



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2001

1. Accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting", except that the comparative amounts for the first condensed consolidated cash flow statement have not been presented as the Company has taken advantage of the transitional provision set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual audited financial statements for the year ended 31 December 2000, except that the Group has changed certain of its accounting policies following the adoption of the following new or revised SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2001:

| | |
|--------------------|---|
| SSAP 9 (revised): | Events after the Balance Sheet Date |
| SSAP 14 (revised): | Leases |
| SSAP 28: | Provisions, Contingent Liabilities and Contingent Assets |
| SSAP 29: | Intangible Assets |
| SSAP 30: | Business Combinations |
| SSAP 31: | Impairment of Assets |
| SSAP 32: | Consolidated Financial Statements and Accounting for Investments in Subsidiaries |

The Group has complied with SSAP 14 (revised) "Leases" for the first time in this interim reporting period. As a result, total future minimum operating lease commitments are disclosed instead of annual operating lease commitments under non-cancellable operating leases. Figures for the year ended 31 December 2000 are extracted from the Group's audited financial statements for that year.

Other than the prior period adjustment and the lease disclosures, as explained above, the implementation of the above SSAPs did not have a material impact on the Group.

Comparative amounts in respect of the condensed consolidated balance sheet for the year ended 31 December 2000 are extracted from the Group's audited financial statements for that year and adjusted in respect of the prior period adjustments as further explained in note 2 below.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****30 June 2001****2. Prior period adjustment**

Goodwill represents the excess of the cost of an acquisition over the fair values of the Group's share of the underlying net assets of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition. In the previous years, goodwill was eliminated against reserves in the year in which it arose. Following the introduction of SSAP 30, goodwill arising on acquisitions on or after 1 January 2001 is capitalised as an intangible asset in the balance sheet and is amortised to the profit and loss account over its estimated useful economic life.

In accordance with the transitional provisions of SSAP 30, goodwill arising from earlier acquisitions before 1 January 2001 will continue to be held in reserves and no reinstatement has been made. However, any impairment arising on goodwill previously eliminated against reserves is recognised in the profit and loss account for the year to which the impairment is related. Accordingly, an adjustment has been made for the impairment of goodwill arising prior to the adoption of SSAP 30 against capital reserve and retained profits. The adjustment, which represents a change in accounting policy, has been applied retrospectively in accordance with SSAP 2 "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies". As a result, goodwill in the amount of HK\$1,034,123,000 which was impaired in prior periods and which had been eliminated to the extent of HK\$1,032,644,000 and HK\$1,479,000 against capital reserve and retained profits, respectively, has been recognised directly to the extent of HK\$962,143,000 and HK\$71,980,000 in prior periods' accumulated losses as brought forward from 1 January 2000 and in the profit and loss account for the six months ended 31 December 2000, respectively.

In restating the financial statements for 2000, on the basis of the new accounting policy, the cumulative effect on prior periods was to increase the capital reserve and accumulated losses at 1 January 2000 by HK\$960,664,000. The net loss attributable to shareholders for the six months ended 31 December 2000 and the capital reserve at 31 December 2000 was increased by HK\$71,980,000 and HK\$1,032,644,000, respectively.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2001

3. Segmented information

An analysis of the Group's turnover and operating results by principal activity and geographical area of operations for the six months ended 30 June 2001 is as follows:

| | For the six months ended 30 June | | | |
|---|-------------------------------------|--|-------------------------------------|--|
| | 2001 | | 2000 | |
| | Operating | | Operating | |
| | Turnover (Unaudited) HK\$'000 | profit/(loss) (Unaudited) HK\$'000 | Turnover (Unaudited) HK\$'000 | profit/(loss) (Unaudited) HK\$'000 |
| By principal activity: | | | | |
| Manufacture and sale of steel products | 754,749 | (36,861) | 746,908 | (39,975) |
| Rebar stockholding and trading of steel products | 86,366 | 856 | 92,315 | (9,929) |
| Transportation and shipping | 176,457 | 8,678 | 142,557 | (405) |
| Rental income | 11,468 | 5,623 | 10,953 | (451) |
| Others | 1,050 | (5,343) | 1,123 | 463 |
| | <u>1,030,090</u> | <u>(27,047)</u> | <u>993,856</u> | <u>(50,297)</u> |
| By geographical area: | | | | |
| The People's Republic of China (the "PRC"): | | | | |
| Hong Kong SAR | 207,861 | (2,461) | 172,390 | (118) |
| Elsewhere | 763,682 | (32,929) | 720,604 | (47,583) |
| Taiwan | 41,104 | 5,429 | 52,729 | 170 |
| Japan | 15,564 | (760) | 34,763 | (1,861) |
| Korea | 68 | (3) | 13,343 | (165) |
| Singapore | 1,811 | 3,703 | – | (633) |
| Others | – | (26) | 27 | (107) |
| | <u>1,030,090</u> | <u>(27,047)</u> | <u>993,856</u> | <u>(50,297)</u> |

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****30 June 2001****4. Loss from operating activities**

The Group's loss from operating activities was arrived at after charging/(crediting):

| | For the six months ended 30 June | |
|---|---|--------------------|
| | 2001 | 2000 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Cost of inventories sold and services provided | 927,139 | 944,686 |
| Staff costs | 71,527 | 60,539 |
| Depreciation | 53,045 | 55,130 |
| Amortisation | 382 | 382 |
| Bad debt expenses, net | 11,700 | 529 |
| Loss on disposal of land and buildings | 66 | – |
| Decrease/(increase) in fair values | | |
| of short term investments, net | (3,250) | 131 |
| Gain on disposal of an investment property | – | (1,000) |
| Gain on disposal of short term listed investments | (1,077) | (357) |
| Dividend income from listed investments | (28) | (25) |
| Interest income | (4,057) | (6,518) |

5. Finance costs

| | For the six months ended 30 June | |
|---|---|--------------------|
| | 2001 | 2000 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Interest expenses on: | | |
| Bank loans, bank overdrafts and other | | |
| loans wholly repayable within five years | 19,639 | 14,175 |
| Convertible bonds | 11,634 | 11,712 |
| Finance leases | 213 | 214 |
| Unpaid capital contribution to a jointly controlled entity | – | 785 |
| Total interest expenses | 31,486 | 26,886 |
| Accretion of premium on convertible bonds | 4,762 | 4,889 |
| | 36,248 | 31,775 |



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2001

6. Tax

| | For the six months ended 30 June | |
|---|-------------------------------------|---------------------------------|
| | 2001 (Unaudited) HK\$'000 | 2000 (Unaudited) HK\$'000 |
| Provisions for tax in respect of assessable profits for the period: | | |
| Hong Kong | 439 | 322 |
| Deferred tax | (118) | – |
| Prior period's overprovision | (207) | (89) |
| | 114 | 233 |
| Share of tax of associates | 337 | 2,517 |
| Share of tax of a jointly controlled entity | 695 | 1,474 |
| | 1,146 | 4,224 |

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in or derived from Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the countries in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

7. Loss per share

The calculation of basic loss per share for the six months ended 30 June 2001 is based on the net loss attributable to shareholders of HK\$39,906,000 (2000: HK\$54,529,000) and the weighted average number of 1,902,022,421 (2000: 1,895,854,888) ordinary shares in issue during the period.

The diluted loss per share for the six months ended 30 June 2001 and 30 June 2000 is not shown as there was no dilutive effect on the basic loss per share. The 8% convertible bonds had an anti-dilutive effect on the basic loss per share during the periods. The Company had no share option outstanding as at 30 June 2001. The outstanding share options of the Company as at 30 June 2000 would not result in the issue of ordinary shares for less than the fair value as their exercise price was above the average market price of the Company's shares during the period ended 30 June 2000.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****30 June 2001****8. Pledge of assets**

Certain of the Group's land and buildings and investment properties with an aggregate net book value of HK\$277,392,000 (2000: HK\$277,721,000), together with a cash deposit of HK\$3,000,000 (2000: HK\$3,000,000) and certain shares in a listed subsidiary with a market value of HK\$43,693,000 (2000: HK\$29,129,000) as at 30 June 2001, were pledged to banks in Hong Kong as securities for banking facilities of approximately HK\$164,796,000 (2000: HK\$164,796,000) granted to the Group. As at 30 June 2001, such facilities were utilised to the extent of HK\$124,919,000 (2000: HK\$123,587,000).

Certain of the Group's plant and machinery with a net book value of HK\$471,975,000 (2000: HK\$515,543,000) were pledged to a bank in Mainland China for banking facilities of HK\$94,171,000 (2000: HK\$94,277,000) granted to the Group. As at 30 June 2001, such facilities were utilised to the extent of HK\$63,094,000 (2000: HK\$69,765,000).

9. Accounts and bills receivables

| | 30 June 2001 (Unaudited) HK\$'000 | 31 December 2000 (Audited) HK\$'000 |
|--|--|--|
| Manufacture and sale of steel products (<i>note a</i>) | 289,403 | 262,866 |
| Others (<i>note b</i>) | 79,870 | 91,517 |
| Gross amounts due from contract customers | 13,849 | 17,491 |
| | 383,122 | 371,874 |



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2001

9. Accounts and bills receivables (continued)

Notes:

- (a) The aged analysis of accounts and bills receivables from the manufacture and sale of steel products, principally in Mainland China, was as follows:

| | 30 June | 31 December |
|-----------------|-----------------------|----------------|
| | 2001 | 2000 |
| | (Unaudited) | (Audited) |
| | HK\$'000 | HK\$'000 |
| Within one year | 161,725 | 114,474 |
| 1–2 years | 28,330 | 53,213 |
| Over 2 years | 99,348 | 95,179 |
| | <u>289,403</u> | <u>262,866</u> |

Trading terms with customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well established customers, where the terms are extended to 60 days. The management seeks to maintain control over its outstanding receivables and exercises credit control to minimise credit risk. Overdue balances are also regularly reviewed and followed up by the management in accordance with the general business practice applicable to the operating environment in Mainland China.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****30 June 2001****9. Accounts and bills receivables (continued)**

(b) The aged analysis of accounts and bills receivables from other activities was as follows:

| | 30 June 2001 (Unaudited) HK\$'000 | 31 December 2000 (Audited) HK\$'000 |
|----------------|--|--|
| Within 90 days | 47,789 | 60,350 |
| 91–180 days | 2,403 | 1,532 |
| 181–365 days | 13,590 | 4,516 |
| 1–2 years | 1,779 | 17,909 |
| Over 2 years | 14,309 | 7,210 |
| | 79,870 | 91,517 |

For the steel trading business, payment terms with customers are largely by letters of credit, normally at sight. For the shipping business, payment terms with customers are governed by the charter party, which mainly range from 10 to 30 days. For other businesses, trading terms with customers are similar to those set out in (a) above. The management seeks to maintain control over its outstanding receivables and exercises credit control to minimise credit risk. Overdue balances are also regularly reviewed and followed up by the management.

10. Accounts and bills payables

| | 30 June 2001 (Unaudited) HK\$'000 | 31 December 2000 (Audited) HK\$'000 |
|--|--|--|
| Manufacture and sale of steel products (<i>note a</i>) | 76,095 | 82,850 |
| Others (<i>note b</i>) | 35,087 | 24,886 |
| Gross amounts due to contract customers | 7,746 | 4,486 |
| | 118,928 | 112,222 |



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2001

10. Accounts and bills payables (continued)

Notes:

- (a) The aged analysis of accounts and bills payables from the manufacture and sale of steel products, principally in Mainland China, was as follows:

| | 30 June | 31 December |
|-----------------|----------------------|---------------|
| | 2001 | 2000 |
| | (Unaudited) | (Audited) |
| | HK\$'000 | HK\$'000 |
| Within one year | 26,600 | 38,856 |
| 1–2 years | 29,197 | 28,743 |
| Over 2 years | 20,298 | 15,251 |
| | <u>76,095</u> | <u>82,850</u> |

- (b) The aged analysis of accounts and bills payables from other activities was as follows:

| | 30 June | 31 December |
|----------------|----------------------|---------------|
| | 2001 | 2000 |
| | (Unaudited) | (Audited) |
| | HK\$'000 | HK\$'000 |
| Within 90 days | 26,333 | 22,133 |
| 91–180 days | 48 | 67 |
| 181–365 days | 6,522 | 93 |
| 1–2 years | 1,288 | 1,063 |
| Over 2 years | 896 | 1,530 |
| | <u>35,087</u> | <u>24,886</u> |

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****30 June 2001****11. Share capital**

| | 30 June 2001 (Unaudited) HK\$'000 | 31 December 2000 (Audited) HK\$'000 |
|---|--|--|
| <i>Authorised:</i> | | |
| 5,000,000,000 ordinary shares of HK\$0.20 each | <u>1,000,000</u> | <u>1,000,000</u> |
| <i>Issued and fully paid:</i> | | |
| 2,098,861,454 (2000: 1,895,856,454) ordinary shares of HK\$0.20 each | <u>419,772</u> | <u>379,171</u> |

A summary of the movements in the ordinary share capital of the Company during the period is as follows:

| | Number of ordinary shares | Issued and fully paid HK\$'000 |
|---|--------------------------------------|---|
| As at 1 January 2001 | 1,895,856,454 | 379,171 |
| Issue of new shares at a cash subscription price of HK\$0.46 per share | 200,000,000 | 40,000 |
| Conversion of convertible bonds into ordinary shares at a conversion price of HK\$0.38 per share | <u>3,005,000</u> | <u>601</u> |
| As at 30 June 2001 | <u>2,098,861,454</u> | <u>419,772</u> |



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2001

12. Reserves

| | Share premium account (Unaudited) HK\$'000 | Capital redemption reserve (Unaudited) HK\$'000 | Revaluation reserve (Unaudited) HK\$'000 | Exchange fluctuation reserve (Unaudited) HK\$'000 | Capital reserve (Unaudited) HK\$'000 | Enterprise expansion fund and statutory reserve fund (Unaudited) HK\$'000 | Accumulated losses (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
|---|--|---|---|---|---|---|--|----------------------------------|
| At 1 January 2001 | | | | | | | | |
| As previously reported | 821,489 | 1,019 | 4,014 | 41,546 | 448,421 | 126,994 | (1,027,065) | 416,418 |
| Prior period adjustment - note 2 | - | - | - | - | 1,032,644 | - | (1,032,644) | - |
| As restated | 821,489 | 1,019 | 4,014 | 41,546 | 1,481,065 | 126,994 | (2,059,709) | 416,418 |
| Issue of shares | 52,541 | - | - | - | - | - | - | 52,541 |
| Share issue expenses | (2,483) | - | - | - | - | - | - | (2,483) |
| Deemed disposal of interest in an associate | - | - | - | - | 587 | - | - | 587 |
| Share of movements in reserves of associates | - | - | - | 318 | - | - | - | 318 |
| Exchange differences on translation of the financial statements of overseas subsidiaries, associates and jointly controlled entities | - | - | - | (640) | - | - | - | (640) |
| Net loss for the period | - | - | - | - | - | - | (39,906) | (39,906) |
| At 30 June 2001 | 871,547 | 1,019 | 4,014 | 41,224 | 1,481,652 | 126,994 | (2,099,615) | 426,835 |

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****30 June 2001****13. Contingent liabilities**

| | 30 June 2001 (Unaudited) HK\$'000 | 31 December 2000 (Audited) HK\$'000 |
|--|--|--|
| Guarantees in respect of performance bonds | <u>3,348</u> | <u>2,357</u> |

14. Commitments

| | 30 June 2001 (Unaudited) Total commitments HK\$'000 | 31 December 2000 (Audited) Annual commitments HK\$'000 |
|---|--|---|
| (a) Commitments under non-cancellable operating leases: | | |
| Land and buildings expiring: | | |
| Within one year | 7,274 | 4,505 |
| In the second to fifth years, inclusive | 21,536 | – |
| After five years | <u>36,945</u> | <u>3,801</u> |
| | <u>65,755</u> | <u>8,306</u> |
| Plant and machinery: | | |
| Within one year | 3,238 | – |
| In the second to fifth years, inclusive | 12,951 | – |
| After five years | <u>9,174</u> | <u>–</u> |
| | <u>25,363</u> | <u>–</u> |
| Time charter hires expiring: | | |
| Within one year | 127,769 | – |
| In the second to fifth years, inclusive | 539,907 | – |
| After five years | <u>941,927</u> | <u>126,037</u> |
| | <u>1,609,603</u> | <u>126,037</u> |



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2001

14. Commitments (continued)

| | 30 June 2001 (Unaudited) HK\$'000 | 31 December 2000 (Audited) HK\$'000 |
|---|--|--|
| (b) Foreign exchange forward contracts | <u>7,641</u> | <u>–</u> |
| (c) Capital commitments | | |
| Authorised, but not contracted for | 56,574 | 57,357 |
| Contracted, but not provided for | <u>1,152</u> | <u>1,653</u> |
| (d) The Group's share of capital commitments of a jointly controlled entity is as follows: | | |
| Authorised, but not contracted for | 2,489 | 14,098 |
| Contracted, but not provided for | <u>31,996</u> | <u>54,903</u> |

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****30 June 2001****15. Related party transactions**

During the period, the Group entered into certain transactions with Shougang Holding (Hong Kong) Limited ("Shougang HK"), and with Shougang HK's holding company, subsidiaries and fellow subsidiaries ("related companies"). In addition, the Group also entered into certain transactions with its associates and jointly controlled entities.

| | | For the six months ended 30 June | |
|--|--------------|---|-----------------|
| | | 2001 | 2000 |
| | | (Unaudited) | (Unaudited) |
| | <i>Notes</i> | HK\$'000 | <i>HK\$'000</i> |
| Sales to related companies | (a) | 31,382 | 45,074 |
| Purchases from related companies | (b) | 443,031 | 443,518 |
| Lease rentals paid to related companies | (c) | 1,870 | 2,012 |
| Management fees paid to a related company | (d) | 600 | 540 |
| Purchases of spare parts from related companies | (e) | 7,846 | 2,599 |
| Corporate guarantees received from a related company | (f) | 296,450 | 171,439 |
| Management fees received from associates | (g) | 660 | 660 |
| Rental income received from an associate | (h) | 510 | 583 |
| Bond interest expense paid to related companies | (i) | 5,737 | 5,753 |
| Interest expense charged by related companies | (j) | 5,082 | 2,957 |
| Freight income received from related companies | (k) | 116,972 | 76,146 |
| Service fees received from related companies | (l) | 410 | 695 |
| Interest expense charged by a jointly controlled entity | | – | 785 |
| Waiver of interest expense charged by a related company | | – | 4,280 |
| Commission expense paid to a related company | | – | 508 |
| Purchase commission received from a related company | | – | 549 |



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2001

15. Related party transactions (continued)

Notes:

- (a) Beijing Shougang Pohseng Strip Steel Co., Ltd ("Pohseng"), Beijing Shougang Gitane Alloy Materials Co., Ltd ("Gitane") and Qinhuangdao Shougang Plate Mill Co., Ltd ("QHD"), all being non wholly-owned subsidiaries of the Company, sold strip steel products, steel wire products, steel plates and scrap materials to certain related companies in Mainland China in the normal course of business and at a consideration decided between parties with reference to the prevailing market price.
- (b) Pohseng, Gitane and QHD purchased raw materials of HK\$404,211,000 (2000: HK\$385,827,000) from related companies in the ordinary course of business and at a consideration decided between parties with reference to the prevailing market price.

The Group purchased steel products of HK\$38,820,000 (2000: HK\$57,691,000) from a related company in the ordinary course of business and according to terms and conditions similar to those offered by other suppliers, except that a longer credit period is normally granted.

- (c) The Group entered into various rental agreements with certain subsidiaries of Shougang HK for renting office and residential apartments as staff quarters. The rentals were determined with reference to prevailing market rates.
- (d) A management fee of HK\$120,000 (2000: HK\$180,000) was paid to Shougang HK for the provision of management services and the appointment of senior staff to the four steel manufacturing joint ventures in Mainland China at rates decided between parties. In addition, a management fee of HK\$480,000 (2000: HK\$360,000) was paid to Shougang HK for the provision of consultancy services to Shougang Concord Grand (Group) Limited, a subsidiary of the Company, in accordance with the agreement between the parties.
- (e) The Group purchased spare parts from related companies in the normal course of business for a consideration decided between parties.
- (f) Shougang Corporation has provided guarantees for bank loans granted to Pohseng and QHD (2000: Pohseng, Gitane and QHD).

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****30 June 2001****15. Related party transactions (continued)**

- (g) The Group provided management services in relation to the business and strategic development services to its associates at rates decided between parties.
- (h) The Group has rental agreements with a subsidiary of Shougang Concord Technology Holdings Limited ("SC Technology"), an associate of the Group, for renting an investment property to the SC Technology Group. The rental was determined with reference to market rates.
- (i) The interest expense paid to certain subsidiaries of Shougang HK was in relation to the 8% convertible bonds issued in November 1998.
- (j) Interest expense of HK\$3,151,000 (2000: HK\$2,957,000) charged by a subsidiary of Shougang HK arose from the loans with an aggregate amount of US\$19,002,000 borrowed by the Company. The outstanding balance as at 30 June 2001 was US\$8,267,000 (2000: US\$8,587,000). The loans bear interest at 8.42% to 8.5% per annum.

Interest expense of HK\$1,931,000 charged by Shougang Corporation arose from two loans with an aggregate amount of RMB85,000,000 borrowed by QHD. The aggregate outstanding balance of the loans as at 30 June 2001 was RMB57,870,000. The loans bear interest at 7.05% per annum.

- (k) The Group arranged for shipments of iron ore from Peru and Australia to Mainland China for related companies at freight rates determined with reference to market rate decided between parties.
- (l) QHD charged related companies service fees in respect of processing services provided to these related companies in the normal course of business and at rates decided between parties.

16. Post balance sheet event

In July 2001, convertible bonds with an aggregate principal amount of HK\$74,687,100 were converted into ordinary shares of the Company at a conversion price of HK\$0.38 per share, resulting in the issue of 196,545,000 ordinary shares of HK\$0.2 each in the Company, credited as fully paid. The said principal amount of the convertible bonds converted, the accrued interest and the accrued premium on redemption thereon were extinguished and released.

17. Approval of the interim financial statements

These interim financial statements were approved by the board of directors on 20 September 2001.