安 裕 資 源 有 限 公 司

ANN JOO RESOURCES BERHAD (371152-U)

09

ANNUAL REPORT

Two Thousand and Nine

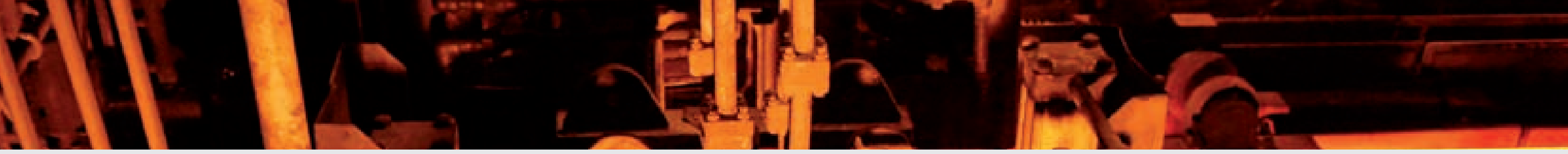
ANN JOO RESOURCES BERHAD ANNUAL REPORT 2009

ANN JOO RESOURCES BERHAD (371152-U)

Wisma Ann Joo, Lot 19391, Batu 8½, Jalan Klang Lama
46000 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel : +603 7877 0028
Fax : +603 7876 5381

www.annjoo.com.my



Contents

ANN JOO RESOURCES BERHAD
(371152-U)
ANNUAL REPORT 2009

Notice Of Fourteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at **Grand Bahamas, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan** on **Tuesday, 25 May 2010** at **10.00 a.m.** to transact the following businesses:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors thereon. ***(Resolution 1)***

2. To declare a final dividend of 3 sen per share less 25% income tax in respect of the financial year ended 31 December 2009. ***(Resolution 2)***

3. To approve the payment of Directors' fees amounting to RM480,000 for the financial year ended 31 December 2009. ***(Resolution 3)***

4. To re-elect the following Directors, who shall retire pursuant to Article 101 of the Company's Articles of Association:-

   a) Lim Sin Seong ***(Resolution 4)***
   b) Lim Kien Lip ***(Resolution 5)***

5. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2010 and to authorise the Directors to fix the Auditors' remuneration. ***(Resolution 6)***

AS SPECIAL BUSINESSES:-

6. To consider and, if thought fit, pass the following resolutions, with or without modifications:-

   6.1 RE-APPOINTMENT OF DIRECTOR ***(Resolution 7)***

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

   6.2 AUTHORITY TO ISSUE SHARES ***(Resolution 8)***

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

6.3 PROPOSED RENEWAL OF AUTHORISATION TO ENABLE THE COMPANY TO PURCHASE UP TO 10% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965 ***(Resolution 9)***

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

(i) the aggregate number of shares purchased does not exceed 10% of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

(ii) an amount not exceeding the Company's retained profits and/or the share premium account be allocated for the purchase of its own shares (as at 31 December 2009, the amount of the retained profits and/or the share premium account of the Company stood at RM84,514,643 and RM22,340,335 respectively); and

(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

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

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

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

"**THAT** approval be and is hereby given for the renewal of shareholders' mandate for the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature with the following Related Parties as specified in Section 2.4 of Part B of the Circular to Shareholders dated 3 May 2010:-

(i) LIM Group *(Resolution 10)*
(ii) SANH Group *(Resolution 11)*

PROVIDED ALWAYS that such transactions are:-

(i) necessary for the day-to-day operations;

(ii) carried out on an arm's length basis in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iii) are not to the detriment of the minority shareholders

("the Shareholders' Mandate")

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

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next AGM;

(b) the expiration of the period within which the next AGM is to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) revoked or varied by resolution passed by shareholders in a general meeting before the next AGM,

whichever is earlier.

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

6.5 **PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** ***(Resolution 12)***

"**THAT** approval be and is hereby given for the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature with SANH Group as specified in Section 2.5 of Part B of the Circular to Shareholders dated 3 May 2010:-

PROVIDED ALWAYS that such transactions are:-

(i) necessary for the day-to-day operations;

(ii) carried out on an arm's length basis in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iii) are not to the detriment of the minority shareholders

("the Shareholders' Mandate")

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

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next AGM;

(b) the expiration of the period within which the next AGM is to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) revoked or varied by resolution passed by shareholders in a general meeting before the next AGM,

whichever is earlier.

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

6.6 SPECIAL RESOLUTION NO. 1 ***(Resolution 13)***
Proposed amendment to the Articles of Association of the Company

"**THAT** the existing Article 157 be amended as follows:

Existing Article 157

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through the post to the registered address or by direct electronic transfer to the bank account of the holder as appears in the Register or Record of Depositors of the member or person entitled thereto. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or banker's draft or direct electronic transfer shall operate as a good discharge to the Company in respect of the dividend represented thereby notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged or there is discrepancy given by the Member in the details of bank account(s). Every such cheque or warrant or banker's draft shall be sent or by direct electronic transfer at the risk of the person entitled to the money thereby represented.

New Article 157

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through the post to the registered address or by direct electronic transfer to the bank account of the holder as appears in the Register or Record of Depositors of the member or person entitled thereto. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or banker's draft or direct electronic transfer shall operate as a good discharge to the Company in respect of the dividend represented thereby notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged or there is discrepancy given by the Member in the details of bank account(s). Every such cheque or warrant or banker's draft shall be sent or by direct electronic transfer at the risk of the person entitled to the money thereby represented. **Where the shareholders have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends out of its accounts.**

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board

Leong Oi Wah (MAICSA 7023802)
Mabel Tio Mei Peng (MAICSA 7009237)
Company Secretaries

3 May 2010

NOTES:-

1) A Member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A Member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

2) A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company.

3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

4) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Share Registrar of the Company at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

5) Explanatory Notes on Special Business:-

a) Ordinary Resolution 7
The proposed resolution 7 in relation to the re-appointment of Dato' Ong Kim Hoay, if passed, will enable Dato' Ong Kim Hoay to continue in office until the conclusion of the next Annual General Meeting.

b) Ordinary Resolution 8
The proposed resolution in relation to authority to issue shares pursuant to Section 132D of the Companies Act, 1965, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 26 May 2009. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

c) Ordinary Resolution 9
The proposed Ordinary Resolution 9, if passed, will empower the Directors to purchase the Company's shares up to 10% of the issued and paid up ordinary share capital of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

Please refer to the Circular to Shareholders dated 3 May 2010 for further information.

d) Ordinary Resolutions 10 to 12
Please refer to the Circular to Shareholders dated 3 May 2010 for further information.

e) Special Resolution No. 1
The proposed resolution 13 is to amend the Company's Articles of Association in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad in relation to e-Dividend.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT the Final Dividend of 3 sen per share less 25% income tax, in respect of the financial year ended 31 December 2009, if so approved at the Fourteenth Annual General Meeting will be paid on 15 June 2010 to Depositors registered in the Record of Depositors at the close of business on 31 May 2010.

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

a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 31 May 2010 in respect of ordinary transfers;

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Leong Oi Wah (MAICSA 7023802)
Mabel Tio Mei Peng (MAICSA 7009237)
Company Secretaries

Selangor Darul Ehsan
3 May 2010

Corporate Information

BOARD OF DIRECTORS

Dato' Lim Kiam Lam
Group Executive Chairman

Dato' Lim Hong Thye
Group Managing Director

Lim Sin Seong
Group Executive Director

Lim Kien Lip
Group Executive Director

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
Independent Non-Executive Director

Dato' Ong Kim Hoay
Independent Non-Executive Director

Tan Sri Datuk A. Razak Bin Ramli
Independent Non-Executive Director

Datuk Kamarudin Bin Md Ali
Independent Non-Executive Director

AUDIT COMMITTEE

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
(Chairman) Independent Non-Executive Director

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

Tan Sri Datuk A. Razak Bin Ramli
(Member) Independent Non-Executive Director

Datuk Kamarudin Bin Md Ali
(Member) Independent Non-Executive Director

NOMINATING COMMITTEE

Tan Sri Datuk A. Razak Bin Ramli
(Chairman) Independent Non-Executive Director

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

Datuk Kamarudin Bin Md Ali
(Member) Independent Non-Executive Director

REMUNERATION COMMITTEE

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

Tan Sri Datuk A. Razak Bin Ramli
(Member) Independent Non-Executive Director

Datuk Kamarudin Bin Md Ali
(Member) Independent Non-Executive Director

COMPANY SECRETARIES

Mabel Tio Mei Peng *(MAICSA 7009237)*
Leong Oi Wah *(MAICSA 7023802)*

HEAD OFFICE & REGISTERED OFFICE

Wisma Ann Joo, Lot 19391
Batu 8½, Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan

Telephone No. : 03-7877 0028
Fax No. : 03-7876 5381 / 78759354
Website : www.annjoo.com.my

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Alliance Bank Malaysia Berhad

AUDITORS

KPMG
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03-7841 8000
Fax No. : 03-7841 8152

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Profile Of Directors

DATO' LIM KIAM LAM
57 years of age, Malaysian
Group Executive Chairman

Dato' Lim Kiam Lam was appointed as a Director of the Company on 11 September 1996 and re-designated as Group Executive Chairman on 30 June 2008. Dato' Lim has over 30 years of hands-on experience in the steel business. During his tenure as a key member of the senior management, the Group's business has grown and expanded rapidly.

Dato' Lim is the Deputy Honorary Treasurer of the Commerce Committee of the Kuala Lumpur & Selangor Chinese Chamber of Commerce & Industry. He is also the Executive Chairman of Ann Joo Steel Berhad and sits on the board of several private companies, society and associations.

Dato' Lim is the son of the major shareholder, Mr Lim Seng Chee and the brother to Mr Lim Kien Lip, the Group Executive Director of the Company. He has no conflict of interest with the Company and no convictions for offences within the past 10 years.

DATO' LIM HONG THYE
35 years of age, Malaysian
Group Managing Director

Dato' Lim Hong Thye joined the Company in August 2000. Prior to that, he was with the Assurance & Advisory Service unit of Price Waterhouse and PriceWaterhouseCoopers. Dato' Lim was appointed as the Executive Director of the Company on 1 January 2003. He was then appointed to the Board of Ann Joo Steel Berhad ("AJSB") as Executive Director on 15 January 2004 and assumed the position of President on 18 February 2004. Dato' Lim is the key driving force behind turning around and transforming AJSB into one of the most efficient and profitable steel mills in Southeast Asia. Dato' Lim assumed the position of Group Managing Director on 30 June 2008.

Dato' Lim holds a Bachelor of Commerce (Accounting and Finance) from The University of Melbourne. He is a Chartered Accountant (CA) of The Malaysian Institute of Accountants (MIA) and a Certified Practising Accountant (CPA) of Australian Society of CPAs.

Dato' Lim is currently the Managing Director of AJSB and sits on the Board of several private limited companies.

Dato' Lim is the son of the major shareholder, Mr Lim Seng Qwee. He has no conflict of interest with the Company and no convictions for offences within the past 10 years.

LIM SIN SEONG
53 years of age, Malaysian
Group Executive Director

Lim Sin Seong was appointed as Director of the Company on 11 September 1996. He has over 30 years of involvement in the steel trading business. His embracing of modern management approaches was instrumental in the transformation of Ann Joo Group with adoption of modern logistic facilities and state-of-the-art computerised management system. He is the Managing Director of the Company's subsidiary, Ann Joo Metal Sdn Bhd. Following the consolidation of the Group's trading operations with effect from 1 January 2010, Mr Lim has been re-designated as the Group Executive Director – Managing Director, Trading Division.

Mr Lim is the current President of the Metal Dealers' Association Selangor and Kuala Lumpur as well as Treasurer of the Malaysia Hardware, Machinery & Building Materials Dealers' Association and also sits on the Board of several private limited companies.

Mr Lim is the brother of the major shareholders, Mr Lim Seng Chee and Mr Lim Seng Qwee. He has no conflict of interest with the Company and no convictions for offences within the past 10 years.

LIM KIEN LIP
48 years of age, Malaysian
Group Executive Director

Lim Kien Lip joined Ann Joo Group of Companies in 1987 and rose to the rank of General Manager/Executive Director of Anshin Steel Industries Sdn Bhd ("ASI") in 1997. He was appointed as the Managing Director of ASI in 2000 and subsequently as the Director of the Company on 17 June 2003. Following the Group's restructuring exercise which took effect on 1 January 2010, Mr Lim has been re-designated as Group Executive Director – Deputy Managing Director, Manufacturing Division.

Mr Lim holds a Bachelor of Science in Business Administration (major in Management) from the Central Washington University St., United States of America in 1983 and obtained his Master of Science in Business Administration (major in Management) from City University Washington St., United States of America in 1984.

Mr Lim currently sits on the board of Ann Joo Steel Berhad and is a Council Member of Malaysian Iron & Steel Industry Federation ("MISIF") as well as several private limited companies.

Mr Lim is the son of the major shareholder, Mr Lim Seng Chee and the brother to the Group Executive Chairman, Dato' Lim Kiam Lam. He has no conflict of interest with the Company and no convictions for offences within the past 10 years.

Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR
63 years of age, Malaysian
Independent Non-Executive Director

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar was appointed to the Board on 8 January 2008. He is the Chairman of the Audit Committee of the Company.

Tunku Naquiyuddin is a keen environmentalist and was a Committee Member of the World Wide Fund for Nature (Malaysia) and a Council Member of the Business Council for Sustainable Development in Geneva. An active businessman, Tunku Naquiyuddin's interest spanned a broad spectrum uniting the Malaysian public companies through the Federation of Public Listed Companies Bhd which he founded; bridging bilateral boundaries through the Malaysia-France Economic and Trade Association which he headed for eight years; and even striving for Asia-Pacific co-operation through the Canada-ASEAN Centre of which he was a Council Member. He was nominated by the Minister of Finance to sit on the Committee of Kuala Lumpur Stock Exchange in 1989 for five years. He was a former diplomat. He was also Regent of the State of Negeri Sembilan from 1994 until April 1999.

Tunku Naquiyuddin is presently the Chairman of Sino Hua-An International Berhad as well as Kian Joo Can Factory Berhad. He is also a director of ORIX Leasing Malaysia Berhad, Syarikat Pendidikan Staffield Berhad and Olympia Industries Berhad as well as Global Gold Holdings Limited and Noble Mineral Resources Limited, both of which are listed in Australia.

Tunku Naquiyuddin has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and no convictions for offences within the past 10 years.

DATO' ONG KIM HOAY
76 years of age – Malaysian
Independent Non-Executive Director

Dato' Ong Kim Hoay was appointed as Director of the Company on 11 September 1996. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He was designated as the Senior Independent Non-Executive Director of the Company to whom concerns of shareholders may be directed.

Dato' Ong is an Associate Member of the Institute of Chartered Accountants (Australia), Institute of Chartered Secretaries and Administrators (Australia) and also a member of the Malaysian Institute of Accountants. He started his career in 1969 as an Auditor with Turquands Young & Co. (now known as Ernst & Young), a public accounting firm. He subsequently joined Malayan Banking Berhad ("Maybank") in 1970 and held various senior positions in Maybank before retiring as General Manager, Singapore Operations in 1992. He also served on the Board of Maybank for several years. His current directorships in public companies include Atlan Holdings Berhad and Multivest Resources Berhad.

Dato' Ong has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and no convictions for offences within the past 10 years.

TAN SRI DATUK A. RAZAK BIN RAMLI

61 years of age – Malaysian
Independent Non-Executive Director

Tan Sri Datuk A. Razak Bin Ramli was appointed as Director of the Company on 25 November 2004. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

Tan Sri Datuk A. Razak holds a Bachelor of Arts (Hons) degree majoring in public administration since 1971 from University of Tasmania, Australia and obtained his diploma in Gestion Publique from Institut International d'Administration Publique, Paris, France in 1980. He was the Deputy Secretary-General (Industry) and Deputy Secretary-General (Trade) of Ministry of International Trade and Industry (MITI) prior to his retirement from civil service as Secretary-General of MITI. Throughout his years in civil service, he served several Ministries and Government Agencies including the Public Services Department and Economic Planning Unit, Prime Minister's Department.

Tan Sri Datuk A. Razak currently holds directorships in Favelle Favco Berhad, Lafarge Malayan Cement Bhd, Shangri-La Hotels (Malaysia) Bhd and Transmile Group Bhd, all public listed companies. He also holds directorships in Hong Leong Islamic Bank Berhad, Hong Leong Tokio Marine Takaful Berhad, Hong Leong Investment Bank Berhad and Ophir Holdings Berhad.

Tan Sri Datuk A. Razak has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and no convictions for offences within the past 10 years.

DATUK KAMARUDIN BIN MD ALI

59 years of age – Malaysian
Independent Non-Executive Director

Datuk Kamarudin bin Md Ali was appointed as Director of the Company on 1 March 2007. He also serves as a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Datuk Kamarudin holds a Masters in Science (Engineering) from University of Birmingham, United Kingdom and a Bachelor of Science (Honours) (Mechanical Engineering) from the University of Strathclyde Glasgow Scotland. He is an Associate member of the Royal College of Defense Studies UK (RCDS). Datuk Kamarudin retired from the Police Force on 4 May 2006. Before his retirement, his last position was as the Director of Management with the rank of Police Commissioner. He has over 30 years experience specialising in Mechanical engineering with extensive knowledge and skills in Logistic and Finance Management, Manpower Development, Strategic Planning, Training and Development, Recruitment and Selection, Career Development and Crime Prevention gained through wide range of command posts and managerial capacities held during his tenure of office in the Royal Malaysia Police. He is noted for his contribution in the Malaysia Crime Prevention Foundation, which he is a council member.

Datuk Kamarudin is also a director of ECM Libra Financial Group Berhad, ECM Libra Investment Bank Berhad, Avenue Invest Berhad, Masterskill Education Group Berhad and Puspakom Sdn. Bhd.

Datuk Kamarudin has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and no convictions for offences within the past 10 years.

Dear Shareholders,

On behalf of the Board, I am pleased to present Ann Joo Resources Bhd's annual report for the financial year ended 31 December 2009.

THE YEAR UNDER REVIEW

The global economy has experienced a gradual recovery path, supported by continued expansionary economic policies, improved financial conditions and a strong rebound in several emerging economies in 2009. Moving forward, the pace of the recovery, however, will likely be slow and uneven, given that the global deleveraging process is still ongoing. Further, corporate entities and households in developed countries that have been struck with the massive destruction of wealth still need to repair their balance sheets before embarking on aggressive spending for an economic revival. Meanwhile, the stimulus packages initiated by various governments especially in the developing and emerging countries will take time to deliver and can only make a significant impact on steel demand after about nine to twelve months from the commencement of construction projects.

The Malaysian economy is also gradually coming out of a deep recession as clearer signs of recovery started emerging in the second half of 2009 as coordinated fiscal stimulus packages and monetary easing around the globe took hold. Several factors are behind the revival of the economy - a gradual increased demand for exports, upturn in manufacturing output and the government's fiscal boost.

In the year 2009, cost pressures have been a major driver of global steel prices, with bottlenecks in the steel industry chain as well as in key materials such as scrap, iron ore and coking coal - all likely to keep prices buoyant. The global demand for steel is expected to strengthen in 2010, underpinned by higher infrastructure spending, gradual improvement of consumers' confidence and economic activities in many countries which are gaining a cyclical upward momentum.

In line with international market movements, demand for construction steels is expected to improve in the year 2010 driven by the stimulus spending and close proximity between Malaysia and other ASEAN countries, resulting in shorter delivery time and lower transportation costs. The imminent rollout of mega projects under the stimulus packages will spur the steel requirements for infrastructure development and construction activities in both Malaysia and Southeast Asia.

PERFORMANCE & OPERATIONS

Ann Joo Group's performance was affected by the sluggish market sentiments in the first half of 2009 but made a strong come back with buoyant results in the second half of 2009 in tandem with the pace of economic recovery.

During the year under review, the Group registered revenue of RM 1.30 billion, representing a decrease of 41% as compared to RM 2.22 billion in the preceding year. The decline in revenue was mainly due to the lower selling price and sales tonnage of various steel products. However, the Group managed to expand its export market with a twofold increase in sales tonnage which has partially offset the impact of a lacklustre domestic market with the absence of major infrastructure projects.

Correspondingly, the Group recorded a profit attributable to equity holders of RM 31.62 million as compared to a profit attributable to equity holders of RM 139.40 million for the preceding year. The Group's profitability was affected by the lower prevailing selling price of various steel products as compared to the average price level for the year 2008.

The Manufacturing Division contributed revenue of RM 1.16 billion against revenue of RM 1.87 billion in the preceding year. The segmental result was RM 47.55 million, representing a decrease of 40% as compared to the previous year's results of RM 79.12 million. The profitability of the Manufacturing Division continued to gather cyclical upswing momentum which was primarily driven by the recovery in demand and increased prices of various steel products.

The Trading Division registered lower revenue of RM 314.77 million in 2009 as compared to RM 802.83 million in 2008 due to unfavorable market conditions. As a result, this business segment recorded segmental results of RM 12.72 million in 2009 as compared to RM45.79 million in 2008. The international market for flat and engineering steels experienced a slower recovery in demand. The deceleration in demand throughout the first half of 2009 has been reflected in a flatter priced trend and only picked up slightly in the second half of the year.

OUTLOOK & PROSPECTS

World Steel Association forecasts that apparent steel use will increase by 10.7% to 1,241 million mt in 2010 after contracting by -6.7% in 2009. For 2011, it is forecasted that world steel demand will grow by 5.3% to reach a historical high of 1,306 million mt.

The world steel industry is now on a firmer path of recovery at a pace of not only earlier but also stronger than expected, largely driven by massive pump-priming activities worldwide. Tight supply for construction steels and demand-pull price upswing movement are expected in the medium term.

The urbanisation and industrialisation of emerging markets and developing countries, particularly the B.R.I.C. countries, ASEAN region and Indian sub-continent, are expected to relentlessly drive up the steel demand to even exceed the pre-crisis levels of year 2007. The resilience of the emerging economies, especially China, has been the critical factor enabling the earlier than expected recovery of world steel demand. China's apparent steel use in 2010 is expected to increase by 6.7% to 579 million mt after the impressive increase of 24.8% in 2009.

Domestically, the improvement in global industry outlook coupled with the rollout of the mega projects under the two stimulus package totalling RM 67 billion will boost market sentiments in the country further. Steel demand is expected to strengthen and expand at a faster pace in tandem with the growth of construction activities.

Fuelled by a strong rebound in industrial production worldwide, the flat product market is expected to recover following the growth pace of the automobile, consumer products, household appliances, electronic and electrical industries which have started to gather an upswing business momentum. Domestic demand for flat products depends on the revival of the manufacturing, electronic and electrical, automotive, oil and gas, palm oil and oleo-chemical sectors as well as construction projects to spur the requirements for high grade and engineering steels.

Ann Joo is set to ride on robust regional steel demand, and continues to pursue strong organic business growth and corporate expansion strategies. The Group's structural repositioning will further spearhead its business expansion - an expansion not only from being early beneficiary of accelerated infrastructure spending, but also from added capacity with its new Blast Furnace project.

Our Blast Furnace expansion, the first modern blast furnace in Malaysia, anticipated to commence operation by the second half of 2010, is not only expected to provide solid growth for the Group's business but is also an integration of Ann Joo's iron and steel production which will give a synergistic effect to the entire Group's operations. Phase I of this project consisting of a 450 m3 Blast Furnace and a 75m2 Sintering Plant, will help to further improve the productivity of our existing Electric-Arc-Furnace and cement Ann Joo's position as the most efficient steel mill in Southeast Asia. Likewise, Ann Joo Steel Bhd's existing steel making plant will be upgraded in preparation for the integration of iron and steel making processes which will enable the Group to further enhance its operational efficiency and productivity.

The Group targets to grow its market presence in the regions which have shown strong signs of recovery and to stay focused on productivity improvement, effective execution of strategic procurement and inventory management policies.

CORPORATE DEVELOPMENT

In June 2009, Ann Joo Steel Bhd completed a selective capital repayment ("SCR") exercise pursuant to Section 64 of the Companies Act, 1965 which resulted in the cancellation of 3,643,663 AJSB shares held by shareholders other than Ann Joo Resources Bhd. The scheme involved a capital repayment of RM 14,064,539 on the basis of RM 3.86 for every cancelled Ann Joo Steel Bhd's share. Ann Joo Steel Bhd is now a wholly-owned subsidiary of Ann Joo Resources Bhd.

DIVIDEND

On 15 December 2009, the Company paid an interim dividend of 3 sen per share less income tax of 25% in respect of the financial year ended 31 December 2009 amounting to RM 11,310,209.

In addition to the interim dividend, the Board on 25 February 2010 recommended a final dividend of 3 sen per share less income tax of 25% in respect of the financial year ended 31 December 2009 for shareholders' approval at the forthcoming Annual General Meeting scheduled on 25 May 2010, bringing a total gross dividend declared in respect of the financial year ended 31 December 2009 to 6 sen per share.

APPRECIATION

On behalf of the Board and the management team, I wish to extend our gratitude to our valued stakeholders, including but not limited to our customers, business partners, shareholders, financiers and relevant authorities for their relentless support and unwavering confidence in us.

Last but not least, my sincere thanks and deep appreciation to the management and staff. Our progress over the years would not have been possible without the trust, commitment, dedication and integrity of our people.

DATO' LIM KIAM LAM
Group Executive Chairman
May 2010

安裕資源有限公司
ANN JOO RESOURCES BERHAD (371152-U)

MANUFACTURING

- ANN JOO STEEL BERHAD **100%**
  - AJSB Properties Sdn Bhd **100%**
  - Malayawata Marketing Sdn Bhd **100%**
  - Sachiew Palm Oil Mill Sdn Bhd **100%**
  - AJSB Land Sdn Bhd **100%**
- ANN JOO INTEGRATED STEEL SDN BHD **100%**
- ANSHIN STEEL INDUSTRIES SDN BHD **100%**
  - Anshin Casting Industries Sdn Bhd **100%**

TRADING

- ANN JOO METAL SDN BHD **100%**
  - AJE Best-On Sdn Bhd **100%**
- ANN JOO INTERNATIONAL PTE LTD **100%**
- SAGA MAKMUR INDUSTRI SDN BHD **100%**
- ANSHIN STEEL SERVICE CENTRE SDN BHD **100%**
- ANSHIN STEEL PROCESSOR SDN BHD **62%**

OTHERS

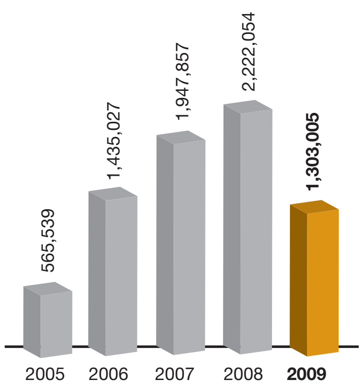
- ANN JOO MANAGEMENT SERVICES SDN BHD **100%**
- ANN JOO TRADING SDN BHD **100%**
- ANN JOO (SARAWAK) SDN BHD **100%**
  - Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd **100%**
- ANSHIN PRECISION INDUSTRIES SDN BHD **59.12%**
  - S.A. Networks Technical Industries Sdn Bhd **36%**

Subsidiary Co. *Associated Co.*

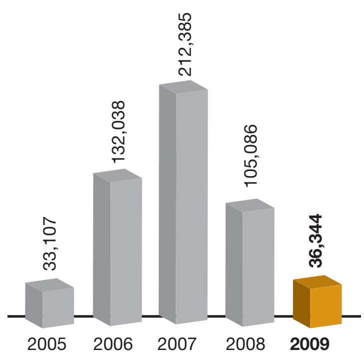
5 Years' Group Financial Highlights

	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Continuing Operations					
Revenue	565,539	1,435,027	1,947,857	2,222,054	**1,303,005**
Profit Before Taxation	33,107	132,038	212,385	105,086	**36,344**
Profit After Taxation	20,317	126,769	197,856	148,780	**30,813**
Profit Attributable to Equity Holders of the Company	17,691	102,551	177,926	139,398	**31,617**
Shareholders' Funds/ Net assets	483,241	635,710	827,579	885,617	**906,560**
Net assets Per Share (sen)	177	188	159	176	**180**
Basic Earnings Per Share (sen)	6.56	22.80	35.08	27.35	**6.29**
Diluted Earnings Per Share (sen)	6.00	22.80	35.08	20.40	**5.42**
Net Dividend	26,547	24,444	34,407	75,053	**11,310**
Dividend Per Share (sen)	13.5	10.0	14.0	20.0	**3.0**

REVENUE
RM'000

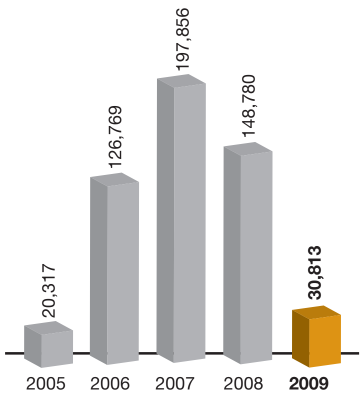


PROFIT BEFORE TAXATION
RM'000

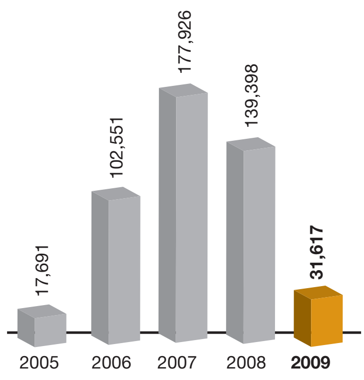


5 Years' Group Financial Highlights

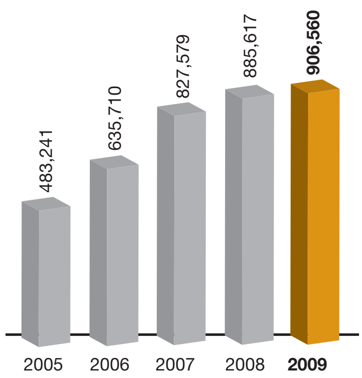
PROFIT AFTER TAXATION
RM'000



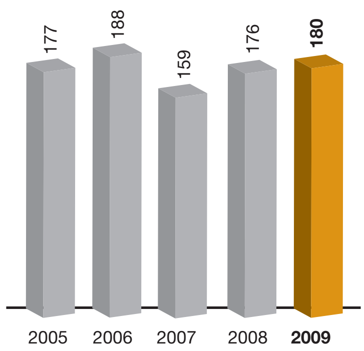
PROFIT AFTER TAX & MI
RM'000



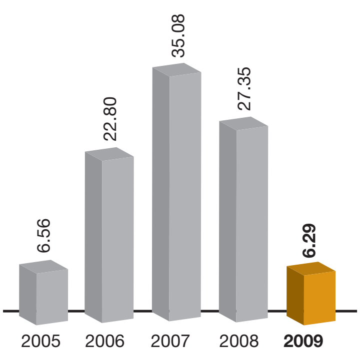
SHAREHOLDERS' FUNDS / NET ASSETS
RM'000



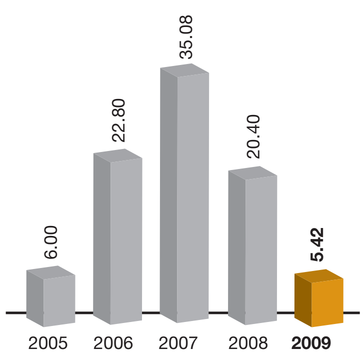
NET ASSETS PER SHARE
Sen



BASIC EARNINGS PER SHARE
Sen



DILUTED EARNINGS PER SHARE
Sen



PRINCIPLE STATEMENT

The Board of Directors is committed to ensure that the highest standard of corporate governance is practised throughout the Group as a fundamental part of discharging its responsibilities and to protect and enhance shareholders' value and Group performance. To achieve this objective, the Board is supportive and adhere to the principles and best practices of corporate governance as prescribed in the Malaysian Code of Corporate Governance (Revised 2007) ("the CG Code").

A. BOARD OF DIRECTORS

Board Responsibilities

The Group acknowledges the important role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholders' value.

To fulfil this role, the Board explicitly assumes the following specific responsibilities:-

(a) Reviewing and adopting a strategic plan for the Group, including the annual business plan and the overall Group strategy and direction;

(b) Overseeing the conduct of the Company and the Group's business to evaluate whether the business is properly managed;

(c) Identifying and managing the principal risks affecting the business of the Group;

(d) Overseeing the implementation of succession planning for business continuity;

(e) Developing and maintaining effective communication with stakeholders including shareholders, investors and general public; and

(f) Reviewing the adequacy and integrity of the Group's internal control systems.

Board Meetings

Board meetings of the Company are planned in advance prior to the commencement of a new financial year and the schedule is circulated to the Directors to enable them to plan ahead.

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened as and when necessary. During the year ended 31 December 2009, the Board met on five (5) occasions to deliberate and consider matters including the Group's financial results, major investments, strategic decisions, business plan and direction of the Group. The Company Secretaries attended all the Board meetings held in the year.

The attendance record for the Board meetings in the financial year are as follows:-

	Total Meetings Attended	Percentage (%) of Attendance
Dato' Lim Kiam Lam	5/5	100
Dato' Lim Hong Thye	5/5	100
Mr Lim Sin Seong	5/5	100
Mr Lim Kien Lip	5/5	100
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	5/5	100
Dato' Ong Kim Hoay	4/5	80
Tan Sri Datuk A. Razak bin Ramli	5/5	100
Datuk Kamarudin bin Md. Ali	5/5	100

Supply of information

The relevant papers for Board meetings, with full and fair disclosures relating to the agenda items are disseminated to all the Directors in advance to enable them to prepare for the meetings. The Board meeting papers tabled to the Directors include progress reports on business operations, financial results, information on business propositions, industry outlook, operational and regulatory compliance matters and corporate proposals. Agenda items for which require resolution or approval are identified and clearly stipulated in the Board papers to ensure that matters are discussed in a structured manner. For corporate proposals deemed material and price-sensitive, supporting papers would be circulated to the Directors during the Board meeting.

At Board meetings, the Management presents and provides explanation on the reports tabled. Senior Management may be invited to attend the Board meetings to advise or give detailed explanation and clarification on relevant agenda items to enable the Board to make informed decision. Any Director who has a direct or indirect interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same.

Minutes of every Board meeting are circulated to each Director for their perusal before confirmation at the following Board meeting. The proceedings of all meetings including pertinent issues, substance of inquiries and responses, suggestions and proposals are duly recorded and minuted by the Company Secretary. The Directors may seek clarification or raise comments before the minutes are confirmed and signed by the Chairman as a correct record of the proceedings of the Board.

All Directors have direct access to the advice and services of the Company Secretary as well as access to all information within the Company whether as a full board or in their individual capacity. The Board is regularly updated on corporate announcement released to the Bursa Malaysia Securities Berhad and advised by the Company Secretary on new statutes, directives issued by the authorities and its implication to the Company and the Directors pertaining to their duties and responsibilities. They are also given notice of restriction in dealing with the securities of the Company at least thirty (30) days prior to the targeted release date of quarterly financial result announcement. The Board believes that the Company Secretary is capable of carrying out her duties in ensuring the effective functioning of the Board.

In furtherance of their duties, the Board will obtain independent professional advice where necessary and under appropriate circumstances at the Company's expense.

Board Committees

The Board, which is the ultimate authority in decision-making for all significant matters, delegates certain responsibilities to Board Committees namely Audit Committee, Nominating Committee and Remuneration Committee to enhance efficiency. The Board Committees consider particular issues and recommend proposed actions to the Board. The functions and terms of reference of Board Committees are clearly defined by the Board and are in line with the best practice prescribed by the CG Code.

The Chairman of the respective Committees will report to the Board on the decisions or recommendations made by the Committee.

Besides the abovementioned Committees, a Group Legal and Credit Committee comprising the Directors and senior management has also been established by the Board to review and monitor credit control activities and litigation in ensuring that the Group's credit control policies and procedures are adhered to.

Following the group-wide restructuring, the Strategic Business Unit ("SBU") Management Committee was dissolved. The Executive Directors now holds meetings with Heads of Divisions and Senior Management staff on a quarterly basis to review the medium to long term business strategies and recommend to the Board the strategic direction of the Group covering the following scope :-

1. Economic and market review;
2. Outlook and prospect;
3. Quarterly financial results review – Budget vs Actual;
4. Quarterly operational targets review – Divisional Key Performance Indicators;
5. Major operational issues review; and
6. Formation of medium and long-term business strategies.

Board Balance

As at the date of this statement, the Board consists of eight (8) members, comprising four (4) Executive Directors and four (4) Independent Non-Executive Directors. The Company ensures that the Independent Non-Executive Directors make up at least one-third of the Board of the Company. A brief profile of each Director is presented on pages 10 to 13 of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The key element in fulfilling the criteria is the appointment of an Independent Director, who is not a member of management (a Non-Executive Director) and is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

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

There is a clear division of responsibility at the head of the Company to ensure a balance of authority and power. The Board is led by the Group Executive Chairman, Dato' Lim Kiam Lam, who ensures effectiveness of the Group policies whilst Dato' Lim Hong Thye, the Group Managing Director, leads the executive management and is also responsible for the day-to-day operations and implementation of Group policies and decisions. In line with the recommendation of the CG Code, the Board has identified Dato' Ong Kim Hoay as the senior Independent Non-Executive Director to whom concerns of shareholders regarding the Company may be directed.

The Board is of the opinion that its current composition fairly reflects the interest of shareholders of the Company.

Appointments to the Board

Nominating Committee

The Nominating Committee of the Company comprises exclusively of Independent Non-Executive Directors as follows:-

- Tan Sri Datuk A. Razak Bin Ramli (Chairman)
- Dato' Ong Kim Hoay (Member)
- Datuk Kamarudin bin Md Ali (Member)

The Nominating Committee met once during the financial year ended 31 December 2009.

The Nominating Committee is responsible to recommend to the Board, candidates for appointment as new Directors as well as on Board Committees and to review the Board structure, size and composition. The Committee is also responsible to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director on an annual basis.

Annually, the Nominating Committee reviews the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board. The Company Secretary will table the evaluation forms to assess the effectiveness of the Board as a whole and the various Board Committees. The Nominating Committee has carried out a review during the year and concurred that the Board Committees have carried out their functions as expected and on the overall, the Directors have attended to their responsibilities effectively. On the evaluation of individual Directors' performance, the Nominating Committee agreed that a self-evaluation be conducted and the evaluation form was circulated to the Directors for completion. The proceedings of the assessment and evaluation of the members of the Board, including inquiries and suggestions are properly recorded and minuted by the Company Secretary.

As part of the process of nominating new candidates to fill the Board seats, the Nominating Committee will review the skills, knowledge, expertise, experience, professionalism and integrity of the proposed new nominees for appointment to the Board. In the case of nominees for the position of independent non-executive directors, evaluation is on the nominees' ability to discharge such responsibilities/functions as expected from independent non-executive directors and thereupon, recommend to the Board for approval. The newly-appointed Directors will be briefed by the Executive Directors or Senior Management on the business operations, policy and procedures of the Group. The newly-appointed Directors are also encouraged to visit the business operations or plants of the Group to familiarise themselves and to have a better understanding of the Group's business and operations.

Re-election of Directors

The Articles of Association provides that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire from office at least once in every three years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election. A retiring Director is eligible for re-election.

Also, a Director who is over 70 years of age is required to submit himself for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

The Nominating Committee is responsible for making recommendation to the Board for the re-election and re-appointment of the retiring Directors every year.

Directors' Training

The Board believes that continuous training for Directors is essential to keep abreast with industrial sector issues, the current and future developments in the industry and global market, regulatory updates and management strategies to enhance the Board's skills and knowledge to enable them to discharge their duties effectively. The Directors are encouraged to attend various training programmes and seminars to constantly update themselves on the changing environment within the business the Group operates, particularly in areas of regulatory compliance.

All Directors have attended and completed the Mandatory Accreditation Programme as prescribed under the Main Market Listing Requirements. From time to time, the Nominating Committee will assess the training needs of the individual Directors to ensure that the Board is equipped with necessary knowledge to enable them to discharge their duties as Directors. The Board is also regularly updated by the Company Secretary on the latest update/amendments on the Main Market Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

On 25 August 2009, the Company Secretary conducted a briefing titled "Main Market Listing Requirements of Bursa Malaysia Securities Berhad" to update the Directors on the changes to the Main Market Listing Requirements and the implications to their duties and responsibilities following the unification of the Main Board and Second Board companies into one Main Market.

In addition to the aforesaid in-house training, set forth below are the trainings attended by the Directors of the Company during the financial year 2009:

Name of Director	Mode	Title	Duration
Dato' Lim Hong Thye	Forum	"The 3rd Euromoney Thailand Investment Forum"	2 days
	Conference	"National Accountants Conference 2009"	2 days
Lim Sin Seong	Forum	"Beijing's 5th Forum on Steel Market"	2 days
	Training	Training and development programs on Business Management (on continuous basis)	1 day
	Seminar	"Unusual Times Calls for Unusual Strategies – BOS Strategies"	1 day
	Seminar	"Organisational Financial Health Check"	1 day
	Seminar	"Business Strategy in a Slowing Economy"	1 day
	Seminar	"Economic Outlook – The Road to Recovery"	1 day
	Seminar	"Trade Credit Insurance"	1 day
	Seminar	"Identifying Economic "Green Shoots" and "Brown Weed"	1 day
	Seminar	"Tax Planning & Preparation for the Unforeseen"	1 day
	Seminar	"Marketing in Challenging Times"	1 day
	Seminar	"Web Marketing"	1 day
Lim Kien Lip	Seminar	"Managing Incompetent Employees"	1 day
Y.A.M. Tunku Naquiyuddin ibni Tuanku Ja'afar	Seminar	"Vision 2020 – Is It a Mission Possible? – Is It the Driving Force?"	3 hours
	Seminar	"Adapting: How Complex Problems are Really Solved"	3 hours
	Seminar	"Sustainable Development – Walking the Talk"	3 hours
Tan Sri A. Razak bin Ramli	Training	"The Financial Institutions Director's Education (FIDE) Programme"	10 days
	Seminar	"Compliance And Enforcement Of Bursa Securities' Listing Requirements: Updates And Case Studies"	1 day
	Training	"The Financial Institutions Director's Education (FIDE) Programme: i) Role of the Board in Enterprise Risk Management; ii) Current Financial Turbulence, Concept of Risk Management from a Board's perspective; iii) Risk reporting and monitoring; iv) Board's role in crisis management"	2 days

Name of Director	Mode	Title	Duration
	Seminar	"Masterclass for Islamic Banks' Board of Director Session"	1 day
	Training	i) "Macro-Economic Outlook – Recovery Arrives, But Risks Remain; ii) Malaysia Strategy – Making Bold Changes; iii) Review & Outlook of The Ringgit Bond Market; iv) Briefing on Flour Milling Industry In Indonesia and FFM Berhad's Investment in the Industry; v) Briefing on Wilmar International Limited; vi) Manage Memory with Creativity"	1 day
	Seminar	"Redefining The Roles and Functions of An Independent Director"	1 day
	Seminar	"Corporate Governance Guide – "Towards Boardroom Excellence"	1 day
Datuk Kamarudin bin Md Ali	Training	"Financial Institutions Director's Education (FIDE) Programme: i) Issues Facing Boards Today; ii) Practices and Processes that Promote/ Impede Effective Boardroom Deliberations; iii) The Role of the Board in Enterprise-Wide Risk Management; iv) Board's Responsibility for Internal Controls, Financial Reporting and Capital Management; v) Building Board Teams, Compensation Issues and Role of the Strategy and Stakeholder Relations; vi) Risk Management In Islamic Finance;"	11 days
	Seminar	"Directors' Duties"	1 day
	Seminar	"FRS 139 Financial Instruments : Recognition and Measurement"	1 day
	Seminar	"CR Overview and Identifying CR Risks and Opportunity for Companies"	1 day
	Seminar	"Global Emerging Trend on Money Laundering and Financial Crime Sanctions Programs and FI's Strategic Response"	1 day

B. DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee comprises entirely of Independent Non-Executive Directors as follows:

- Dato' Ong Kim Hoay (Chairman)
- Tan Sri Datuk A. Razak Bin Ramli (Member)
- Datuk Kamarudin bin Md Ali (Member)

The Remuneration Committee met once during the financial year ended 31 December 2009.

The Remuneration Committee is responsible for recommending the framework of the Executive Directors' remuneration package. The policy adopted by the Remuneration Committee is to recommend such remuneration package in order to attract, retain and motivate Directors in managing the business of the Group. The ultimate approval for the remuneration of the Executive Directors lies with the Board, with the respective Executive Directors abstaining from the deliberation and voting on the same. The Remuneration Committee reviews annually the performance achievement of the Executive Directors and makes recommendations to the Board on the remuneration and/or other emoluments that commensurate with their contributions or performance for the year, which are competitive and in tandem with the performance of the Company.

The Board as a whole determines the fee of the Non-Executive Directors with the individual Director concerned abstaining from decisions in respect to their remuneration. The Non-Executive Directors' fee consists of annual fees that reflect their expected roles and responsibilities. The Non-Executive members of the Board and Board Committees are also paid a meeting allowance for each meeting they attended.

Details of the remuneration of Directors of the Company during the financial year (including remuneration drawn from subsidiaries) are as follows:-

	Salary RM'000	Fees RM'000	Allowances RM'000	Bonus & contribution RM'000	Statutory Benefit-in-kind RM'000	Total RM'000
Executive Directors	2,610	216	829	469	122	4,246
Non-Executive Directors	–	240	100	–	–	340

The number of Directors whose total remuneration falls within the respective bands is as follows:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
RM50,001 to RM100,000	–	4
RM650,001 to RM700,000	1	–
RM850,001 to RM900,000	1	–
RM1,150,001 to RM1,200,000	1	–
RM1,500,001 to RM1,550,000	1	–

C. COMMUNICATIONS WITH SHAREHOLDERS

The Annual General Meeting is a crucial platform where the shareholders meet and exchange views with the Board. Shareholders are encouraged to ask questions both about the resolutions being proposed and the Group's operations in general. The Chairman and all other members of the Board, the management team and Auditors will be in attendance to answer all queries that may be raised during the meeting.

The Company views continuous and frequent interaction with its shareholders and investors as a key component of good Corporate Governance. In line with this, the Group has diligently practiced relevant and timely disclosure of material corporate developments as required by Bursa Securities's Listing Requirements. Due care is also taken to ensure all information being disseminated and conveyed via the Group's website and press interviews are authorised, accurate and timely.

As soon as the quarterly results are announced, the Group will invite analysts and investor community for a briefing of the Group's quarterly performance to ensure fair dissemination to the public generally. Presentation slides and announcements of the quarterly and the full year's results are published on the Group's website and copies of the full announcement are supplied to the shareholders and members of the public upon request. Members of the public can also obtain the full financial results and Company's announcement from the Bursa Malaysia Securities Berhad's website and the Group's website at www.annjoo.com.my.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is also wary of the legal and regulatory framework governing the release of material and price-sensitive information.

D. ACCOUNTABILITY AND AUDIT

Financial reporting

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

Internal Controls

The Board acknowledges its ultimate responsibility to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

The Group's Statement on Internal Control is set out on page 35 of this Annual Report.

Relationship with the Auditors

The Board has established and maintained a formal and transparent relationship with the Group's Auditors through the Audit Committee. During the year, the Audit Committee met on several occasions with the Group's Internal Auditor, including two occasions with the External Auditors. The Audit Committee met with the External Auditors without the presence of the Executive Directors and Management once during the financial year.

COMPLIANCE STATEMENT

The Board considers that the Group has complied with the best practices of the CG Code to the extent as set out in the Corporate Governance Statement. The Board is committed to continuously achieve a high standard of Corporate Governance for the Group.

This statement was approved by the Board of Directors on 28 April 2010.

Statement Of Directors' Responsibility For Preparing The Financial Statements

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

In preparing the financial statements, the Directors have:

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

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

Audit Committee Report

MEMBERSHIP

The present members of the Committee are as follows:-

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (Chairman)
Independent Non-Executive Director

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

Tan Sri Datuk A. Razak bin Ramli (Member)
Independent Non-Executive Director

Datuk Kamarudin bin Md Ali (Member)
Independent Non-Executive Director

The Audit Committee of the Company comprises four (4) members, all of whom are Independent and Non-Executive Directors. All the Audit Committee members are able to read, analyse and interpret the financial statements and have effectively discharged their duties pursuant to the Terms of Reference of the Audit Committee. Dato' Ong Kim Hoay is a qualified Chartered Accountant and also a member of the Malaysian Institute of Accountants.

The authority and duties of the Audit Committee are clearly governed by the written Terms of Reference set out below:

TERMS OF REFERENCE

Constitution and Membership

1. The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of not less than three members and at least one member of the Committee:-

    i. must be a member of the Malaysian Institute of Accountants; or

    ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience and:-

        (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

        (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

    iii. fulfills such other requirements as prescribed or approved by the Exchange.

2. All members of the Committee must be Non-Executive Directors, with a majority of them being Independent Directors.

3. No alternate director is to be appointed as a member of the Committee.

4. The members of the Committee shall elect a Chairman from amongst their members who shall be an Independent Director.

5. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three years.

Authority

6. The Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from the external auditors, person(s) carrying out the internal audit function or activity and any employees and all employees are directed to co-operate with any request made by the Committee.

7. The Committee shall have the resources which are required to perform its duties.

8. The Committee is authorised to obtain independent professional or other advice if it considers necessary.

9. The Committee should be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions and Duties

10. The functions and duties of the Committee shall be:-

    (i) To review the following and report the same to the Board of Directors:-

        (a) with the external auditors, the audit plan;

        (b) with the external auditors, their evaluation of the system of internal control;

        (c) with the external auditors, their audit report;

        (d) the assistance given by the employees of the Company to the external auditors;

        (e) the quarterly results and year end financial statements prior to the approval of the Board of Directors, focusing particularly on:-
            - changes in or implementation of accounting policies and practices;
            - significant and unusual events;
            - compliance with accounting standards and other legal requirements;
            - significant adjustments arising from the audit;
            - the on-going concern assumption; and
            - major judgmental areas.

        (f) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

        (g) the external auditors' management letter and management's response;

    (ii) To consider the major findings of internal investigations and management's response;

    (iii) To discuss problems and reservations arising from the audit and any matter the auditors may wish to discuss (in the absence of management where necessary);

    (iv) To consider the appointment or re-appointment of external auditors, the audit fee and any question of dismissal or resignation where explanations are provided.

    (v) To recommend the nomination of a person or persons as external auditors;

    (vi) To perform any other functions or duties as may be agreed to by the Committee and the Board;

(vii) To do the following in relation to the internal audit function:-

(a) review the adequacy of the scope, functions, competency and resources of the internal audit function, including the authority of the internal audit;

(b) review the internal audit programme, processes and the results of the internal audit programme, processes or investigations undertaken, and where necessary, ensure appropriate actions are taken on the recommendations of the internal audit function;

(c) review any appraisal or assessment of the performance of members of the internal audit function;

(d) approve any appointment or termination of senior staff members of the internal audit function; and

(e) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

Quorum and Attendance at Meetings

11. A quorum shall be two members and the majority of members present must be Independent Directors.

12. The Head of Group Finance, the Head of Group Internal Audit and representative(s) of the external auditors shall normally attend meetings. Other Board members and employees may attend meetings upon invitation of the Committee. However, at least twice in a financial year, the Committee shall meet with the external auditors, without executive board members present.

13. The external auditors may request a meeting.

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

Frequency of Meetings and Minutes

15. Meetings shall be held not less than four times in a financial year.

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

Meetings

During the financial year ended 31 December 2009, the Audit Committee held a total of five (5) meetings. The details of attendance of the Committee members are as follows:-

Name of Committee Member	No. of Committee Meetings Held	Attended
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	5	5
Dato' Ong Kim Hoay	5	4
Tan Sri Datuk A. Razak bin Ramli	5	5
Datuk Kamarudin bin Md Ali	5	5

The Management and Head of Group Internal Audit were present at all the meetings. Representatives of the external auditors attended meetings where matters relating to the audit of the statutory accounts were discussed. The Committee met once with the external auditors during the financial year ended 31 December 2009, without the presence of the Management including the executive board members.

The Company Secretary was present at all the Audit Committee meetings and deliberations, suggestions and issues discussed at the meetings were properly recorded and minuted.

Summary of Activities of Audit Committee

During the financial year, the Audit Committee carried out its duties in accordance with its terms of reference which relates to:-

- Review of quarterly financial results of the Group and yearly financial statements of the Company and Group before recommending them to the Board for their approval and announcement to Bursa Malaysia Securities Berhad.
- Review the internal audit plan and internal audit reports and considered findings of the internal audit review and management's responses thereto.
- Review and discussion on the internal audit function, its authorities, resources and scope of work.
- Review the external auditors' scope of the statutory audit and considered the proposed audit fee.
- Considered the external auditors' findings and issues raised arising from the statutory audit.
- Review of the related party transactions entered into by the Group and the draft circular to seek shareholder's mandate pursuant to Paragraph 10.09 of Main Market Listing Requirements to authorise the Group to enter into recurrent related party transactions of a revenue or trading nature.
- Review of the Statement on Internal Control.

Summary of Activities of the Group's Internal Audit Function

The Group's internal audit function is undertaken by the Group Risk Centre.

The Group's internal audit function which reports to the Audit Committee undertakes independent, regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems operate and/or continue to operate satisfactorily and effectively.

The internal audit plans are approved by the Audit Committee with the relevant reports tabled to the Committee for review on a quarterly basis.

The Group's internal audit function comes with an objective to bring a systematic and disciplined approach to evaluate report and improve on the effectiveness of governance, risk management and control process.

However, the existence of the Group's internal audit function does not relieve the Management of their responsibility for the proper execution and control of activities, including responsibility for the on-going monitoring, conduct review and improvement of internal controls and risk management in their respective areas.

During the financial year, the main activities undertaken by the Group's internal audit function are primarily driven by the approved audit plan in relation to the Group's operations as follows:

- Reliability of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with policies and procedures, laws, regulations etc.

During the financial year, the Group's internal audit function has conducted a special audit on Ann Joo Integrated Steel Sdn Bhd's Blast Furnace Project to review on the adequacy and effectiveness of controls in place.

The Group's internal audit function, on an on-going basis, conducts a compliance review on the credit risk process.

At the conclusion of the audits, any weaknesses together with audit recommendations, management action plans were reported to the Audit Committee. Follow-up audit reviews were conducted to ensure that corrective actions are accordingly implemented.

The total cost incurred for the Group's internal audit function during the financial year was approximately RM290,000.

Board Responsibility

The Board of Directors recognise the importance of a sound system of internal control as part of good corporate governance within the Group. The Board affirms its overall responsibility for the Group's system of internal control and for the review of its adequacy and integrity.

The internal control system is designed to meet the Group's business objectives and to safeguard the shareholders' investments and the Group's assets.

The Board acknowledges that risks cannot be completely eliminated. The system by its nature can only provide reasonable and not absolute assurance against material misstatement, operational failure, fraud or loss.

Risk Management and Internal Control Process

The management has been entrusted by the Board of Directors to implement processes for identification, assessment, management, monitoring and reporting of risks and to provide assurance to the Board that it has done so. The effective risk management is achieved through implementation of the internal controls by the management stated in the subsequent paragraphs.

The key elements of the Group's system of internal control are:

- Specific responsibilities have been delegated to the relevant Board committees which are outlined in the Terms of Reference of the respective committees. These Committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

- There is an organisation structure, which formally defines and entrench lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

- Management committee meetings are conducted monthly to review and oversee the Group's financial performance, business operations and activities.

- Trainings for Directors and relevant personnel to keep abreast with current and future developments in the industry and global market and regulatory updates.

- The Audit Committee assesses the effectiveness of the Group's system of internal control on behalf of the Board. This is accomplished through review of the Group's internal audit department's work. The Group's internal audit department develops an annual audit plan which is approved by the Audit Committee and independently reviews the internal controls processes implemented by the management and reports to the Audit Committee periodically.

The Board is cognisant the importance of maintaining appropriate controls and will continue to review the adequacy and integrity of the Group's system of internal control.

Review of the Statement by External Auditors

As required by the Listing Requirements of Bursa Malaysia Securities Bhd, the external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report for the financial year under review. Their review was performed in accordance with *Recommended Practice Guide 5: Guidance for Auditors on the Review of Directors' Statement on Internal Control* issued by the Malaysian Institute of Accountants. From the review conducted, the external auditors have reported that nothing have come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of the Group.

Statement Of Corporate Social Responsibility

The Ann Joo Group has always been concerned with the Group's social responsibility to society. We have a Corporate Social Responsibility (CSR) Practice where we strongly pursue our belief of caring and sharing with people, business associates and the community. We also recognise the importance of CSR as an integral part of business and have incorporated it into our Group's plan to enhance stakeholders' confidence.

The strength of the Group and what it is today, is attributable to many reasons. This includes our corporate commitment, not just to profitability but in recognising that CSR is an important component of good business practice which benefits the Group, as well as society and the environment.

A glimpse of our practices and activities in these areas are as follows:-

COMMUNITY

Ann Joo Group recognises that its businesses have direct and indirect impact to the community in which we operate. As such, activities that enhance our relationship with the community have been embraced throughout the year. Despite the economic downturn, we continued with our Corporate Social Responsibilities and took some measures to ensure optimum usage of our shareholders' resources. We selectively engaged ourselves in CSR activities and the following activities were carried out last year.

TARC-ANN JOO GROUP Student Loan Fund

In our continuous effort to enhance the development of young minds to provide them a platform to prepare themselves for working life, we are pleased that our loan fund of RM500,000 established 3 years ago is progressing well and TAR College has been administering it effectively to sponsor students who are in need of financial assistance to pursue their studies.

In order to further support the utilisation of the above fund, we actively participated in various activities such as career fair and career talks organised by the College to disseminate information about the loan to students.

This gives opportunities to students to talk to us about current job market and explore available job opportunities. It is a time and cost effective way to recruit, network and exchange views on job placements.

A career talk was given for the Engineering faculty students of Tuanku Abdul Rahman College. The topics were 'Preparing Yourself for an Effective Interview' and 'Steel Industry Job Market'. During the sessions, students learnt specific techniques on how to prepare and present themselves during interviews. More than 60 students from the Faculty of Engineering attended the career talk. The feedback from students and Dean of the faculty were very encouraging.

Contributions

Ann Joo Group is actively involved in donations to various governmental as well as non-governmental organizations every year. Some of the organizations that had received donations are Persatuan Penjagaan Kanak-kanak Cacat, Tabung Kebajikan Pelajar Miskin and several schools. The biggest contribution made in 2009 is for the Olympic Council Malaysia.

EMPLOYEE WELFARE

The Group is committed to protect the well-being of its workforce through the effective and stringent implementation of good Occupational Safety and Health ("OSH") practices in all business operations. OSH guidelines are effectively developed, implemented and continuously improved in accordance with current industry practices.

We also have an established Safety and Health Committee set up within the Group to constantly train, monitor and ensure the safety and well being of our employees. Regular meetings are held by Committee to brainstorm and implement proposals for the benefit of the employees.

As employees are our greatest assets, the Group aims to attract, retain and motivate them and encourages their contribution and development. The Group will continue to conduct career paths and internal recognition programmes to provide employees with numerous learning and development opportunities to fulfill their potential. These development opportunities are structured to align with our organisation's objectives and to help employees in furthering their career aspirations.

In line with creating and nurturing a healthy culture, Ann Joo Sports & Recreation Club planned various activities throughout the year. Some of the activities carried out were football, badminton, fishing, bowling and recreational trips.

ENVIRONMENTAL RESPONSIBILITY

While going through an expansion programme with the building of a blast furnace at our Prai plant, the Group undertakes various environmental management measures to ensure our plant operates and continues to operate in a responsible and environmental friendly manner. We ensure that we not only comply with the laws and regulations governing the industries in which we operate but take additional measures to protect the environment.

Our operational processes are continuously being upgraded to cater for a changing environment. We work closely with the regulatory authorities on the protection of our environment and ensure that our operations are conducted not just in an environmentally safe way but in a way that can help to preserve and improve our precious natural resource.

We are committed to improve the safety, health and environment (SHE) conditions of our operations. The Group adopts a systematic approach to SHE management designed to ensure not just compliance with the law but also for continual improvement and prevention of pollution. In summary, we strive not only to protect our employees, our stakeholders and the community from any safety and health risk or adverse environmental impact related to our operations but to continuously do better for the benefit of all.

INVESTOR RELATIONS

The Group recognises the importance of timely and thorough dissemination of accurate and useful information about the Group, the steel industry outlook and business performance to stakeholders. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Accounting Standards Board. The Annual Report has comprehensive information pertaining to the Group, while various disclosures on annual results provide investors with financial information. Apart from the mandatory public announcements through Bursa Securities, the Group’s website at www.annjoo.com.my provides all relevant parties with equal access to business updates, corporate strategies, financial and non-financial information. Through the website, the stakeholders are able to direct queries to the Group.

The Group’s investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders via active two-way communication, to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders’ understanding of the Group, its core businesses and operations, thereby enabling investors to make informed decisions.

The Group Managing Director and senior management meet regularly with our stakeholders and the investor community at large and believe that regular clear and transparent communications with investors encourage a better appreciation of the Group’s business and activities, reduce share price volatility and assist the investors in making well-informed decisions. At general meetings, the Board encourages shareholders’ participation and responds to their questions. The Share Registrar is available to attend to matters relating to shareholders’ interests.

We also attend one-on-one meetings, road shows, corporate luncheons and investor conferences with various analysts, fund managers who are institutional investors and shareholders interested in the Group’s strategies and development.

Corporate social responsibility is a continuous journey. The Group will indeed strive to grow a business that embraces the well-being of the community, the environment, our stakeholders as well as our family of employees all for the betterment of society.

Statement Of Environmental Sustainability

The Company demonstrates high commitment in environmental sustainability by ensuring all its activities are performed without any adverse effect to the environment and seek continuous improvement in Group's operations performance.

ENVIRONMENTAL MANAGEMENT SYSTEM

In 2009, the Environmental Management System (EMS) of Ann Joo Steel Berhad (AJSB), a subsidiary of the Company was re-certified to ISO 14001: 2004 version. The continuation of this certification since 2004 until today attests to the commitment of the Company in this endeavour.

ENVIRONMENTAL ASPECTS AND THEIR INITIATIVES

For AJSB, the principal environmental aspects and their related initiatives are summarised below:-

Environmental Aspects	Environmental Initiatives
Dust Emission	Major revamping on the De-dusting System for Electrical Arc Furnace and additional Continue Emission Monitoring System on the stacks to reduce dust emission and ensure effective monitoring in the Steel Making plant. These equipment utilises the latest German technology available for this application.
Energy Saving	Variable Speed drive (VSD) installed to fans and pumps based on the process load and environment in the Water Plants.
Combustion Fumes Emission	A scrap shear and billet shear machine were used to replace the traditional gas-cutting to minimise the use of oxy-acetylene which emits combustion gases.

Other Information

SHARE BUY-BACKS

As at 31 December 2009, a total of 20,031,300 re-purchased shares are being held as treasury shares with none of the shares being cancelled, resold or distributed during the financial year.

Details of shares purchased during the financial year ended 31 December 2009 are as follows:

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	^Cost (RM)	Lowest price (RM)	Highest price (RM)	^Average price (RM)
April 2009	10,000	14,958.56	1.48	1.49	1.50
August 2009	10,000	22,866.01	2.27	2.27	2.29
Total	20,000	37,824.57			

^Total cost paid for the shares purchased is inclusive of brokerage fees and stamp duties.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

On 16 January 2008, a renounceable Rights Issue of 261,353,639 new warrants was listed and quoted on Bursa Securities. The warrants were issued on the basis of one (1) warrant for every two (2) existing AJR Shares. The issue price and the exercise price of the warrants was fixed at RM0.15 per warrant and RM2.50 for every new AJR Share respectively. No warrants were exercised during the financial year.

No options were granted to any person to take up unissued shares of the Company during the financial year.

SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

NON-AUDIT FEES

An amount of RM1,050 was paid to the external auditors being professional fees paid in relation to application to certain utility board for rebate by a subsidiary.

MATERIAL CONTRACTS

There were no material contracts other than those entered into in the ordinary course of business either still subsisting as at or entered into since the end of the previous financial year by the Company or its subsidiaries involving the interest of the Directors and major shareholders.

REVALUATION POLICY

The revaluation policy of the Company is disclosed in Note 2(c) and 2(h) to the Financial Statements.

Financial Statements

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	31,617	43,744
Minority interest	(804)	–
	30,813	43,744

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company has paid:

i) an interim ordinary dividend of 3 sen less tax at 25% per ordinary share totalling RM11,310,209 in respect of the financial year ended 31 December 2009 on 15 December 2009.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2009 is 3 sen less tax at 25% per ordinary share of approximately RM11,310,000. The proposed final dividend is subject to the shareholders' approval in the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements.

DIRECTORS OF THE COMPANY

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

Dato' Lim Kiam Lam
Dato' Lim Hong Thye
Lim Sin Seong
Lim Kien Lip
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
Dato' Ong Kim Hoay
Tan Sri Datuk A. Razak bin Ramli
Datuk Kamarudin bin Md Ali

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interest of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2009	**Bought**	**Sold**	**At 31.12.2009**
The Company				
Direct interest:				
Dato' Lim Kiam Lam	2,772,750	–	–	2,772,750
Dato' Lim Hong Thye	1,259,400	–	–	1,259,400
Lim Sin Seong	1,500,000	–	(1,500,000)	–
Dato' Ong Kim Hoay	132,500	–	–	132,500
Indirect interest:*				
Dato' Lim Kiam Lam	347,541,932	–	–	347,541,932
Lim Sin Seong	345,241,132	–	–	345,241,132
Lim Kien Lip	1,500,000	–	–	1,500,000

* *By virtue of Section 6A(4)(c) and Section 134(12)(c) of the Companies Act 1965.*

	Number of ordinary shares of RM1 each			
	At 1.1.2009	**Bought**	**Sold**	**At 31.12.2009**
Ultimate holding company - Ann Joo Corporation Sdn. Bhd.				
Direct interest:				
Dato' Lim Kiam Lam	750,000	–	–	750,000
Indirect interest:*				
Dato' Lim Kiam Lam	23,900,000	–	–	23,900,000
Lim Sin Seong	5,000,000	–	–	5,000,000

DIRECTORS' INTERESTS (continued)

	Number of warrants				
	At 1.1.2009	Granted/ Bought	Exercised	Sold/ Transferred	At 31.12.2009
The Company					
Direct interest:					
Dato' Lim Kiam Lam	1,533,375	–	–	–	1,533,375
Dato' Lim Hong Thye	647,000	–	–	–	647,000
Lim Sin Seong	500,200	–	–	(500,200)	–
Dato' Ong Kim Hoay	11,300	–	–	–	11,300
Indirect interest:*					
Dato' Lim Kiam Lam	178,151,580	90,000	–	–	178,241,580
Lim Sin Seong	177,077,905	–	–	–	177,077,905
Lim Kien Lip	752,300	–	–	–	752,300

* *By virtue of Section 6A(4)(c) and Section 134(12)(c) of the Companies Act 1965.*

By virtue of Section 6A(4)(c) of the Companies Act 1965, Dato' Lim Kiam Lam and Mr Lim Sin Seong are also deemed interested in the shares of the Company and its subsidiaries during the financial year to the extent that the ultimate holding company has an interest.

None of the other Directors holding office at 31 December 2009 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial results of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

Details of such events are as disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Dato' Lim Kiam Lam

....
Dato' Lim Hong Thye

Petaling Jaya,

Date: 28 April 2010

Balance Sheets
At 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Assets					
Property, plant and equipment	3	815,169	709,849	–	3,398
Rolls and moulds	4	7,674	8,559	–	–
Intangible assets	5	9,120	9,673	–	–
Prepaid lease payments	6	58,595	60,366	–	–
Investment properties	7	5,964	7,356	1,870	1,870
Investments in subsidiaries	8	–	–	821,784	777,708
Investment in an associate	9	775	506	–	–
Other investments	10	247	248	–	–
Deferred tax assets	11	14,012	18,038	–	–
Total non-current assets		911,556	814,595	823,654	782,976
Receivables, deposits and prepayments	12	133,011	143,295	52,238	105,926
Inventories	13	883,307	995,316	–	–
Current tax assets		4,970	69,269	4,368	4,481
Cash and cash equivalents	14	35,031	41,426	221	5,191
Assets classified as held for sale	15	3,004	11,190	–	–
Total current assets		1,059,323	1,260,496	56,827	115,598
Total assets		1,970,879	2,075,091	880,481	898,574
Equity					
Share capital	16	522,707	522,707	522,707	522,707
Treasury shares	17	(67,461)	(67,423)	(67,461)	(67,423)
Other reserves	18	53,180	54,899	61,543	61,543
Retained earnings	19	398,134	375,434	84,515	52,081
Total equity attributable to equity holders of the Company		906,560	885,617	601,304	568,908
Minority interest		14,340	29,899	–	–
Total equity		920,900	915,516	601,304	568,908

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Liabilities					
Loans and borrowings	20	–	211,153	–	47,281
Provision for employee benefits	21	8,232	8,190	–	1,022
Deferred tax liabilities	11	14,694	14,619	–	–
Total non-current liabilities		22,926	233,962	–	48,303
Payables and accruals	22	129,506	97,464	231,896	212,641
Loans and borrowings	20	896,385	827,753	47,281	68,722
Current tax liabilities		1,162	396	–	–
Total current liabilities		1,027,053	925,613	279,177	281,363
Total liabilities		1,049,979	1,159,575	279,177	329,666
Total equity and liabilities		1,970,879	2,075,091	880,481	898,574

The notes on pages 57 to 116 are an integral part of these financial statements.

Income Statements
For The Year Ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000 Restated	Company 2009 RM'000	Company 2008 RM'000
Continuing Operations					
Revenue	23	1,303,005	2,222,054	62,632	104,627
Cost of sales		(1,194,823)	(2,048,086)	–	–
Gross profit		108,182	173,968	62,632	104,627
Other operating income		14,749	13,699	1	301
Administrative expenses		(62,392)	(54,393)	(3,893)	(16,604)
Other operating expenses		(1,639)	(5,961)	–	–
Results from operating activities		58,900	127,313	58,740	88,324
Interest income		1,171	2,800	46	326
Finance costs		(23,996)	(25,177)	(3,012)	(7,455)
Operating profit	24	36,075	104,936	55,774	81,195
Share of results of an associate		269	150	–	–
Profit before tax		36,344	105,086	55,774	81,195
Tax expense	26	(5,531)	29,264	(12,030)	(22,297)
Profit after tax from continuing operations		30,813	134,350	43,744	58,898
Discontinued Operation					
Profit from discontinued operation and gain of discontinued operation, net of tax	27	–	14,430	–	–
Profit for the year		30,813	148,780	43,744	58,898
Attributable to:					
Equity holders of the Company		31,617	139,398	43,744	58,898
Minority interest		(804)	9,382	–	–
Profit for the year		30,813	148,780	43,744	58,898

	Note	Group 2009 RM'000	Group 2008 RM'000 Restated
Basic earnings per ordinary share (sen):	28		
from continuing operations		6.29	25.58
from discontinued operation		–	1.77
		6.29	27.35
Diluted earnings per ordinary share (sen):	28		
from continuing operations		5.42	19.22
from discontinued operation		–	1.18
		5.42	20.40

The notes on pages 57 to 116 are an integral part of these financial statements.

		Attributable to equity holders of the Company						
		Non-distributable		*Distributable*				
Group	**Note**	**Share capital RM'000**	**Other reserves RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Minority interest RM'000**	**Total equity RM'000**
At 1 January 2008		522,707	7,888	(2,923)	299,907	827,579	44,433	872,012
Revaluation of properties	3	–	22,805	–	–	22,805	–	22,805
Deferred tax liability		–	(3,946)	–	–	(3,946)	–	(3,946)
Realisation of revaluation reserves to retained earnings upon disposal of a subsidiary		–	(11,182)	–	11,182	–	–	–
Reversal of minority interest upon disposal of a subsidiary		–	–	–	–	–	(19,181)	(19,181)
Foreign exchange translation differences		–	131	–	–	131	–	131
Net gains recognised directly in equity		–	7,808	–	11,182	18,990	(19,181)	(191)
Profit for the year		–	–	–	139,398	139,398	9,382	148,780
Total recognised income and expense for the year		–	7,808	–	150,580	158,388	(9,799)	148,589
Warrants issued		–	39,203	–	–	39,203	–	39,203
Share buybacks	17	–	–	(64,500)	–	(64,500)	–	(64,500)
Acquisition of additional shares from minority interest		–	–	–	–	–	(2,472)	(2,472)
Dividends to shareholders	29	–	–	–	(75,053)	(75,053)	(2,263)	(77,316)
At 31 December 2008		522,707	54,899	(67,423)	375,434	885,617	29,899	915,516
		Note 16	Note 18	Note 17	Note 19			

Group	Note	Share capital RM'000	Other reserves RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		← Attributable to equity holders of the Company →						
		← *Non-distributable* →		← *Distributable* →				
At 31 December 2008/ 1 January 2009		522,707	54,899	(67,423)	375,434	885,617	29,899	915,516
Realisation of revaluation reserves to retained earnings upon dismantling of property, plant and equitment		–	(1,245)	–	1,245	–	–	–
Realisation of revaluation reserves to retained earnings upon disposal of property, plant and equipment		–	(344)	–	344	–	–	–
Foreign exchange translation differences		–	214	–	–	214	–	214
Realisation of foreign exchange translation upon dividend declared by a subsidiary		–	(344)	–	344	–	–	–
Net gains recognised directly in equity		–	(1,719)	–	1,933	214	–	214
Profit for the year		–	–	–	31,617	31,617	(804)	30,813
Total recognised income and expense for the year		–	(1,719)	–	33,550	31,831	(804)	31,027
Share buybacks	17	–	–	(38)	–	(38)	–	(38)
Selective capital repayment in a subsidiary	36	–	–	–	460	460	(14,524)	(14,064)
Dividends to shareholders	29	–	–	–	(11,310)	(11,310)	(231)	(11,541)
At 31 December 2009		522,707	53,180	(67,461)	398,134	906,560	14,340	920,900
		Note 16	Note 18	Note 17	Note 19			

		Non-distributable			Distributable		
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Warrants reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2008		522,707	22,340	–	(2,923)	68,236	610,360
Profit for the year		–	–	–	–	58,898	58,898
Warrants issued		–	–	39,203	–	–	39,203
Share buybacks	17	–	–	–	(64,500)	–	(64,500)
Dividends to shareholders	29	–	–	–	–	(75,053)	(75,053)
At 31 December 2008/1 January 2009		522,707	22,340	39,203	(67,423)	52,081	568,908
Profit for the year		–	–	–	–	43,744	43,744
Share buybacks	17	–	–	–	(38)	–	(38)
Dividends to shareholders	29	–	–	–	–	(11,310)	(11,310)
At 31 December 2009		522,707	22,340	39,203	(67,461)	84,515	601,304
		Note 16	Note 18	Note 18	Note 17		

The notes on pages 57 to 116 are an integral part of these financial statements.

Cash Flow Statements

For The Year Ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000 Restated	Company 2009 RM'000	Company 2008 RM'000 Restated
Cash flows from operating activities					
Profit before taxation					
- From continuing operations		36,344	105,086	55,774	81,195
- From discontinued operation		–	12,162	–	–
		36,344	117,248	55,774	81,195
Adjustments for:					
Amortisation of investment in club membership		1	1	–	–
Amortisation of intangible assets	5	553	276	–	–
Amortisation of prepaid lease payments	6	972	874	–	–
Consumables written off		95	–	–	–
Depreciation of property, plant and equipment	3	29,222	26,251	–	727
Gain on disposal of property, plant and equipment - net		(120)	(2,474)	–	(117)
(Reversal on)/impairment loss of property, plant and equipment	3	(26,381)	9	–	–
Impairment loss on investment in subsidiaries		–	–	4,424	–
Interest expense		23,996	25,177	3,012	7,455
Interest income		(1,171)	(2,800)	(46)	(326)
Inventories write down		–	470,329	–	–
Change in fair value of investment properties	7	–	634	–	(181)
Negative goodwill arising from acquisition of a subsidiary		–	(3,380)	–	–
Property, plant and equipment written off	3	22,848	73	–	–
Retirement benefits		968	–	–	652
Allowance/(Reversal of allowance) for obsolete inventories		429	(6,900)	–	–
Rolls and moulds consumed	4	1,160	928	–	–
Share of results of an associate		(269)	(150)	–	–
Unrealised loss on foreign exchange		42	3,675	–	–
Operating profit before changes in working capital		88,689	629,771	63,164	89,405
Changes in working capital:					
Inventories		111,485	(685,481)	–	–
Trade and other receivables		10,128	71,831	57,086	(27,631)
Trade and other payables		32,690	(2,273)	18,284	205,027
Cash generated from operations		242,992	13,848	138,534	266,801
Taxes refund/(paid)		63,635	(93,500)	(11,917)	(23,698)
Retirement benefits paid		(1,574)	(3,038)	(51)	(1,500)
Interest received		1,171	2,800	–	–
Interest paid		(20,984)	(17,722)	–	–
Net cash from/(used in) operating activities		285,240	(97,612)	126,566	241,603

	Note	Group 2009 RM'000	Group 2008 RM'000 Restated	Company 2009 RM'000	Company 2008 RM'000 Restated
Cash flows from investing activities					
Acquisition of additional shares from minority interest		–	(1,957)	–	(51,958)
Acquisition of a subsidiary	35	–	(11,505)	–	–
Increase in investment in a subsidiary		–	–	(48,500)	–
Development expenses paid	5	–	(158)	–	–
Interest received		–	–	46	326
Proceeds from disposal of property, plant and equipment		200	3,758	–	117
Proceeds from disposal of assets classified as held for sale		11,190	–	–	–
Proceeds from disposal of a subsidiary	35	–	30,061	–	–
Purchase of property, plant and equipment	3	(131,778)	(282,667)	–	(2,959)
Purchase of biological assets		–	(49)	–	–
Purchase of rolls and moulds		(275)	(2,852)	–	–
Selective capital repayment in a subsidiary	36	(14,064)	–	–	–
Net cash used in investing activities		(134,727)	(265,369)	(48,454)	(54,474)
Cash flows from financing activities					
Net (repayment of)/proceeds from borrowings		(145,057)	421,027	(68,722)	(74,402)
Share buybacks	17	(38)	(64,500)	(38)	(64,500)
Interest paid		(3,012)	(7,455)	(3,012)	(7,455)
Dividends paid to minority interest		(231)	(2,263)	–	–
Dividends paid to shareholders		(11,310)	(75,053)	(11,310)	(75,053)
Pledged deposits		(105)	(3,000)	–	–
Proceeds from issuance of warrants	18	–	39,203	–	39,203
Net cash (used in)/from financing activities		(159,753)	307,959	(83,082)	(182,207)
Net (decrease)/increase in cash and cash equivalents		(9,240)	(55,022)	(4,970)	4,922
Foreign exchange differences on cash held		214	131	–	–
Cash and cash equivalents at 1 January		37,698	92,589	5,191	269
Cash and cash equivalents at 31 December		28,672	37,698	221	5,191

(i) Cash and cash equivalents

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

		Group		Company	
	Note	**2009 RM'000**	**2008 RM'000 Restated**	**2009 RM'000**	**2008 RM'000**
Deposits placed with licensed banks	14	20,685	26,242	–	5,030
Cash and bank balances	14	14,346	15,184	221	161
		35,031	41,426	221	5,191
Bank overdrafts	20	(3,254)	(728)	–	–
Pledged deposits		(3,105)	(3,000)	–	–
		28,672	37,698	221	5,191

The notes on pages 57 to 116 are an integral part of these financial statements.

Ann Joo Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is as follows:

Registered office and principal place of business
Wisma Ann Joo
Lot 19391
Batu 8 ½
Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 December 2009 do not include any other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements.

The Directors regard Ann Joo Corporation Sdn. Bhd., a private limited liability company incorporated in Malaysia, as its ultimate holding company.

The financial statements were approved by the Board of Directors on 28 April 2010.

1. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009
- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010
- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010 (continued)

- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  - *Puttable Financial Instruments and Obligations Arising on Liquidation*
  - *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
  - *Reclassification of Financial Assets*
  - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

The Group plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4 and IC Interpretation 13 which are not applicable to the Group; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for IC Interpretation 12, IC Interpretation 15, IC Interpretation 16, and IC Interpretation 17 which are not applicable to the Group.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

The initial application of the other standards, amendments or interpretations, which will be applied prospectively, is not expected to have any material financial impacts to the current period financial statements upon their first adoption.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

(i) FRS 8, *Operating Segments*

FRS 8 replaces FRS 114_{2004}, *Segment Reporting* and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business segments (see note 30). Under FRS 8, the Group will present segment information in respect of its operating segments into manufacturing division, trading division and others.

(ii) FRS 123, *Borrowing Costs* (revised)

The revised FRS 123 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The adoption of this standard will result in a change in accounting policy. In accordance with the transitional provisions, the Group will apply the revised FRS 123 to borrowing costs related to qualifying assets for which the commencement date of capitalisation is on or after 1 January 2010.

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

(iii) IC Interpretation 10, Interim Financial Reporting and Impairment

IC Interpretation 10 prohibits the reversal of an impairment loss that has been recognised in an interim period during a financial year in respect of the following:

(a) goodwill;
(b) an investment in an equity instrument; or
(c) a financial asset carried at cost.

In accordance with the transitional provisions, the Group will apply IC Interpretation 10 to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139, *Financial Instruments: Recognition and Measurement* respectively.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities as explained in their respective accounting policy notes:

- Property, plant and equipment
- Investment properties

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's and the Group's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - Measurement of recoverable amounts of property, plant and equipment
- Note 7 - Valuation of investment properties
- Note 13 - Measurement of net realisable value of inventories

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 37).

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting except for business combinations involving Ann Joo Metal Sdn. Bhd., Ann Joo (Sarawak) Sdn. Bhd., Ann Joo Trading Sdn. Bhd., Anshin Steel Industries Sdn. Bhd. and Saga Makmur Industri Sdn. Bhd. (certain business combinations prior to 1 January 2006) which are accounted for using the pooling-of-interests method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within Group equity.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost / valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statements.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	25 - 50 years
• Plant, machinery, tools and equipment	2 - 30 years
• Furniture, fittings and office equipment	3 - 30 years
• Motor vehicles	4 - 5 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Rolls and moulds

Rolls and moulds are stated at cost less amounts written off based on usage.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leased assets (continued)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases. Such prepaid lease payments is amortised over the lease term.

Payments made under operating leases recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisition beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

Goodwill are tested for impairment annually and whenever there is an indication that they may be impaired.

(ii) Research and development

Research expenditure is recognised as an expense when incurred. Development costs incurred on projects are recognised as an asset when it is probable that the project is expected to generate future economic benefits and only if the cost can be measured reliably. Other development expenditures are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

Development costs that have been capitalised are amortised from the commencement of the commercial running of the project to which they relate on a straight line basis over the financial period of the expected benefits.

The useful lives or amortisation rates are over the financial period of the expected benefits which is dependant on the economic life of the respective projects concerned.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries and associates are stated at cost less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on an individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

a) the recognition of an asset on the day it is received by the entity, and
b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(h) Investment properties

(i) Investment properties carried at fair value

Investments properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are amounted for as owner-occupied rather than as investment properties.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in the income statements.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in the income statements.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investment properties (continued)

(iii) Determination of fair value

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of semi-finished products and finished products, cost includes an appropriate share of production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets

The carrying amounts of assets except for financial assets (other than investments in subsidiaries and associates), inventories, deferred tax assets, investment properties that are measured at fair value and disposal groups classified as held for sale are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(n) Equity instruments

All equity instruments are stated at cost on initial recognition and are not remeasured subsequently.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(p) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Defined benefit plans

The Group operates a non-contributory and unfunded retirement benefit scheme for its eligible employees. The liability in respect of this defined benefit plan is the present value of the defined benefit obligations at the balance sheet date adjusted for actuarial gains or losses and past service costs. The Group determines the present value of the defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

The defined benefit obligations, calculated using the projected unit credit method, is determined by external independent actuaries. The method considers the estimated future cash outflows using the long term yield on fixed interest investments that have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the income statement is determined by the corridor method and is charged or credited over the average remaining service lives of the related employees participating in the defined benefit plan.

The increase in the defined benefit liability is recognised as an expense on a straight-line basis over 5 years.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions (continued)

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(r) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(s) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iv) Management fee

Management fee is recognised when the services in relation to that have been performed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

(u) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extend that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(v) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business that is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statements is restated as if the operation had been discontinued from the start of the comparative period.

(w) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(y) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant, machinery, tools, furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost/Valuation						
At 1 January 2008	124,909	134,042	593,215	12,011	9,817	873,994
Additions	–	65	4,817	3,840	273,945	282,667
Acquisition of subsidiary (Note 35)	–	19,600	–	–	–	19,600
Disposals	(700)	–	(9,023)	(3,176)	–	(12,899)
Written off	–	–	(277)	(63)	–	(340)
Reclassification	–	7,490	5,253	–	(12,743)	–
Revaluation of property	7,019	15,786	–	–	–	22,805
Transfer to assets classified as held for sale (Note 15)	(440)	–	–	–	–	(440)
At 31 December 2008/ 1 January 2009	130,788	176,983	593,985	12,612	271,019	1,185,387
Additions	–	142	4,616	731	126,289	131,778
Disposals	–	–	(380)	(707)	–	(1,087)
Written off	–	(1,610)	(53,418)	–	–	(55,028)
Reclassification	–	101	14,111	–	(14,212)	–
Transfer to assets classified as held for sale (Note 15)	–	(793)	–	–	–	(793)
At 31 December 2009	130,788	174,823	558,914	12,636	383,096	1,260,257

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM'000	Buildings RM'000	Plant, machinery, tools, furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses						
At 1 January 2008						
Accumulated depreciation	–	20,050	405,081	9,605	–	434,736
Accumulated impairment losses	43	1,381	25,000	–	–	26,424
	43	21,431	430,081	9,605	–	461,160
Depreciation for the year	–	3,446	21,286	1,519	–	26,251
Disposals	–	–	(8,646)	(2,969)	–	(11,615)
Written off	–	–	(242)	(25)	–	(267)
Impairment loss for the year	–	9	–	–	–	9
At 31 December 2008/ 1 January 2009:						
Accumulated depreciation	–	23,496	417,479	8,130	–	449,105
Accumulated impairment losses	43	1,390	25,000	–	–	26,433
	43	24,886	442,479	8,130	–	475,538
Depreciation for the year	–	4,733	22,994	1,495	–	29,222
Disposals	–	–	(305)	(702)	–	(1,007)
Written off	–	(285)	(31,895)	–	–	(32,180)
Reversal of impairment loss for the year	–	(1,381)	(25,000)	–	–	(26,381)
Transfer to assets classified as held for sale (Note15)	–	(104)	–	–	–	(104)
At 31 December 2009:						
Accumulated depreciation	–	27,840	408,273	8,923	–	445,036
Accumulated impairment losses	43	9	–	–	–	52
	43	27,849	408,273	8,923	–	445,088
Carrying amounts						
At 1 January 2008	124,866	112,611	163,134	2,406	9,817	412,834
At 31 December 2008/ 1 January 2009	130,745	152,097	151,506	4,482	271,019	709,849
At 31 December 2009	130,745	146,974	150,641	3,713	383,096	815,169

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2008	2,161	1,712	3,873
Additions	171	2,788	2,959
Disposals	(5)	(655)	(660)
At 31 December 2008/1 January 2009	2,327	3,845	6,172
Disposals	(2,327)	(3,845)	(6,172)
At 31 December 2009	–	–	–
Accumulated depreciation			
At 1 January 2008	1,421	1,286	2,707
Depreciation for the year	237	490	727
Disposals	(5)	(655)	(660)
At 31 December 2008/1 January 2009	1,653	1,121	2,774
Disposals	(1,653)	(1,121)	(2,774)
At 31 December 2009	–	–	–
Carrying amounts			
At 1 January 2008	740	426	1,166
At 31 December 2008/1 January 2009	674	2,724	3,398
At 31 December 2009	–	–	–

3.1 Revaluation

Revaluation of the land and buildings are conducted at intervals of at least once in every five years. Land and buildings were revalued by the Directors in December 2008 based on valuations carried out by Mr. Paul Khong Poh Yew, a valuer (V/528) registered with the Board of Valuers, Appraisers and Estate Agents Malaysia and the Executive Director of Regroup Associates Sdn. Bhd., to reflect the market values.

The carrying amounts of revalued land and buildings for the financial year ended 31 December 2009 that would have been included in the financial statements had these assets been carried at cost less accumulated depreciation are as follows :

	Group 2009 RM'000	Group 2008 RM'000
Freehold land	20,196	20,196
Buildings	41,882	44,782
	62,078	64,978

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.2 Impairment loss

Provision for impairment loss for property, plant and equipment of RM26.38 million was recognised in year 2007 in respect of the dismantling of certain buildings and structure and plant for the upgrading of the Ann Joo Steel Berhad's steel making plant and also to give way for the blast furnace project of a related company, Ann Joo Integrated Steel Sdn. Bhd.. The upgrading of the steel making plant have been completed in year 2009 and accordingly, the affected assets of RM22.8 million have been written off and the provision for impairment loss was reversed.

As at 31 December 2009, the carrying amount of plant and equipment were evaluated for impairment. The recoverable amount of the plant and equipment is estimated based on value in use calculations. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and the projected cash flows were prepared based on the financial budgets and projections approved by management covering a five year period and the following were the key assumptions:

- The sales quantity and selling price of saleable products, purchase price of raw materials and the production of the Group in preparing the projected cash flows were determined based on past business performance and management's expectations on market development.

- The existing banking facilities will be rolled over and there is no withdrawal of existing facilities by the banks. The bankers will provide continuous support to enable the Group to fulfill its obligations as and when they fall due.

- The Group will be able to refinance the term loan of a subsidiary that is due for full repayment in 2010 (Note 20).

- A weighted average cost of capital of 8.38% (2008: 9.00%) has been applied to the cash flow projections.

The values assigned to the key assumptions represent management's assessment of future trends as well as historical data in the industry which are based on both external and internal sources. In particular, the assessment is sensitive towards the fluctuation in world steel prices which impact the selling prices of the saleable products.

Premised on the above, the carrying amount of plant and equipment was determined to be lower than the recoverable amount and no impairment loss was recognised.

4. ROLLS AND MOULDS

	Group	
	2009 RM'000	2008 RM'000
At 1 January	8,559	6,635
Additions	275	2,852
Consumed	(1,160)	(928)
	7,674	8,559

5. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Total RM'000
Cost			
At 1 January 2008	7,398	2,609	10,007
Addition	–	158	158
At 31 December 2008/1 January 2009/ 31 December 2009	7,398	2,767	10,165
Amortisation			
At 1 January 2008	216	–	216
Amortisation for the year	–	276	276
At 31 December 2008/1 January 2009	216	276	492
Amortisation for the year	–	553	553
At 31 December 2009	216	829	1,045
Carrying amounts			
At 1 January 2008	7,182	2,609	9,791
At 31 December 2008/1 January 2009	7,182	2,491	9,673
At 31 December 2009	7,182	1,938	9,120

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's investment in a subsidiary, Ann Joo Steel Berhad which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of Ann Joo Steel Berhad was based on its value in use calculation. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and the projected cash flows were prepared based on financial budgets and projections approved by management covering a five year period and the following key assumptions:

- The sales quantity and selling price of saleable products, purchase price of raw materials and the production of the subsidiary, Ann Joo Steel Berhad in preparing the projected cash flows were determined based on past business performance and management's expectations on market development.

- The existing banking facilities will be rolled over and there is no withdrawal of existing facilities by the banks. The bankers will provide continuous support to enable the Group to fulfill its obligations as and when they fall due.

- A weighted average cost of capital of 8.38% (2008 : 9.00%)has been applied to the cash flow projections.

5. INTANGIBLE ASSETS (continued)

The values assigned to the key assumptions represent management's assessment of future trends as well as historical data in the industry which are based on both external and internal sources. In particular, the assessment is sensitive towards the fluctuation in world steel prices which impact the selling prices of the saleable products.

Premised on the above, the carrying amount of the Group's investment in a subsidiary, Ann Joo Steel Berhad was determined to be lower than the recoverable amount and no impairment loss was recognised.

Development costs

Development costs principally comprise expenditure on development costs on major projects where it is reasonably anticipated that the costs will be recovered through future commercial activity.

6. PREPAID LEASE PAYMENTS

Group	Note	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost				
At 1 January 2008		2,032	57,379	59,411
Acquisition of subsidiary	35	–	8,400	8,400
At 31 December 2008/1 January 2009		2,032	65,779	67,811
Reclassification		12,386	(12,386)	–
Transfer to assets classified as held for sale	15	(909)	–	(909)
At 31 December 2009		13,509	53,393	66,902
Amortisation				
At 1 January 2008		146	6,425	6,571
Amortisation for the year		63	811	874
At 31 December 2008/1 January 2009		209	7,236	7,445
Amortisation for the year		339	633	972
Reclassification		314	(314)	–
Transfer to assets classified as held for sale	15	(110)	–	(110)
At 31 December 2009		752	7,555	8,307
Carrying amounts				
At 1 January 2008		1,886	50,954	52,840
At 31 December 2008/1 January 2009		1,823	58,543	60,366
At 31 December 2009		12,757	45,838	58,595

7. INVESTMENT PROPERTIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	7,356	16,624	1,870	1,689
Acquisitions	124	2,116	–	–
Change in fair value	–	(634)	–	181
Transfer to assets classified as held for sale (Note 15)	(1,516)	(10,750)	–	–
At 31 December	5,964	7,356	1,870	1,870
Included in the above are:				
Freehold land	600	600	–	–
Leasehold land with unexpired lease period of more than 50 years	1,870	3,386	1,870	1,870
Buildings	3,494	3,370	–	–
	5,964	7,356	1,870	1,870

Investment properties amounting to RM5,964,000 are determined based on market values estimated by the Directors without involvement of independent valuers. The market values of the investment properties as at balance sheet date approximated their fair values.

In the prior year, estimated fair value of investment properties amounting to RM5,240,000 last revalued in December 2008 was based on valuations carried out by Mr Paul Khong Poh Yew, a valuer (V/528) registered with the Board of Valuers, Appraisers and Estate Agents of Malaysia and the Executive Director of Regroup Associates Sdn Bhd, to reflect the market values. Valuations were based on current prices in an active market for all properties. Investment properties amounting to RM2,116,195 were determined based on market values estimated by the Directors without involvement of independent valuers. The market values of the investment properties as at balance sheet date approximated their fair values.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM'000	2008 RM'000
At cost:		
Unquoted shares	829,127	780,627
Impairment losses	(7,343)	(2,919)
	821,784	777,708

8. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2009 %	Effective ownership interest 2008 %
#Ann Joo Management Services Sdn Bhd	Malaysia	Property management and management services	100	100
Ann Joo Metal Sdn. Bhd.	Malaysia	Trading, retailing, importing, exporting and supplying of all kinds of metal products	100	100
and its subsidiary				
#AJE Best-On Sdn. Bhd.	Malaysia	Trading in hardware steel and iron products and building and construction materials of all kinds	100	100
#Ann Joo (Sarawak) Sdn. Bhd.	Malaysia	Dormant	100	100
and its subsidiary				
#Lian Tiong Steel Fabrication & Civil Engineering Sdn. Bhd.	Malaysia	Dormant	100	100
#Ann Joo Trading Sdn. Bhd.	Malaysia	Trading, retailing and supplying of all kinds of building and construction materials	100	100
Anshin Steel Industries Sdn. Bhd.	Malaysia	Manufacturing, sales and distribution of steel and iron products	100	100
and its subsidiary				
#Anshin Casting Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of cast iron products, sluice valves and other steel related products	100	100

8. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2009 %	Effective ownership interest 2008 %
Anshin Steel Service Centre Sdn. Bhd.	Malaysia	Steel service centre	100	100
Anshin Precision Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of precision press parts and related products	59.12	59.12
Anshin Steel Processor Sdn. Bhd.	Malaysia	Steel service centre	62	62
Saga Makmur Industri Sdn. Bhd.	Malaysia	Trading of steel related products	100	100
Ann Joo Steel Berhad	Malaysia	Steel mill	100	98.19
and its subsidiaries				
#AJSB Properties Sdn. Bhd.	Malaysia	Renting out of machinery and investment property holding	100	100
#Malayawata Marketing Sdn. Bhd.	Malaysia	Sales and marketing of steel related products	100	100
#Sachiew Palm Oil Mill Sdn. Bhd.	Malaysia	Dormant	100	100
#AJSB Land Sdn. Bhd.	Malaysia	Property management	100	100
Ann Joo Integrated Steel Sdn. Bhd.	Malaysia	Dormant	100	100
*Ann Joo International Pte. Ltd.	Labuan Offshore	Trading, retailing, importing, exporting and supplying all kinds of steel products	100	100

Company not audited by KPMG

* *This subsidiary is consolidated based on unaudited financial statements. The financial statements are not required to be audited in the place of its incorporation.*

Part of the investment in Ann Joo Steel Berhad with a carrying amount of RM398,859,432 (2008: RM398,859,432) has been pledged/placed for security for a credit facility granted to the Company as disclosed in Note 20 to the financial statements.

9. INVESTMENT IN ASSOCIATE

	Group 2009 RM'000	Group 2008 RM'000
At cost:		
Unquoted shares	1,800	1,800
Impairment losses	(1,800)	(1,800)
	–	–
Share of post-acquisition reserves	775	506
	775	506

Summary of financial information on associate:

Group

	Country of incorporation	Effective ownership interest %	Revenues (100%) RM'000	Profit (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2009						
S.A. Networks Technical Industries Sdn. Bhd.	Malaysia	36	16,849	1,268	7,350	4,675
2008						
S.A. Networks Technical Industries Sdn. Bhd.	Malaysia	36	5,043	703	3,377	1,945

The investment in associate is held by one of its subsidiary, Anshin Precision Industries Sdn Bhd.

10. OTHER INVESTMENTS

	Group 2009 RM'000	Group 2008 RM'000
At cost:		
Unquoted shares in Malaysia	3	3
Quoted shares in Malaysia	402	402
Less: Impairment loss	(230)	(230)
	172	172
Club membership	105	105
Less: Amortisation	(21)	(20)
Impairment loss	(12)	(12)
	72	73
	247	248
Market value:		
Quoted shares in Malaysia	168	103

11. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
Group	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property, plant and equipment	(39,628)	(40,422)	(15,078)	(14,908)	(54,706)	(55,330)
Employee benefit plans	8	12	4	-	12	12
Provisions	6,165	7,744	380	289	6,545	8,033
Increase in tax allowances	47,361	48,593	–	–	47,361	48,593
Unabsorbed tax losses	106	2,027	–	–	106	2,027
Unabsorbed capital allowances	–	84	–	–	–	84
Tax assets/(liabilities)	14,012	18,038	(14,694)	(14,619)	(682)	3,419

11. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movement in deferred tax assets/(liabilities) during the year

	Group	
	2009 RM'000	2008 RM'000
At 1 January	3,419	(40,506)
Recognised in income statement (Note 26)	(4,101)	47,890
Recognised in equity	–	(3,946)
Included in liabilities held for sales (Note 27)	–	(19)
	(682)	3,419

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following gross temporary differences:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property, plant and equipment	–	(463)	–	(463)
Provisions	520	3,331	–	3,331
Increase in tax allowances	–	5,770	–	–
Unabsorbed tax losses	1,006	–	–	–
Unabsorbed capital allowances	319	–	–	–
	1,845	8,638	–	2,868

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits there from.

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Trade					
Trade receivables	12.1	117,346	140,880	–	–
Less: Allowance for doubtful debts		(4,223)	(19,706)	–	–
		113,123	121,174	–	–
Non-trade					
Other receivables		5,491	4,364	1	8
Deposits		1,593	1,001	24	30
Prepayments		12,752	16,708	4	120
Amount due from an associate	12.2	52	48	–	–
Amount due from subsidiaries	12.3	–	–	52,209	105,768
		19,888	22,121	52,238	105,926
		133,011	143,295	52,238	105,926

Trade receivables of approximately RM8,620,898 (2008 : RM4,462,128) had been written off against the allowance for doubtful debts during the year.

12.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

	Group 2009 RM'000	Group 2008 RM'000
US Dollar	1,117	11,990
Singapore Dollar	1,334	657

12.2 Amount due from an associate

Amount due from an associate which arose mainly from payments made on behalf is unsecured, interest free and is repayable on demand.

12.3 Amount due from subsidiaries

Amount due from subsidiaries which arose mainly from amount outstanding from the disposal of property, plant and equipment, payment made on behalf, inter-company advances are unsecured, interest free and are repayable on demand except for inter-company advances which bear interest rate of 3% (2008 : 3%).

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

12.4 Amount due from related parties

Included in trade receivables of the Group are amounts of RM529,115 (2008 : RM308,295) and RM1,008,050 (2008 : RM451,935) owing from companies in which the immediate family members of certain Directors have financial interest and companies in which certain Directors have financial interest.

Included in other receivables of the Group is an amount of RM1,176,773 (2008 : RM8,944) owing from a subsidiary of the ultimate holding company.

Amount due from related parties which arose from payment made on behalf is unsecured, interest free and are repayable on demand except for trade transactions which are subject to normal trade credit terms.

13. INVENTORIES

	Group	
	2009 RM'000	**2008 RM'000**
Raw materials	207,826	301,572
Semi-finished products	270,107	177,337
Finished products	369,801	480,328
	847,734	959,237
Consumable stores and refractories	35,573	36,079
	883,307	995,316

Included in inventories of the Group are goods in transit amounting to RM34,879,178 (2008 : RM3,212,758).

The write-down of inventories to net realisable value ("NRV") amounting to Nil (2008 : RM470,328,707) is included in cost of sales. Allowance of RM428,832 (2008 : Reversal of RM6,900,000) relating to allowance for obsolete inventories has been recorded in cost of sales during the financial year.

The NRV was estimated based on Director's best estimate and are based on the following assumptions:-

(i) NRV for raw materials and semi-finished products are based on replacement cost of the raw materials and semi-finished products.

(ii) NRV for finished products are based on selling price of the product as at 31 December 2009 less the estimated cost necessary to make the sale.

14. CASH AND CASH EQUIVALENTS

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Deposits placed with licensed bank	20,685	26,242	–	5,030
Cash and bank balances	14,346	15,184	221	161
	35,031	41,426	221	5,191

Fixed deposit amounting to RM3,104,884 (2008: RM3,000,000) is pledged to a bank for term loan facility granted to a subsidiary as disclosed in Note 20 to the financial statements.

15. ASSETS CLASSIFIED AS HELD FOR SALE

	Note	Group 2009 RM'000	Group 2008 RM'000
Assets classified as held for sale			
Property, plant and equipment (Note 3)	15.1	689	440
Prepaid lease payments (Note 6)	15.2	799	–
Investment properties (Note 7)	15.3	1,516	10,750
		3,004	11,190

Note 15.1

Property, plant and equipment held for sale comprise the following:

	Note	Group 2009 RM'000	Group 2008 RM'000
At 1 January		440	11,154
Transfer from property, plant and equipment			
Cost	3	793	440
Accumulated depreciation	3	(104)	–
		689	440
Additions		–	650
Disposal		(440)	(11,804)
At 31 December		689	440

The building held for sale as at 31 December 2009 is in respect of a property held by a subsidiary, whereby a Sale and Purchase Agreement ("SPA") has been entered into for its disposal. The total consideration, including leasehold land as mentioned under note 15.2 below amounted to RM2,200,000. A deposit of RM220,000 was received and the SPA is pending completion.

15. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

Note 15.2

Prepaid lease payments held for sale comprise the following:

	Note	Group 2009 RM'000	Group 2008 RM'000
At 1 January		–	29,759
Transfer from prepaid lease payments			
Cost	6	909	–
Accumulated amortisation	6	(110)	–
		799	–
Disposal		–	(29,759)
At 31 December		799	–

The leasehold land held for sale as at 31 December 2009 is in respect of a property held by a subsidiary, whereby a SPA has been entered into for its disposal as detailed under note 15.1 above.

Note 15.3

Investment properties held for sale comprise the following:

	Note	2009 RM'000	2008 RM'000
At 1 January		10,750	–
Transfer from investment properties	7	1,516	10,750
Disposal		(10,750)	–
At 31 December		1,516	10,750

A subsidiary has on 23 February 2010 entered into a SPA for the disposal of a piece of industrial land, Lot 9041, Kampung Tengah, 42000 Telok Gong, Selangor for a cash consideration of RM2,457,132. A deposit of RM245,713 was received and the SPA is still pending completion.

16. SHARE CAPITAL

	Group and Company			
	Amount 2009 RM'000	Number of shares 2009 '000	Amount 2008 RM'000	Number of shares 2008 '000
Ordinary shares of RM1 each				
Authorised:				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At 1 January/31 December	522,707	522,707	522,707	522,707

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17. TREASURY SHARES

	Group and Company	
	2009 RM'000	2008 RM'000
At cost		
1 January	67,423	2,923
Acquired during the year	38	64,500
At 31 December	67,461	67,423

The shareholders of the Company, by an ordinary resolution passed in the annual general meeting held on 26 May 2009, approved its plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 20,000 (2008 : 18,840,200) of its issued share capital from the open market on the Bursa Malaysia for RM37,825 (2008 : RM64.5 million). The average price paid for the shares repurchased was approximately RM1.89 (2008 : RM3.42) per ordinary share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed under Section 67A of the Companies Act, 1965. The Company has the right to cancel these treasury shares, distribute these treasury shares as share dividends to the shareholders and/or resell these treasury shares on the Bursa Malaysia. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. During the financial year, the Company had not disposed any of its treasury shares in the market.

At the balance sheet date, the number of outstanding shares in issue after setting treasury shares off against equity is 502,675,978 (2008 : 502,695,978).

18. OTHER RESERVES

	Non-distributable						
Group	Share premium RM'000	Capital reserve RM'000	Warrants reserve RM'000	Revaluation reserve RM'000	Merger reserve RM'000	Foreign exchange reserve RM'000	Total RM'000
Balance at 1 January 2008	22,340	2,500	–	46,863	(63,815)	–	7,888
Issuance of warrants	–	–	39,203	–	–	–	39,203
Revaluation surplus of properties - net of deferred tax liability	–	–	–	18,859	–	–	18,859
Realisation of revaluation reserve to retained earnings upon disposal of a subsidiary	–	–	–	(11,182)	–	–	(11,182)
Foreign exchange translation differences	–	–	–	–	–	131	131
Balance at 31 December 2008/ 1 January 2009	22,340	2,500	39,203	54,540	(63,815)	131	54,899
Realisation of revaluation reserve to retained earnings upon disposal of property, plant and equipment	–	–	–	(344)	–	–	(344)
Realisation of revaluation reserve to retained earnings upon dismantling of property, plant and equipment	–	–	–	(1,245)	–	–	(1,245)
Foreign exchange translation differences	–	–	–	–	–	(130)	(130)
Balance at 31 December 2009	22,340	2,500	39,203	52,951	(63,815)	1	53,180

	Company 2009 RM'000	Company 2008 RM'000
Other reserves comprise:-		
Share premium	22,340	22,340
Warrants reserve	39,203	39,203
	61,543	61,543

18. OTHER RESERVES (continued)

Warrants reserve

Warrants reserve is pertaining to the issuance of 261,353,639 warrants on the basis of one (1) warrant for every two (2) existing shares held by the shareholders of the Company at the issue price of RM0.15 per warrant on 16 January 2008. The details of the warrants are as follows:-

i) The warrants are constituted under the Deed Poll dated 16 January 2008 and each warrant entitles its registered holder to subscribe for one (1) new ordinary shares of RM1.00 each in the Company at the subscription price of RM2.50. The warrants may be exercised at any time commencing from 16 January 2008 but not later than 16 January 2013 (both dates inclusive).

ii) The new shares issued upon exercise of the warrants shall be fully paid up and shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that these new shares shall not be entitled to any dividends, rights, allotments and/or other distribution, if the entitlement date of which is prior to the date of the allotment of these new shares arising from the exercise of the warrants. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised.

iii) No warrants were converted into new ordinary shares during the financial year. As of the balance sheet date, the total number of warrants which remained unexercised amounted to 261,353,639 warrants. Any warrants which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

19. RETAINED EARNINGS

Subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2009 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2009 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

20. LOANS AND BORROWINGS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current				
Secured term loans	–	211,153	–	47,281
Current				
Unsecured				
Bank overdraft	3,254	728	–	–
Bills payable (including Islamic acceptance bills)	502,359	656,852	–	–
Foreign currency trade finance	32,369	51,451	–	–
Revolving credit	22,000	50,000	–	–
Secured term loans	336,403	68,722	47,281	68,722
	896,385	827,753	47,281	68,722

20. LOANS AND BORROWINGS (continued)

20.1 Security

The term loan of the Company is secured by investment in the shares of a subsidiary as disclosed in Note 8 to the financial statements.

The term loan of a subsidiary is secured against 1st party fixed deposit as disclosed in Note 14 and by way of specific debentures over the assets financed under the facility and corporate guarantees executed by the Company.

20.2 Terms and debt repayment schedule

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000
Group				
2009				
Secured term loans	2010	336,403	336,403	–
Unsecured				
Bank overdraft	2010	3,254	3,254	–
Bills payables	2010	502,359	502,359	–
Foreign currency trade finance	2010	32,369	32,369	–
Revolving credit	2010	22,000	22,000	–
		896,385	896,385	–
2008				
Secured term loans	2009 to 2010	279,875	68,722	211,153
Unsecured				
Bank overdraft	2009	728	728	–
Bills payables	2009	656,852	656,852	–
Foreign currency trade finance	2009	51,451	51,451	–
Revolving credit	2009	50,000	50,000	–
		1,038,906	827,753	211,153
Company				
2009				
Secured term loans	2010	47,281	47,281	–
2008				
Secured term loans	2009 to 2010	116,003	68,722	47,281

20. LOANS AND BORROWINGS (continued)

20.2 Terms and debt repayment schedule (continued)

Term loan of a subsidiary, amounting to RM289,121,502, is subject to full repayment in year 2010 which bear interest at 1.5% per annum above the cost of fund for year 1 and 1.75% per annum above the cost of fund for year 2. The subsidiary is currently at the final stage of negotiation to refinance the said term loan. The Directors are of the opinion that there is no material uncertainty in respect of securing the refinancing facility.

Other term loans of the Group and the Company are charged interest rates at 3.52% (2008 : 4.23% to 4.87%) per annum.

Bank overdrafts are charged interest rates ranging from 5.80% to 6.55% (2008 : 7.00% to 7.75%).

Other borrowings are charged interest rates ranging from 1.15% to 4.34% (2008 : 2.61% to 7.25%).

20.3 Significant covenants

The secured term loan of the Company is subject to the fulfillment of the following significant covenant:

i) Maintain a minimum security cover of not less than two times (measured by the net tangible assets per share of shares in Ann Joo Steel Berhad pledged over the secured term loan) for certain loans.

The secured term loan of a subsidiary is subject to the fulfillment of the following significant covenants:

i) Maintain a margin of financing not exceeding 78% of the total assets financed under the facility; and

ii) Maintain a gearing ratio of the Group of not more than 2 times at all times.

21. PROVISION FOR EMPLOYEE BENEFITS

The movements during the year in the retirement benefits recognised in the balance sheet are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	9,454	12,492	1,076	1,924
Charge to the income statement	968	–	–	652
	10,422	12,492	1,076	2,576
Benefits paid	(1,574)	(3,038)	(51)	(1,500)
Transfer during the year	–	–	(1,025)	–
At 31 December	8,848	9,454	–	1,076

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

The retirement benefits are payable as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current (Note 22)	616	1,264	–	54
Non-current	8,232	8,190	–	1,022
At 31 December	8,848	9,454	–	1,076

The retirement benefits recognised in the balance sheet are analysed as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Present value of unfunded obligations	8,848	9,454	–	1,076

The provision for retirement benefits charged to the income statements is analysed as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current service costs and interest	968	(154)	–	652
Amortisation of transitional liability - current financial year	–	154	–	–
	968	–	–	652

The principal actuarial assumption used for the retirement benefits is as follow:

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Discount rate	7.0	7.0	–	7.0

The retirement benefits scheme was valued by Directors in December 2006 based on valuation carried out by external independent professional actuary using the projected unit credit method.

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

Movement in the present value of the defined benefit obligations

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Defined benefit obligations at 1 January	9,454	12,492	1,076	1,924
Benefits paid by the plan	(1,574)	(3,038)	(51)	(1,500)
Current service costs and interest	968	–	–	652
Transfer during the year	–	–	(1,025)	–
Defined benefit obligations at 31 December	8,848	9,454	–	1,076

22. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade					
Trade payables	22.1	71,977	37,087	–	–
Amount due to an associate	22.2	–	648	–	–
		71,977	37,735	–	–
Non-trade					
Other payables		7,659	13,030	225	411
Accrued expenses		45,839	43,555	722	3,183
Amount due to subsidiaries	22.3	–	–	230,948	208,992
Provision for employee benefits	21	616	1,264	–	54
Deposits		3,415	1,880	1	1
		57,529	59,729	231,896	212,641
		129,506	97,464	231,896	212,641

22.1 Analysis of foreign currency exposure for significant payables

Significant payables that are not in the functional currencies of the Group entities are as follows:

	Group	
	2009 RM'000	2008 RM'000
US Dollar	1,166	33,740
Euro	2	99
Yen	10	–

22. PAYABLES AND ACCRUALS (continued)

22.2 Amount due to an associate

In the prior year, the amount due to an associate which arose mainly from trade transactions are subject to normal trade credit terms.

22.3 Amount due to subsidiaries

Amount due to subsidiaries which arose mainly from inter-company advances and payments made on behalf are unsecured, interest free and are repayable on demand except for inter-company advances which bear interest rate at 3% (2008 : 3%) per annum.

22.4 Amount due to related parties

Included in trade payables of the Group are amounts of RM91,220 (2008 : RM167,570), RM28,212 (2008 : RM5,425) and RM954,431 (2008 : RM427,568) owing to a company in which a Director has financial interest, a company in which the immediate family member of a Director has financial interest and companies with a common Director of a subsidiary respectively.

Amount due to related parties from trade transactions are subjected to normal trade credit terms ranging from 30 to 92 days.

23. REVENUE

	Continuing operations		Discontinued operation (see Note 27)		Consolidated	
Group	**2009 RM'000**	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Sales	1,301,081	2,219,499	–	22,711	1,301,081	2,242,210
Rental income from investment properties	1,924	2,555	–	–	1,924	2,555
	1,303,005	2,222,054	–	22,711	1,303,005	2,244,765
Company						
Dividend income	62,632	91,874	–	–	62,632	91,874
Management fees	–	12,753	–	–	–	12,753
	62,632	104,627	–	–	62,632	104,627

Revenue of the Group is arrived at after discounts, carriage outwards, sales commissions and others cost directly related to sales amounting to RM69,540,542 (2008 : RM44,740,083).

24. OPERATING PROFIT

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts	1,084	2,777	–	–
Allowance for obsolete inventories	429	–	–	–
Amortisation of:				
- intangible assets	553	276	–	–
- investment in club membership	1	1	–	–
Amortisation of prepaid lease payments	972	874	–	26
Auditors' remuneration				
- statutory audit				
- current year	178	178	40	40
- other auditors	15	16	–	–
- other services	15	18	–	–
Consumables written off	95	–	–	–
Depreciation on property, plant and equipment	29,222	26,251	–	727
Employee benefits costs (Note 24.1)	72,668	72,429	(853)	12,631
Interest expense				
- term loan	4,381	7,645	3,012	7,455
- bank overdraft	469	18	–	–
- bills payable	15,319	16,932	–	–
- revolving credit	3,827	582	–	–
Impairment loss on investments in subsidiaries	–	–	4,424	–
Loss on disposal of property, plant and equipment	3	–	–	–
Management fee paid to:				
- an associate	72	72	–	–
- a related party	228	228	–	–
Property, plant and equipment				
- written off	22,848	73	–	–
- impairment loss	–	9	–	–
Rental of premises paid to:				
- a subsidiary	–	–	–	261
- others	2,793	4,678	–	10
Hire/Rental of equipment	295	573	–	–
Inventories write down	–	470,329	–	–
Changes in fair value of investment properties	–	815	–	–
Loss on foreign exchange				
- unrealised	42	3,675	–	–
- realised	495	–	–	–

24. OPERATING PROFIT (continued)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
and after crediting:				
Reversal of allowance for doubtful debts	7,946	3,731	–	–
Reversal of allowance for obsolete inventories	–	6,900	–	–
Dividend income from subsidiaries	–	–	62,632	91,874
Gain on disposal of				
- property, plant and equipment	123	2,474	–	117
Gain on foreign exchange - realised	1,330	3,083	–	–
Interest income from:				
- others	1,171	2,800	35	229
- a subsidiary	–	–	11	97
Management fee income from subsidiaries	–	–	–	12,753
Negative goodwill arising from acquisition of a subsidiary	–	3,380	–	–
Reversal of impairment on property, plant and equipment	26,381	–	–	–
Rental income from:				
- an associate	43	73	–	–
- others	2,004	2,482	–	–
Changes in fair value of investment properties	–	181	–	181

Note 24.1 Employee benefits costs
Employee includes key management personnel

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Salaries, wages and bonus	65,128	64,981	(681)	10,669
Defined contributions plan	5,967	5,761	(172)	1,272
Defined benefit plan	968	–	–	652
Others	605	1,687	–	38
	72,668	72,429	(853)	12,631

25. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors				
- Fees	563	958	480	510
- Remuneration	6,819	5,084	120	3,730
- Remuneration - overprovision in prior year	–	–	(435)	–
- Contribution to EPF	831	545	–	497
Estimated monetary value of benefits-in-kind	338	107	–	19
Others	26	1	–	1
	8,577	6,695	165	4,757

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel are Directors of the Company and Directors of its subsidiaries.

26. TAX EXPENSE

Recognised in the income statements

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax expense on continuing operations	5,531	(29,264)	12,030	22,297
Tax expense on discontinued operation (excluding gain on sale)(Note 27)	–	(19)	–	–
Total tax expense	5,531	(29,283)	12,030	22,297

26. TAX EXPENSE (continued)

Major components of tax expense include:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense				
Malaysian - current year	3,701	18,098	13,629	21,994
- prior year	(2,271)	509	(1,599)	303
Total current tax	1,430	18,607	12,030	22,297
Deferred tax expense				
Origination and reversal of temporary differences	2,819	(18,614)	–	–
Under/(Over) provision of deferred tax expense in prior years	1,282	(29,276)	–	–
Total deferred tax (Note 11)	4,101	(47,890)	–	–
Total tax expense	5,531	(29,283)	12,030	22,297
Profit for the year	30,813	148,780	43,744	58,898
Total tax expense	5,531	(29,283)	12,030	22,297
Profit excluding tax	36,344	119,497	55,774	81,195
Tax at Malaysian tax rate of 25% (2008 : 26%)	9,086	31,069	13,944	21,111
Effect of lower tax rate for certain subsidiaries*	–	(1,061)	–	–
Effect of change in tax rate**	(222)	917	–	–
Non-deductible expenses	3,802	4,366	1,151	1,148
Tax exempt income	(1,620)	(1,604)	(1,095)	(58)
Tax incentives	(4,595)	(32,882)	–	–
Effect of unrecognised deferred tax assets	(282)	(707)	(371)	(207)
Others	351	(614)	–	–
	6,520	(516)	13,629	21,994
(Over)/Under provision of current tax expense in prior year	(2,271)	509	(1,599)	303
Under /(Over) provision of deferred tax expense in prior year	1,282	(29,276)	–	–
	5,531	(29,283)	12,030	22,297

26. TAX EXPENSE (continued)

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

In the Malaysian Budget 2009, it was announced that with effect from year of assessment 2009, the preferential tax rate entitlement for companies with paid-up capital of RM2.5 million and below will not apply if more than 50% of the paid-up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company which has a paid-up ordinary share capital exceeding RM2.5 million.

** The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

27. DISCONTINUED OPERATION

As disclosed in the previous financial year, Ann Joo Steel Berhad had on 14 November 2007 entered into a Share Sale Agreement with CB Industrial Product Holding Berhad ("CBIPH") together with other shareholders of the subsidiary, Empresa (M) Sendirian Berhad ("Empresa"), for the disposal of the Company's entire shareholdings in Empresa comprising of 9,000,000 ordinary shares of RM1.00 each for a cash consideration of approximately RM30.37 million and other shareholders entire shareholdings in Empresa comprising of 1,500,000 ordinary shares of RM1.00 each for a cash consideration of RM5.06 million. 10% deposit of RM3.04 million was received in financial year 2007.

The remaining balance of 90% of consideration amounting to RM27.3 million was received in year 2008. The agreement was completed on 14 July 2008.

Profit attributable to the above discontinued operation are as follows:

Results of discontinued operation

	Note	Financial Period from 1.1.2008 to 31.5.2008 RM'000
Revenue		22,711
Operating expenses		(10,207)
Other operating income		12
Profit from operations		12,516
Finance costs		(354)
Profit before tax		12,162
Tax expense	26	19
Result from operating activities, net of tax		12,181
Gain on disposal of a subsidiary (Note 35)		2,249
Profit for the period		14,430

27. DISCONTINUED OPERATION (continued)

	Financial Period from 1.1.2008 to 31.5.2008 RM'000
Cash flows from discontinued operation	
Net cash from operating activities	6,934
Net cash used in investing activities	(714)
Net cash used in financing activities	(6,156)
Net cash from discontinued operation	64

Included in the results of operating activities are:

	2008 RM'000
Auditors' remuneration	
- statutory audit	
- other auditors	2
Personnel expenses (including Director remuneration)	
- wages, salaries and bonus	1,545
- contribution to employees' provident fund	60

and crediting :

Gain on disposal of equipment	10

28. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2009 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

Group	Continuing operations RM'000	Discontinued operation RM'000	Total RM'000
2009			
Profit for the year attributable to shareholders	31,617	–	31,617
2008			
Profit for the year attributable to shareholders	130,394	9,004	139,398

28. EARNINGS PER ORDINARY SHARE (continued)

Basic earnings per ordinary share (continued)

Weighted average number of ordinary shares

	Group	
	2009 **'000**	**2008** **'000**
Issued ordinary shares at 1 January	522,707	522,707
Effect of treasury shares held	(20,021)	(13,018)
Weighted average number of ordinary shares at 31 December	502,686	509,689

Basic earnings per ordinary share

	Group	
	2009 **Sen**	**2008** **Sen**
From continuing operations	6.29	25.58
From discontinued operation	–	1.77
	6.29	27.35

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2009 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Group **2009**	**Continuing operations** **RM'000**	**Discontinued operation** **RM'000**	**Total** **RM'000**
Profit for the year attributable to ordinary shareholders	31,617	–	31,617
Interest income on warrants exercised, net of tax	9,801	–	9,801
Profit attributable to ordinary shareholders (diluted)	41,418	–	41,418
2008			
Profit for the year attributable to ordinary shareholders	130,394	9,004	139,398
Interest income on warrants exercised, net of tax	16,414	–	16,414
Profit attributable to ordinary shareholders (diluted)	146,808	9,004	155,812

28. EARNINGS PER ORDINARY SHARE (continued)

Diluted earnings per ordinary share (continued)

Weighted average number of ordinary shares diluted

	Group 2009	2008
Weighted average number of ordinary shares at 31 December	502,686	509,689
Effect of exercise of warrants	261,353	254,213
Weighted average number of ordinary shares (diluted) at 31 December	764,039	763,902

Diluted earnings per ordinary share

	Group 2009 Sen	2008 Sen
From continuing operations	5.42	19.22
From discontinued operation	–	1.18
	5.42	20.40

29. DIVIDENDS

Dividends recognised in the current year by the Company are:

2009	**Sen per share (net of tax)**	**Total amount RM'000**	**Date of payment**
Interim ordinary dividend 2009	2.25	11,310	15.12.2009
2008			
Final ordinary dividend 2007	5.92	30,406	16.06.2008
Interim ordinary dividend 2008	8.88	44,647	02.09.2008
Total amount		75,053	

30. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise of loans and borrowings and related expenses, tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

Business segments

The Group comprises the following main business segments:

- Iron and steel - Manufacturing and trading of hardware, steel and iron products, building and construction materials of all kinds and operations of steel mill and steel service centre
- Investment holding, property management and others

2009	Iron and steel Manufacturing RM'000	Iron and steel Trading RM'000	Investment holding, property management and others RM'000	Eliminations RM'000	Consolidated RM'000
Business segments					
Total external revenue	1,034,488	266,596	1,921	–	1,303,005
Inter-segment revenue	127,097	48,173	81,055	(256,325)	–
Total segment revenue	1,161,585	314,769	82,976	(256,325)	1,303,005
Segment result	47,547	12,721	64,311	(65,679)	58,900
Interest income					1,171
Finance costs					(23,996)
Results from operating activities					36,075
Share of results of an associate					269
Tax expense					(5,531)
Profit for the year					30,813

30. SEGMENTAL REPORTING (continued)

2008	Iron and steel Manufacturing RM'000	Iron and steel Trading RM'000	Investment holding, Property management and others RM'000	Plantation Discontinued operation RM'000	Eliminations RM'000	Consolidated RM'000 restated	Less: Plantation Discontinued operation RM'000	Continuing operations RM'000 restated
Business segments								
Total external revenue	1,430,038	789,551	2,465	22,711	–	2,244,765	(22,711)	2,222,054
Inter-segment revenue	437,816	13,282	109,240	–	(560,338)	–	–	–
Total segment revenue	1,867,854	802,833	111,705	22,711	(560,338)	2,244,765	(22,711)	2,222,054
Segment result	79,115	45,786	91,177	12,516	(92,145)	136,449	(12,516)	123,933
Negative goodwill arising from acquisition of a subsidiary						3,380	–	3,380
Interest income						2,800	–	2,800
Finance costs						(25,531)	354	(25,177)
Results from operating activities						117,098	(12,162)	104,936
Share of results of an associate						150	–	150
Tax expense						29,283	(19)	29,264
Gain on sale of discontinued operation, net of tax						2,249	(2,249)	–
Profit for the year						148,780	(14,430)	134,350

30. SEGMENTAL REPORTING (continued)

2009	Iron and steel Manufacturing RM'000	Trading RM'000	Investment holding, property management and others RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	1,847,571	228,127	983,278	(1,107,854)	1,951,122
Investment in an associate					775
Unallocated assets					18,982
Total assets					1,970,879
Segment liabilities	163,139	24,567	254,379	(304,347)	137,738
Unallocated liabilities					912,241
Total liabilities					1,049,979
Capital expenditure	130,680	200	898	–	131,778
Depreciation and amortisation	26,435	489	3,824	–	30,748
Gain on disposal of property, plant and equipment	120	–	–	–	120
Reversal of impairment loss on property, plant and equipment	26,381	–	–	–	26,381
Property, plant and equipment written off	22,848	–	–	–	22,848
Retirement benefits	941	3	24	–	968
Non-cash expenses	397	1,329	(269)	–	1,457

30. SEGMENTAL REPORTING (continued)

2008	Iron and steel Manufacturing RM'000	Iron and steel Trading RM'000	Investment holding, property management and others RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	1,781,843	282,183	947,058	(1,050,048)	1,961,036
Investment in an associate					506
Unallocated assets					113,549
Total assets					2,075,091
Segment liabilities	138,906	33,730	230,031	(297,013)	105,654
Unallocated liabilities					1,053,921
Total liabilities					1,159,575
Capital expenditure	277,520	790	4,357	–	282,667
Depreciation and amortisation	24,220	592	2,590	–	27,402
Gain on disposal of property, plant and equipment	2,146	211	117	–	2,474
Impairment loss on property, plant and equipment	–	9	–	–	9
Property, plant and equipment written off	62	11	–	–	73
Negative goodwill arising from acquisition of a subsidiary	2,866	-	514	–	3,380
Retirement benefits	904	(1,556)	652	–	–
Non-cash expenses	928	3,675	(150)	–	4,453

31. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

Credit risk

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

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

Interest rate risk

The Group is exposed to interest rate risk from changes in interest rates primarily for debt obligations and short term deposit placements in the money market. The Group manages this risk through the use of fixed and floating rate debt instruments to generate a desired interest rate profile.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group **2009**	**Average effective interest rate %**	**Total RM'000**	**Less than 1 year RM'000**
Fixed rate instruments			
Deposits placed with licensed banks	1.60 – 2.30	20,685	20,685
Unsecured			
bills payable	2.15 – 4.34	(502,359)	(502,359)
revolving credit	2.89 – 3.30	(22,000)	(22,000)
foreign currency trade finance	1.15 – 1.30	(32,369)	(32,369)
		(536,043)	(536,043)

31. FINANCIAL INSTRUMENTS (continued)

Effective interest rates and repricing analysis (continued)

Group 2009	Average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000
Floating rate instruments				
Unsecured bank overdraft	5.80 – 6.55	(3,254)	(3,254)	–
Secured term loans	3.52	(336,403)	(336,403)	–
		(339,657)	(339,657)	–
2008				
Fixed rate instruments				
Deposits placed with licensed banks	0.15 – 3.50	26,242	26,242	–
Unsecured				
bills payable	2.61 – 7.25	(656,852)	(656,852)	–
revolving credit	4.42 – 5.35	(50,000)	(50,000)	–
foreign currency trade finance	3.46 – 4.87	(51,451)	(51,451)	–
		(732,061)	(732,061)	–
Floating rate instruments				
Unsecured bank overdraft	7.00 – 7.75	(728)	(728)	–
Secured term loans	4.23 – 4.87	(279,875)	(68,722)	(211,153)
		(280,603)	(69,450)	(211,153)
Company				
2009				
Floating rate instruments				
Secured term loan	3.34 – 4.57	(47,281)	(47,281)	–
2008				
Floating rate instruments				
Secured term loans	4.23 – 4.87	(116,003)	(68,722)	(47,281)

31. FINANCIAL INSTRUMENTS (continued)

Liquidity and cash flow risk

Prudent liquidity risk management required the Group to maintain sufficient cash via internally generated cash flows and the availability of funding resources through an adequate amount of committed credit facilities. The Group also structures its short term borrowings and long term loans to fund working capital requirements and capital expenditure respectively.

Foreign currency risk

The Group is exposed to foreign currency exchange risk as a result of entering into sales and purchase transactions denominated in foreign currencies. The foreign currency transactions are mainly denominated in US Dollars. The Group enters into foreign currency forward contracts to hedge the exposure to specific risks relating to material foreign currency transactions.

Fair values

Recognised financial instruments

The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowings, approximate their fair values due to the relatively short term nature of these financial instruments.

Ann Joo Steel Berhad provides financial guarantees to a financial institution for banking facilities extended to a subsidiary and a fellow subsidiary. The fair value of such financial guarantees are not expected to be material as the probability of the subsidiary and the fellow subsidiary defaulting on the credit lines is remote.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

	2009		2008	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Quoted shares	172	168	172	103
Forward exchange contracts:				
Assets	–	33	–	–
Liabilities	–	–	–	727

31. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

Unrecognised financial instruments

Foreign currency forward contracts

Foreign currency forward contracts are entered into by the Group in currencies other than its functional currency to hedge against fluctuations in foreign currency exchange rates on specific transactions.

The foreign currency amounts to be paid and the contractual exchange rates of the Group's outstanding contacts are as follows:

Hedged item	Currency To be Received	Currency To be paid	Ringgit Malaysia equivalent	Average contractual rate
2009				
Future sales of goods:				
SGD 900,000	SGD	–	2,205,000	1SGD = RM2.45
2008				
Future purchase of goods:				
EURO119,700	–	EURO	544,898	1EURO = RM4.55
USD9,727,889	–	USD	35,072,669	1USD = RM3.61
JPY6,912,000	–	JPY	248,590	100JPY = RM3.60

As at the balance sheet date, the net unrecognised gain on open contracts that hedge anticipated future foreign currency sales/purchase amounted to RM32,620 (2008 : unrecognised loss of RM1,247,859)

Estimation of fair values

The following summarises the methods used in determining the fair values of financial instruments reflected above:

- Fair value of quoted shares is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

- Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

32. CAPITAL AND OTHER COMMITMENTS

	Group 2009 RM'000	Group 2008 RM'000
Property, plant and equipment		
Continuing operations		
Contracted but not provided for	135,092	240,710
Approved expenditure but not contracted for	159,016	230,652
	294,108	471,362

33. CONTINGENCIES

The Company had issued a corporate guarantee amounting to RM510 million to a financial institution for banking facilities granted to a subsidiary as follows:-

	Company 2009 RM'000	Company 2008 RM'000
Amount of credit facilities granted:		
- Term loan and letter of credit	500,000	500,000
- Foreign exchange contract	100,000	100,000
	600,000	600,000

The amount of credit facilities utilised as at balance sheet date for term loan and letter of credit was RM300,791,502 (2008 : RM182,782,417).

34. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel are Directors of the Company and Directors of its subsidiaries.

The Group has a related party relationship with its fellow subsidiaries and an associate of its ultimate holding company, Directors, key management personnel and companies in which the Directors/Directors' family have substantial financial interests.

34. RELATED PARTIES (continued)

The significant related party transactions are as follows:

Summary of related party transactions

	2009 RM'000	2008 RM'000
Group		
Subsidiaries of the ultimate holding company		
Management fees received	360	360
Rental received	329	329
Slag processing services	354	526
Usage of consumable and refractories	125	–
Companies in which certain Directors have financial interest		
Sale of goods	3,767	13,951
Storage and handling charges	680	956
Companies in which the immediate family members of certain Directors have financial interest		
Sale of goods	1,575	1,812
Purchase of goods	64	53
Interest income	4	12
An associate of the ultimate holding company		
Sale of goods	661	2,879
Construction of building structure	1,658	–
Companies with a common Director of a subsidiary		
Purchase of goods	8,817	7,314
Management fees paid	228	228
An associate of a subsidiary		
Sale of goods	5,003	114
Purchase of goods and repair services for die tooling	3,006	3,610
Management fees received	72	72
Rental income	43	73
Company		
Subsidiaries		
Dividend income	62,632	91,874
Interest income	11	97
Management fees received	–	12,753
Rental expense	–	261

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

The outstanding balances arising from the above transactions have been disclosed in Note 12 and 22 to the financial statements.

35. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

35.1 Acquisition of a subsidiary

On 25 April 2008, Ann Joo Steel Berhad acquired 100% of the issued and paid-up capital of AJSB Land Sdn. Bhd. (formerly known as Nanometric Technology Sdn. Bhd.) for a total cash consideration of RM11.54 million. The Company is involved in investment holding activity. In the six months to 31 December 2008 the subsidiary contributed a loss of RM418,000. If the acquisition had occurred on 1 January 2008, management estimates that consolidated profit for the year would have been reduced by RM1.05 million. The acquisition is accounted for using the purchase method of accounting.

The acquisition had the following effect on the Group's assets and liabilities on 1 July 2008, the effective acquisition date:

	Pre-acquisition carrying amounts RM'000	Fair values adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	18,784	816	19,600
Prepaid lease payments	8,050	350	8,400
Receivables, deposits and prepayments	38	–	38
Cash and cash equivalents	34	–	34
Payables and accruals	(13,668)	–	(13,668)
Net identifiable assets	13,238	1,166	14,404
Negative goodwill on acquisition			(2,865)
Consideration paid, satisfied in cash			11,539
Cash acquired			(34)
Net cash outflow			11,505

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

35. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

35.2 Disposal of a subsidiary

As disclosed in Note 27, Ann Joo Steel Berhad disposed of Empresa (M) Sendirian Berhad for a total cash consideration of RM30.37 million.

The fair value of assets disposed and liabilities relieved are as follows:

	Note	RM'000
Property, plant and equipment	15.1	11,804
Prepaid lease payments	15.2	29,759
Biological assets		51,326
		92,889
Current assets		
Receivables, deposits and prepayments		6,228
Inventories		771
Cash and cash equivalents		228
		7,227
Current liabilities		
Payables and accruals		32,068
Term loans		15,000
Deferred tax liabilities		5,827
		52,895
Net assets		47,221
Minority interest		(19,181)
Gain on disposal of a subsidiary (Note 27)		2,249
Consideration received, satisfied in cash		30,289
Less : Cash and cash equivalents		(228)
Net cash inflow		30,061

36. SIGNIFICANT EVENTS

During the financial year, the Proposed Selective Capital Repayment Exercise undertaken by Ann Joo Steel Berhad was completed. The share capital was reduced from RM201,378,901 to RM197,735,238 arising from the cancellation of RM3,643,663 shares held by shareholders other than the Company by way of a court order. The total payment made for this cancellation was RM14,064,539 or RM3.86 per share and paid via internal generated funds.

37. COMPARATIVE FIGURE

The following comparative figures have been reclassified to conform with current year presentation:

	Group As restated RM'000	Group As previously reported RM'000
Income statements for the year ended 31 December 2008		
Cost of sales	(2,048,086)	(2,051,063)
Administrative expenses	(54,393)	(45,158)
Distribution expenses	–	(12,219)
Other operating expenses	(5,961)	–
Cash flow statements for the year ended 31 December 2008		
Cash flows from financing activities		
- Pledged deposits	3,000	–
- Net cash (used in)/from financing activities	307,959	310,959

	Company As restated RM'000	Company As previously reported RM'000
Cash flow statements for the year ended 31 December 2008		
Cash flows from operating activities		
- Dividend income	–	(91,874)
- Taxes refund/(paid)	(23,698)	130
- Net cash from/(used in) operating activities	241,603	173,557
Cash flows from investing activities		
- Dividends received from subsidiaries	–	68,046
- Net cash used in investing activities	(54,474)	13,572

Statement By Directors
Pursuant To Section 169(15) Of The Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 47 to 116 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2009 and of their performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Dato' Lim Kiam Lam

....
Dato' Lim Hong Thye

Petaling Jaya,

Date: 28 April 2010

Statutory Declaration
Pursuant To Section 169(16) Of The Companies Act, 1965

I, **Cheah Ban Seng**, the officer primarily responsible for the financial management of **Ann Joo Resources Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 47 to 116 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 above named in Petaling Jaya on 28 April 2010.

....
Cheah Ban Seng

Before me:

Commissioner for Oaths

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ann Joo Resources Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 116.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries (of which we have acted as auditors) have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (continued)

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

d) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Mok Wan Kong
Approval Number: 2877/12/10(J)
Chartered Accountant

Petaling Jaya,

Date: 28 April 2010

Recurrent Related Party Transactions

The breakdown of the aggregate value of the Recurrent Related Party Transactions during the financial year ended 31 December 2009 of a revenue or trading nature carried out by Ann Joo Group in its normal course of business on an arm's length basis is as follows:-

Transacting Parties	Related Parties	Nature of Transaction	Actual (RM)
Ann Joo Group	LIM Group	• Sale of steel related products; • Provision of various services or treatment for steel related products; • Charging of incidental cost to LIM Group	2,913,762
		Purchase of steel related products from LIM Group	63,951
		Lease of office space to LIM Group	53,400
		Provision of services and facilities to LIM Group	360,000
		Rental, storage and handling charges payable to LIM Group for storage of steel related materials	679,569
		Construction of building structures, plant and machinery provided by LIM Group.	1,690,690
		Purchase of Precious Slag Steel Balls and other steel related products from LIM Group	168,071
		Provision of slag treatment services and purchase of substance used for steel making by LIM Group	353,619
		Lease of land and building and charges for usage of material required for operating activities by LIM Group	401,422
API	MISI Group	Purchase of steel related products from MISI Group	6,172,695
API	SANH Group	Sale of steel related products and provision of cutting and bending services to SANH Group and charging or reimbursement of incidental cost and expenses in relation thereto.	5,002,659
		Purchase and repair services of die tooling from SANH Group	2,565,246
		Sub-lease to SANH Group of factory area	43,200
		Payment of technical and advisory support fee to SANH Group	300,000
		Purchase of steel related products from SANH Group	3,085,270

Transacting Parties	Related Parties	Nature of Transaction	Actual (RM)
ASP	CHH Group	Sale of steel related products and provision of cutting and bending services to CHH Group and charging or reimbursement of incidental cost and expenses in relation thereto	2,713,376
ASP	SHH Group	Sale of steel related products and provision of cutting and bending services to SHH Group and charging or reimbursement of incidental cost and expenses in relation thereto	379,556

Ann Joo Group	:	Ann Joo Resources Berhad and its subsidiaries
API	:	Anshin Precision Industries Sdn Bhd, a 59.12%-owned subsidiary of Ann Joo
ASP	:	Anshin Steel Processor Sdn Bhd, a 62%-owned subsidiary of Ann Joo
Lim Group	:	Includes Ann Joo Corporation Sdn Bhd and its subsidiaries and associates, Lim Seng Chee & Sons Sdn Bhd, LSQ & Sons Sdn Bhd, Lim Sin Seong Sdn Bhd, Lim Seng Chee and Lim Seng Qwee (major shareholders), Dato' Lim Kiam Lam and Lim Sin Seong (Directors and major shareholders), Dato' Lim Hong Thye and Lim Kien Lip (Directors) and persons connected.
CHH Group	:	Chuan Huat Hardware Holdings Sdn Bhd and its related corporations, associates and persons connected
MISI Group	:	Marubeni-Itochu Steel Inc. and its related corporations, associates and persons connected
SANH Group	:	S.A. Networks Holdings Sdn Bhd and its related corporations, associates and persons connected
SHH Group	:	SHH Holdings Sdn Bhd and its related corporations, associates and persons connected

Properties Owned

By Ann Joo Resources Berhad And Its Subsidiaries As At 31 December 2009

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
Lot 19391 Mukim and District of Petaling	Freehold	Commersial Land & Building	1.2965 hectares	Office and Warehouse	27	29,607	31-12-2008
Lot 1508 Mukim and District of Petaling	Freehold	Industrial Land & Building	0.658 hectares	Office and Warehouse	7	12,015	31-12-2008
HS(D) 50441 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 25.03.2070)	Industrial Land & Building	4.150 hectares	Factory, Office and Store	18	36,281	31-12-2008
HS(D) 156463, Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 29.06.2076)	Industrial Land & Building	1.658 hectares	Factory and Office	19	16,502	31-12-2008
HS(D) 132496, Lot 9 Persiaran Perusahaan Section 23 Shah Alam	Leasehold (expiring on 30.05.2098)	Industrial Land & Building	5.3255 hectares	Factory and Office	16	43,297	31-12-2008
Lot PT 3707 Mukim of Pasir Panjang Port Dickson	Freehold	Detached House	528 sq.m.	Staff Recreation	24	128	31-12-2008
Part of Lot 225 Mukim 1 Province Wellesley Central, Penang	Leasehold (expiring on 30.06.2032)	Industrial Land	11.126 acres	Vacant	–	961	31-3-2006
Parts of Lots 227 & 236, Mukim 1 Province Wellesley Central, Penang	Leasehold (expiring on 30.06.2057)	Industrial Land and Buildings & Structures	29.44 acres	Rolling mill 1 Office buildings	38 to 43	12,293	31-3-2006
Lot 78, Prai Town Penang	Freehold	Industrial Land and Buildings	237.448 acres	Rolling mill 2 Steel Making plant Oxygen plant	4 to 40	149,692	31-3-2006
Lot 426, Mukim 5 Province Wellesley South, Penang	Freehold	Industrial Land	15 acres	Vacant	–	2,300	31-3-2006
HSD 6641/95 Lot PT 33935 Town of Sungai Petani District of Kuala Muda Kedah Darul Aman	Freehold	Agriculture Land	9.733 acres	Vacant	–	2,300	31-3-2006

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
HSD 10450 Lot PT 68342 Town of Sungai Petani District of Kuala Muda Kedah Darul Aman	Freehold	Agriculture Land	6.138 acres	Vacant	–	1,500	31-3-2006
Lot 911, Locality Of Padang Meha District of Kulim Kedah Darul Aman	Freehold	Industrial Land	8.755 acres	Vacant	–	1,525	31-03-2006
Lots 936, 937 & 938 Mukim and District of Selama Perak Darul Ridzuan	Freehold	Agriculture and Industrial Land and Buildings & Structures	14.170 acres	Vacant	–	899	31-03-2006
Lot PT 3226 Mukim 01 Seberang Prai Tengah Penang	Leasehold (expiring on 05.02.2051)	Commercial Land & Building	5.243 acres	Office	19	27,014	18-01-2008
Sub-Total (value of properties held as property, plant and equipment & prepaid lease payments)						336,314	
No. C-7-10 Type 12 Storey No. 7th Floor Building No. Block C Phase 1 Zone G Sri Alam Condominium Kelab Golf Sultan Abdul Aziz Shah	Leasehold (expiring on 14.02.2091)	Condominium	2,732 sq.ft.	Vacant	9	500	31-12-2008
Lot 37255, No. 7-12-1 Meadow Park 3 (Washington Tower) Jalan 1/130 Off Jalan Kelang Lama 58200 Kuala Lumpur	Freehold	Apartment	1,120 sq.ft.	Vacant	9	150	31-12-2008
No. 7-20, Tingkat 7, Building No. T1 Turf View Apartment Taman Kuda Emas Section 6 Serdang Jaya Selangor	Leasehold (expiring on 28.11.2092)	Apartment	946 sq.ft.	Vacant	10	125	31-12-2008
704 Block A Tiara Kelana Condo. Jalan SS 7/19 Taman Sri Kelana Kelana Jaya 47301 Petaling Jaya	Leasehold (expiring on 28.01.2092)	Apartment	1,725 sq.ft.	Vacant	12	275	31-12-2008

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
Lot 106006 Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan	Leasehold (expiring on 12.1.2081)	3-storey Shoplots	1,540 sq.ft.	Rental	21	260	31-12-2008
Lot 106007 Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan	Leasehold (expiring on 12.1.2081)	3-storey Shoplots	1,540 sq.ft.	Rental	21	260	31-12-2008
Lot 59 Section 4 Phase 2A Pulau Indah Industrial Park West Port	Leasehold (expiring on 24.02.2097)	Industrial Land	9,917 sq.m.	Vacant Land	–	1,870	31-12-2008
14, Jalan Pandan 3/2 Pandan Jaya, Town of Ampang 55100 Selangor Darul Ehsan	Leasehold (expiring on 5.5.2087)	4-storey Shoplots	1,760 sq.ft.	Rental	20	900	31-12-2008
11, Jalan Pandan 3/3 Pandan Jaya, Cheras Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold (expiring on 5.5.2087)	4-storey Shoplots	1,760 sq.ft.	Rental	20	900	31-12-2008
Lot 4553, 4561, 4562 and 4563 Mukim Ulu Muar District of Kuala Pilah Negeri Sembilan Darul Khusus	Freehold	Agriculture Land	20.006 acres	Vacant	–	600	14-03-2008
No.68, Lorong Laksamana 20/KS7, Taman Sentosa Perdana, 41200 Klang	Freehold	Apartment	800 sq.m.	Vacant	7	62	–
No.70, Lorong Laksamana 20/KS7, Taman Sentosa Perdana, 41200 Klang	Freehold	Apartment	800 sq.m.	Vacant	7	62	–
Sub-total (value of properties held as investment properties)						5,964	

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
Lot 9041 Kampung Tengah 42000 Telok Gong Selangor Darul Ehsan	Leasehold	Industrial Land (expiring on 27.11.2067)	2.212 acres	Rental	–	1,516	14-03-2008
Lot 2171 Section 66 Kuching	Leasehold (expiring on 04.02.2050)	Industrial Land & Building	4,059 sq.m.	Office and Warehouse	13	1,488	31-12-2003
Sub-total (value of properties held as assets classified as held for sales)						3,004	
Total (value of properties held as property, plant and equipment, prepaid lease payments, investment properties and assets classified as held for sales)						**345,282**	

Statistical Report
As At 31 March 2010

ANALYSIS BY SIZE OF SHAREHOLDINGS

Authorised share capital	:	RM1,000,000,000
Issued and paid-up share capital	:	RM522,707,278
Class of shares	:	Ordinary shares of RM1 each
Voting rights	:	One vote per ordinary share held
No. of treasury shares held	:	20,570,800 ordinary shares of RM1 each

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
Less than 100	92	1.44	1,831	0.00
100 – 1,000	749	11.69	642,444	0.13
1,001 – 10,000	4,570	71.33	15,697,604	3.13
10,001 – 100,000	834	13.02	24,966,350	4.97
100,001 – less than 5% of issued shares	159	2.48	140,627,176	28.01
5% and above of issued shares	3	0.05	320,201,073	63.77
Total	6,407	100.00	502,136,478	100.00

LIST OF DIRECTORS' SHAREHOLDING AS AT 31 MARCH 2010

	No. of shares			
Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Lim Kiam Lam	2,772,750	0.55	327,441,932 §	65.21
Dato' Lim Hong Thye	1,259,400	0.25	–	–
Lim Sin Seong	–	–	325,241,132 §	64.77
Lim Kien Lip	–	–	1,500,000 *	0.30
Y.A.M Tunku Naquiyuddin Ibni Tuanku Ja'afar	–	–	–	–
Dato' Ong Kim Hoay	132,500	0.03	–	–
Tan Sri Datuk A. Razak bin Ramli	–	–	–	–
Datuk Kamarudin bin Md Ali	–	–	–	–

Note:
§ *Deemed interest pursuant to Sections 6A and 134(12)(c) of the Companies Act, 1965.*
* *Deemed interest pursuant to Section 134(12)(c) of the Companies Act, 1965.*

DIRECTORS' INTEREST IN SHARES IN RELATED COMPANIES AS AT 31 MARCH 2010

		No. of shares			
Related company	Director	Direct Interest	%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	Dato' Lim Kiam Lam	750,000	1.50	23,900,000 ^	47.80
	Lim Sin Seong	–	–	5,000,000 +	10.00

Notes:
^ *Deemed interest through substantial shareholding in Lim Seng Chee & Sons Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965.*
\+ *Deemed interest through substantial shareholding in Lim Sin Seong Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965*

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2010

Name	No. of shares Direct Interest	%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	325,191,132	64.76	–	–
Lim Seng Chee & Sons Sdn Bhd	–	–	325,191,132 *	64.76
LSQ & Sons Sdn Bhd	–	–	325,191,132 *	64.76
Lim Sin Seong Sdn Bhd	–	–	325,191,132 *	64.76
Lim Seng Chee	5,915,100	1.18	325,191,132 *	64.76
Lim Seng Qwee	5,080,255	1.01	325,191,132 *	64.76
Dato' Lim Kiam Lam	2,772,750	0.55	325,191,132 *	64.76
Lim Sin Seong	–	–	325,191,132 *	64.76

Note:
* *Deemed interest pursuant to Section 6A of the Companies Act, 1965.*

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2010

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
1.	Ann Joo Corporation Sdn Bhd	135,201,073	26.93
2.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ann Joo Corporation Sdn. Bhd.*	135,000,000	26.89
3.	Mayban Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ann Joo Corporation Sdn. Bhd.*	50,000,000	9.96
4.	Lembaga Tabung Haji	19,545,350	3.89
5.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for Credit Suisse (SG BR-TST-ASING)*	11,204,450	2.23
6.	Lim Seng Chee	5,915,100	1.18
7.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pheim Asset Management Sdn Bhd for Employees Provident Fund*	5,318,400	1.06
8.	Lim Seng Qwee	5,080,255	1.01
9.	HSBC Nominees (Tempatan) Sdn Bhd *Nomura Asset Mgmt Malaysia for Employees Provident Fund*	5.000.000	1.00
10.	Ann Joo Corporation Sdn. Bhd.	4,990,059	0.99
11.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (Norges BK Lend)*	3,778,400	0.75

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2010 (continued)

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
12.	RHB Nominees (Tempatan) Sdn Bhd *RHB Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja*	3,000,000	0.60
13.	Citigroup Nominees (Asing) Sdn. Bhd. *CBNY for Dimensional Emerging Markets Value Fund*	2,857,200	0.57
14.	AmInvestment Bank Berhad	2,827,000	0.56
15.	Dato' Lim Kiam Lam	2,772,750	0.55
16.	Yong Chai Lee	2,365,800	0.47
17.	Malaysian Assurance Alliance Berhad *As Beneficial Owner (Growth Fund)*	2,250,000	0.45
18.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad*	2,153,600	0.43
19.	AMSEC Nominees (Tempatan) Sdn. Bhd. *AmBank (M) Berhad (Proprietary-Malaysia)*	2,151,200	0.43
20.	Yong Chai Lee	2,105,364	0.42
21.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Alliance Investment Management Berhad for Employees Provident Fund*	2,000,000	0.40
22.	AmanahRaya Trustees Berhad. *Public Islamic Equity Fund*	2,000,000	0.40
23.	Teoh Sod Bin	1,678,650	0.33
24.	Datin Keng Poh Im	1,573,650	0.31
25.	Lou Swee You	1,546,300	0.31
26.	Law Shee Yuan	1,500,000	0.30
27.	AmanahRaya Trustees Berhad *Affin Select Growth Fund*	1,457,200	0.29
28.	Dato' Lim Hong Thye	1,259,400	0.25
29.	RHB Nominees (Tempatan) Sdn Bhd *RHB Investment Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan)*	1,250,000	0.25
30.	AmanahRaya Trustees Berhad *Public Islamic Optimal Growth Fund*	1,200,000	0.24

ANALYSIS BY SIZE OF WARRANT HOLDINGS

No. of Warrants in issue	:	261,353,639
Exercise Price of Warrants	:	RM2.50
Expiry Date of Warrants	:	10 January 2013
Voting Rights	:	One vote per warrant held

Size of Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrant Holding	% of Warrant Issued
Less than 100	27	0.84	1,369	0.00
100 – 1,000	708	22.09	596,182	0.23
1,001 – 10,000	1,593	49.70	7,690,248	2.94
10,001 – 100,000	749	23.37	25,256,175	9.66
100,001 – less than 5% of issued shares	126	3.93	51,863,639	19.84
5% and above of issued shares	2	0.06	175,946,026	67.32
Total	3,205	100.00	261,353,639	100.00

LIST OF DIRECTORS' WARRANT HOLDINGS AS AT 31 MARCH 2010

	No. of Warrants			
Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Lim Kiam Lam	1,533,375	0.59	178,301,580 §	68.22
Dato' Lim Hong Thye	647,000	0.25	–	–
Lim Sin Seong	–	–	177,077,905 §	67.75
Lim Kien Lip	–	–	752,300 *	0.29
Y.A.M Tunku Naquiyuddin Ibni Tuanku Ja'afar	–	–	–	–
Dato' Ong Kim Hoay	11,300	0.00 #	–	–
Tan Sri Datuk A. Razak bin Ramli	–	–	–	–
Datuk Kamarudin bin Md Ali	–	–	–	–

Notes:

\# *Negligible*

§ *Deemed interest pursuant to Section 6A and 134(12)(c) of the Companies Act, 1965.*

* *Deemed interest pursuant to Section 134(12)(c) of the Companies Act, 1965.*

THIRTY LARGEST WARRANT HOLDERS AS AT 31 MARCH 2010

No.	Name of Warrant Holders	No. of Warrant Holding	% of Warrant Issued
1.	Ann Joo Corporation Sdn Bhd	108,446,026	41.49
2.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ann Joo Corporation Sdn. Bhd.*	67,500,000	25.83
3.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for Credit Suisse (SG BR-TST-ASING)*	5,868,675	2.25
4.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ong Siew Eng @ Ong Chai*	2,974,000	1.14

THIRTY LARGEST WARRANT HOLDERS AS AT 31 MARCH 2010 (continued)

No.	Name of Warrant Holders	No. of Warrant Holding	% of Warrant Issued
5.	Lim Seng Chee	2,957,900	1.13
6.	Lim Kian Wat	2,547,500	0.97
7.	Lim Seng Qwee	2,540,127	0.97
8.	Dato' Lim Kiam Lam	1,386,375	0.53
9.	Ann Joo Corporation Sdn. Bhd.	1,130,979	0.43
10.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chia Siya Heng*	1,100,000	0.42
11.	Yong Chai Lee	1,052,682	0.40
12.	Malaysian Assurance Alliance Berhad *As Beneficial Owner (Growth Fund)*	975,000	0.37
13.	Teoh Sod Bin	825,300	0.32
14.	Datin Keng Poh Im	786,825	0.30
15.	Law Shee Yuan	752,300	0.29
16.	Oh Sin Yok @ Foo Sin Nyook	742,500	0.28
17.	Cheang Beng Chee	647,500	0.25
18.	Dato' Lim Hong Thye	647,000	0.25
19.	Phua Sin Mo	562,500	0.22
20.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Singular Asia Flexible Fund*	544,600	0.21
21.	Mayban Nominees (Tempatan) Sdn. Bhd. *Hadrons Capital Sdn. Bhd. for Koay Kang Chuwan*	513,083	0.20
22.	Teoh Hunt Thuim	500,200	0.19
23.	Yeoh Chun Heng	490,000	0.19
24.	Saw Chai Soon	483,600	0.19
25.	Malaysian Assurance Alliance Berhad *As Beneficial Owner (Dana Mas Maju)*	470,250	0.18
26.	Chng Kim Chye	470,200	0.18
27.	Phua Sin Mo	470,000	0.18
28.	Cha Yuen Ching	400,000	0.15
29.	Affin Nominees (Asing) Sdn. Bhd. *Pledged Securities Account for Wu, Lung-Yen*	400,000	0.15
30.	Lee Yoke Foong	399,500	0.15

安 裕 資 源 有 限 公 司

ANN JOO RESOURCES BERHAD (371152-U)

(Incorporated in Malaysia)

FORM OF PROXY

No. of Ordinary Shares held	

I/We ____ NRIC No. ____________________

(Full name in block letters)

of ____ Tel. No. ____________________

(Address)

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

____ of ____________________

(Full name in block letters) (Address)

____

or failing him / her ____

(Full name in block letters)

of ____

(Address)

or failing him / her, the CHAIRMAN OF THE MEETING as my / our proxy to vote for me / us and on my / our behalf at the Fourteenth Annual General Meeting of the Company to be held at Grand Bahamas, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 25 May 2010 at 10.00 a.m. or at any adjournment thereof, and to vote as indicated below:-

	Resolutions	For	Against
1.	To receive the audited financial statements		
2.	To declare a final dividend of 3 sen per share		
3.	To approve the payment of Directors' fees		
4.	To re-elect Lim Sin Seong as Director		
5.	To re-elect Lim Kien Lip as Director		
6.	To re-appoint Messrs KPMG as the Auditors of the Company		
7.	To re-appoint Dato' Ong Kim Hoay as Director		
8.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	To renew the authorisation to enable the Company to purchase its own shares		
10.	To renew the existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with the following related parties: - (i) LIM Group		
11.	(ii) SANH Group		
12.	To obtain new Shareholders' Mandate for additional recurrent related party transactions of a revenue or trading nature		
13.	To approve the proposed amendments to the Articles of Association		

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

Signed this __________ day of ____________________2010

____

Signature / Common Seal

NOTES:-

1) *A Member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A Member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

2) *A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company.*

3) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*

4) *The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Share Registrar of the Company at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*

Please fold here

STAMP

ANN JOO RESOURCES BERHAD
c/o Symphony Share Registrars Sdn Bhd
Level 6, Symphony House, Block D13,
Pusat Dagangan Dana 1, Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor Darul Ehsan

Please fold here