



CONTENTS

Notice of Annual General Meeting	(2)
Board of Directors	(4)
Corporate Information	(5)
Audit Committee	(6)
Chairman's Statement	(8)
Directors' Report	(10)
Statement by Directors	(15)
Statutory Declaration	(15)
Auditors' Report	(16)
Balance Sheets	(17)
Profit and Loss Accounts	(18)
Statements of Changes In Equity	(19)
Statements of Cash Flows	(20)
Notes to the Accounts	(22)
Statement of Shareholdings	(36)
List of Properties	(39)
Form of Proxy	(Attached)

ANNUAL REPORT 2000

KIA LIM BERHAD
(Incorporated in Malaysia)
Company No.: 342868-P

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Kia Lim Berhad will be held at Dewan Okid, 2nd Floor, Hotel Carnival, 2, Jalan Fatimah, 83000 Batu Pahat, Johor, Malaysia on Tuesday, 29 May 2001 at 12.00 noon.

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the Audited Statement of Accounts for the year ended 31 December 2000 together with the Directors' and Auditors' Report thereon. **RESOLUTION 1**
2. To approve the payment of Directors' Fees for the year ended 31 December 2000. **RESOLUTION 2**
3. To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association and being eligible, offer themselves for re-election:-
 - 1) Mr Ng Yam Puan @ Ng Ah Bah **RESOLUTION 3**
 - 2) En Mohd Salleh Bin Jantan **RESOLUTION 4**
 - 3) Mr Tan Seng Kee **RESOLUTION 5**
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. **RESOLUTION 6**

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following Ordinary Resolution:- **RESOLUTION 7**

AUTHORITY TO ALLOT SHARES - SECTION 132D

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

6. To consider and, if thought fit, to pass the following Ordinary Resolution:- **RESOLUTION 8**

APPROVAL FOR SUBSTANTIAL PROPERTY TRANSACTIONS INVOLVING DIRECTORS - SECTION 132E

" THAT in accordance with Section 132E of the Companies Act, 1965, authority be and is hereby given to the Company or its related corporations to enter into arrangements or transactions with the Directors of the Company or any person connected with such Directors (within the meaning of Section 122A, Companies Act, 1965) whereby the Company or its related corporation may acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to capital equipment and related machineries and/or any other assets or products of the Company or its related corporations provided that such acquisitions or disposals are on commercial terms and in the ordinary course of business, such authority will continue to be in force until the conclusion of the next Annual General Meeting."



NOTICE OF ANNUAL GENERAL MEETING

7. To transact any other business appropriate to an Annual General Meeting.

BY ORDER OF THE BOARD

LEONG OI WAH (MAICSA No. 7023802)
LEONG SIEW FOONG (MAICSA No. 7007572)
Company Secretaries

Johor Bahru
Dated: 14 May 2001

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting shall not be entitled to appoint more than two proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. A proxy shall be a member of the Company and if he is not a member of the Company, he shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
4. All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 633, 6th Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Resolution Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval.

2. Resolution Pursuant to Section 132E of the Companies Act, 1965

Section 132E of the Companies Act, 1965, prohibits a company or its subsidiaries from entering into any arrangement or transaction with its directors or persons connected with such directors in respect of the acquisition from or disposal to such directors or connected persons any non-cash assets of the "requisite value" without prior approval of the Company in General Meeting. According to the Act, a non-cash asset is considered to be of the "requisite value" if, at the time of the arrangement or transaction, its value is greater than two hundred and fifty thousand ringgit or 10% of the Company's net asset, subject to minimum of ten thousand ringgit.

The proposed Ordinary Resolution, if passed, will authorise the Company and each of its subsidiaries to acquire from or dispose to its directors or connected persons, products, services or any non-cash assets which may fall within the definition of "requisite value", provided that such acquisitions or disposals are on normal commercial terms.

ANNUAL REPORT 2000

KIA LIM BERHAD
(Incorporated in Malaysia)
Company No.: 342868-P

BOARD OF DIRECTORS



DATUK NG ENG SOS @ BAH CHIK DMSM., DSM., KMN., PPN., PIS.
Chairman & Managing Director



(I)



(II)



(III)



(IV)



(V)



(VI)



(VII)



(VIII)

(I) EN. ARISS BIN SAMSUDIN DSM.
Vice Chairman & Executive Director

(V) DR. NG YAM PUAN @ NG AH BAH
Non-Executive Director

(II) MR. NG YENG KENG @ NG KA HIAT
Executive Director

(VI) EN. MOHD SALLEH BIN JANTAN
Non-Executive Director

(III) MR. NG CHUAN KIM @ NG YAN CHONG
Executive Director

(VII) MR. LOH CHEE KAN
Independent Non-Executive Director

(IV) MR. TAN SEE CHIP
Executive Director

(VIII) MR. TAN SENG KEE
Independent Non-Executive Director

CORPORATE INFORMATION

Directors	Datuk Ng Eng Sos @ Bah Chik Ariss Bin Samsudin Ng Yeng Keng @ Ng Ka Hiatt Ng Chuan Kim @ Ng Yan Chong Tan See Chip Ng Yam Puan @ Ng Ah Bah Mohd Salleh Bin Jantan Tan Seng Kee Loh Chee Kan
Secretaries	Leong Oi Wah (F) Leong Siew Foong (F)
Registered Office	Suite 633, 6th Floor PanGlobal Plaza Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Ta'zim Telephone: 07-2223536
Share Registrar	Signet Share Registration Services Sdn. Bhd. 11th Floor, Tower Block Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur Telephone: 03-21454337
Principal Place of Business	79, Jalan Muar Parit Sulong 83500 Batu Pahat Johor Darul Ta'zim
Auditors	Ernst & Young Public Accountants
Principal Bankers	Bumiputra-Commerce Bank Berhad EON Bank Berhad Hong Leong Bank Berhad Malaysian Industrial Development Finance Berhad RHB Bank Berhad
Stock Exchange	Main Board of The Kuala Lumpur Stock Exchange



TERMS OF REFERENCE FOR AUDIT COMMITTEE

The Board of Directors established an Audit Committee on 16 April 1996 in compliance with Sections 15A and 344A of Kuala Lumpur Stock Exchange Main Board Listing Requirements.

The Members are:

Loh Chee Kan	- Chairman / Independent Non-Executive Director
Tan Seng Kee	- Independent Non-Executive Director
Ng Yeng Keng @ Ng Ka Hiatt	- Executive Director

The Audit Committee shall be governed by the following terms of reference:

COMPOSITION

The Committee shall be appointed by the Board from amongst their number (pursuant to a resolution of the Board of Directors) and shall consist of not fewer than three members of whom a majority shall not be:

- executive directors of the Company or any related corporation;
- a spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the company or of any related corporation; or
- any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee.

The members of the Committee shall select a Chairman from among their number who is not an executive director or employee of the Company or of any related corporation.

If a member of the Committee resigns, dies or for any other reason ceases to be member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

The Company Secretary shall be the Secretary of the Committee.

AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice.



TERMS OF REFERENCE FOR AUDIT COMMITTEE

FUNCTIONS

The function of the Committee shall be:

- (a) to review
 - (1) with the external auditor, the audit plan;
 - (2) with the external auditor, his evaluation of the system;
 - (3) with the external auditor, his audit report;
 - (4) the assistance given by the Company's officers to the auditor;
 - (5) the scope and results of the internal audit procedures; and
 - (6) the balance-sheet and profit and loss account of the Company and if it is a holding company, the consolidated balance-sheet and profit and loss account, submitted to it by the Company or the holding company, and thereafter to submit them to the directors of the Company or the holding company;
 - (7) any related party transactions that may arise within the Company or Group; and
- (b) to consider the nomination of a person or persons as auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

MEETINGS AND REPORTING PROCEDURES

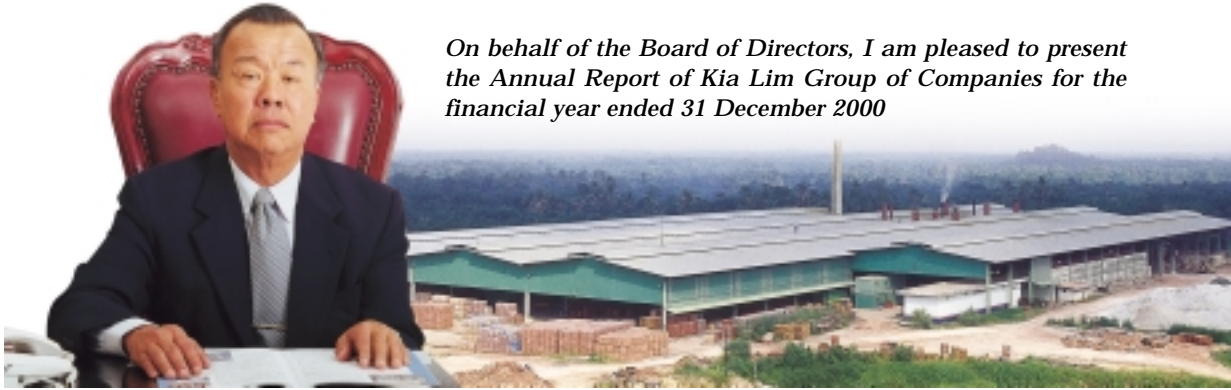
- (a) The Committee shall meet as the Chairman deems necessary but not less than two times a year.
- (b) The Chairman shall be entitled, where deemed appropriate, to invite any person(s) to meetings of the Committee.
- (c) The Secretary is responsible for-
 - (1) sending out notices of meetings; and
 - (2) preparing and keeping minutes of meetings.
- (d) The Committee meeting minutes are to be extended to the Chairman of Kia Lim Berhad who will report to the Board of Directors.

QUORUM

Two members of the Committee present at the meeting shall constitute a quorum.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of Kia Lim Group of Companies for the financial year ended 31 December 2000



FINANCIAL PERFORMANCE

The Kia Lim Group (KLG) achieved a turnover of RM35.8 million for the year ended 31 December 2000 compared to RM27.5 million in the fiscal year 1999. The higher turnover was attributed to the higher selling prices and demands for KLG products brought forth by the recovery in the construction industry.

For the year under review, KLG recorded a loss before taxation of RM11.8 million. This is a decrease of RM0.9 million compared to the RM12.7 million in the previous year due to improved selling prices and demands. However, the improvement in the results for the year was limited by high fuel oil prices and full year's depreciation and interest charges following the commissioning of the new paver factory last year.

BUSINESS OUTLOOK & PROSPECT

On the Group's continuing effort to adopt new ideas in its business development, like introducing alternative marketing channels as well as widening its distribution network to regional markets like Singapore, Japan, Taiwan and Qatar, the response has been encouraging. At the same time, existing business strategies such as customer loyalty and product quality will be enhanced.

With the pre-emptive measure and persistent stimulus from the Government to pump-prime the economy that has been showing signs of slowing down, it is expected that our country's economy would be on the recovery path. This follows the National Economic Action Council recommendation that the Government quicken the approval process for infrastructure projects and focus on the expansion of existing infrastructure and the construction of social amenities. The construction sector will be the main benefactor, and the effect will slowly spill over to the building materials and industrial sector. The Government's move to revive several infrastructure projects and to identify other new projects for immediate implementation such as highway, the Bakun hydro-electric dam, education campus and housing quarters for the Armed Forces will further encourage the resumption of construction activities, which in turn will lead to increase demand for the Group's products.

DIVIDENDS

The Board does not recommend any dividends.



APPRECIATION

On behalf of the Board of Directors, I wish to express our sincere gratitude to the Government authorities, financial institutions, customers, suppliers and business associates for their understanding and invaluable support in helping us mitigate problems encountered. I would like to thank the management and our employees for their continuing dedication and commitment to our organisation.

DATUK NG ENG SOS @ BAH CHIK

(DMSM., DSM., KMN., PPN., PIS.)
Chairman & Managing Director

24 April 2001



DIRECTORS' REPORT

The Directors present their report together with the audited accounts of the Group and of the Company for the financial year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary and associated companies are as disclosed under Notes 4 and 5 to the accounts.

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

RESULTS

	Group RM	Company RM
Loss after taxation	(12,044,688)	(356,403)
Retained profits brought forward	788,854	615,283
(Accumulated losses)/retained profits carried forward	(11,255,834)	258,880

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

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

SHARE CAPITAL

During the year, the Company issued 4,050,000 ordinary shares of RM1 each at a premium of RM0.73 per share as disclosed in Note 13 to the accounts.

DIVIDEND

The Directors do not propose any dividend in respect of the current financial year.

EMPLOYEE SHARE OPTION SCHEME

At the Extraordinary General Meeting of the Company held on 28 June 2000, the shareholders of the Company approved the establishment of an employee share option scheme (ESOS) in respect of shares of the Company. Pursuant to the scheme, which became effective on 7 September 2000, options to subscribe for ordinary shares of RM1 each are granted to eligible employees of the Group including executive directors of any company in the Group. The main features of the scheme are as follows:

- a) Not exceeding in total the aggregate of ten (10) per centum of the issued ordinary share capital of the Company at any point of time during the existence of the scheme shall be available under the scheme;



DIRECTORS' REPORT

- b) Employees including executive directors of any company in the Group who have been confirmed in their employment and who fall within any one of the categories set out in the by-laws of the employee share option scheme, are eligible to participate in the scheme;
- c) The option price shall be not less than the market price at the time the option is granted and which is based on a discount of not more than 10% of the mean market quotation (calculated as the weighted average price transacted) of the ordinary shares of the Company as quoted and stated in the daily Official List issued by the Kuala Lumpur Stock Exchange for the five (5) trading days immediately preceding the Date of Offer;
- d) An option granted to a selected employee shall be capable of being exercised by notice in writing to the Company, commencing on the date of acceptance of an Offer and expiring at the end of five (5) years from the date of such Offer or such shorter period as specifically stated in the Offer; and
- e) The Option may be exercised in respect of all the Option Shares or in respect of any part of the Option Shares provided always the number of Option Shares shall be in multiples of not less than one thousand (1,000) ordinary shares nor more than the maximum allowable allocation of the five hundred thousand (500,000) ordinary shares for the selected employee. Any partial exercising of the Option shall not preclude the Grantee from exercising the Option as to the balance not yet exercised.

During the year, 3,532,000 share options at an option price of RM2.00 per share were granted to eligible employees.

The details of options granted to subscribe for shares which were outstanding as at 31 December 2000 are as follows:

Exercise price per share	Number of ordinary shares
RM2.00	3,532,000

Options exercisable in a particular year but not exercised may be carried forward to any subsequent year subject to a 5 year limit from the effective date of the ESOS.

DIRECTORS' REPORT

DIRECTORS

The Directors who held office since the date of the last report and at the date of this report are:

Datuk Ng Eng Sos @ Bah Chik
Ariss Bin Samsudin
Ng Yeng Keng @ Ng Ka Hiat
Ng Chuan Kim @ Ng Yan Chong
Tan See Chip
Ng Yam Puan @ Ng Ah Bah
Mohd Salleh Bin Jantan
Tan Seng Kee
Loh Chee Kan

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The following Directors who held office at the end of the financial year had, according to the registers required to be kept under section 134 of the Companies Act, 1965, an interest in the shares in the Company and its related corporations as stated below:

	Number of ordinary shares of RM1 each			
	Balance at 1.1.2000	Bought	Sold	Balance at 31.12.2000
The Company				
Direct interest				
Datuk Ng Eng Sos @ Bah Chik	860,379	-	200,000	660,379
Ng Yeng Keng @ Ng Ka Hiat	727,055	50,000	137,000	640,055
Ng Chuan Kim @ Ng Yan Chong	326,092	-	100,000	226,092
Tan See Chip	785,935	-	-	785,935
Ng Yam Puan @ Ng Ah Bah	390,582	20,000	50,000	360,582
Mohd Salleh Bin Jantan	1,168,416	-	73,000	1,095,416
Ariss Bin Samsudin	305,000	-	2,000	303,000
Deemed interest				
Datuk Ng Eng Sos @ Bah Chik	19,616,193	1,636,000	1,350,000	19,902,193
Ng Yeng Keng @ Ng Ka Hiat	19,616,193	1,636,000	1,350,000	19,902,193
Ng Chuan Kim @ Ng Yan Chong	10,764,473	1,336,000	1,050,000	11,050,473
Tan See Chip	6,977,853	453,000	15,000	7,415,853
Ng Yam Puan @ Ng Ah Bah	19,616,193	1,636,000	1,350,000	19,902,193

DIRECTORS' REPORT

Number of option over ordinary shares of RM1 each

Balance at			Balance at
1.1.2000	Granted	Exercised	31.12.2000

The Company

Direct interest

Datuk Ng Eng Sos @ Bah Chik	-	400,000	-	400,000
Ariss Bin Samsudin	-	400,000	-	400,000
Ng Yeng Keng @ Ng Ka Hiat	-	400,000	-	400,000
Ng Chuan Kim @ Ng Yan Chong	-	400,000	-	400,000
Tan See Chip	-	400,000	-	400,000

Datuk Ng Eng Sos @ Bah Chik, Ng Yeng Keng @ Ng Ka Hiat, Ng Chuan Kim @ Ng Yan Chong, Tan See Chip and Ng Yam Puan @ Ng Ah Bah, by virtue of their interest in the Company, are deemed interested in the shares of the subsidiary companies to the extent that the Company has an interest.

In accordance with Article 80 of the Articles of Association of the Company, Ng Yam Puan @ Ng Ah Bah, Mohd Salleh Bin Jantan and Tan Seng Kee shall retire from office at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965 other than certain Directors who may be deemed to derive a benefit by virtue of those transactions entered in the ordinary course of business between the Company or its related corporations and companies in which the Directors have substantial financial interest.

OTHER STATUTORY INFORMATION

- (a) Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their book value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- the amount written off for bad debts or the amount of provision for doubtful debts of the Group and of the Company inadequate to any substantial extent; and
 - the values attributable to current assets in the accounts of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or accounts of the Group and of the Company which would render any amount stated in the accounts and consolidated accounts misleading.
- (e) As at the date of this report, there does not exist:
 - (i) 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
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

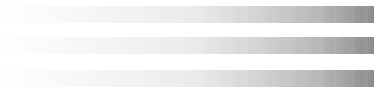
The auditors, Ernst & Young, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board,

DATUK NG ENG SOS @ BAH CHIK
Director

NG YENG KENG @ NG KA HIAT
Director

Batu Pahat
23 April 2001



STATEMENT BY DIRECTORS

We, DATUK NG ENG SOS @ BAH CHIK and NG YENG KENG @ NG KA HIAT, being two of the Directors of KIA LIM BERHAD, do hereby state that, in the opinion of the Directors, the accounts set out on pages 17 to 35 are drawn up in accordance with approved accounting standards so as to give a true and fair view of:

- (i) the state of affairs of the Group and of the Company as at 31 December 2000; and
- (ii) the results and the cash flows of the Group and of the Company for the year ended 31 December 2000.

On behalf of the Board,

DATUK NG ENG SOS @ BAH CHIK
Director

NG YENG KENG @ NG KA HIAT
Director

Batu Pahat
23 April 2001

STATUTORY DECLARATION

I, DATUK NG ENG SOS @ BAH CHIK, being the Director primarily responsible for the financial management of KIA LIM BERHAD, do solemnly and sincerely declare that the accounts set out on pages 17 to 35 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)	
abovenamed DATUK NG ENG SOS @)	DATUK NG ENG SOS @ BAH CHIK
BAH CHIK at Batu Pahat in the State of)	
Johor Darul Ta'zim on 23 April 2001)	

Before me,

Ng Swee Chiang
Commissioner for Oaths
No. J 004

AUDITORS' REPORT

To the Members of Kia Lim Berhad

We have audited the accounts set out on pages 17 to 35. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as at 31 December 2000 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts and consolidated accounts.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

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

Ernst & Young
AF : 0039
Public Accountants

Wun Mow Sang
1821/12/02(J)
Partner

Johor Bahru
23 April 2001

BALANCE SHEETS

As at 31 December 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
FIXED ASSETS	3	101,050,454	109,026,287	1,483,178	1,403,021
SUBSIDIARY COMPANIES	4	-	-	51,933,771	45,577,317
ASSOCIATED COMPANY	5	119,036	105,905	-	-
INVESTMENTS	6	1,172,523	1,417,819	-	-
CURRENT ASSETS					
Investment properties	7	1,528,485	-	-	-
Stocks	8	9,729,060	8,898,725	-	-
Debtors	9	11,626,513	10,753,621	25,169	25,000
Deposits with licensed banks		-	27,750	-	-
Cash and bank balances		3,207	10,724	217	7,153
		22,887,265	19,690,820	25,386	32,153
CURRENT LIABILITIES					
Creditors	10	22,825,326	18,569,659	414,687	442,342
Taxation		1,348,977	1,224,192	-	1,200
Bank and other borrowings	11	18,286,829	21,833,397	458,629	510,245
		42,461,132	41,627,248	873,316	953,787
NET CURRENT LIABILITIES		(19,573,867)	(21,936,428)	(847,930)	(921,634)
		82,768,146	88,613,583	52,569,019	46,058,704
SHARE CAPITAL	12	44,550,000	40,500,000	44,550,000	40,500,000
RESERVES	13	(3,972,604)	5,247,669	7,542,110	5,074,098
SHAREHOLDERS' FUND		40,577,396	45,747,669	52,092,110	45,574,098
DEFERRED LIABILITIES	14	42,190,750	42,865,914	476,909	484,606
		82,768,146	88,613,583	52,569,019	46,058,704

The notes on pages 22 to 35 form an integral part of these accounts.

ANNUAL REPORT 2000

KIA LIM BERHAD
(Incorporated in Malaysia)
Company No.: 342868-P

PROFIT AND LOSS ACCOUNTS

For the year ended 31 December 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
Turnover	15	35,796,013	27,508,806	-	-
Cost of sales		(31,274,159)	(25,917,350)	-	-
Gross profit		4,521,854	1,591,456	-	-
Other operating income		829,622	857,144	172	-
Administrative expenses		(4,172,668)	(3,328,353)	(274,486)	(133,389)
Selling and distribution expenses		(7,050,435)	(7,102,468)	-	-
Loss from operations		(5,871,627)	(7,982,221)	(274,314)	(133,389)
Finance cost		(5,990,246)	(4,710,022)	(82,089)	(25,372)
Operating loss		(11,861,873)	(12,692,243)	(356,403)	(158,761)
Share of profit/(loss) of associated company		13,157	(66)	-	-
Loss before taxation	16	(11,848,716)	(12,692,309)	(356,403)	(158,761)
Taxation	17	(195,972)	1,001,679	-	(270)
Loss after taxation		(12,044,688)	(11,690,630)	(356,403)	(159,031)
Loss per share (sen)					
- Basic	18	(29)	(29)		
- Fully diluted	18	(29)	N/A		

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2000

Group	Share Capital RM	Share Premium RM	Profit and Loss Account RM	Total RM
At 1 January 1999	40,500,000	4,458,815	12,479,484	57,438,299
Net loss for the year	-	-	(11,690,630)	(11,690,630)
At 31 December 1999	40,500,000	4,458,815	788,854	45,747,669
Net loss for the year	-	-	(12,044,688)	(12,044,688)
Issue of share capital	4,050,000	2,956,500	-	7,006,500
Share issue expenses incurred during the year	-	(132,085)	-	(132,085)
At 31 December 2000	44,550,000	7,283,230	(11,255,834)	40,577,396
Company				
At 1 January 1999	40,500,000	4,458,815	774,314	45,733,129
Net loss for the year	-	-	(159,031)	(159,031)
At 31 December 1999	40,500,000	4,458,815	615,283	45,574,098
Net loss for the year	-	-	(356,403)	(356,403)
Issue of share capital	4,050,000	2,956,500	-	7,006,500
Share issue expenses incurred during the year	-	(132,085)	-	(132,085)
At 31 December 2000	44,550,000	7,283,230	258,880	52,092,110

The notes on pages 22 to 35 form an integral part of these accounts.

ANNUAL REPORT 2000

KIA LIM BERHAD
(Incorporated in Malaysia)
Company No.: 342868-P

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2000

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Cash flows from operating activities				
Loss before taxation	(11,848,716)	(12,692,309)	(356,403)	(158,761)
Adjustments for:				
Bad debts written off	67,908	-	-	-
Depreciation of fixed assets	7,821,157	6,755,034	43,590	17,596
Gain on disposal of fixed assets	(93,056)	(344,333)	-	-
Gain on disposal of investments	(207,533)	-	-	-
Interest expense	5,990,246	4,710,022	82,089	25,372
Interest income	(1,187)	(2,871)	-	-
Loss on disposal of fixed assets	-	83,844	-	-
Provision for diminution in value of fixed assets	312,350	97,609	-	-
Provision for doubtful debts	610,350	588,908	-	-
Share of (profit)/loss of associated company	(13,157)	66	-	-
Unrealised foreign exchange loss/(gain)	41,925	(21,280)	-	-
Operating profit/(loss) before working capital changes	2,680,287	(825,310)	(230,724)	(115,793)
(Increase)/decrease in stocks	(830,335)	2,310,971	-	-
Increase in trade and other receivables	(1,460,072)	(166,755)	-	(2,745)
Increase/(decrease) in trade and other payables	3,983,772	4,527,784	(27,655)	(371,958)
Cash generated from/(used in) operations	4,373,652	5,846,690	(258,379)	(490,496)
Tax paid	(71,329)	(374,228)	(1,369)	(1,800)
Interest received	1,187	2,871	-	-
Interest paid	(5,990,246)	(4,710,022)	(82,089)	(25,372)
<i>Net cash (used in)/from operating activities</i>	(1,686,736)	765,311	(341,837)	(517,668)
Cash flows from investing activities				
Purchase of fixed assets	(1,660,891)	(4,914,926)	(123,747)	(194,298)
(Advance to)/repayment from subsidiary companies	-	-	(6,356,454)	798,522
Sales proceeds on disposal of fixed assets	157,089	1,363,570	-	-
Sales proceeds on disposal of investments	452,829	-	-	-
Withdrawal of pledged fixed deposit	27,750	-	-	-
<i>Net cash (used in)/from investing activities</i>	(1,023,223)	(3,551,356)	(6,480,201)	604,224

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2000

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	7,006,500	-	7,006,500	-
Proceeds from trust receipts	96,186	-	-	-
Repayment of hire purchase liabilities	(1,467,097)	(770,850)	-	-
Repayment of term loans	(3,095,705)	(356,787)	(72,281)	(43,759)
(Repayment of)/proceeds from bankers' acceptance	(90,000)	1,850,000	-	-
(Repayment of)/proceeds from revolving credit	(1,707,700)	357,700	-	-
Payment for expenses for issuance of shares	(132,085)	-	(132,085)	-
Dividend paid	-	(291,600)	-	(291,600)
<i>Net cash from/(used in) financing activities</i>	610,099	788,463	6,802,134	(335,359)
Net decrease in cash and cash equivalents	(2,099,860)	(1,997,582)	(19,904)	(248,803)
Cash and cash equivalents at beginning of the year	(6,926,561)	(4,928,979)	(299,493)	(50,690)
Cash and cash equivalents at end of the year (Note 19)	(9,026,421)	(6,926,561)	(319,397)	(299,493)

Note

During the year, the Group acquired fixed assets with an aggregate cost of RM1,750,191 (1999 : RM5,037,476) of which RM89,300 (1999 : RM122,550) was acquired by means of hire purchase arrangements.

The notes on pages 22 to 35 form an integral part of these accounts.

ANNUAL REPORT 2000

KIA LIM BERHAD
(Incorporated in Malaysia)
Company No.: 342868-P

NOTES TO THE ACCOUNTS

31 December 2000

1. GENERAL

The Company is a public limited company incorporated in Malaysia under the Companies Act, 1965 and quoted on the Kuala Lumpur Stock Exchange, Main Board.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts of the Group and of the Company are prepared under the historical cost convention and comply with approved accounting standards issued by the Malaysian Accounting Standards Board.

(b) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Freehold land and capital work-in-progress are not depreciated. Depreciation of other assets is calculated on the straight line method to write off the cost of the assets over the estimated useful lives as follows:

Buildings	10 - 50 years
Plant and machinery	5 - 16 years
Motor vehicles	5 years
Other assets	10 years

Fixed assets acquired under hire purchase are capitalised in the accounts and the corresponding obligations treated as liabilities. Finance charges are allocated to the profit and loss account to give a constant periodic rate of interest on the remaining hire purchase liabilities.

Subsequent restoration costs relating to an item of fixed asset that has been recognised, are capitalised only if such costs improve the condition of the asset beyond its originally assessed standard of performance. All other subsequent expenditure are recognised as an expense in the year in which it is incurred.

(c) Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and its subsidiary companies made up for the financial year ended 31 December. The accounts of the subsidiary companies are consolidated using the merger method of accounting.

Under the merger method of accounting, the results of subsidiary companies are presented as if the companies have been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital of the subsidiary companies are treated as a reserve arising on consolidation if the carrying value of the investments is less than the nominal value of the shares transferred or treated as a reduction of reserves where the carrying value is more than the nominal value of the shares transferred. All significant intercompany balances have been eliminated.

(d) Associated Company

An associated company is a company in which the Group has a long term equity interest of between 20 and 50 per cent and where it exercises significant influence through Board representation.

The Group's share of results and reserve of associated company acquired or disposed are included in the consolidated accounts from the date of acquisition or up to the date of disposal.

NOTES TO THE ACCOUNTS

31 December 2000

(e) Investments

Long term investments are stated at cost, unless in the opinion of the Directors, there has been a permanent diminution in values, in which case provision is made for the diminution.

(f) Investment Properties

Short term investments are stated at the lower of cost and market value and are not depreciated.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value after adequate provision has been made for all deteriorated, damaged, obsolete and slow moving items. Work-in-progress and finished goods are determined at average production cost. Raw materials are valued at cost determined on the weighted average basis and consumables are valued at cost on a first-in-first-out basis.

Cost includes the actual cost of material and incidentals in bringing the stocks into store. For manufactured stocks, it also includes labour and an appropriate allocation of the relevant overhead expenses.

(h) Debtors

Known bad debts are written off and specific provisions made for any debts which are considered doubtful of collection.

(i) Foreign Currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at the exchange rates ruling at the dates of transaction or at contracted rates, where applicable. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date. All gains and losses are included in the profit and loss account.

(j) Deferred Taxation

Deferred taxation is provided for on material timing differences using the liability method except where it can be demonstrated with reasonable probability that the deferrals will continue in the foreseeable future. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

(k) Investment Income

Dividends from subsidiary and associated companies are recognised as and when they are proposed or declared while dividends from other investments are recognised as and when they are received.

(l) Borrowing Costs

Borrowing costs are capitalised as part of the cost of an asset when incurred specifically for assets which on acquisition, construction or production requires a substantial period of time to get them ready for their intended use. Capitalisation of borrowing cost ceases when the asset is ready for its intended use.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances (net of bank overdrafts) and deposits that are readily convertible to cash and are subject to an insignificant risk of changes in value.

NOTES TO THE ACCOUNTS

31 December 2000

3. FIXED ASSETS

Group	Freehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Other assets RM	Total RM
Cost					
At beginning of the year	18,434,782	112,874,766	7,437,962	5,123,728	143,871,238
Additions	-	468,767	215,197	1,066,227	1,750,191
Disposals	-	-	(218,308)	-	(218,308)
Reclassification	1,508,102	-	-	(1,508,102)	-
Reclassification to investment properties (Note 7)	-	-	-	(1,528,485)	(1,528,485)
At end of the year	19,942,884	113,343,533	7,434,851	3,153,368	143,874,636
Accumulated Depreciation					
At beginning of the year	1,746,695	25,605,484	6,384,281	815,663	34,552,123
Charge for the year	394,263	6,829,937	409,008	187,949	7,821,157
Disposals	-	-	(154,276)	-	(154,276)
At end of the year	2,140,958	32,435,421	6,639,013	1,003,612	42,219,004
Provision for diminution in value					
At beginning of the year	-	292,828	-	-	292,828
Additions	-	312,350	-	-	312,350
At end of the year	-	605,178	-	-	605,178
Net Book Value					
At 31.12.2000	17,801,926	80,302,934	795,838	2,149,756	101,050,454
At 31.12.1999	16,688,087	86,976,454	1,053,681	4,308,065	109,026,287
Company					
Cost					
At beginning of the year	-	-	83,383	1,393,552	1,476,935
Additions	-	-	-	123,747	123,747
Reclassification	1,508,102	-	-	(1,508,102)	-
At end of the year	1,508,102	-	83,383	9,197	1,600,682
Accumulated Depreciation					
At beginning of the year	-	-	70,875	3,039	73,914
Charge for the year	30,162	-	12,508	920	43,590
At end of the year	30,162	-	83,383	3,959	117,504
Net Book Value					
At 31.12.2000	1,477,940	-	-	5,238	1,483,178
At 31.12.1999	-	-	12,508	1,390,513	1,403,021

NOTES TO THE ACCOUNTS

31 December 2000

3. FIXED ASSETS (CONT'D)

Certain assets of the Group amounting to RM85,775,422 (1999 : RM55,000,433) have been pledged as security for banking facilities obtained by the subsidiary companies as mentioned in Note 11 to the accounts.

In the course of upgrading a subsidiary company's production facilities, certain plant and machinery in excess of requirements are being held for disposal. These assets have been stated at their estimated recoverable amounts amounting to RM956,573 (1999 : RM1,268,923), net of provision for diminution in value of RM605,178 (1999 : RM292,828). In determining the estimated recoverable amounts, no attempt has been made to estimate expected future cash flows and discount them to their present values.

Other assets of the Group and of the Company include capital work-in-progress of RM916,185 (1999 : RM2,960,790) and RMNil (1999 : RM1,383,105) respectively which comprise expenditures incurred for shophouses, terrace houses, labour quarters and office suite under construction. During the year, borrowing costs amounting to RMNil (1999 : RM4,551,885) and RMNil (1999 : RM65,231) were capitalised in capital work-in-progress of the Group and of the Company respectively. Completed shophouses which have been reclassified to investment properties amounted to RM1,528,485 (Note 7).

The balance of the amounts yet to be incurred for these capital work-in-progress and not provided for is disclosed as capital commitments in Note 22 to the accounts.

The net book value of assets being acquired under instalment purchase plans is as follows:

	Group	
	2000 RM	1999 RM
Motor vehicles	354,570	510,921
Office equipment	33,721	56,183
Plant and machinery	6,171,474	7,144,673

The gross amount of assets of the Group which are fully depreciated but still in use amounted to RM11,480,866 (1999 : RM11,045,633)

4. SUBSIDIARY COMPANIES

	Company	
	2000 RM	1999 RM
Unquoted shares, at cost	29,616,709	29,616,709
Advances made to subsidiary companies	7,577,062	1,353,441
Advances received from subsidiary companies	-	(132,833)
Loans to subsidiary companies	14,740,000	14,740,000

NOTES TO THE ACCOUNTS

31 December 2000

4. SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies, which are incorporated in Malaysia, are:

Name of company	Principal activity	Effective equity interest	
		2000	1999
Kangkar Raya Batu Bata Sdn. Bhd.	Manufacturing of bricks and roofing tiles	100%	100%
Syarikat Kia Lim Kilang Batu Bata Sdn. Bhd.	Manufacturing of bricks	100%	100%

The advances to subsidiary companies are unsecured, interest free and have no fixed terms of repayment. The loans to subsidiary companies are unsecured, interest free and not expected to be repaid within the next 12 months. The loans to subsidiary companies are subordinated to the term loans and certain banking facilities as stated in Note 11 to the accounts.

5. ASSOCIATED COMPANY

	Group	
	2000 RM	1999 RM
Unquoted shares, at cost	54,000	54,000
Group's share of post-acquisition profits	65,036	51,905
	119,036	105,905

The Group's interest in associated company is as follows:

Share of net assets of associated company	114,332	101,201
Goodwill on acquisition	4,704	4,704
	119,036	105,905

The associated company, which is incorporated in Malaysia, is:

Name of company	Principal activity	Effective equity interest	
		2000	1999
Sersen Tiles Sdn. Bhd.	Property owner	27%	27%

6. INVESTMENTS

	Group	
	2000 RM	1999 RM
At cost		
Shares quoted in Malaysia	761,833	916,003
Warrants quoted in Malaysia	410,690	501,816
	1,172,523	1,417,819
Market value of quoted shares	912,173	1,330,953
Market value of quoted warrants	288,396	307,780

NOTES TO THE ACCOUNTS

31 December 2000

7. INVESTMENT PROPERTIES

	Group	
	2000 RM	1999 RM
At cost	1,528,485	-

During the year, the completed shophouses were reclassified from capital work-in-progress (Note 3).

8. STOCKS

	Group	
	2000 RM	1999 RM
Raw materials	4,337,578	4,747,100
Indirect materials	2,083,474	1,977,771
Work-in-progress	323,646	256,146
Finished products	2,984,362	1,917,708
	9,729,060	8,898,725

9. DEBTORS

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Trade debtors	12,095,410	10,685,252	-	-
Other debtors	1,481,743	1,408,659	25,169	25,000
	13,577,153	12,093,911	25,169	25,000
Provision for doubtful debts	(1,950,640)	(1,340,290)	-	-
	11,626,513	10,753,621	25,169	25,000

Included in trade debtors and other debtors of the Group are debts owing by related parties amounting to RM742,404 (1999 : RM1,609,865)

NOTES TO THE ACCOUNTS

31 December 2000

10. CREDITORS

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Hire purchase creditors	3,924,067	5,926,138	-	-
Interest in suspense	(919,262)	(1,543,536)	-	-
	3,004,805	4,382,602	-	-
Repayment due after 1 year disclosed under deferred liabilities (Note 14)	(1,323,841)	(2,840,697)	-	-
Repayment due less than 1 year	1,680,964	1,541,905	-	-
Trade creditors	14,671,783	13,042,079	-	-
Other creditors	6,249,838	3,808,033	299,087	351,942
Directors	222,741	177,642	115,600	90,400
	22,825,326	18,569,659	414,687	442,342

The future hire purchase payments are as follows:

Year ending 31 December	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
2000	-	2,562,463	-	-
2001	2,107,578	1,621,428	-	-
2002	1,059,381	1,034,229	-	-
2003	725,765	700,628	-	-
2004	20,411	7,390	-	-
2005	10,932	-	-	-
	3,924,067	5,926,138	-	-

Included in trade and other creditors of the Group and Company are debts owing to related parties amounting to RM2,973,255 (1999 : RM3,441,351) and RM40,418 (1999 : RM20,418) respectively.

NOTES TO THE ACCOUNTS

31 December 2000

11. BANK AND OTHER BORROWINGS

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Secured				
Term loans	41,770,000	44,793,424	-	-
Portion repayable after 1 year disclosed under deferred liabilities (Note 14)	(40,390,000)	(39,540,611)	-	-
Portion repayable less than 1 year	1,380,000	5,252,813	-	-
Bankers' acceptance	7,642,000	7,732,000	-	-
Trust receipts	96,186	-	-	-
Revolving credit	-	1,707,700	-	-
Bank overdrafts	8,710,014	6,630,639	-	-
	17,828,200	21,323,152	-	-
Unsecured				
Term loans	615,924	688,205	615,924	688,205
Portion repayable after 1 year disclosed under deferred liabilities (Note 14)	(476,909)	(484,606)	(476,909)	(484,606)
Portion repayable less than 1 year	139,015	203,599	139,015	203,599
Bank overdrafts	319,614	306,646	319,614	306,646
	458,629	510,245	458,629	510,245
	18,286,829	21,833,397	458,629	510,245

The above borrowings are secured by way of corporate guarantees from the Company and a fixed charge on certain assets of the subsidiary companies.

The term loans are repayable over 3 to 8 years and bear interest at rates ranging from 8.8% to 9.3% (1999 : 7.75% to 9.75%) per annum.

During the year, the subsidiary companies entered into restructuring schemes with the banks to consolidate certain term loans into one and defer the principal repayment of this term loan for a period of two years and also to defer and extend the principal repayment period of another term loan from 7 to 8 years.

The other bank borrowings are repayable on demand and bear interest at rates ranging from 2% to 2.5% (1999 : 2% to 2.5%) above the bank's base lending rate per annum.

NOTES TO THE ACCOUNTS

31 December 2000

12. SHARE CAPITAL

	Group & Company	
	2000 RM	1999 RM
Authorised		
100,000,000 shares of RM1 each	100,000,000	100,000,000
Issued and fully paid		
40,500,000 (1999 : 40,500,000) ordinary shares of RM1 each, at beginning of the year	40,500,000	40,500,000
4,050,000 (1999 : Nil) ordinary shares of RM1 each, issued during the year	4,050,000	-
44,550,000 (1999 : 40,500,000) ordinary shares of RM1 each, at end of the year	44,550,000	40,500,000

13. RESERVES

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Non-Distributable				
Share premium	7,283,230	4,458,815	7,283,230	4,458,815
Distributable				
Profit and loss account	(11,255,834)	788,854	258,880	615,283
	(3,972,604)	5,247,669	7,542,110	5,074,098

The movements in the reserves are shown in the statements of changes in equity.

Based on estimated tax credits available under Section 108 of the Income Tax Act, 1967 which are subject to agreement with the Inland Revenue Board, the entire retained profits of the Company are available for distribution by way of dividend without incurring additional tax liability.

NOTES TO THE ACCOUNTS

31 December 2000

14. DEFERRED LIABILITIES

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Deferred taxation				
At beginning of the year	-	657,000	-	-
Transfer to profit and loss account (Note 17)	-	(657,000)	-	-
At end of the year	-	-	-	-
Term loans (Note 11)	40,866,909	40,025,217	476,909	484,606
Hire purchase creditors (Note 10)	1,323,841	2,840,697	-	-
	42,190,750	42,865,914	476,909	484,606

15. TURNOVER

Turnover of the Group represents invoiced value of goods sold less returns and trade discounts. Intra-group transactions are excluded from the Group's turnover. Turnover of the Company comprises gross dividend income.

16. LOSS BEFORE TAXATION

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
This is arrived at after charging:				
Auditors' remuneration	30,000	30,000	5,000	5,000
Bad debts written off	67,908	-	-	-
Depreciation of fixed assets	7,821,157	6,755,034	43,590	17,596
Directors' fees	53,900	53,900	25,200	25,200
Directors' other emoluments	645,160	642,660	8,500	6,000
Foreign exchange loss - realised	29,135	-	-	-
- unrealised	54,305	-	-	-
Interest expense	5,990,246	4,710,022	82,089	25,372
Loss on disposal of fixed assets	-	83,844	-	-
Provision for diminution in value of fixed assets	312,350	97,609	-	-
Provision for doubtful debts	610,350	588,908	-	-
Rental of motor vehicles	32,524	20,000	-	-
Rental of premises	213,900	230,200	-	-
And crediting:				
Dividend from quoted shares	2	10	-	-
Foreign exchange gain - realised	-	25,124	-	-
- unrealised	12,380	21,280	-	-
Gain on disposal of fixed assets	93,056	344,333	-	-
Gain on disposal of investments	207,533	-	-	-
Interest income	1,187	2,871	-	-
Rental income	581,064	539,171	-	-

ANNUAL REPORT 2000

KIA LIM BERHAD
(Incorporated in Malaysia)
Company No.: 342868-P

NOTES TO THE ACCOUNTS

31 December 2000

16. LOSS BEFORE TAXATION (CONT'D)

The estimated monetary value of benefits provided to Directors during the financial year by way of usage of the Group's assets and provision of other benefits amounted to RM22,100 (1999 : RM22,000).

17. TAXATION

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Malaysian taxation based on profit for the year:				
Deferred tax (Note 14)	-	(657,000)	-	-
Share of taxation of associated company	26	142	-	-
	26	(656,858)	-	-
Under/(over) provision in prior years				
Current tax	195,946	(344,821)	-	270
	195,972	(1,001,679)	-	270

No provision for taxation is necessary as the Group and Company have no chargeable income.

The timing differences for which the potential tax benefit has not been recognised in the accounts are as follows:

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Taxation allowances and depreciation of fixed assets	7,266,000	(330,000)	-	-
Unutilised tax losses	8,956,000	5,645,000	-	-
Unutilised reinvestment allowances	30,977,000	30,208,000	-	-
Other timing differences	42,000	(22,000)	-	-
	47,241,000	35,501,000	-	-

18. LOSS PER SHARE

(a) Basic

The basis loss per share is calculated based on the Group's loss after taxation of RM12,044,688 (1999 : RM11,690,630) on the weighted average number of ordinary shares in issue during the year of 41,942,466 (1999 : 40,500,000).

(b) Fully diluted

The fully diluted loss per ordinary share for the year has been calculated based on the consolidated loss after taxation of RM12,044,688 (1999 : RM11,690,630) on the weighted average number of ordinary shares in issue during the year of 41,942,466 (1999 : 40,500,000). There is no dilution effect on the loss per share as the fair value of the share price during the year is lower than the exercise price of the share options. Comparative figures has not been provided as the share option scheme was only implemented in current year.

NOTES TO THE ACCOUNTS

31 December 2000

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following balance sheet amounts:

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Cash and bank balances	3,207	10,724	217	7,153
Bank overdrafts	(9,029,628)	(6,937,285)	(319,614)	(306,646)
	(9,026,421)	(6,926,561)	(319,397)	(299,493)

20. SEGMENTAL REPORTING

There is no disclosure of segmental information as required by International Accounting Standard 14 (Reporting Financial Information by Segment) as the Group operates principally within one industry and one country.

21. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
To/(from) related parties:				
Sales	355,435	241,006	-	-
Sales of indirect materials	300,396	-	-	-
Purchases of fixed assets	-	(185,086)	-	-
Purchases of finished goods	(25,650)	(104,790)	-	-
Purchases of raw materials	(29,160)	(15,625)	-	-
Purchases of indirect materials	(98,565)	(164,017)	-	-
Interest payable	-	2,528	-	-
Repair and maintenance charges receivable	(25,542)	-	-	-
Repair and maintenance charges payable	47,682	139,430	-	-
Rental payable	306,200	246,800	-	-
Rental receivable	(12,000)	-	-	-
Transport charges payable	66,387	511,147	-	-
Transport charges receivable	(17,989)	-	-	-
Other charges payable	223,230	128,143	-	-
Other charges receivable	(2,036)	-	-	-

The above transactions have been entered in the normal course of business and established under mutually agreed terms.

Related parties are those enterprises which are subject to the same source of influence as the Company through common directors and shareholders.

During the year, the Group has entered into sales and purchase agreement with a related party to purchase properties amounting to RM536,243. The full amount is disclosed as capital commitments in Note 22 to the accounts.

NOTES TO THE ACCOUNTS

31 December 2000

22. CAPITAL COMMITMENTS

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Contracted but not provided	758,000	227,000	-	103,000

23. CONTINGENT LIABILITY

	Company	
	2000 RM	1999 RM
Unsecured corporate guarantees given for banking and trade facilities granted to subsidiary companies	61,657,372	65,060,755

24. EMPLOYEE INFORMATION

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Staff costs	4,655,585	3,941,929	-	-

The number of employees of the Group and of the Company at the end of the year were 253 (1999 : 253) and Nil (1999 : Nil) respectively.

25. UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT

The approved limit for the utilisation of proceeds from private placement that was approved by Securities Commission and the actual utilisation are as follows:

	Approved limit RM	Actual utilisation RM
Working capital purposes	3,800,500	3,874,415
Repayment of term loans	3,000,000	3,000,000
Expenses in relation to private placement	206,000	132,085
	7,006,500	7,006,500

The deviation in the utilisation of proceeds on the related expenses is due to the waiver of management and placement fee. All the proceeds from the private placement have been fully utilised as at the date of this report.



NOTES TO THE ACCOUNTS

31 December 2000

26. SUBSEQUENT EVENTS

Subsequent to year end, a subsidiary company has obtained fixed loan amounting to RM428,000 for the purchase of properties as disclosed in Note 22 to the accounts. The borrowings are secured by way of corporate guarantee from the Company and legal charges over the properties concerned of the subsidiary company.

As at date of this report, arrangement is being made to obtain the consent of other existing lenders of the subsidiary company for these new loans.

27. COMPARATIVE FIGURES

The presentation of the accounts for the current year has been changed to adopt the format as prescribed in Malaysian Accounting Standards Board (MASB) Standard No. 1 - Presentation of Financial Statements. Comparative figures have been reclassified to conform with this presentation, where necessary.

STATEMENT OF SHAREHOLDINGS

as at 4 April 2001

Authorised capital	: RM100,000,000
Issued and fully paid-up capital	: RM44,550,000
Class of shares	: Ordinary shares of RM1.00 each
Voting rights	: One vote per RM1.00 share

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares
1 - 499	1	0.04	434	0.00
500 - 5,000	1,922	84.56	3,488,000	7.83
5,001 - 10,000	157	6.91	1,259,000	2.83
10,001 - 100,000	150	6.60	4,134,135	9.28
100,001 - 1,000,000	35	1.54	12,305,343	27.62
Over 1,000,000	8	0.35	23,363,088	52.44
	2,273	100.00	44,550,000	100.00

TWENTY LARGEST SHAREHOLDERS

Name of shareholder	Number of shares	Percentage of shares
1. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kia Lim Timber Trading Sdn. Bhd.	6,440,270	14.46
2. Kia Lim Realty Sdn. Bhd.	5,997,853	13.46
3. Permodalan Nasional Berhad	4,124,895	9.26
4. Ng Hoo Tee Holdings Sdn. Bhd.	1,572,682	3.53
5. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Hoo Tee Holdings Sdn. Bhd.	1,562,938	3.51
6. Kia Lim Timber Trading Sdn. Bhd.	1,287,450	2.89
7. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kia Lim Realty Sdn. Bhd.	1,253,000	2.81
8. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kia Lim Timber Trading Sdn. Bhd.	1,124,000	2.52
9. Ng Yan Kian	835,692	1.88
10. Tan See Chip	785,935	1.76
11. Sutera Istimewa Sdn. Bhd.	696,000	1.56

STATEMENT OF SHAREHOLDINGS

as at 4 April 2001

TWENTY LARGEST SHAREHOLDERS (CONT'D)

Name of shareholder	Number of shares	Percentage of shares
12. Mohd Salleh Bin Jantan	695,416	1.56
13. Peninsula Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Choon Lan	652,000	1.46
14. Pook Jyh Long	581,000	1.30
15. Seh Tiong Say @ Su Tiong Say	579,000	1.30
16. Leong Choy Lan	579,000	1.30
17. Arab Malaysian Finance Berhad Pledged Securities Account for Mohd Salleh Bin Jantan	551,000	1.24
18. Ban Dung Palm Oil Industries Sdn. Bhd.	519,000	1.15
19. Hong Leong Finance Berhad Pledged Securities Account for Chin Choon Lan	512,000	1.15
20. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh May Lee	486,000	1.09

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:-

Shareholder	No. of Shares		
	Direct Interest	Deemed Interest	
1. E.S. Ng Holding Sdn. Bhd.	-	7,398,853	A
2. Eng Lee @ Ng Hoe Sai	164,304	7,398,853	A
3. Kia Lim Realty Sdn. Bhd.	7,240,853	158,000	B
4. Kia Lim Timber Trading Sdn. Bhd.	8,851,720	674,000	C
5. Lim Teh	-	7,398,853	A
6. Mohd Salleh Bin Jantan	1,246,416	-	
7. Mayban Securities Nominees (Tempatan) Sdn. Bhd. #	4,497,938	-	
Ng Hoo Tee Holdings Sdn. Bhd.	1,562,938		
Kia Lim Timber Trading Sdn. Bhd.	1,124,000		
Kia Lim Realty Sdn. Bhd.	1,253,000		
8. Ng Hoo Tee Holdings Sdn. Bhd.	3,135,620	516,000	D
9. Datuk Ng Eng Sos @ Bah Chik	660,379	19,902,193	E
10. Ng Yeng Keng @ Ng Ka Hiatt	640,055	19,902,193	E
11. Ng Chuan Kim @ Ng Yan Chong	226,092	11,050,473	F
12. Ng Yam Puan @ Ng Ah Bah	360,582	19,902,193	E
13. Ng Yan Kian	858,692	19,902,193	E
14. Ng Hor Huat @ Ng Eh Wat	118,304	7,398,853	A

STATEMENT OF SHAREHOLDINGS

as at 4 April 2001

SUBSTANTIAL SHAREHOLDERS (CONT'D)

Shareholder	No. of Shares		
	Direct Interest	Deemed Interest	
15. Ng Eng Seng	516,610	7,398,853	A
16. Ng Chin Lan	-	7,398,853	A
17. Ng Cheng Chai	-	7,398,853	A
18. Ng Cheng Choon	-	7,398,853	A
19. Ng Chin Kiat	-	7,398,853	A
20. Ng Chin Ching	-	7,398,853	A
21. Ng Chin Kang	-	9,525,720	G
22. Ng Ho Teck Enterprise Sdn. Bhd.	-	7,398,853	A
23. Ng Yan Kuan	-	7,398,853	A
24. Ng Yan Tai	-	7,398,853	A
25. Ng Yan Teat	-	7,398,853	A
26. Ng Yen Kar	-	7,398,853	A
27. Ng Guat Tee @ Ng Guat Hua	39,000	7,398,853	A
28. Permodalan Nasional Berhad	4,124,895	-	
29. Peninsula Nominees (Tempatan) Sdn. Bhd. *	1,237,962	-	
30. RHB Capital Nominees (Tempatan) Sdn. Bhd. #	6,450,270	-	
Kia Lim Timber Trading Sdn. Bhd.	6,440,270		
31. Tan See Chip	785,935	7,415,853	H
32. Tan See Chip Sdn. Bhd.	-	7,398,853	A
33. Tan Sue Seng	-	7,398,853	A
34. Tan Sue See	-	7,398,853	A
35. Tan Sue Sian	-	7,398,853	A
36. Tan Sue Yee	-	7,398,853	A
37. Yayasan Pelaburan Bumiputra	-	4,124,895	I

Notes:

- A Deemed to have indirect interest through his shareholding in Kia Lim Realty Sdn. Bhd. and Sersen Tiles Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- B Deemed to have indirect interest through its shareholding in Sersen Tiles Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- C Deemed to have indirect interest through its shareholding in Sersen Tiles Sdn. Bhd. and Ban Dung Palm Oil Industries Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- D Deemed to have indirect interest through its shareholding in Ban Dung Palm Oil Industries Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- E Deemed to have indirect interest through his shareholding in Kia Lim Realty Sdn. Bhd., Kia Lim Timber Trading Sdn. Bhd., Sersen Tiles Sdn. Bhd., Ban Dung Palm Oil Industries Sdn. Bhd. and Ng Hoo Tee Holdings Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- F Deemed to have indirect interest through his shareholding in Kia Lim Realty Sdn. Bhd., Sersen Tiles Sdn. Bhd., Ng Hoo Tee Holdings Sdn. Bhd. and Ban Dung Palm Oil Industries Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- G Deemed to have indirect interest through his shareholding in Kia Lim Timber Trading Sdn. Bhd., Sersen Tiles Sdn. Bhd. and Ban Dung Palm Oil Industries Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- H Deemed to have indirect interest through his shareholding in Kia Lim Realty Sdn. Bhd., Sersen Tiles Sdn. Bhd. and Tan See Chip Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- I Deemed to have indirect interest through its shareholding of 100% less 1 share in Permodalan Nasional Berhad by virtue of Section 6A of the Companies Act, 1965.
- # Other than disclosed accordingly, the rest of the beneficial owner(s) of shares are not holding 2% or more in the issued and paid-up share capital.
- * The beneficial owners of shares are not holding 2% or more in the issued and paid-up share capital.

LIST OF PROPERTIES

Held by the group

Location of Properties	Description	Tenure/ Age of Buildings	Area	Net Book Value RM'000
5 plots of land comprising Lot Nos : PT 5032, 5033, 5034, 5035, 5036 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Industrial land (with factory for brick making plant, office, store and workshop)	Freehold (15 years)	23.93 acres	1,552
2 plots of land Lot Nos 25 & 26 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Industrial Land (with 1 open - sided factory buildings for paver plants)	Freehold (31/2 years)	5.35 acres	4,626
2 plots of land comprising Lot Nos : PTD 6922 and 1186 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Extraction of clay	Freehold	24.34 acres	353
5 plots of land comprising Lot Nos : 1187, 27, 378, 24 and 20 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Agricultural land (reserve for clay extraction)	Freehold	29.07 acres	462
Lot No : 1617 Mukim Simpang Kiri 4, Batu Pahat, Johor Darul Takzim	Agricultural land (reserve for clay extraction)	Freehold	5.08 acres	408
Lot No : PTD 6920 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Industrial land (with 2 open - sided factory buildings for brick making plants)	Freehold (14 years)	20.60 acres	1,836
Lot Nos : PTD 6988 & PTD 6989 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Industrial land (with open - sided factory buildings for roofing tile plants, office building cum store and laboratory)	Freehold (6 years)	8.78 acres	5,621

LIST OF PROPERTIES

Held by the group

Location of Properties	Description	Tenure/ Age of Buildings	Area	Net Book Value RM'000
Lot No : PTD 6921 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Extraction of clay	Freehold	7.00 acres	292
4 plots of land comprising Lot Nos : PTD 8029, 6642, 809 and PT 4461 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Agricultural land (reserve for clay extraction)	Freehold	14.50 acres	401
EMR 3460 Lot 6641 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Agricultural land (reserve for clay extraction)	Freehold	1.20 acres	104
EMR 3134 Lot 6625 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Agricultural land (reserve for clay extraction)	Freehold	4.075 acres	212
Suite No 1604 Tower A Menara Atlas Plaza Pantai Kuala Lumpur	Office building	Freehold (4 years)	2,360 square feet	1,478
3 units of shophouse Lot Nos : PT 1060, 1061 and 1062 Bandar Dataran Segar Mukim Port Dickson	Shophouses (vacant-to be sold)	Freehold (3 years)	5,068 square feet (14,464 square feet)	1,528



KIA LIM BERHAD
Incorporated in Malaysia (Company No.: 342868-P)

FORM OF PROXY

I/We

of

being a member/members of the abovenamed Company, hereby appoint

.....

of

or failing whom,

of

as *my/our proxy to vote for *me/us and on *my/our behalf at the Sixth Annual General Meeting of the Company to be held at Dewan Okid, 2nd Floor, Hotel Carnival, 2, Jalan Fatimah, 83000 Batu Pahat, Johor, Malaysia on Tuesday, 29 May 2001 at 12.00 noon and at any adjournment thereof * for/against the resolutions to be proposed thereat.

* My/Our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Adoption of Reports and Accounts		
2.	Approval of Directors' Fees		
	Re-election of Directors Retiring by Rotation:		
3.	- Mr Ng Yam Puan @ Ng Ah Bah		
4.	- En Mohd Salleh Bin Jantan		
5.	- Mr Tan Seng Kee		
6.	Re-appointment of Messrs Ernst & Young as Auditors		
7.	Authority to Allot Shares - Section 132D		
8.	Approval for Substantial Property Transactions Involving Directors - Section 132E		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this day of 2001

Number of Shares Held	
------------------------------	--

.....
 Signature of Member(s)

Notes:-

1. A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
2. To be valid this form duly completed must be deposited at the Registered Office of the Company situated at Suite 633, 6th Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its Seal or under the hand of its attorney.