets is provided on the straight line 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%
Furniture, fittings and office equipment	10% - 33.3%
Motor vehicles	20%

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

(e) Deferred expenditure

Deferred expenditure comprises preliminary, pre-operating and pre-commercial production expenses and 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 deferred expenditure cannot be determined with reasonable certainty.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value after adequate provision has been made for all deteriorated, damaged, obsolete or slow-moving stocks. Cost is determined principally on the weighted average basis. The cost of raw materials comprise the original purchase price plus cost incurred in bringing the stocks to their present locations and conditions. The cost of finished goods and work-in-progress comprise the cost of raw materials, direct labour, direct charge and a proportion of production overheads.

Stocks of properties are stated at cost.

(g) Deferred taxation

Provision is made, on the liability method, for taxation deferred by capital allowances and other timing differences except where the tax effects of such timing differences are expected to be deferred indefinitely. Deferred tax benefit is only recognised when there is a reasonable expectation of realisation in the near future.

(h) Provision for bad and doubtful debts

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

(i) Foreign currency

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

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

Foreign currency	31.12.2000 RM	31.12.1999 RM
1 USD	3.800	3.800
1 SGD	2.186	2.214

(j) Revenue recognition

Revenue from sales of goods or services is recognised when the goods are delivered or performance of services. Interest income is recognised on an accrual basis unless collectibility is in doubt. Dividend income from subsidiary companies and other investments are recognised when declared to be payable.

(k) Cash and cash equivalents

Cash and cash equivalents comprise of 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.

3. FIXED ASSETS

	Land and buildings	Capital work-in- progress	Plant, machinery, tools and equipment	Furniture, fittings and office equipment	Motor vehicles	Total
RM'000 GROUP						
AT COST OR VALUATION						
At 1st January, 2000	144,930	2,468	92,361	3,791	6,090	249,640
Additions	739	3,526	1,395	1,219	1,531	8,410
Disposals	-	-	(136)	(185)	(984)	(1,305)
Addition through acquisition of subsidiary	-	-	20,767	1,030	273	22,070
Transfers	3,232	(5,961)	2,728	1	-	-
Written off	-	-	-	(30)	-	(30)
At 31st December, 2000	148,901	33	117,115	5,826	6,910	278,785
Representing items at:						
Cost	77,336	33	117,115	5,826	6,910	207,220
Valuation - 1996	71,565	-	-	-	-	71,565
	148,901	33	117,115	5,826	6,910	278,785
ACCUMULATED DEPRECIATION						
At 1st January, 2000	10,781	-	56,585	2,368	4,075	73,809
Charge for the financial year	1,734	-	6,871	861	1,306	10,772
Disposals	-	-	(84)	(89)	(503)	(676)
Addition through acquisition of subsidiary	-	-	15,168	756	110	16,034
Written off	-	-	-	(6)	-	(6)
At 31st December, 2000	12,515	-	78,540	3,890	4,988	99,933

	Land and buildings	Capital work-in- progress	Plant, machinery, tools and equipment	Furniture, fittings and office equipment	Motor vehicles	Total
RM'000						
GROUP						
Representing items at:						
Cost	4,136	-	78,540	3,890	4,988	91,544
Valuation - 1996	8,379	-	-	-	-	8,379
	<u>12,515</u>	<u>-</u>	<u>78,540</u>	<u>3,890</u>	<u>4,988</u>	<u>99,933</u>

NET BOOK VALUE

At 31st December, 2000						
At cost	73,200	33	38,575	1,936	1,922	115,666
At valuation	63,186	-	-	-	-	63,186
	<u>136,386</u>	<u>33</u>	<u>38,575</u>	<u>1,936</u>	<u>1,922</u>	<u>178,852</u>

At 31st December, 1999						
At cost	70,120	2,468	35,776	1,423	2,015	111,802
At valuation	64,029	-	-	-	-	64,029
	<u>134,149</u>	<u>2,468</u>	<u>35,776</u>	<u>1,423</u>	<u>2,015</u>	<u>175,831</u>

Depreciation charge for the financial year ended 31st December, 1999	1,733	-	5,370	404	1,020	8,527
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Analysis of land and buildings are as follows:

RM'000 GROUP	Freehold land and buildings	Long leasehold land and buildings	Total
AT COST OR VALUATION			
At 1st January, 2000	22,301	122,629	144,930
Additions	152	587	739
Disposals	-	-	-
Transfer	-	3,232	3,232
Written off	-	-	-
At 31st December, 2000	22,453	126,448	148,901
Representing items at:			
Cost	22,248	55,088	77,336
Valuation - 1996	205	71,360	71,565
	22,453	126,448	148,901
ACCUMULATED DEPRECIATION			
At 1st January, 2000	392	10,389	10,781
Charge for the financial year	123	1,611	1,734
Disposals	-	-	-
Written off	-	-	-
At 31st December, 2000	515	12,000	12,515
Representing items at:			
Cost	507	3,629	4,136
Valuation - 1996	8	8,371	8,379
	515	12,000	12,515
NET BOOK VALUE			
At 31st December, 2000			
At cost	21,741	51,459	73,200
At valuation	197	62,989	63,186
	21,938	114,448	136,386
At 31st December, 1999			
At cost	21,710	47,652	69,362
At valuation	199	64,588	64,787
	21,909	112,240	134,149
Depreciation charge for the financial year ended 31st December, 1999	121	1,612	1,733

	Freehold land and buildings	Long leasehold land and buildings	Furniture, fittings and office equipment	Motor vehicles	Total
RM'000					
COMPANY					
AT COST					
At 1st January, 2000	22,096	41,082	1,006	1,568	65,752
Additions	152	-	63	55	270
Disposals	-	-	(3)	-	(3)
Written off	-	-	-	-	-
At 31st December, 2000	22,248	41,082	1,066	1,623	66,019
ACCUMULATED DEPRECIATION					
At 1st January, 2000	382	1,671	582	950	3,585
Charge for the financial year	121	514	207	321	1,163
Disposals	-	-	(1)	-	(1)
Written off	-	-	-	-	-
At 31st December, 2000	503	2,185	788	1,271	4,747
NET BOOK VALUE					
At 31st December, 2000	21,745	38,897	278	352	61,272
At 31st December, 1999	21,714	39,411	424	618	62,167
Depreciation charge for the financial year ended 31st December, 1999	119	514	198	313	1,144

The valuations were made by the Directors based on independent valuation reports carried out by firms of professional valuers and surveyors on an open market value basis.

The Directors have applied the transitional provisions of International Accounting Standards No. 16 (revised) Property, Plant and Equipment as adopted by Malaysian Accounting Standards Board which allow the freehold land and buildings and long leasehold land and building to be stated at their 1996 valuation less depreciation. Accordingly, these valuations have not been updated. The freehold land and buildings and long leasehold land and buildings if stated at cost less depreciation would amount to RM21,729,505 (1999: RM22,211,303).

Deferred taxation on the revaluation of freehold and long leasehold land and building are not provided for in the financial statements as it is not the intention of the Directors to dispose these assets.

4. SUBSIDIARY COMPANIES

	COMPANY	
	2000 RM'000	1999 RM'000
Unquoted shares at cost	152,422	144,211
Amount due from subsidiary companies	13,969	16,099
	<u>166,391</u>	<u>160,310</u>

The amounts due from subsidiary companies which arose mainly from inter-company advances and payments on behalf are interest bearing and have no fixed repayment terms.

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding In Equity		Principal Activities
		2000	1999	
Ann Joo Trading Sdn Bhd	Malaysia	100%	100%	Trading, retailing and supplying of all kinds of building and construction materials
Ann Joo Metal Sdn Bhd	Malaysia	100%	100%	Trading, retailing, importing, exporting and supplying of all kinds of metal products
Anshin Steel Industries Sdn Bhd	Malaysia	100%	100%	Manufacturing, sales and distribution of steel and iron products
Anshin Casting Industries Sdn Bhd	Malaysia	# 100%	# 100%	Manufacturing and trading of cast iron products, sluice valves and other steel related products
Ann Joo (Sarawak) Sdn Bhd (formerly known as Kuching Besi Waja Sdn Bhd) *	Malaysia	100%	100%	Trading in hardware and steel materials
Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd *	Malaysia	# 100%	# 100%	Letting of properties
AJE Best-On Sdn Bhd	Malaysia	# 100%	# 100%	Trading in hardware, steel and iron products and building and construction materials of all kinds
Saga Makmur Industri Sdn Bhd	Malaysia	51%	51%	Steel bar service centre and trading of steel related products
Anshin Precision Industries Sdn Bhd *	Malaysia	59%	59%	Manufacturing and trading in precision press parts

The subsidiary company acquired during the financial year is:

Name of Company	Country of Incorporation	Holding In Equity	Principal Activities
Saga Makmur Sdn Bhd	Malaysia	100%	General merchants, manufacturers and exporters. The Company has not commenced operations during the financial year

The following company became a subsidiary during the financial year:

Name of Company	Country of Incorporation	Holding In Equity 2000 1999	Principal Activities
Anshin Steel Service Centre Sdn Bhd	Malaysia	60% 30%	Operations of a steel service centre

Holding in equity by subsidiary companies.

* Financial statements of subsidiary companies as at 31st December, 2000 not audited by Ong Boon Bah & Co.

5. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Quoted shares at cost	203,399	-	203,399	-
Unquoted shares at cost	6,300	5,297	6,300	5,297
	<u>209,699</u>	<u>5,297</u>	<u>209,699</u>	<u>5,297</u>
Share of retained losses	(3,416)	(68)	-	-
	<u>206,283</u>	<u>5,229</u>	<u>209,699</u>	<u>5,297</u>
Amount due (to)/from associated companies	(2,138)	-	44	-
	<u>204,145</u>	<u>5,229</u>	<u>209,743</u>	<u>5,297</u>
Market value of quoted shares	<u>53,888</u>	-	<u>53,888</u>	-

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

	GROUP	
	2000 RM'000	1999 RM'000
Share of net assets	157,798	6,193
Premium/(Reserve) on acquisition net of amortisation of RM970,501 (1999: RM Nil)	48,485	(964)
	<u>206,283</u>	<u>5,229</u>

The associated companies are:

Name of Company	Country of Incorporation	Holding In Equity		Accounting Year- end	Principal Activities
		2000	1999		
ACSAN Steel Service Centre Sdn Bhd	Malaysia	42%	42%	31st December	Steel service centre
Daian Technical Industries Sdn Bhd *	Malaysia	# 36%	#36%	31st December	Manufacturing of die tooling

The associated company acquired during the financial year is as follow:

Malayawata Steel Berhad*	Malaysia	30%	-	31st March	Integrated steel mill and properties investment holding company
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All the investment in a quoted associated company has been placed as securities for a bank guarantee facility of the Company.

The amounts due to associated companies which arose mainly from trade nature is interest free and has no fixed repayment terms.

Holding in equity by a subsidiary company.

* Financial statements of associated company as at 31st December, 2000 not audited by Ong Boon Bah & Co.

6. INVESTMENTS

	GROUP	
	2000 RM'000	1999 RM'000
Quoted shares at cost	4	-
Unquoted shares at cost	57	55
Club memberships	179	80
	<u>240</u>	<u>135</u>
Provision for diminution in value	(5)	-
	<u>235</u>	<u>135</u>
Market value of quoted shares	<u>1</u>	<u>-</u>

7. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Goodwill on consolidation	216	216	-	-
Less: Cumulative amortisation at 1st January	(92)	(71)	-	-
Amortisation for the current financial year	(21)	(21)	-	-
	<u>103</u>	<u>124</u>	<u>-</u>	<u>-</u>
Deferred expenditure:				
Preliminary expenses	41	37	-	-
Pre-operating expenses	533	460	13	13
Pre-commercial production expenses	3,380	3,380	-	-
	<u>3,954</u>	<u>3,877</u>	<u>13</u>	<u>13</u>
Less: Cumulative amortisation at 1st January	(2,362)	(2,004)	(4)	(3)
Amortisation for the current financial year	(338)	(358)	-	(1)
Written off during the financial year	(129)	-	(9)	-
	<u>1,125</u>	<u>1,515</u>	<u>-</u>	<u>9</u>
Total	<u>1,228</u>	<u>1,639</u>	<u>-</u>	<u>9</u>

8. STOCKS

	GROUP	
	2000 RM'000	1999 RM'000
Raw materials	34,615	5,096
Finished goods	100,084	80,697
Work-in-progress	1,249	1,608
Consumables	920	170
Properties	318	-
	<u>137,186</u>	<u>87,571</u>

9. TRADE DEBTORS

	GROUP	
	2000	1999
	RM'000	RM'000
Trade debtors	82,909	74,155
Less: Provision for doubtful debts	(6,884)	(3,094)
	<u>76,025</u>	<u>71,061</u>

10. OTHER CREDITORS AND ACCRUALS

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	191,514	6,186	184,008	1,538
Hire purchase creditors	-	19	-	-
	<u>191,514</u>	<u>6,205</u>	<u>184,008</u>	<u>1,538</u>

Included in the other creditors of the Group and Company is an amount due to Pernas International Holdings Berhad of RM181,464,000 being the outstanding purchase consideration of the acquisition of 60,548,526 ordinary shares of RM1.00 each in Malayawata Steel Berhad as disclosed in Note 26(d).

11. SHORT TERM BORROWINGS

	GROUP	
	2000	1999
	RM'000	RM'000
Unsecured:		
Bank overdrafts	4,340	2,353
Bills payable	92,483	53,752
	<u>96,823</u>	<u>56,105</u>

The short term borrowings carry interest rates of between 0.25% and 1.25% per annum above the respective bank's prevailing base lending rate or cost of fund.

12. SHARE CAPITAL

	GROUP AND COMPANY	
	2000	1999
	RM'000	RM'000
Authorised:		
500,000,000 Ordinary shares of RM1.00 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At beginning of the financial year	152,665	151,944
12,400,000 shares of RM1.00 each issued pursuant to private placement exercise	12,400	-
2,973,000 shares of RM1.00 each issued pursuant to the Employee's Share Option Scheme (1999: 721,000 shares)	<u>2,973</u>	<u>721</u>
At end of the financial year	<u>168,038</u>	<u>152,665</u>

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

- (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.
- (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 ESOS during the financial year are as follows:

<u>Date granted</u>	<u>Exercise Price</u>	Balance	Granted	Exercised	Forfeited	Unissued
		as at 1-1-2000				Shares as at 31-12-2000
11-11-1998	RM1.10	10,394,000	-	2,819,000	27,000	7,548,000
11-02-1999	RM1.17	81,000	-	20,000	-	61,000
11-05-1999	RM1.31	68,000	-	19,000	-	49,000
11-08-1999	RM1.34	201,000	-	40,000	4,000	157,000
11-11-1999	RM1.35	70,000	-	32,000	1,000	37,000
11-02-2000	RM2.08	-	567,000	21,000	21,000	525,000
11-05-2000	RM2.62	-	209,000	-	2,000	207,000
11-08-2000	RM2.04	-	200,000	-	10,000	190,000
11-11-2000	RM1.45	-	845,000	-	-	845,000
		10,814,000	1,821,000	2,951,000	65,000	9,619,000

13. RESERVES

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	34,679	30,814	55,519	51,654
Capital reserve	2,500	2,500	-	-
Reserve on consolidation	5,289	1,463	-	-
	<u>42,468</u>	<u>34,777</u>	<u>55,519</u>	<u>51,654</u>
Distributable:				
Accumulated profit	75,127	81,132	24,282	14,590
	<u>117,595</u>	<u>115,909</u>	<u>79,801</u>	<u>66,244</u>

14. DEFERRED TAXATION

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Deferred taxation provided in the financial statements :				
- excess of capital allowances over depreciation	<u>1,470</u>	<u>320</u>	<u>314</u>	<u>314</u>
Deferred taxation not provided for in the financial statements :				
- timing differences on fixed assets which are not expected to reverse in the foreseeable future	<u>5,489</u>	<u>3,221</u>	<u>-</u>	<u>-</u>

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Tax losses carried forward for which no credit has been taken in the net income of the current or prior years	<u>3,925</u>	<u>4,062</u>	<u>-</u>	<u>-</u>
Unabsorbed allowances for which no credit has been taken in the net income of the current or prior years:				
Capital allowances under Income Tax Act, 1967	<u>3,174</u>	<u>3,445</u>	<u>-</u>	<u>-</u>
Investment tax allowances under Promotion of Investment Act, 1986	<u>122</u>	<u>122</u>	<u>-</u>	<u>-</u>

The amounts are subject to agreement with the tax authorities.

15. REVENUE

The revenue for the Group represents the invoiced value of goods sold net of returns and allowances. Intra-group sales amounting to RM50 million (1999: RM32.5 million) made at market prices, have been eliminated on consolidation.

The revenue for the Company comprises of rental and management fee income.

16. FINANCE COSTS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Bank commissions and charges	505	172	-	2
Banker's guarantee commission	737	234	735	-
Interest expenses on:				
- subsidiary companies balances	-	-	313	-
- bank overdraft	301	278	-	-
- hire purchase	20	11	-	-
- bills payable	3,928	2,772	-	-
- others	26	26	1	-
	<u>5,517</u>	<u>3,493</u>	<u>1,049</u>	<u>2</u>

17. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
After charging:				
Directors' remuneration:				
- fees	245	217	163	166
- other emoluments	2,103	1,797	1,264	1,204
Auditors' remuneration	58	48	10	10
Depreciation	10,772	8,527	1,163	1,144
Amortisation of:				
- goodwill on consolidation	21	21	-	-
- deferred expenditure	338	358	-	1
Deferred expenditure written off	129	-	9	-
Staff costs	13,075	11,453	1,068	897
Provision for doubtful debts	3,527	1,852	-	-
Rental of equipment	43	-	-	-
Provision for diminution in value of investment	5	-	-	-
Fixed assets written off	24	16	-	-
	<u>24</u>	<u>16</u>	<u>-</u>	<u>-</u>
And crediting:				
Dividend income from:				
- subsidiary companies	-	-	22,167	18,422
- associated company	-	-	155	413
Rental income from:				
- subsidiary companies	-	-	4,446	2,653
- associated companies	629	2,551	381	2,551
- ultimate holding company	6	-	6	-
- others	1,121	1,168	-	-
Interest income from:				
- subsidiary companies	-	-	50	127
- others	944	1,957	1	-
Management fee income from:				
- subsidiary companies	-	-	99	96
- associated companies	65	60	9	60
Gain on disposal of fixed assets	179	49	-	11
	<u>179</u>	<u>49</u>	<u>-</u>	<u>11</u>

18. TAXATION

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Current provision	14,572	-	4,968	2,643
Recovery of tax deducted at source on dividend received from subsidiary and associated companies	(4,990)	-	-	-
Underprovision in prior years	82	41	43	41
Deferred taxation	8	(1)	-	-
	<u>9,672</u>	<u>40</u>	<u>5,011</u>	<u>2,684</u>
Share in taxation of an associated company	114	(69)	-	-
	<u>9,786</u>	<u>(29)</u>	<u>5,011</u>	<u>2,684</u>

The effective tax rate of the Group is higher than statutory tax rate mainly due to certain expenses which are not allowable for tax purpose.

The effective tax rate of the Company is lower than statutory tax rate mainly due to certain tax exempt dividend income received from certain subsidiary companies during the financial year.

The Company has an estimated accumulated tax exempt retained profits amounting to RM8,660,000 (1999: RM9,822,000) available for the payment of tax exempt dividend. The amount is subject to the agreement with the tax authorities.

The Company has an estimated section 108 tax credit of RM2,845,000 under the Income Tax Act, 1967 to frank the payment of dividend out of the balance of retained profits as at 31st December 2000. The amount is subject to the agreement with the tax authorities.

19. EXTRAORDINARY ITEM

The extraordinary item represents the deposits and related expenses paid in respect of the proposed purchase of plant and machinery for a new steel mill which was aborted due to adverse economic conditions and following the acquisition of an associated company, Malayawata Steel Berhad whose principal activities includes the operation of an integrated steel mill.

20. DIVIDEND

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
First and final dividend:				
- 3.5% (1999: Nil) less 28% income tax	6,469	-	6,469	-
- Nil (1999: 5%) tax exempt dividend	-	7,654	-	7,654
Underprovision in prior year	123	17	123	17
	<u>6,592</u>	<u>7,671</u>	<u>6,592</u>	<u>7,671</u>

21. EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's profit after taxation, extraordinary item and minority interests of RM587,000 (1999: RM25.378 million) by the weighted average number of ordinary shares of the Company in issued during the financial year of RM155.954 million (1999: 152.343 million).

Fully diluted earnings per share is calculated by dividing the Group's profit after taxation, extraordinary item and minority interests of RM587,000 (1999: RM25.378 million) by the weighted average number of ordinary shares of 172.234 million (1999: 167.932 million) that include ESOS that would have been exercised at that date.

22. CONSOLIDATED CASH FLOW STATEMENT**a) Adjustments for non-cash items and interests**

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Amortisation of goodwill on consolidation and deferred expenditure	359	379	-	1
Deferred expenditure written off	129	-	9	-
Depreciation	10,772	8,527	1,163	1,144
Interest expenses	4,275	3,086	314	-
Interest income	(944)	(1,957)	(51)	(127)
Gain on disposal of fixed assets	(179)	(49)	-	(11)
Share in results of associated companies	2,727	133	-	-
Fixed assets written off	24	16	-	4
Provision for doubtful debts	3,527	1,852	-	-
Bad debts written off	-	742	-	-
Provision for diminution in investment	5	-	-	-
Dividend income	-	-	(22,321)	(18,835)
	<u>20,695</u>	<u>12,729</u>	<u>(20,886)</u>	<u>(17,824)</u>

b) Summary of effects of acquisition of subsidiary company

	2000 RM'000	1999 RM'000
Net assets acquired:		
Fixed assets	6,036	8,637
Investments	104	135
Stocks	34,089	1,675
Debtors	23,414	3,252
Cash and bank balances	5,920	(1,805)
Creditors	(2,457)	(1,600)
Short term borrowings	(44,105)	(800)
Minority interests	(8,753)	(3,881)
Deferred expenditure	23	-
Deferred taxation	(1,142)	-
Reserve on consolidation	(3,826)	(216)
	<u>9,303</u>	<u>5,397</u>
Less: Reclassification from an associated company	(5,680)	(3,399)
(Less)/Add: Cash and bank balances	<u>(5,920)</u>	<u>1,805</u>
Cash (inflow)/outflow on acquisition net of cash and bank balances acquired	<u>(2,297)</u>	<u>3,803</u>

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

	Financial year ended 31 December 2000			Financial year ended 31 December 1999
	As an associate RM'000	As a subsidiary RM'000	Total RM'000	As an associate RM'000
Revenue	8,137	73,522	81,659	29,979
Operating costs	(7,454)	(67,620)	(75,074)	(28,276)
Profit from operations	683	5,902	6,585	1,703
Finance cost	(106)	(984)	(1,090)	(537)
Profit before tax	577	4,918	5,495	1,166
Tax	-	(2,191)	(2,191)	73
Profit from ordinary activities	577	2,727	3,304	1,239
Minority interests	-	(1,091)	(1,091)	-
Net profit attributable to shareholders	<u>577</u>	<u>1,636</u>	<u>2,213</u>	<u>1,239</u>

- d) The effect of acquisition of subsidiary company on the financial position at the end of the financial year is as follows:

	2000 RM'000
Fixed assets	4,986
Investments	99
Stocks	33,075
Debtors, deposits and prepayments	13,840
Cash and bank balances	1,790
Creditors and accruals	(5,313)
Borrowings	(23,868)
Taxation	(2,191)
Deferred taxation	(1,142)
	<hr/>
	21,276
Minority interest	(8,511)
	<hr/>
	12,765
Less: Investment in associated company at 1 January 2000	(6,316)
	<hr/>
Net assets acquired at 31 December 2000	<u>6,449</u>

- e) Cash and cash equivalents at end of the financial year

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash and bank balances	3,986	1,709	3	3
Bank overdrafts	(4,340)	(2,353)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(354)	(644)	3	3
	<hr/>	<hr/>	<hr/>	<hr/>

23. SEGMENT ANALYSIS - GROUP

	Revenue RM'000	Profit before taxation RM'000	Total assets employed RM'000
2000			
Industry segment			
Iron and steel	356,750	31,565	365,840
Others	-	1,756	35,249
	<hr/>	<hr/>	<hr/>
	356,750	33,321	401,089
	<hr/>	<hr/>	<hr/>
Net interest expense		(3,330)	-
		<hr/>	<hr/>
		29,991	401,089
Share in results of associated companies		(2,727)	206,283
		<hr/>	<hr/>
		27,264	<u>607,372</u>
		<hr/>	<hr/>

	Revenue RM'000	Profit before taxation RM'000	Total assets employed RM'000
1999			
Industry segment			
Iron and steel	237,987	22,340	314,931
Others	-	3,719	42,976
	<u>237,987</u>	<u>26,059</u>	<u>357,907</u>
Net interest expense		(1,130)	-
		<u>24,929</u>	<u>357,907</u>
Share in results of associated companies		(133)	5,229
		<u>24,796</u>	<u>363,136</u>

No geographical segmental analysis is presented as the Group operates principally in Malaysia.

24. CORPORATE INFORMATION

a) 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.

b) Staff numbers

	Group		Company	
	2000	1999	2000	1999
Total number of employees as at the end of the financial year	<u>715</u>	<u>676</u>	<u>18</u>	<u>16</u>

c) Ultimate holding company

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

25. RELATED PARTY TRANSACTIONS

a) Sale of goods

	GROUP 2000 RM'000
Related parties:	
Malayawata Steel Berhad	1,249
Hitec Metal Sdn Bhd	1,137
Hanwa AJ (M) Sdn Bhd	239
Silveron Builders Sdn Bhd	453
Success Metal (M) Sdn Bhd	846
Leong Chong Steel Sdn Bhd	375
Syn Tai Hung Trading Sdn Bhd	2,285
Ipmuda Berhad	687
Aseania Trading Sdn Bhd	619
	<hr/> 7,890 <hr/>

b) Purchase of goods

	GROUP 2000 RM'000
Related parties:	
Malayawata Steel Berhad	39,268
Marubeni Corporation	44,661
ACSAN Steel Service Centre Sdn Bhd	4,718
Syn Tai Hung Trading Sdn Bhd	606
Hitec Metal Sdn Bhd	276
Hanwa AJ (M) Sdn Bhd	148
Scandata Systems (M) Sdn Bhd	311
Success Metal (M) Sdn Bhd	1,470
Leong Chong Steel Sdn Bhd	39
Aseania Foilpack Sdn Bhd	24
Daian Technical Industries Sdn Bhd	2,830
Abec Technology Sdn Bhd	7
	<hr/> 94,358 <hr/>

c) Other related party transactions:

	GROUP 2000 RM'000
Management fee income:	
ACSAN Steel Service Centre Sdn Bhd	56
Anshin Steel Service Centre Sdn Bhd	9
	<hr/>
Management fee paid to:	
Sanritsu Kogyo Co. Ltd	156
	<hr/>
Construction cost paid to:	
Silveron Builders Sdn Bhd	2,262
	<hr/>
Rental income:	
Hanwa AJ (M) Sdn Bhd	187
ACSAN Steel Service Centre Sdn Bhd	247
Malayawata Steel Berhad	17
Anshin Steel Service Centre Sdn Bhd	364
	<hr/>
	815
	<hr/>
Secretarial fee and services paid to:	
Archer Corporate Services Sdn Bhd	12
	<hr/>

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

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

Abec Technology Sdn Bhd and Scandata Systems (M) 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.

Success Metal (M) Sdn Bhd and Leong Chong Steel Sdn Bhd are companies substantially owned by the sons of Mr Lim Seng Chee and Mr Lim Seng Qwee who are directors of Ann Joo Resources Berhad.

Syn Tai Hung Trading Sdn Bhd is a minority shareholder of a subsidiary company, Saga Makmur Industri Sdn Bhd.

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

Aseania Trading Sdn Bhd is a company in which En. Haidar Ali Bin Haji Sheikh Fadzir, a director of Ann Joo Resources Berhad has financial interest.

Aseania Foilpack Sdn Bhd is a company in which En. Haidar Ali Bin Haji Sheikh Fadzir, a director of Ann Joo Resources Berhad is a director.

Archer Corporate Services Sdn Bhd is a company in which Dato' Ong Kim Hoay, a director of Ann Joo Resources Berhad is also a director and has financial interest.

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

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

The related party transaction with Anshin Steel Service Centre Sdn Bhd ("ASSC") had been transacted during the period when ASSC was an associated company of Ann Joo Resources Berhad.

The related party transactions have been entered into in the normal course of business and have been established under the terms that are no less favourable than those arranged with independent third parties.

No comparative figure is presented for related party transactions as this is the first reporting period in which the Group and Company apply the requirements of MASB 8 Related Party Disclosure.

26. MATERIAL EVENTS

- a) On 3rd January 2000, Ann Joo Resources Berhad ("AJR") announced the proposed acquisition of an additional 2,580,000 ordinary shares of RM1.00 each representing 30% in its associated company, Anshin Steel Service Centre Sdn Bhd, for a total cash consideration of RM3,612,000. The acquisition was completed when approval was obtained from the relevant authorities, and full payment was made on 28th March 2000, thereby transforming its investment of an associated company to a subsidiary company with AJR holding a controlling stake of 5,160,000 ordinary shares of RM1.00 each representing 60% equity interest in Anshin Steel Service Centre Sdn Bhd.
- b) On 18th February 2000, Saga Makmur Sdn Bhd became a wholly-owned subsidiary of AJR following the acquisition of the entire 10,000 ordinary shares of RM1.00 each in Saga Makmur Sdn Bhd for a total cash consideration of RM10,000.
- c) On 23rd February 2000, AJR announced the acquisition of an additional 37,500 ordinary shares of RM1.00 each in an associated company, ACSAN Steel Service Centre Sdn Bhd, for a total cash consideration of RM37,500.
- d) On 13th March 2000, AJR announced its proposed acquisition of 30.03% equity interest representing 60,548,526 ordinary shares of Malayawata Steel Berhad ("MYS") for a consideration of RM201,626,592 from Pemas International Holdings Berhad ("Pemas") and a conditional Share Sale Agreement was signed on 22nd March 2000. With all necessary approvals obtained from the relevant authorities and shareholders, the acquisition was deemed completed on 10th August 2000 with the crossing of the said shares in MYS from Pemas to AJR duly executed.
- e) On 1st June 2000, the Company announced the proposed implementation of a fund raising exercise involving the issue of One (1) new ordinary share plus One (1) Rights Warrant for every two (2) existing ordinary shares held on a date and at a price to be determined and announced later. The Company has announced on 7 November 2000 that approval from the SC was obtained. On 22nd December 2000, the shareholders have approved the proposed rights issue of up to 92,098,490 new ordinary shares of RM1.00 each in AJR together with up to 92,098,490 detachable warrants 2001/2006 on the basis of one (1) new ordinary share plus one (1) warrant 2001/2006 for every two (2) existing ordinary shares held on a date and at a price to be determined and announced later.

- f) Pursuant to the approval from the Securities Commission ("SC") for the proposed Private Placement Exercise ("PPE") of up to 16,707,680 new ordinary shares of RM1.00 each, the Company had on 21st November 2000, placed out the first tranche of ordinary shares of RM1.00 each to be issued pursuant to the PPE comprising 12,400,000 ordinary shares at RM1.30 per share, the remaining 4,307,680 shares shall be placed out at a later date should the need arise.

27. SUBSEQUENT EVENTS

- a) Pursuant to a Supplemental Share Sale Agreement dated 21st March, 2001 entered into between AJR and Pernas, Pernas has agreed to extend the payment date and to allow AJR to pay the balance purchase price of RM181,463,932 in two (2) instalments as follows:-
- (i) the sum of RM90,731,966 to be paid by 21st March 2001;
 - (ii) the sum of RM90,731,966 together with an agreed interest of RM2,073,163 to be paid by 7th August 2001.
- b) Subsequent to the year end, AJR had obtained a secured term loan of RM50,000,000 from a licensed bank, to part finance the purchase of 60,548,526 ordinary shares in Malayawata Steel Berhad in fulfilment of the condition mentioned in Note a(i) above.

28. COMPARATIVE FIGURES

The presentation of the financial statements for the current financial year changed to adopt the format as prescribed in Malaysian Accounting Standards Board (MASB) Standard No. 1 - Presentation of Financial Statements.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ANN JOO RESOURCES BERHAD**

We have audited the financial statements set out on pages 39 to 67. 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 misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our 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 which have been prepared under the historical cost convention, modified by the revaluation of certain freehold and leasehold land and buildings, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 31st December, 2000 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 5 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
Public Accountants



WONG SOO THIAM
1315/11/02(J)
Partner of the Firm

Kuala Lumpur
19th April, 2001