安 裕 資 源 有 限 公 司

ANN JOO RESOURCES BERHAD (371152-U)

annual report 2010

Contents

Group Vision 2020

- To excel as the leading steel Group in Southeast Asia, by manufacturing and trading a wide range of steel products, achieving long term growth and lasting value for all stakeholders

- To fulfill this aspiration through prudent investment, modern technology and world-class performance

- As a caring corporate citizen, we are committed to serving the well-being of the community, promoting public interest and the conservation of the environment

Mission Statement

MANUFACTURING DIVISION

To excel as the leading steel producer in the region, operating the best performing blast furnace and electric arc furnace in Southeast Asia, producing products of the highest quality at the most competitive prices:-

- To invest in technology to increase productivity, lower costs and enhance profitability
- To manufacture to internationally-acclaimed quality, environmental and product certified standards
- To produce engineering grade of steel products at the most competitive cost
- To expand the Group's operational presence across Southeast Asia

TRADING DIVISION

To rank as the leading regional steel player trading a broad range of high quality steel products:-

- To be positioned first in the Malaysian market as the most preferred stockist and supplier
- To field a dedicated and resourceful sales and marketing team delivering exceptional service to customers
- To extend downstream services to create more value in the steel industry
- To expand the Group's market presence in Southeast Asia through effective business collaboration with partners and associates, creating a comprehensive distribution network

Notice Of
Fifteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at Hilton Petaling Jaya, Kristal Ballroom 1, 1st Floor, West Wing, No 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on **Thursday, 26 May 2011** at **11.00 a.m.** to transact the following businesses:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 and the Reports of the Directors and Auditors thereon. ***(Resolution 1)***

2. To declare a final dividend of 6.34 sen per share less 25% income tax in respect of the financial year ended 31 December 2010. ***(Resolution 2)***

3. To approve the payment of Directors' fees amounting to RM560,000 for the financial year ended 31 December 2010. ***(Resolution 3)***

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

    a) Dato' Lim Hong Thye ***(Resolution 4)***
    b) Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar ***(Resolution 5)***
    c) Tan Sri Datuk A. Razak Bin Ramli ***(Resolution 6)***

5. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2011 and to authorise the Directors to fix the Auditors' remuneration. ***(Resolution 7)***

AS SPECIAL BUSINESS:-

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

    6.1 **RE-APPOINTMENT OF DIRECTOR** ***(Resolution 8)***

    "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 9)***

    "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 10)***

"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 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 2010, the amount of the retained profits and/or the share premium account of the Company stood at RM364,658,801 and RM22,341,820 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 2011 :-

(i) LIM Group *(Resolution 11)*
(ii) SANH Group *(Resolution 12)*

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."

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 2011

NOTE:-

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 8
The proposed resolution 8 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 9
The proposed resolution 9 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 25 May 2010. 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 10
The proposed Ordinary Resolution 10, 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 2011 for further information.

d) Ordinary Resolutions 11 and 12
Please refer to the Circular to Shareholders dated 3 May 2011 for further information.

Notice Of
Fifteenth Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT the final dividend of 6.34 sen per share less 25% income tax, in respect of the financial year ended 31 December 2010, if so approved at the Fifteenth Annual General Meeting will be paid on 16 June 2011 to Depositors registered in the Record of Depositors at the close of business on 31 May 2011.

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 2011 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 2011

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. : 03-78765381/ 78759354
Website : www.annjoo.com.my

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Affin Bank Berhad
Hong Leong Bank Berhad
Alliance Bank Malaysia Berhad

AUDITORS

Messrs 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 I
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : 03-78418000
Fax No. : 03-78418008

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Profile Of Directors

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

Dato' Lim Kiam Lam was appointed as a Director of the Company on 11 September 1996 and as its Managing Director on 12 September 1996. He was subsequently 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 currently the Executive Chairman of Ann Joo Steel Berhad and sits on the Board of several private companies, society and associations. He is the Deputy Honorary Treasurer of the Commerce Committee of the Kuala Lumpur & Selangor Chinese Chamber of Commerce & Industry and also the Deputy President of Malaysian Steel Association.

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
Group Managing Director
36 years of age, Malaysian

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. He is the Honorary Treasurer of the Malaysian Steel Association.

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.

Profile Of Directors

Lim Sin Seong
Group Executive Director
54 years of age, Malaysian

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. With his modern management approaches, he was instrumental in the transformation of Ann Joo Group with adoption of modern logistic facilities and state-of-the-art computerised management system. In his current capacity as the Group Executive Director – Managing Director, Trading Division, he is responsible for overseeing the performance of the Division. He is also the Managing Director of the Company's subsidiary, Ann Joo Metal Sdn Bhd.

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
Group Executive Director
49 years of age, Malaysian

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 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.

Profile Of Directors

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
Independent Non-Executive Director
64 years of age, Malaysian

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar was appointed to the Board on 8 January 2008. He is the current 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
Independent Non-Executive Director
77 years of age, Malaysian

Dato' Ong Kim Hoay was appointed as Director of the Company on 11 September 1996. He is the current 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 served on the Board of Maybank for several years. Dato' Ong was also the Group Managing Director of Atlan Holdings Berhad until his retirement in 2010. He currently sits on the Board of Multi Vest 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.

Profile Of Directors

Tan Sri Datuk A. Razak Bin Ramli
Independent Non-Executive Director
62 years of age, Malaysian

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 Bank Berhad, 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
Independent Non-Executive Director
60 years of age, Malaysian

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 of Science in Engineering from University of Birmingham, United Kingdom and a Bachelor of Science (Honours) (Mechanical Engineering) from the University of Strathclyde Glasgow Scotland. He is also a graduate 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.

Chairman's Statement

"Dear Shareholders,

On behalf of the Board, it is my pleasure once again to present you the annual report for Ann Joo Resources Berhad ("AJR or the Company") for the financial year ended 31 December 2010."

THE YEAR UNDER REVIEW

Global economic recovery, which started in mid-2009, continued in the year of 2010 underpinned by better economic fundamentals. Growth rates appeared to be converging in the advanced economies though they are still being hindered by structural weaknesses while the emerging economies displayed continued growth at a moderate pace. Emerging and developing countries, whose economies rely heavily on fixed investment, appear to be investing more in infrastructure, and witnessed a recovery in steel demand earlier than advanced countries.

Global steel demand recorded a rapid growth rate especially in the first half of 2010, driven by robust economic growth in developing countries and emerging market. Demand, however, decelerated in the third quarter of 2010 and moderated in the fourth quarter of 2010. Going forward, global steel demand is expected to grow further, in line with the strong growth in the major steel consuming sectors.

PERFORMANCE & OPERATIONS

In the year 2010, Ann Joo Group registered a strong rebound in both revenue and profitability emerges faster and becomes much stronger from pre-financial crisis level. The Group achieved extraordinary profits in the first half of 2010 but lacklustre earnings in the second half of the year which was hindered by time-lag effects of steel price recovery coupled with higher cost of sales despite continuous improvement in operational efficiency.

During the year under review, the Group registered revenue of RM1.83 billion, representing an increase of 41% as compared to RM1.30 billion in the preceding year. The accelerated growth in revenue was mainly due to higher sales tonnage and price of various steel products boosted by improved demand in both the domestic and export markets.

Correspondingly, the Group recorded a profit attributable to equity holders of RM119.90 million as compared to a profit attributable to equity holders of RM31.62 million for the preceding year. This significant improvement in profitability was primarily driven by continuous improvement in productivity and effective execution of strategic procurement and inventory management policies that enable the group to benefit from the recovery in steel demand coupled with higher selling prices in both domestic and international market despite intermittent market corrections were experienced throughout the year.

Beginning year 2010, the Group embarked on another round of group rationalization program by further consolidating its core businesses into Manufacturing Division and Trading Division with an objective to enhance the operational efficiency and business concentration for market expansion.

The Group's Manufacturing Division registered a better year contributing revenue of RM1.47 billion against revenue of RM1.16 billion in the preceding year. The segmental profit was RM114.98 million, representing a growth of 253% as compared to the previous year's profit of RM32.59 million which mainly attributable to higher sales tonnage and steel price in tandem with the cyclical upswing momentum in both domestic and international market. In the same vein, export tonnage continued to contribute about 40% of the divisional sales tonnage thus further strengthening its leading position in the Southeast Asia region. The Division continues to gain international recognitions on its product quality and marked another significant milestone by exporting substantial tonnage of its wire rods export to the region.

The profitability of the Manufacturing Division continued to gather cyclical upswing momentum which was primarily driven by the recovery in demand coupled with better steel prices and an improved cost structure rising from production efficiency.

The year 2010 also marked Ann Joo Steel Bhd ("AJSB") closing the chapter for its 10-year Strategic Plan (2001-2010) towards realizing its vision to excel as a progressive and preferred global steel manufacturer of long products, with established competitive advantage that ensures growth and long-term success for all stakeholders. Its business excellence

was reflected in its quantum leap in productivity from merely 300,000 mt of billets output in 2000, to an accelerated production pace of 800,000 mt level today. Its encouraging export contribution from nearly zero base to RM517.46 million for the year is also a compelling testament to the success of AJSB in commanding the leading position in the region in terms of product quality and cost competitiveness.

With the consolidation of the Group's trading business, the Trading Division registered higher revenue of RM644.30 million in 2010 as compared to RM314.77 million in 2009. As a result, this business segment recorded segmental profit of RM26.29 million in 2010 as compared to RM8.61 million in 2009. This significant enlarged segmentation contribution was mainly attributable to a recovery in demand for flat and engineering steels for automotive, oil and gas, petrochemical, palm oil, oleo-chemical, consumer electronics and engineering-fabrication intensive sectors.

OUTLOOK & PROSPECTS

The global economy entered 2011 with renewed growth momentum amid market anxiety over the spiraling oil prices as well as the impact of Japan's earthquake-tsunami. The unrest in the Middle East has also seen oil price climbing upwards. Soaring oil prices stir fear that it may imperil the global recovery given the still uneven growth pace in the mature economies and rising inflationary pressure in emerging countries. Nevertheless, Asian economies are likely to continue posting relatively strong growth and set to lead global growth. Real GDP growth rate in emerging countries like B.R.I.Cs are expected to be continuously robust till year 2012, marking the recovery momentum for steel demand ahead.

With the improving economic fundamentals in most emerging markets and developed countries, various governments are anticipated to continuously place heavy focus on construction and infrastructure developments to further pump-prime their economies which will boost the global steel consumption especially the demand for construction steel. The rebuilding efforts in Japan will also lead to increased demand for construction steel while depressing the supply of flat products. Also, strong market fundamentals will lead flat products demand to expand further in 2011 with the renewed growth momentum of a wide array of economic sectors such as oil and gas, petrochemical, palm oil, oleo-chemical, shipbuilding, consumer electronics, automotive and engineering-fabrication intensive sectors.

On the domestic front, the resurgence of various infrastructure and construction projects as well as the implementation of the Economic Transformation Program ("ETP") will provide significant support to the growth momentum for steel consumption. This sustained strength of construction steel demand growth is underpinned by construction of Second Penang Bridge, double-tracking rail network, KLIA 2, LRT extensions, and many others. Benefits from the ETP will likely materialise only starting from the second half of 2011 as the projects start to gain traction. This will also help to spur growth in the steel consumption in the years ahead.

The Group is well-positioned to outperform and to benefit from the upswing price movement and improved steel demand both domestically and internationally. It will continue to focus on the export markets for volume growth particularly in countries in the ASEAN region, India Subcontinent, Middle East and Australia & Oceania countries. The outlook for these markets remain promising and the strength of exports to these markets will depend very much on the continuing robustness of the respective economies in the coming year.

Going forward, the Group will continue to pursue enhancement in productivity and cost efficiencies through skills and knowledge enhancement in production technology. In conjunction with the blast furnace operations, research and development efforts will be embarked on to develop engineering grade of steel products to augment and improve its present range of rolled products. Then again, the Group will remain resilient yet flexible enough to execute an effective procurement strategy to take advantage on lower input cost, adding competitive advantage in this highly volatile market conditions.

With the imminent commission of the blast furnace project, the Group expects to gain significant operational synergies from productivity improvement and to yield substantial cost savings via the integration of the iron and steel production.

Barring any adverse developments, the Group is confident to achieve a better performance on the back of strong rebound in both domestic and international demand in the year 2011.

CORPORATE DEVELOPMENT

Ann Joo Integrated Steel Sdn Bhd (“AJIS”) had on 10 February 2011 signed the transaction documents in relation to a proposed redeemable bonds of RM500 million (“Bonds”) with Affin Investment Bank Berhad as the lead arranger, facility agent and issue agent together with Affin Bank Bhd, Alliance Investment Bank Bhd, OCBC Bank (Malaysia) Berhad and United Overseas Bank (Malaysia) Bhd as the joint lead managers for the Bonds and Pacific Trustees Berhad as the trustee and the security trustee for the Bonds. This Bonds is to part finance the RM650 million investment in the blast furnace project, the proceeds to be raised from the Bonds shall be utilized to refinance the amount drawn under AJIS’s existing RM400 million syndicated revolving credit facility and the remaining RM100 million to part finance the construction and completion of the blast furnace project.

In January 2011, the Company completed the acquisition of 3,000,000 and 2,700,000 ordinary shares of RM1.00 each in Anshin Steel Processor Sdn Bhd (“ASP”) from SHH Holdings Sdn Bhd and Chuan Huat Hardware Holdings Sdn Bhd respectively for a cash consideration of RM2.10 per share totaling RM11,970,000. The shares acquired represent 38% of the share capital of ASP. ASP is now a wholly-owned subsidiary of the Company.

DIVIDEND

During the financial year under review, the Company paid a final dividend of 3 sen per share less income tax of 25% in respect of the financial year ended 31 December 2009 amounting to RM11,298,070 on 15 June 2010.

On 9 September 2010, the Company paid an interim dividend of 6 sen per share less income tax of 25% in respect of the financial year ended 31 December 2010 amounting to RM22,595,241. In addition to the interim dividend, the Board on 24 February 2011 recommended a final dividend of 6.34 sen per share less income tax of 25% in respect of the financial year ended 31 December 2010 for shareholders’ approval at the forthcoming Annual General Meeting scheduled on 26 May 2011, bringing a total gross dividend declared in respect of the financial year ended 31 December 2010 to 12.34 sen per share.

APPRECIATION

On behalf of the Board, I wish to extend my appreciation to management and staff whose professionalism, hardwork and loyalty have brought the Group thus far and delivered a truly commendable performance in 2010.

Appreciation also goes to our valued customers, business associates, shareholders, financiers and relevant authorities for their continuing support and unwavering confidence in us.

The success we have achieved and the many accolades received would not have been possible without the invaluable advice of my fellow colleagues on the Board. I thank them for their wise counsel and invaluable insights.

DATO’ LIM KIAM LAM
Group Executive Chairman
May 2011

Corporate Structure

As At April 2011

安 裕 資 源 有 限 公 司
ANN JOO RESOURCES BERHAD (371152-U)

MANUFACTURING

- 100% **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% **ANSHIN STEEL INDUSTRIES SDN BHD**
  - 100% Anshin Casting Industries Sdn Bhd
- 100% **ANN JOO INTEGRATED STEEL SDN BHD**

TRADING

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

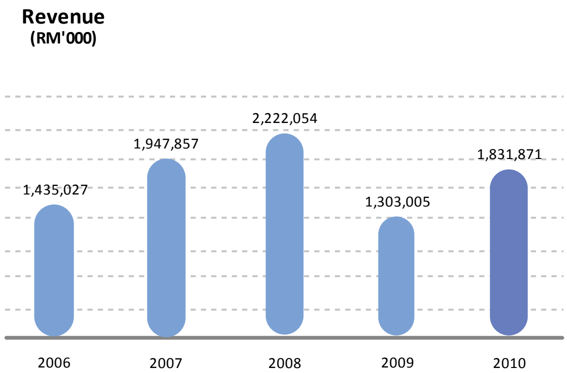
OTHERS

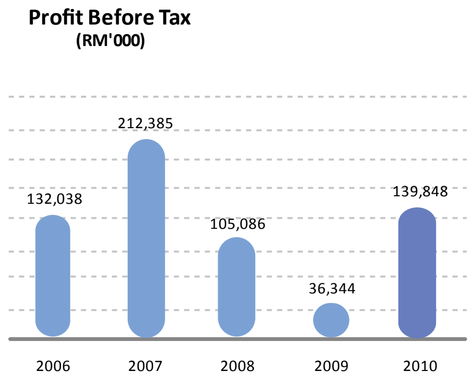
- 100% ANN JOO MANAGEMENT SERVICES SDN BHD
- 100% ANN JOO TRADING SDN BHD
- 100% ANN JOO (SARAWAK) SDN BHD
  - 100% Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd
- 59.12% ANSHIN PRECISION INDUSTRIES SDN BHD
  - 36% S.A. Networks Technical Industries Sdn Bhd

Subsidiary Companies (yellow) — Associated Company (red)

5 Years' Group Financial Highlights

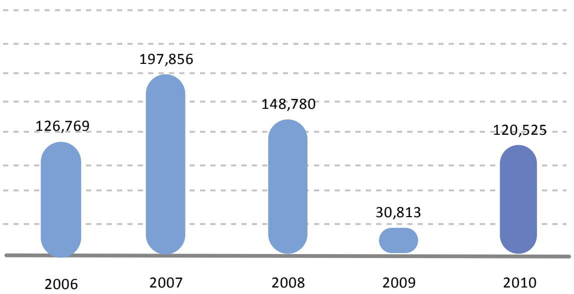
Continuing Operations	**2006 RM'000**	**2007 RM'000**	**2008 RM'000 Restated**	**2009 RM'000 Restated**	**2010 RM'000**
Revenue	1,435,027	1,947,857	2,222,054	1,303,005	1,831,871
Profit Before Taxation	132,038	212,385	105,086	36,344	139,848
Profit After Taxation	126,769	197,856	148,780	30,813	120,525
Profit Attributable to Owners of the Company	102,551	177,926	139,398	31,617	119,903
Total Equity Attributable to Owners of the Company/ Net Assets	635,710	827,579	891,154	912,097	1,059,919
Net Assets Per Share (sen)	188	159	177	181	211
Basic Earnings Per Share (sen)	22.80	35.08	27.35	6.29	23.88
Diluted Earnings Per Share (sen)	22.80	35.08	20.40	5.42	17.63
Net Dividend	24,444	34,407	75,053	11,310	33,893
Dividend Per Share (sen)	10.0	14.0	20.0	3.0	9.0



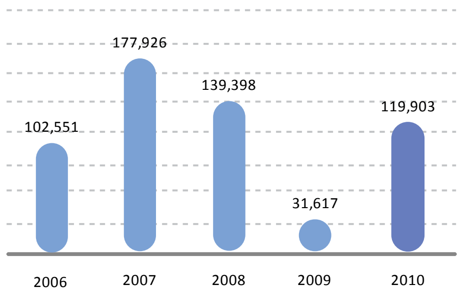


5 Years' Group Financial Highlights

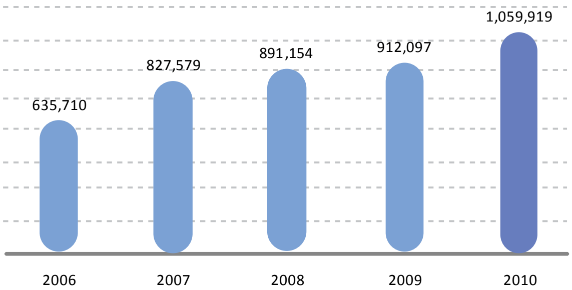
Profit After Tax
(RM'000)



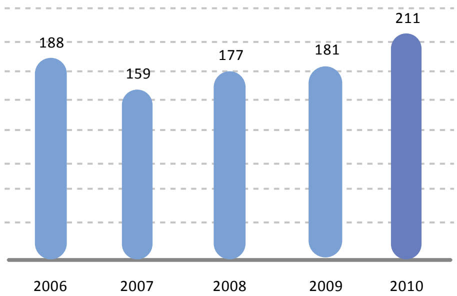
Profit Attributable to Owners of the Company
(RM' 000)



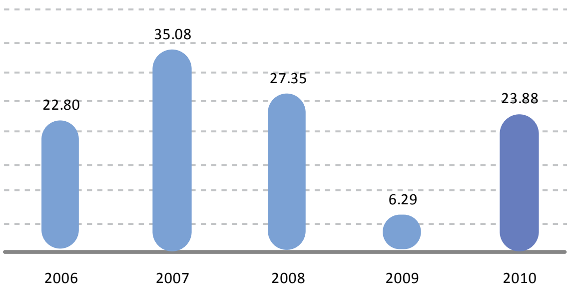
Total Equity Attributable to Owners of the Company
(RM' 000)



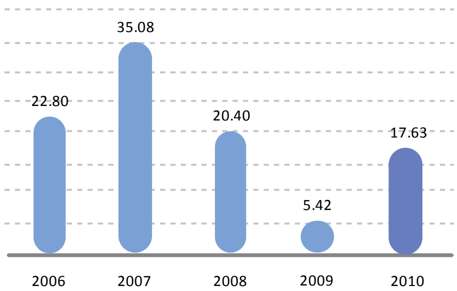
Net Assets Per Share
(Sen)



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 2010, the Board met on four (4) 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	4/4	100
Dato' Lim Hong Thye	4/4	100
Mr Lim Sin Seong	4/4	100
Mr Lim Kien Lip	4/4	100
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	4/4	100
Dato' Ong Kim Hoay	4/4	100
Tan Sri Datuk A. Razak bin Ramli	3/4	75
Datuk Kamarudin bin Md. Ali	4/4	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 provided 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 provided. 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 decisions. Any Director who has a direct or indirect interest in the subject matter to be deliberated on 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 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 to dealing in 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 Group'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 above, Group Management Meetings, Quarterly Strategic Review Meetings and Group Legal and Credit Committee meetings are also convened between the Executive Directors together with Division Heads and Senior Management staffs. The purpose of the meetings are basically to review the performance of the Group, deliberate on major operational issues, review and monitor credit control activities and litigation, assess progress of medium and long term business strategies and recommend to the Board the strategic direction of the Group.

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's 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's 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 2010.

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 Directors should bring to the Board. The Nominating Committee has carried out a review during the year and concurred that the Board Committees have carried out their functions as expected. On the evaluation of individual Directors' performance, a self-evaluation was conducted and findings were that the Directors have attended to their responsibilities effectively. 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 recommendations to the Board for the re-election and re-appointment of the Directors who retires in each 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 which the Group operates and in particular 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 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 3 August 2011, a half-day seminar was conducted in-house on the topic "Currency in the Uncertain Market" where the Directors were briefed on the currency situation.

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

Name of Director	Mode	Title	Duration
Dato' Lim Kiam Lam	Seminar	Activate Asia : India In Focus	1 day
	Seminar	Activate Asia : Insight Indonesia	1 day
	Forum	Malaysia – International Chinese Business Forum	1 day
Dato' Lim Hong Thye	Forum	The 4th CLSA Corporate Access Forum	2 days
Lim Sin Seong	Forum	Pemudah: Achievements and Challenges Going Forward	½ day
	Seminar	Invest Malaysia 2010: Powering Global Excellence	2 days
	Seminar	The Malaysia Competition Act: Introduction & Implications For Business Operating in Malaysia	½ day
	Seminar	Economic Outlook of Malaysia and Its Impact on Businesses	½ day
	Conference	9th Conference on Status and Outlook of The Malaysia Iron and Steel Industry	1½ days
	Seminar	Licensed Manufacturing Warehouse	2 days
	Training	How to discover yourself using 360 Degree Assessment	1 day
	Seminar	MERIT Character Competency Solutions	1 day
	Training	Communicating with Influence	1 day
	Training	Personal Financial Planning and Wealth Management	1 day
	Seminar	Activate Asia : India In Focus	1 day

Name of Director	Mode	Title	Duration
	Training	The 7 Roles of an Effective CEO	1 day
	Seminar	Executive Resilience - Travel Light for Greater Effectiveness	1 day
	Training	Talent Management	1 day
Lim Kien Lip	Seminar	Malaysian Environmental Law	1 day
	Dialogue	AISIF-CISA Dialogue	1 day
	Seminar	Activate Asia : India In Focus	1 day
	Seminar	The Malaysian Competition Act - Introduction and Implication for Business Operating in Malaysia	½ day
	Conference	MISIF 9th Conference	2 days
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	Forum	The Challenges of Implementing FRS 139	½ day
	Roundtable Discussion	Going Forward: Risk & Reform - Implications for Audit Committee Oversight	½ day
	Lecture	Securing Tomorrow's World: Using Nature's Wealth More Sustainably	½ day
	Workshop	Packaging Industry Workshop	½ day
Dato' Ong Kim Hoay	Forum	The Challenges of Implementing FRS 139	½ day
	Training	Financial Reporting Standard FRS 139	1 day
	Seminar	Towards Corporate Governance - Excellence for Sustainable Success	1 day
Tan Sri Datuk A. Razak bin Ramli	Seminar	Managing Risks In Mortgage Financing	1 day
	Seminar	Corporate Responsibility Practices in the Context of the Market Place	1 day
	Seminar	Leadership for Sustainable Business Growth	1 day
	Roundtable Discussion	Going Forward: Risk & Reform – Implications for Audit Committee Oversight	½ day
	Training	1) The Competition Act 2010 2) Goods & Services Tax - Introduction, Rationale, Issues and The Way Forward 3) Macroeconomic Outlook – Challenges Persist But Growth Remains On Track 4) Sustainable Palm Oil – The Issues, Challenges and Opportunities 5) Protocol In The Business World	1 day
	Seminar	Confirmation For Understanding Blue Ocean Best Implementation Best Practices	1 day
	Training	Aviation And The Governing Body	1 day
Datuk Kamarudin bin Md Ali	Conference	Corporate Governance Guide – Towards Boardroom Excellence	1 day
	Seminar	Building Organisational Capability for Strategic Transformation	1 day
	Training	Building Audit Committee for Tomorrow	2 days
	Training	Banking Insights (everything you wanted to know but didn't dare ask)	2 days
	Seminar	The Report - 'Malaysia 2010'	1 day
	Seminar	Islamic Institutions and Governance	1 day
	Seminar	A Business Transformation	1 day
	Conference	Financial Industry Conference	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 2010.

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

	Salary RM'000	Fees RM'000	Bonus & Allowances RM'000	Statutory contribution RM'000	Benefit-in-kind RM'000	Total RM'000
Executive Directors	2,748	280	1,873	442	132	5,475
Non-Executive Directors	-	280	103	-	-	383

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
RM750,001 to RM800,000	1	
RM1,000,001 to RM1,050,000	1	
RM1,600,001 to RM1,650,000	1	
RM2,050,001 to RM2,100,000	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 33 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 (2) occasions with the External Auditors. The Audit Committee met with the External Auditors without the presence of the Executive Directors and Management twice 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 26 April 2011.

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.

MEMBERSHIP

The present members of the Committee are as follows:-

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar *Independent Non-Executive Director*	(Chairman)
Dato' Ong Kim Hoay *Independent Non-Executive Director*	(Member)
Tan Sri Datuk A. Razak bin Ramli *Independent Non-Executive Director*	(Member)
Datuk Kamarudin bin Md Ali *Independent Non-Executive Director*	(Member)

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 (3) years.

Authority

6. The Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from the external auditors, 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 Risk Centre 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 (4) 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 2010, the Audit Committee held a total of four (4) meetings. The details of attendance of the Committee members are as follows:-

	No. of Committee Meetings	
Name of Committee Member	**Held**	**Attended**
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	4	4
Dato' Ong Kim Hoay	4	4
Tan Sri Datuk A. Razak bin Ramli	4	3
Datuk Kamarudin bin Md Ali	4	4

The Management and Head of Group Risk Centre were present at the meetings. Representatives of the external auditors attended meetings where matters relating to the audit of the statutory accounts were discussed. The Committee met twice with the external auditors during the financial year ended 31 December 2010 on 25 February and 26 November 2010 respectively 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.

Audit Committee Report

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 internal controls system so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

Internal audit plans are endorsed by the Audit Committee. Audits are conducted with impartiality, proficiency and due professional care.

The Group's internal audit function undertake a review on business processes and appraise the internal controls system in place, ensuring adequate controls in place and improve on the effectiveness of governance, risk management and control processes.

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 business processes as follows:

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

At the conclusions of the audits, areas for improvements together with audit recommendations, management action plans were promptly 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 RM312,000.

Statement On Internal Control

Board Responsibility

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

The internal controls system is designed to meet the Group's vision and mission, 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 risk 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 following paragraphs.

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

i. 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.
ii. 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.
iii. Management Committee meetings are held periodically to review and oversee the Group's performance and in achieving greater operational effectiveness and efficiency.
iv. Trainings for Directors and relevant key personnel to keep abreast with current and future developments in the industry and global market and regulatory updates.
v. The Audit Committee assesses the effectiveness of the Group's internal controls system on behalf of the Board. This is accomplished through review of the Group's internal audit department's work. The Group's internal audit function independently reviews the business processes and appraise the internal control system, then periodically reports to the Audit Committee.

The Board is cognisant of the importance of maintaining appropriate controls and will continue to review the adequacy, integrity and implementation of appropriate internal controls system.

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 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.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to corporate sustainability and as a progressive, caring and responsible corporate citizen, promotes the well-being of the community, the development of the nation and protects the environment, through:-

- Educational bursaries, medical care and aid, for the poor, ill and under-privileged
- Grooming an expert workforce in iron and steel making through skills training that advances a professional career in the industry
- Safety, health and environmental initiatives to ensure our business operates in a responsible, sustainable and environmentally-friendly manner

Statement Of
Corporate Social Responsibility

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 for 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 recognising in tandem that CSR is an important component of good business practice which benefits the Group, as well as society and the environment.

NS Royal 7s

TARC Career Talk Day

COMMUNITY

A secured environment is not only essential at the work place. As a 'caring citizen', we want to make sure that the community will have a safe and peaceful environment. Ann Joo Group took the opportunity offered by Residents' Association at Petaling Jaya where majority of the residents are pensioners, to improve the safety facilities. In our future CSR plan, this activity will continue.

Ann Joo Group and Tunku Abdul Rahman College (TARC) have long established a relationship under TARC-Ann Joo Group Student Loan Fund. With the establishment of this fund, we are able to assist students who are in need of financial assistance. Up to April 2011, a total of RM197,000.00 has been distributed to the selected students to pursue their studies.

Sharing what we have best with the community always is part of our CSR mission. We believe continuous support and guidance will bring youths towards the Government's call of Human Capital Development. On 25th November 2010 in collaboration with TARC Management, Ann Joo Group organised a "Career Talk Day". The objective is to share beneficial tips on career opportunities and the career ladder which they are about to climb. This talk by a senior management staff basically shared the overall prospects of steel manufacturing and trading sector, the career opportunities and how to prepare the new graduates for interview session. We left them with a "pack of knowledge" which we hope would be useful for their future career.

The Group continues to lend support in terms of financial assistance to charitable bodies and government agency, namely, Tunku Azizah Fertility Foundation, KIWANIS Club, Rumah Jaireh, Beautiful Gate Foundation for the Disabled, NS Royal 7's, LION Parkson Foundation, Persatuan Braille Malaysia and Jabatan Alam Sekitar. In addition, The Federation of Chinese Association Malaysia, Metal Dealers' Association Selangor & Kuala Lumpur and a few schools are also in our list of recipients.

Statement Of
Corporate Social Responsibility

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 futsal, badminton, bowling, fishing competition and sight-seeing trip to Penang.

ENVIRONMENTAL RESPONSIBILITY

The Group continues to undertake various environmental management measures to ensure our plant operates in a responsible and environmentally 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.

Fishing Competition

Bowling

INVESTOR RELATIONS

The Group recognises the importance of timely and thorough dissemination of accurate and useful information relating to our operations 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 financial results provide stakeholders with the latest financial information of the Group. Apart from the mandatory public announcements through Bursa Securities, the Group's website at www.annjoo.com.my provides public 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.

As part of the Ann Joo Group's commitment to provide clear and transparent communications with our stakeholders and the investment community, the Group Managing Director and senior management are directly involved in the Group's investor relations activities inclusive attending to one-on-one meetings, road shows, corporate luncheons and investor conferences with the research analysts, fund managers who are institutional investors and shareholders interested in the Group's business and activities. The objectives of the investor relation activities are to develop and promote 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 business and operations, thereby enabling investors to make informed decisions.

At Annual General Meeting ("AGM"), the Board encourages shareholders' participation and responds to their questions. The Share Registrar is available to attend to matters relating to the shareholder interests. The group will strive to continue improving communications to ensure that we are able to report in a transparent and consistent manner and outperform the expectations of our investors.

Badminton

Trip to Penang

Futsal

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 the Group's operations performance.

ENVIRONMENTAL MANAGEMENT SYSTEM

Ann Joo Steel Berhad (AJSB), a subsidiary of the Company, has been implementing its environmental management system to the requirements of ISO 14001 without fail since 2004 and the effectiveness have been consistently verified by external auditors. Furthermore, the surrounding air, noise and the discharged water were sampled and tested by a third party every three (3) months and the results proved that the Company's activities do not adversely affect the environment and are in full compliance with the regulations.

ENVIRONMENTAL ASPECTS AND THEIR INITIATIVES

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

Environmental Aspects	Environmental Initiatives
Natural resources	To reduce the use of natural gas, a new reheating furnace was commissioned in Rolling Mill No. 2 (RM2) to use by-product gas from the coming blast furnace operations.
Dust Emission	The De-dusting System for Electrical Arc Furnace that was revamped in the previous year to reduce dust emission finally completed its commissioning and fine-tuning by the German supplier, to be ready for the coming hot-metal operation from blast furnace.
Energy Saving	An inverter was installed at the RM2 Water Plant that will smoothen the load control to minimise electricity consumption.
Pollution	Loading time for finished goods was reduced to lessen the amount of pollution emitted by idling lorries.

SHARE BUYBACKS

As at 31 December 2010, a total of 20,590,800 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 2010 are as follows:

Monthly Breakdown	No. of Shares Re-purchased and Retained as Treasury Shares	^Cost (RM)	Lowest price (RM)	Highest price (RM)	Average Price (RM)
January 2010	50,000	140,602	2.81	2.81	2.81
February 2010	319,600	848,140	2.63	2.79	2.65
March 2010	169,900	454,911	2.66	2.75	2.68
June 2010	10,000	22,564	2.26	2.26	2.26
August 2010	10,000	26,543	2.65	2.65	2.65
Total	559,500	1,492,760			

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

On 16 January 2008, 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 shares of the Company. The issue price and the exercise price of the warrants had been fixed at RM0.15 per warrant and RM2.50 for every new share of the Company respectively.

900 warrants were converted into new ordinary shares during the financial year. At 31 December 2010, the total number of warrants which remained unexercised amounted to 261,352,739 warrants.

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-STATUTORY AUDIT FEES

The amount of non-statutory audit fees paid and payable to the external auditors and its affiliates by the Company and its subsidiaries for the financial year ended 31 December 2010 are as follows:

		RM
KPMG	Review of statement of internal control	8,000
KPMG Tax Services Sdn. Bhd.	Tax compliance services	58,050
KPMG Tax Services Sdn. Bhd.	Fees in relation to application to certain utility board for rebate	1,050
		67,100

Other Information

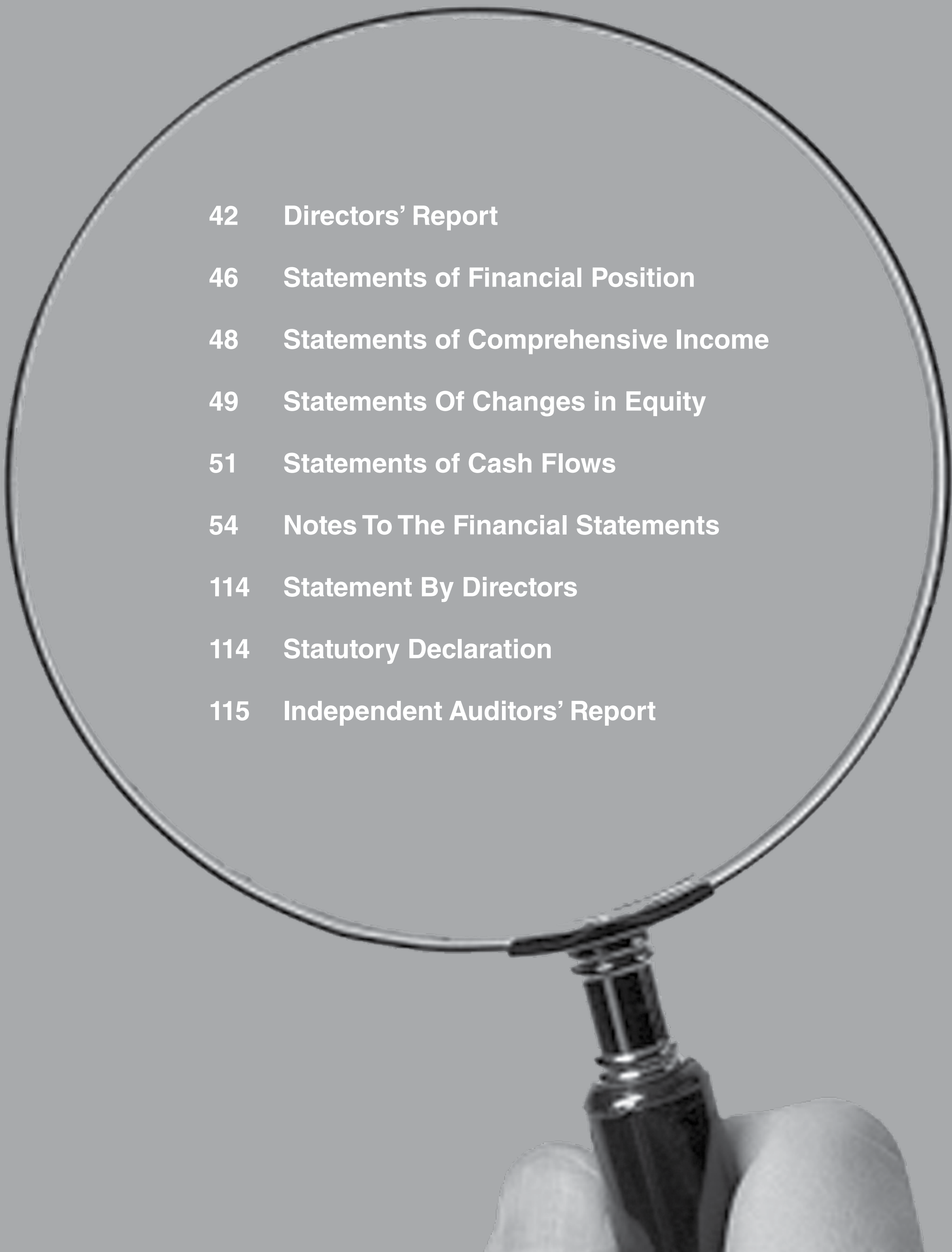
MATERIAL CONTRACTS

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 properties of the Company and its subsidiaries is disclosed in Note 2(d) and 2(g) to the Financial Statements.

Financial Statements



Directors' Report

For The Year Ended 31 December 2010

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 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 7 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:		
Owners of the Company	119,903	314,037
Minority interests	622	-
	120,525	314,037

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) a final ordinary dividend of 3 sen less tax at 25% per ordinary share totalling RM11,298,070 in respect of the financial year ended 31 December 2009 on 15 June 2010.

ii) an interim ordinary dividend of 6 sen less tax at 25% per ordinary share totalling RM22,595,241 in respect of the financial year ended 31 December 2010 on 9 September 2010.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2010 is 6.34 sen less tax at 25% per ordinary share of approximately RM23,876,000. 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 1.1.2010	**Bought**	**Sold**	**At 31.12.2010**
The Company				
Direct interest:				
Dato' Lim Kiam Lam	2,772,750	-	-	2,772,750
Dato' Lim Hong Thye	1,259,400	-	-	1,259,400
Dato' Ong Kim Hoay	132,500	-	-	132,500
Indirect interest:*				
Dato' Lim Kiam Lam	347,541,932	1,959,900	20,110,000	329,391,832
Lim Sin Seong	345,241,132	1,889,900	20,000,000	327,131,032
Lim Kien Lip	1,500,000	-	-	1,500,000

	Number of ordinary shares of RM1 each			
	At 1.1.2010	**Bought**	**Sold**	**At 31.12.2010**
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

	Number of warrants				
	At 1.1.2010	**Granted/ Bought**	**Exercised**	**Sold/ Transferred**	**At 31.12.2010**
The Company					
Direct interest:					
Dato' Lim Kiam Lam	1,533,375	-	-	-	1,533,375
Dato' Lim Hong Thye	647,000	-	-	-	647,000
Dato' Ong Kim Hoay	11,300	-	-	-	11,300
Indirect interest:*					
Dato' Lim Kiam Lam	178,241,580	60,000	-	-	178,301,580
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.

DIRECTORS' INTERESTS (cont'd)

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 related corporations 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 2010 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

During the financial year, the Company issued 900 new ordinary shares of RM1 each for cash pursuant to the conversion of warrants exercised at RM2.50 per ordinary share.

Apart from the above, there were no other 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 statements of financial position and statements of comprehensive income 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) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

OTHER STATUTORY INFORMATION (cont'd)

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 performance of the Group and of the Company for the financial year ended 31 December 2010 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.

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: 26 April 2011

Statements of Financial Position

As At 31 December 2010

	Note	Group 31.12.2010 RM'000	Group 31.12.2009 RM'000 restated	Group 1.1.2009 RM'000 restated	Company 31.12.2010 RM'000	Company 31.12.2009 RM'000
Assets						
Property, plant and equipment	3	1,070,052	868,389	763,702	-	-
Intangible assets	4	8,566	9,120	9,673	-	-
Prepaid lease payments	5	12,439	12,757	13,895	-	-
Investment properties	6	6,994	5,964	7,356	1,870	1,870
Investments in subsidiaries	7	-	-	-	871,784	821,784
Investment in an associate	8	1,166	775	506	-	-
Other investments	9	303	247	248	-	-
Deferred tax assets	10	9,403	14,012	18,038	-	-
Total non-current assets		1,108,923	911,264	813,418	873,654	823,654
Receivables and prepayments, including derivatives	11	298,826	133,011	143,295	6,628	52,238
Inventories	12	1,239,676	890,981	1,003,875	-	-
Current tax assets		1,726	4,970	69,269	1,188	4,368
Cash and cash equivalents	13	61,572	35,031	41,426	216	221
Assets classified as held for sale	14	-	3,004	11,190	-	-
Total current assets		1,601,800	1,066,997	1,269,055	8,032	56,827
Total assets		2,710,723	1,978,261	2,082,473	881,686	880,481
Equity						
Share capital	15	522,708	522,707	522,707	522,708	522,707
Treasury shares	16	(68,954)	(67,461)	(67,423)	(68,954)	(67,461)
Other reserves	17	121,989	58,717	60,436	61,544	61,543
Retained earnings	18	484,176	398,134	375,434	364,659	84,515
Total equity attributable to owners of the Company		1,059,919	912,097	891,154	879,957	601,304
Minority interests		14,731	14,340	29,899	-	-
Total equity		1,074,650	926,437	921,053	879,957	601,304

	Note	Group 31.12.2010 RM'000	Group 31.12.2009 RM'000 restated	Group 1.1.2009 RM'000 restated	Company 31.12.2010 RM'000	Company 31.12.2009 RM'000
Liabilities						
Loans and borrowings	19	46,600	-	211,153	-	-
Employee benefits	20	7,591	8,232	8,190	-	-
Deferred tax liabilities	10	16,693	16,539	16,464	-	-
Total non-current liabilities		70,884	24,771	235,807	-	-
Payables and accruals	21	146,846	129,506	97,464	1,729	231,896
Loans and borrowings	19	1,414,644	896,385	827,753	-	47,281
Current tax liabilities		3,699	1,162	396	-	-
Total current liabilities		1,565,189	1,027,053	925,613	1,729	279,177
Total liabilities		1,636,073	1,051,824	1,161,420	1,729	279,177
Total equity and liabilities		2,710,723	1,978,261	2,082,473	881,686	880,481

The notes on pages 54 to 113 are an integral part of these financial statements.

Statements of Comprehensive Income

For The Year Ended 31 December 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000 restated	2010 RM'000	2009 RM'000
Revenue	22	1,831,871	1,303,005	315,728	62,632
Cost of sales		(1,619,508)	(1,194,823)	-	-
Gross profit		212,363	108,182	315,728	62,632
Other operating income		25,142	14,749	18	1
Administrative expenses		(77,008)	(62,392)	(981)	(3,893)
Other operating expenses		(3,205)	(1,639)	-	-
Results from operating activities		157,292	58,900	314,765	58,740
Interest income		950	1,171	31	46
Finance costs		(18,784)	(23,996)	(753)	(3,012)
Operating profit	23	139,458	36,075	314,043	55,774
Share of results of an associate		390	269	-	-
Profit before tax		139,848	36,344	314,043	55,774
Tax expense	25	(19,323)	(5,531)	(6)	(12,030)
Profit for the year		120,525	30,813	314,037	43,744
Other comprehensive income					
Foreign currency translation differences for foreign operation		(8)	214	-	-
Change in fair value of equity securities classified as available for sale		62	-	-	-
Revaluation surplus arising from revaluation of property, plant and equipment		64,700	-	-	-
Income tax relating to components of other comprehensive income		(1,479)	-	-	-
Other comprehensive income for the year, net of tax		63,275	214	-	-
Total comprehensive income for the year		183,800	31,027	314,037	43,744
Profit attributable to:					
Owners of the Company		119,903	31,617	314,037	43,744
Minority interests		622	(804)	-	-
Profit for the year		120,525	30,813	314,037	43,744
Total comprehensive income attributable to:					
Owners of the Company		183,178	31,831	314,037	43,744
Minority interests		622	(804)	-	-
Total comprehensive income for the year		183,800	31,027	314,037	43,744
Earnings per ordinary share (sen):	26				
Basic		23.88	6.29		
Diluted		17.63	5.42		

The notes on pages 54 to 113 are an integral part of these financial statements.

Consolidated Statements of Changes in Equity For The Year Ended 31 December 2010

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 owners of the Company →						
		← Non-distributable →		← Distributable →				
At 1 January 2009								
- As previously stated	37.2	522,707	54,899	(67,423)	375,434	885,617	29,899	915,516
- Effects of adopting FRS 117 amendments		-	5,537	-	-	5,537	-	5,537
At 1 January 2009, restated		522,707	60,436	(67,423)	375,434	891,154	29,899	921,053
Total comprehensive income for the year		-	214	-	31,617	31,831	(804)	31,027
Share buybacks	16	-	-	(38)	-	(38)	-	(38)
Selective capital repayment in a subsidiary	34	-	-	-	460	460	(14,524)	(14,064)
Dividends to owners of the Company	27	-	-	-	(11,310)	(11,310)	-	(11,310)
Dividends to minority interest		-	-	-	-	-	(231)	(231)
Realisation of revaluation reserves to retained earnings upon:								
- dismantling of property, plant and equipment		-	(1,245)	-	1,245	-	-	-
- disposal of property, plant and equipment		-	(344)	-	344	-	-	-
Realisation of foreign exchange reserve upon dividend declared by a subsidiary		-	(344)	-	344	-	-	-
At 31 December 2009		522,707	58,717	(67,461)	398,134	912,097	14,340	926,437
At 1 January 2010								
- As previously stated		522,707	53,180	(67,461)	398,134	906,560	14,340	920,900
- Effect of adopting FRS 117 amendments	37.2	-	5,537	-	-	5,537	-	5,537
		522,707	58,717	(67,461)	398,134	912,097	14,340	926,437
- Effect of adopting FRS 139	36	-	(4)	-	32	28	-	28
At 1 January 2010, restated		522,707	58,713	(67,461)	398,166	912,125	14,340	926,465
Total comprehensive income for the year		-	63,275	-	119,903	183,178	622	183,800
Issue of share – exercise of warrants		1	1	-	-	2	-	2
Share buybacks	16	-	-	(1,493)	-	(1,493)	-	(1,493)
Dividends to owners of the Company	27	-	-	-	(33,893)	(33,893)	-	(33,893)
Dividends to minority interest		-	-	-	-	-	(231)	(231)
At 31 December 2010		522,708	121,989	(68,954)	484,176	1,059,919	14,731	1,074,650
		Note 15	Note 17	Note 16	Note 18			

Statements of Changes in Equity

For The Year Ended 31 December 2010

Company	Note	← Non-distributable Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Non-distributable → Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2009		522,707	22,340	39,203	(67,423)	52,081	568,908
Total comprehensive income for the year		-	-	-	-	43,744	43,744
Share buybacks	16	-	-	-	(38)	-	(38)
Dividends to owners of the Company	27	-	-	-	-	(11,310)	(11,310)
At 31 December 2009/ 1 January 2010		522,707	22,340	39,203	(67,461)	84,515	601,304
Total comprehensive income for the year		-	-	-	-	314,037	314,037
Share buybacks	16	-	-	-	(1,493)	-	(1,493)
Issue of shares – exercise of warrants		1	2	(1)	-	-	2
Dividends to owners of the Company	27	-	-	-	-	(33,893)	(33,893)
At 31 December 2010		522,708	22,342	39,202	(68,954)	364,659	879,957
		Note 15	Note 17	Note 17	Note 16		

The notes on pages 54 to 113 are an integral part of these financial statements.

Statements of Cash Flows

For The Year Ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 restated	Company 2010 RM'000	Company 2009 RM'000 restated
Cash flows from operating activities					
Profit before tax		139,848	36,344	314,043	55,774
Adjustments for:					
Allowance for obsolete inventories		1,366	429	-	-
Amortisation of intangible assets	4	554	553	-	-
Amortisation of prepaid lease payments	5	318	339	-	-
Amortisation of investment in club membership		1	1	-	-
Consumables written off		-	95	-	-
Depreciation of property, plant and equipment	3	29,896	29,855	-	-
Gain on disposal of property, plant and equipment - net		(246)	(120)	-	-
Gain on disposal of assets classified as held for sale		(1,653)	-	-	-
Reversal of impairment loss of property, plant and equipment	3	-	(26,381)	-	-
Impairment loss on investment in subsidiaries		-	-	-	4,424
Interest expense		18,784	23,996	753	3,012
Interest income		(950)	(1,171)	(31)	(46)
Change in fair value of investment properties	6	(1,030)	-	-	-
Property, plant and equipment written off	3	1,491	22,848	-	-
Fair value gain on derivatives		(1,650)	-	-	-
Retirement benefits	20	799	968	-	-
Share of results of an associate		(390)	(269)	-	-
Unrealised (gain) /loss on foreign exchange		(11,076)	42	-	-
Operating profit before changes in working capital		176,062	87,529	314,765	63,164
Changes in working capital:					
Inventories		(350,061)	112,370	-	-
Trade and other receivables		(164,992)	10,128	45,610	57,086
Trade and other payables		17,053	32,690	(230,167)	18,284
Cash (used in)/generated from operations		(321,938)	242,717	130,208	138,534
Taxes (paid)/refund		(10,258)	63,635	3,174	(11,917)
Retirement benefits paid	20	(961)	(1,574)	-	(51)
Interest received		950	1,171	-	-
Interest paid		(18,031)	(20,984)	-	-
Net cash (used in)/generated from operating activities		(350,238)	284,965	133,382	126,566

Statements of Cash Flows

For The Year Ended 31 December 2010 (cont'd)

	Note	Group 2010 RM'000	Group 2009 RM'000 restated	Company 2010 RM'000	Company 2009 RM'000 restated
Cash flows from investing activities					
Increase in investment in a subsidiary		-	-	(50,000)	(48,500)
Interest received		-	-	31	46
Proceeds from disposal of property, plant and equipment		560	200	-	-
Proceeds from disposal of assets classified as held for sale		4,657	11,190	-	-
Purchase of property, plant and equipment	3	(168,664)	(131,778)	-	-
Selective capital repayment in a subsidiary	34	-	(14,064)	-	-
Net cash used in investing activities		(163,447)	(134,452)	(49,969)	(48,454)
Cash flows from financing activities					
Net proceeds/(repayment of) from borrowings		579,865	(145,057)	(47,281)	(68,722)
Share buybacks	16	(1,493)	(38)	(1,493)	(38)
Interest paid		(753)	(3,012)	(753)	(3,012)
Dividends paid to minority interest		(231)	(231)	-	-
Dividends paid to owners of the Company		(33,893)	(11,310)	(33,893)	(11,310)
Withdrawal/(Pledge) of deposits		681	(105)	-	-
Proceeds from issuance of shares		2	-	2	-
Net cash from/(used in) financing activities		544,178	(159,753)	(83,418)	(83,082)
Net increase/(decrease) in cash and cash equivalents		30,493	(9,240)	(5)	(4,970)
Foreign exchange differences on cash held		(17)	214	-	-
Cash and cash equivalents at 1 January		28,672	37,698	221	5,191
Cash and cash equivalents at 31 December		59,148	28,672	216	221

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	**2010 RM'000**	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Deposits placed with licensed banks	13	42,092	20,685	-	-
Cash and bank balances	13	19,480	14,346	216	221
		61,572	35,031	216	221
Bank overdrafts	19	-	(3,254)	-	-
Restricted deposits	13	(2,424)	(3,105)	-	-
		59,148	28,672	216	221

The notes on pages 54 to 113 are an integral part of these financial statements.

Notes To The 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 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 December 2010 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 7 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.

These financial statements were authorised for issue by the Board of Directors on 26 April 2011.

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 (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following new / revised accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

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 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

1. **BASIS OF PREPARATION (cont'd)**

(a) Statement of compliance (cont'd)

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*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

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

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations 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 FRS 2, IC Interpretation 12, 15, 16, 19 and amendments to FRS 2 which are not applicable to the Group and the Company.

The initial application of the above standards (and its consequential amendments) and interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

Following the announcement by the MASB on 1 April 2008, the Group's and the Company's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 January 2012.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Group's and the Company'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 in conformity with FRSs 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 estimates are revised and in any future periods affected.

1. BASIS OF PREPARATION (cont'd)

(d) Use of estimates and judgements (cont'd)

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 4 - Measurement of recoverable amounts of cash-generating unit
- Note 6 - Valuation of investment properties
- Note 12 - 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, other than those disclosed in the following notes:

- Note 2(c) – Financial instruments
- Note 2(e) – Leased assets
- Note 2(g) – Investment property
- Note 2(p) – Borrowing costs
- Note 2(s) – Operating segments

(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 statement of financial position at cost less impairment losses, unless the investment is held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, 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 and other comprehensive income of the equity accounted associates, after adjustments if any, 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 statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale.

(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 statement of comprehensive income.

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 interests holders. 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 interests

Minority interests at the end of the reporting period, 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 statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the comprehensive income for the year between minority interests and the owners 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(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.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(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 reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value 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 profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(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 end of the reporting date. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(c) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in note 36.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(k)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

***(ii) Financial instrument categories and subsequent measurement* (cont'd)**

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) 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.

Surplus arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reservation to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognized in profit or loss.

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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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 or 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 income" and "other expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(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 to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss 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 unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Leasehold land is amortised over the period of 99 years. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment (cont'd)

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 reviewed, and adjusted as appropriate at the end of the reporting period.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower 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.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position of the Group or the Company. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Group has adopted the amendment made to FRS 117, Leases in 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations are measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

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 acquisitions 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 profit or loss.

(ii) Research and development

Research expenditure is recognised in profit or loss 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 development costs can be measured reliably. Other development expenditures are recognised in profit or loss when incurred. Development costs previously recognised in profit or loss are not recognised as an asset in the subsequent period.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

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.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life of capitalised development costs for the current and comparative periods is 5 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

An investment property under construction before 1 January 2010 was classified as property, plant and equipment and measured at cost. Such property is stated at cost until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in profit or loss.

Following the amendment made to FRS 140, Investment Property, with effect from 1 January 2010, investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

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

(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 the 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 is then applied to the net annual cash flows to arrive at the property valuation.

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

(g) Investment properties (cont'd)

(iii) Determination of fair value (cont'd)

Valuations reflect, where appropriate:
- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness;
- the allocation of maintenance and insurance responsibilities between the Group and the lessee; and
- the remaining economic life of the property.

When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

(h) 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, production or conversion costs and other costs incurred in 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.

(i) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 2(c).

(j) Cash and cash equivalents

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

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy note 2(c).

(k) Impairment of assets

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets (cont'd)

(i) Financial assets (cont'd)

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax asset, assets arising from employee benefits, investment property that is measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. 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.

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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss. 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 the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Equity instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) 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. Repurchased shares that are not subsequently cancelled 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.

(m) 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 liability 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 profit or loss 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 end of the reporting period 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 end of the reporting period.

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 profit or loss 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 in profit or loss on a straight-line basis over 5 years.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) 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. The unwinding of the discount is recognised as finance cost.

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.

(o) Revenue and other income

(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 profit or loss 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 in profit or loss on the date that the Group's or the Company's when the right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Management fee

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

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Borrowing costs (cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. 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 or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period 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 extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(r) Earnings per ordinary 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.

(s) Operating segments

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Operating segments (cont'd)

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery, tools, furniture, fittings and equipment RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
Cost/Valuation							
At 1 January 2009							
- as previously stated	130,788	-	176,983	593,985	12,612	271,019	1,185,387
- effect of adopting FRS 117 amendments	-	60,775	-	-	-	-	60,775
At 1 January 2009, restated	130,788	60,775	176,983	593,985	12,612	271,019	1,246,162
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 14)	-	-	(793)	-	-	-	(793)
At 31 December 2009/ 1 January 2010, restated	130,788	60,775	174,823	558,914	12,636	383,096	1,321,032
Additions	-	-	-	5,381	3,122	160,161	168,664
Disposals	-	-	-	(683)	(639)	-	(1,322)
Written off	-	-	-	(2,072)	-	-	(2,072)
Reclassification	-	-	1,361	92	-	(1,453)	-
Revaluation	58,271	-	(3,435)	-	-	-	54,836
At 31 December 2010	189,059	60,775	172,749	561,632	15,119	541,804	1,541,138

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

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery, tools, furniture, fittings and equipment RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses							
At 1 January 2009							
Accumulated depreciation							
- as previously stated	-	-	23,496	417,479	8,130	-	449,105
- effect of adopting FRS 117 amendments	-	6,922	-	-	-	-	6,922
At 1 January 2009, restated							
Accumulated depreciation	-	6,922	23,496	417,479	8,130	-	456,027
Accumulated impairment losses	43	-	1,390	25,000	-	-	26,433
	43	6,922	24,886	442,479	8,130	-	482,460
Depreciation for the year	-	633	4,733	22,994	1,495	-	29,855
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 (Note14)	-	-	(104)	-	-	-	(104)
At 31 December 2009/ 1 January 2010, restated							
Accumulated depreciation	-	7,555	27,840	408,273	8,923	-	452,591
Accumulated impairment losses	43	-	9	-	-	-	52
	43	7,555	27,849	408,273	8,923	-	452,643
Depreciation for the year	-	823	4,509	22,910	1,654	-	29,896
Disposals	-	-	-	(393)	(615)	-	(1,008)
Written off	-	-	-	(581)	-	-	(581)
Revaluation	-	-	(9,864)	-	-	-	(9,864)
At 31 December 2010							
Accumulated depreciation	-	8,378	22,485	430,209	9,962	-	471,034
Accumulated impairment losses	43	-	9	-	-	-	52
	43	8,378	22,494	430,209	9,962	-	471,086

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

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery, tools, furniture, fittings and equipment RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
Carrying amounts							
At 1 January 2009, restated	130,745	53,853	152,097	151,506	4,482	271,019	763,702
At 31 December 2009/ 1 January 2010, restated	130,745	53,220	146,974	150,641	3,713	383,096	868,389
At 31 December 2010	189,016	52,397	150,255	131,423	5,157	541,804	1,070,052

Company	Furniture fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2009	2,327	3,845	6,172
Disposals	(2,327)	(3,845)	(6,172)
At 31 December 2009/1 January 2010/31 December 2010	-	-	-
Accumulated depreciation			
At 1 January 2009	1,653	1,121	2,774
Disposals	(1,653)	(1,121)	(2,774)
At 31 December 2009/1 January 2010/31 December 2010	-	-	-
Carrying amounts			
At 1 January 2009	674	2,724	3,398
At 31 December 2009/1 January 2010/31 December 2010	-	-	-

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 and December 2010 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 CB Richard Ellis (Malaysia) Sdn. Bhd. (formerly known as Regroup Associates Sdn. Bhd.), to reflect the market values.

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

3.1 Revaluation (cont'd)

The carrying amounts of revalued land and buildings at the end of the reporting period that would have been included in the financial statements had these assets been carried at cost less accumulated depreciation are as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
		restated
Freehold land	20,196	20,196
Long term leasehold land	16,397	17,030
Buildings	40,907	41,882
	77,500	79,108

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 in year 2009.

As at 31 December 2010, the carrying amount of construction work-in-progress was evaluated for impairment. The recoverable amount of the construction work-in-progress 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 tonnage 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.
- A weighted average cost of capital of 5.80% (2009: 8.38%) 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 construction work-in-progress was determined to be lower than the recoverable amount and no impairment loss was recognised.

3.3 Long term leasehold land

Long term leasehold land represents leasehold land with unexpired lease period of more than 50 years. The carrying amounts of long term leasehold land at 1 January 2009 and 31 December 2009 have been adjusted following the adoption of the amendments to FRS 117, Leases, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

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

3.4 Security

Land and buildings with a carrying amount of RM143,732,000 (2009: nil) are pledged to a bank as security for a term loan granted to a subsidiary (see Note 19).

3.5 Borrowing costs

Included in additions to construction work-in-progress of the Group is interest capitalised at a rate ranging from 4.15% to 4.85% (2009: 4.01% to 4.35%) per annum amounting to RM17,622,000 (2009: RM8,851,000).

4. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Total RM'000
Cost			
At 1 January 2009/31 December 2009/1 January 2010/ 31 December 2010	7,398	2,767	10,165
Amortisation			
At 1 January 2009	216	276	492
Amortisation for the year	-	553	553
At 31 December 2009/1 January 2010	216	829	1,045
Amortisation for the year	-	554	554
At 31 December 2010	216	1,383	1,599
Carrying amounts			
At 1 January 2009	7,182	2,491	9,673
At 31 December 2009/1 January 2010	7,182	1,938	9,120
At 31 December 2010	7,182	1,384	8,566

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 and the following key assumptions:

- The sales tonnage 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.

4. INTANGIBLE ASSETS (cont'd)

- 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 5.80% (2009: 8.38%)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 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.

5. 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 2009				
- as previously stated		2,032	65,779	67,811
- effect of adopting FRS 117 amendments	37.2	-	(53,393)	(53,393)
At 1 January 2009, restated		2,032	12,386	14,418
Reclassification		12,386	(12,386)	-
Transfer to assets classified as held for sale	14	(909)	-	(909)
At 31 December 2009/1 January 2010, restated/ 31 December 2010		13,509	-	13,509
Amortisation				
At 1 January 2009				
- as previously stated		209	7,236	7,445
- effect of adopting FRS 117 amendment	37.2	-	(6,922)	(6,922)
At 1 January 2009, restated		209	314	523
Amortisation for the year		339	-	339
Reclassification		314	(314)	-
Transfer to assets classified as held for sale	14	(110)	-	(110)
At 31 December 2009/1 January 2010, restated		752	-	752
Amortisation for the year		318	-	318
At 31 December 2010		1,070	-	1,070

5. PREPAID LEASE PAYMENTS (cont'd)

Group	Note	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Carrying amounts				
At 1 January 2009, restated		1,823	12,072	13,895
At 31 December 2009/1 January 2010, restated		12,757	-	12,757
At 31 December 2010		12,439	-	12,439

6. INVESTMENT PROPERTIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	5,964	7,356	1,870	1,870
Acquisitions	-	124	-	-
Change in fair value	1,030	-	-	-
Transfer to assets classified as held for sale (Note 14)	-	(1,516)	-	-
At 31 December	6,994	5,964	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	1,870	1,870	1,870
Buildings	4,524	3,494	-	-
	6,994	5,964	1,870	1,870

The fair value of investment properties amounting to RM3,644,000 (2009: RM5,964,000) are determined based on market values estimated by the Directors without involvement of independent valuers, by reference to market evidence of transaction prices for similar properties and previous valuation in December 2008 carried out by independent valuers. The market values of the investment properties at the end of the reporting period approximated their fair values.

The estimated fair value of investment properties amounting to RM3,350,000 revalued in December 2010 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 CB Richard Ellis (Malaysia) Sdn. Bhd. (formerly known as Regroup Associates Sdn. Bhd.), to reflect the market values. Valuations were based on current prices in an active market for all properties.

7. INVESTMENTS IN SUBSIDIARIES

	Company 2010 RM'000	Company 2009 RM'000
At cost:		
Unquoted shares in Malaysia	879,127	829,127
Less: Impairment losses	(7,343)	(7,343)
	871,784	821,784

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2010 %	Effective ownership interest 2009 %
#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, importing, exporting and supplying of all kinds of metal products and building 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	Dormant	100	100
Anshin Steel Service Centre Sdn. Bhd.	Malaysia	Steel service centre	100	100

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2010 %	Effective ownership interest 2009 %
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, retailing, importing, exporting and supplying of all kinds of metal products and building materials	100	100
Ann Joo Steel Berhad	Malaysia	Steel mill	100	100
and its subsidiaries				
#AJSB Properties Sdn. Bhd.	Malaysia	Renting out of machinery and investment property holding	100	100
#Malayawata Marketing Sdn. Bhd.	Malaysia	Dormant	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	Iron-making, manufacturing and sale of steel related products	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.

In the prior year, part of the investment in Ann Joo Steel Berhad with a carrying amount of RM398,859,432 had been pledged/placed under memorandum of deposit as security for a credit facility granted to the Company as disclosed in Note 19 to the financial statements. The pledge was discharged during the financial year.

8. INVESTMENT IN ASSOCIATE

	Group 2010 RM'000	Group 2009 RM'000
At cost:		
Unquoted shares in Malaysia	1,800	1,800
Less: Impairment losses	(1,800)	(1,800)
	-	-
Share of post-acquisition reserves	1,166	775
	1,166	775

Summary of financial information on associate:

Group

	Country of incorporation	Effective ownership interest %	Revenue (100%) RM'000	Profit (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2010						
S.A. Networks Technical Industries Sdn. Bhd.	Malaysia	36	20,418	1,806	7,423	2,942
2009						
S.A. Networks Technical Industries Sdn. Bhd.	Malaysia	36	16,849	1,268	7,350	4,675

The investment in associate is held by Anshin Precision Industries Sdn. Bhd., a subsidiary of the Company.

9. OTHER INVESTMENTS

Group	Club membership RM'000	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Total RM'000
2010				
Available-for-sale financial assets				
- at cost	-	3	-	3
- at fair value	-	-	229	229
Club membership, at cost	105	-	-	105
Less: Impairment loss	(12)	-	-	(12)
Accumulated amortisation	(22)	-	-	(22)
	71	3	229	303
Market value of quoted shares	-	-	229	229

9. OTHER INVESTMENTS (cont'd)

Group	Club membership RM'000	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Total RM'000
2009				
At cost	105	3	402	510
Less: Impairment loss	(12)	-	(230)	(242)
Accumulated amortisation	(21)	-	-	(21)
	72	3	172	247
Market value of quoted shares	-	-	168	168

The comparative figures as at 31 December 2009 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

10. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets/(liabilities)

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

	Assets			Liabilities			Net		
Group	**31.12.2010 RM'000**	**31.12.2009 RM'000**	**1.1.2009 RM'000**	**31.12.2010 RM'000**	**31.12.2009 RM'000 restated**	**1.1.2009 RM'000 restated**	**31.12.2010 RM'000**	**31.12.2009 RM'000 restated**	**1.1.2009 RM'000 restated**
Property, plant and equipment	(38,513)	(39,628)	(40,422)	(17,698)	(16,923)	(16,753)	(56,211)	(56,551)	(57,175)
Employee benefit plans	-	8	12	283	4	-	283	12	12
Provisions	5,694	6,165	7,744	457	380	289	6,151	6,545	8,033
Tax incentives	42,035	47,361	48,593	-	-	-	42,035	47,361	48,593
Unabsorbed tax losses	397	106	2,027	-	-	-	397	106	2,027
Unabsorbed capital allowances	(210)	-	84	285	-	-	75	-	84
Other temporary differences	-	-	-	(20)	-	-	(20)	-	-
Tax assets/(liabilities)	9,403	14,012	18,038	(16,693)	(16,539)	(16,464)	(7,290)	(2,527)	1,574

10. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
		restated
At 1 January 2009		
- as previously stated	(682)	3,419
- effect of adopting FRS 117 amendments	(1,845)	(1,845)
At 1 January, restated	(2,527)	1,574
Recognised in profit or loss (Note 25)	(3,284)	(4,101)
Recognised in other comprehensive income	(1,479)	-
At 31 December	(7,290)	(2,527)

Unrecognised deferred tax assets

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
Property, plant and equipment	-	-
Provisions	-	520
Increase in tax allowances	-	-
Unabsorbed tax losses	-	1,006
Unabsorbed capital allowances	-	319
	-	1,845

Deferred tax assets had not been recognised in respect of these items because it was not probable that future taxable profit will be available against which the respective subsidiaries can utilise the benefits therefrom.

11. RECEIVABLES AND PREPAYMENTS, INCLUDING DERIVATIVES

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Trade					
Trade receivables		275,244	117,346	-	-
Less: Allowance for impairment losses		(3,812)	(4,223)	-	-
		271,432	113,123	-	-
Non-trade					
Other receivables		6,503	5,491	1	1
Deposits		2,157	1,593	16	24
Amount due from an associate	11.1	40	52	-	-
Amount due from subsidiaries	11.2	-	-	6,607	52,209
		8,700	7,136	6,624	52,234
Prepayments		17,044	12,752	4	4
Forward exchange contracts		1,650	-	-	-
		298,826	133,011	6,628	52,238

In the previous financial year, trade receivables amounting to RM8,620,898 had been written off against the allowance for impairment losses.

11.1 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.

11.2 Amount due from subsidiaries

Amount due from subsidiaries which arose mainly from payments made on behalf and advances are unsecured, interest free and are repayable on demand.

11.3 Amount due from related parties

Included in trade receivables of the Group are:

	2010 RM'000	2009 RM'000
Companies in which the immediate family members of certain Directors have financial interests	835	529
Companies in which certain Directors have financial interests	-	1,008
Companies with a common Director of a subsidiary	386	-
An associate of a subsidiary	977	1,776

Included in other receivables of the Group is an amount of RM1,640,086 (2009: RM1,176,773) due from a subsidiary of the ultimate holding company.

Amount due from related parties mainly arose from trade transactions which are subject to normal trade credit terms.

12. INVENTORIES

	Group 31.12.2010 RM'000	31.12.2009 RM'000 restated	1.1.2009 RM'000 restated
Raw materials	475,263	207,826	301,572
Semi-finished products	299,317	270,107	177,337
Finished products	415,300	369,801	480,328
	1,189,880	847,734	959,237
Consumable stores and refractories	49,796	43,247	44,638
	1,239,676	890,981	1,003,875

Included in inventories of the Group are goods in transit amounting to RM13,326,000 (2009: RM34,879,178).

	Group 2010 RM'000	2009 RM'000
Recognised in profit or loss:		
Allowance for obsolete inventories included in cost of sales	1,366	429

The net realisable value ("NRV") of inventories 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 2010 less the estimated cost necessary to make the sale.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits placed with licensed banks	42,092	20,685	-	-
Cash and bank balances	19,480	14,346	216	221
	61,572	35,031	216	221

Fixed deposit amounting to RM2,424,000 as at 31 December 2010 is restricted in use. Fixed deposit amounting to RM3,104,884 as at 31 December 2009 was pledged to a bank for term loan facility granted to a subsidiary (see note 19).

14. ASSETS CLASSIFIED AS HELD FOR SALE

	Note	Group 2010 RM'000	2009 RM'000
Assets classified as held for sale			
Property, plant and equipment (Note 3)	14.1	-	689
Prepaid lease payments (Note 5)	14.2	-	799
Investment properties (Note 6)	14.3	-	1,516
		-	3,004

14. ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Note 14.1

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

	Note	Group 2010 RM'000	Group 2009 RM'000
At 1 January		689	440
Transfer from property, plant and equipment			
Cost	3	-	793
Accumulated depreciation	3	-	(104)
		-	689
Disposals		(689)	(440)
At 31 December		-	689

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") had been entered into for its disposal. The total consideration, including leasehold land as mentioned under note 14.2 below amounted to RM2,200,000. The disposal was completed in year 2010.

Note 14.2

Prepaid lease payments held for sale comprise the following:

	Note	Group 2010 RM'000	Group 2009 RM'000
At 1 January		799	-
Transfer from prepaid lease payments			
Cost	5	-	909
Accumulated amortisation	5	-	(110)
		-	799
Disposal		(799)	-
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 had been entered into for its disposal as disclosed in note 14.1 above. The disposal was completed in year 2010.

Note 14.3

Investment properties held for sale comprise the following:

	Note	2010 RM'000	2009 RM'000
At 1 January		1,516	10,750
Transfer from investment properties	6	-	1,516
Disposals		(1,516)	(10,750)
At 31 December		-	1,516

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. The disposal was completed in year 2010.

15. SHARE CAPITAL

	Group and Company			
	Amount 2010 RM'000	Number of shares 2010 '000	Amount 2009 RM'000	Number of shares 2009 '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	522,707	522,707	522,707	522,707
Issue of shares - exercise of warrants	1	1	-	-
At 31 December	522,708	522,708	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.

16. TREASURY SHARES

	Group and Company	
At cost	2010 RM'000	2009 RM'000
1 January	67,461	67,423
Repurchased during the year	1,493	38
At 31 December	68,954	67,461

The shareholders of the Company, by an ordinary resolution passed in the annual general meeting held on 25 May 2010, 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 559,500 (2009: 20,000) of its issued share capital from the open market on the Bursa Malaysia for RM1,492,760 (2009: RM37,825). The average price paid for the shares repurchased was approximately RM2.67 (2009: RM1.89) 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 end of the reporting period, the total number of ordinary shares repurchased and held as treasury shares is 20,590,800 (2009: 20,031,300).

17. OTHER RESERVES

Group	Share premium RM'000	Capital reserve RM'000	Warrants reserve RM'000	Revaluation reserve RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Total RM'000
	← Non-Distributable						→	
At 1 January 2009, as previously stated	22,340	2,500	39,203	54,540	(63,815)	131	-	54,899
Effect of adopting FRS 117 amendments	-	-	-	5,537	-	-	-	5,537
At 1 January 2009, restated	22,340	2,500	39,203	60,077	(63,815)	131	-	60,436
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)
At 31 December 2009/ 1 January 2010, restated	22,340	2,500	39,203	58,488	(63,815)	1	-	58,717
Effect of adopting FRS 139	-	-	-	-	-	-	(4)	(4)
At 31 December 2009/ 1 January 2010, restated	22,340	2,500	39,203	58,488	(63,815)	1	(4)	58,713
Exercise of warrants	2	-	(1)	-	-	-	-	1
Foreign exchange translation differences	-	-	-	-	-	(8)	-	(8)
Changes in fair value of equity securities classified as available-for-sale investment	-	-	-	-	-	-	46	46
Revaluation surplus arising from revaluation of property, plant and equipment	-	-	-	63,237	-	-	-	63,237
At 31 December 2010	22,342	2,500	39,202	121,725	(63,815)	(7)	42	121,989

17. OTHER RESERVES (cont'd)

	Company 2010 RM'000	Company 2009 RM'000
Other reserves comprise:-		
Share premium	22,342	22,340
Warrants reserve	39,202	39,203
	61,544	61,543

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) 900 (2009: Nil) warrants were converted into new ordinary shares during the financial year. At 31 December 2010, the total number of warrants which remained unexercised amounted to 261,352,739 (2009: 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.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

Fair value reserve

This comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

18. RETAINED EARNINGS

Subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank up to approximately RM23,904,000 and RM141,693,000 respectively out of its distributable reserves at 31 December 2010 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 2010 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.

19. LOANS AND BORROWINGS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current				
Secured term loans	46,600	-	-	-
Current				
Unsecured				
Bank overdraft	-	3,254	-	-
Bills payable	593,699	502,359	-	-
Foreign currency trade finance	356,905	32,369	-	-
Revolving credit	450,000	22,000	-	-
Secured term loans	14,040	336,403	-	47,281
	1,414,644	896,385	-	47,281

19.1 Security

The term loan of the Company was secured by memorandum of deposit over the shares of a subsidiary as disclosed in Note 7 to the financial statements.

The term loan of a subsidiary is secured by the land and buildings of the subsidiary (see Note 3). In the previous year, another term loan of a subsidiary was secured against first party fixed deposit (see Note 13) and by way of specific debentures over the assets financed under the facility and corporate guarantees executed by the Company.

19.2 Terms and debt repayment schedule

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	2 - 5 years RM'000
Group				
2010				
Secured term loans	2011	60,640	14,040	46,600
Unsecured				
Bills payables	2011	593,699	593,699	-
Foreign currency trade finance	2011	356,905	356,905	-
Revolving credit	2011	450,000	450,000	-
		1,461,244	1,414,644	46,600
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	-

19. LOANS AND BORROWINGS (cont'd)

19.2 Terms and debt repayment schedule (cont'd)

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	2 - 5 years RM'000
Company				
2010				
Secured term loan	-	-	-	-
2009				
Secured term loan	2010	47,281	47,281	-

Term loans of subsidiaries are charged interest rates ranging from 4.01% to 4.48% (2009: 4.01% to 4.35%) per annum.

The other term loan of the Group and the Company at 31 December 2009 was charged interest rates at 3.34% to 4.57% per annum.

Bank overdrafts at 31 December 2009 were charged interest rates ranging from 5.80% to 6.55% per annum.

Other borrowings are charged interest rates ranging from 0.98% to 4.84% (2009: 1.15% to 4.34%) per annum.

19.3 Significant covenants

The secured term loan of the Company that was fully settled during the year was 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 that was fully settled during the year was 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.

20. EMPLOYEE BENEFITS

The movements during the year in the retirement benefits recognised in the statement of financial position are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	8,848	9,454	-	1,076
Charge to profit or loss	799	968	-	-
	9,647	10,422	-	1,076
Benefits paid	(961)	(1,574)	-	(51)
Transfer during the year	-	-	-	(1,025)
At 31 December	8,686	8,848	-	-

20. EMPLOYEE BENEFITS (cont'd)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
The retirement benefits are payable as follows:				
Current (Note 21)	1,095	616	-	-
Non-current	7,591	8,232	-	-
At 31 December	8,686	8,848	-	-

The retirement benefits recognised in the statement of financial position are analysed as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Present value of unfunded obligations	8,686	8,848	-	-

The retirement benefits charged to profit or loss is analysed as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current service costs and interest on obligation	799	968	-	-
Included in line item in the statement of comprehensive income:				
Administrative expenses	799	968	-	-

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

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Discount rate	6.5	7.0	-	-

The retirement benefits scheme was valued by Directors in July 2010 based on valuation carried out by external independent professional actuary using the projected unit credit method.

Movement in the present value of the defined benefit obligations

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	8,848	9,454	-	1,076
Benefits paid by the plan	(961)	(1,574)	-	(51)
Current service costs and interest on obligation	799	968	-	-
Transfer during the year	-	-	-	(1,025)
At 31 December	8,686	8,848	-	-

21. PAYABLES AND ACCRUALS

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Trade					
Trade payables		77,737	71,977	-	-
Non-trade					
Other payables		14,400	7,659	214	225
Accrued expenses		51,303	45,839	675	722
Amount due to subsidiaries	21.1	-	-	839	230,948
Deposits		2,311	3,415	1	1
		68,014	56,913	1,729	231,896
Employee benefits	20	1,095	616	-	-
		146,846	129,506	1,729	231,896

21.1 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 nil (2009: 3%) per annum.

21.2 Amount due to related parties

Included in trade payables of the Group are:

	2010 RM'000	2009 RM'000
A company in which the immediate family members of a Director has financial interests	-	28
A company in which a Director has financial interests	-	91
Companies with a common Director of a subsidiary	711	954
An associate of a subsidiary	720	143

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

22. REVENUE

	2010 RM'000	2009 RM'000
Group		
Sales	1,829,725	1,301,081
Rental income from investment properties	2.146	1,924
	1,831,871	1,303,005
Company		
Dividend income	315,728	62,632

Revenue of the Group is arrived at after discounts, carriage outwards, sales commissions and others cost directly related to sales amounting to RM101,031,127 (2009: RM69,540,542).

23. OPERATING PROFIT

	Group 2010 RM'000	Group 2009 RM'000 restated	Company 2010 RM'000	Company 2009 RM'000
Operating profit is arrived at after charging:				
Allowance for impairment losses of receivables	1,130	1,084	-	-
Allowance for obsolete inventories	1,366	429	-	-
Amortisation of intangible assets	554	553	-	-
Amortisation of prepaid lease payments	318	339	-	-
Amortisation of investment in club membership	1	1	-	-
Auditors' remuneration				
- Audit fees				
- KPMG Malaysia	205	178	43	40
- other auditors	15	15	-	-
- Other services				
- KPMG Malaysia	8	8	8	8
Consumables written off	-	95	-	-
Depreciation on property, plant and equipment	29,896	29,855	-	-
Employee benefits costs (Note 23.1)	79,308	72,668	-	(853)
Interest expense				
- term loans	862	4,381	753	3,012
- bank overdraft	21	469	-	-
- bills payable	17,382	15,319	-	-
- revolving credit	519	3,827	-	-
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	1,491	22,848	-	-
Rental of premises	2,709	2,793	-	-
Hire/Rental of equipment	851	295	-	-
Loss on foreign exchange				
- unrealised	47	42	-	-
- realised	11	495	-	-
and after crediting:				
Bad debts recovered	452	-	-	-
Reversal of allowance for impairment losses of receivables	1,541	7,946	-	-
Dividend income from subsidiaries	-	-	315,728	62,632
Gain on disposal of property, plant and equipment	246	120	-	-
Gain on disposal of assets classified as held-for-sale	1,653	-	-	-
Gain on foreign exchange				
- unrealised	11,123	-	-	-
- realised	6,141	1,330	-	-
Interest income from:				
- others	950	1,171	22	35
- a subsidiary	-	-	9	11
Reversal of impairment on property, plant and equipment	-	26,381	-	-
Rental income from:				
- an associate	43	43	-	-
- third parties	2,187	2,004	-	-
Changes in fair value of investment properties	1,030	-	-	-

23. OPERATING PROFIT (cont'd)

Note 23.1 Employee benefits costs

Employee includes key management personnel

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonus	71,200	65,128	-	(681)
Defined contributions plan	5,978	5,967	-	(172)
Defined benefit plan	849	968	-	-
Others	1,281	605	-	-
	79,308	72,668	-	(853)

24. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors				
- Fees	560	563	560	480
- Remuneration	8,604	6,819	131	120
- Remuneration – over provision in prior year	-	-	-	(435)
- Contributions to EPF	779	831	-	-
Estimated monetary value of benefits-in-kind	314	338	-	-
Others	65	26	-	-
	10,322	8,577	691	165

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.

25. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Income tax expense	19,323	5,531	6	12,030

25. INCOME TAX EXPENSE (cont'd)

Major components of tax expense include:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current tax expense				
Malaysian - current year	16,138	3,701	-	13,629
- prior year	(99)	(2,271)	6	(1,599)
Total current tax	16,039	1,430	6	12,030
Deferred tax expense				
Origination and reversal of temporary differences	2,414	2,819	-	-
Under provision of deferred tax expense in prior year	870	1,282	-	-
Total deferred tax (Note 10)	3,284	4,101	-	-
Total tax expense	19,323	5,531	6	12,030

Reconciliation of effective tax expense

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Profit for the year	120,525	30,813	314,037	43,744
Total tax expense	19,323	5,531	6	12,030
Profit before tax	139,848	36,344	314,043	55,774
Share of results of an associate	(390)	(269)	-	-
Profit before tax and associate's results	139,458	36,075	314,043	55,774
Tax at Malaysian tax rate of 25% (excluding share of results of an associate)	34,865	9,019	78,511	13,944
Effect of change in tax rate	-	(222)	-	-
Non-deductible expenses	3,670	3,869	192	1,151
Non-taxable/tax exempt income	(836)	(1,620)	(78,703)	(1,095)
Tax incentives	(18,387)	(4,595)	-	-
Effect of unrecognised deferred tax assets	(488)	(282)	-	(371)
Others	(272)	351	-	-
	18,553	6,520	-	13,629
(Over)/Under provision of current tax expense in prior year	(99)	(2,271)	6	(1,599)
Under provision of deferred tax expense in prior year	870	1,282	-	-
	19,323	5,531	6	12,030

26. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the year was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Profit for the year attributable to owners of the Company	119,903	31,617

Weighted average number of ordinary shares

	Group	
	2010	**2009**
	'000	**'000**
Issued ordinary shares at 1 January	522,707	522,707
Effect of treasury shares held	(20,591)	(20,021)
Effect of warrants converted into new ordinary shares	1	-
Weighted average number of ordinary shares at 31 December	502,117	502,686
Basic earnings per ordinary share (sen)	23.88	6.29

Diluted earnings per ordinary share

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
Profit for the year attributable to owners of the Company	119,903	31,617
Interest income on warrants exercised, net of tax	14,701	9,801
Profit attributable to owners of the Company (diluted)	134,604	41,418

Weighted average number of ordinary shares

	Group	
	2010	**2009**
	'000	**'000**
Weighted average number of ordinary shares at 31 December	502,117	502,686
Effect of exercise of warrants	261,352	261,353
Weighted average number of ordinary shares (diluted) at 31 December	763,469	764,039
Diluted earnings per ordinary share (sen)	17.63	5.42

27. DIVIDENDS

Dividends recognised in the current year by the Company are:

2010	Sen per share (net of tax)	Total amount RM'000	Date of payment
Final ordinary dividend 2009	2.25	11,298	15 June 2010
Interim ordinary dividend 2010	4.50	22,595	9 September 2010
2009			
Interim ordinary dividend 2009	2.25	11,310	15 December 2009

28. OPERATING SEGMENTS

Segment information is presented in respect of the Group's business operations. The business operations are managed based on the Group's management and internal reporting structure.

The Group comprises the following reportable 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

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

28. OPERATING SEGMENTS (cont'd)

2010	Iron and steel Manufacturing RM'000	Iron and steel Trading RM'000	Investment holding, property management and others RM'000	Elimination RM'000	Total RM'000
Segment profit	114,978	26,291	316,635	(318,446)	139,458
Share of profit of an associate					390
Consolidated profit before tax					139,848
Included in the measure of segment profit are:					
Revenue from external customers	1,311,537	519,040	1,294	-	1,831,871
Inter-segment revenue	160,349	125,255	338,082	(623,686)	-
Depreciation and amortisation	(22,974)	(3,934)	(3,860)	-	(30,768)
Finance costs	(10,778)	(5,777)	(2,942)	713	(18,784)
Interest income	960	636	67	(713)	950
Segment assets	2,190,930	453,505	1,012,613	(946,325)	2,710,723
Included in the measure of segment assets are:					
Additions to property, plant and equipment	158,811	8,914	939	-	168,664
Segment liabilities	1,350,960	306,614	72,874	(94,375)	1,636,073
2009					
Segment profit	32,593	8,606	60,555	(65,679)	36,075
Share of profit of an associate					269
Consolidated profit before tax					36,344
Included in the measure of segment profit are:					
Revenue from external customers	1,034,488	266,596	1,921	-	1,303,005
Inter-segment revenue	127,097	48,173	81,055	(256,325)	-
Depreciation and amortisation	(26,433)	(489)	(3,825)	-	(30,747)
Finance costs	(16,851)	(5,083)	(3,012)	950	(23,996)
Interest income	1,091	968	62	(950)	1,171
Segment assets	1,899,659	228,918	958,208	(1,108,524)	1,978,261
Included in the measure of segment assets are:					
Additions to property, plant and equipment	130,680	200	898	-	131,778
Segment liabilities	910,230	136,379	302,026	(296,811)	1,051,824

29. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);
(b) Fair value through profit or loss (FVTPL);
(c) Available-for-sale financial assets (AFS); and
(d) Other liabilities (OL).

	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL RM'000	AFS RM'000
2010				
Financial assets				
Group				
Other investments, excluding investment in club membership	232	-	-	232
Trade and other receivables, excluding prepayments	281,782	280,132	1,650	-
Cash and cash equivalents	61,572	61,572	-	-
	343,586	341,704	1,650	232
Financial assets				
Company				
Trade and other receivables excluding prepayments	6,624	6,624	-	-
Cash and cash equivalents	216	216	-	-
	6,840	6,840	-	-
Financial liabilities				
Group				
Loans and borrowings	1,461,244	1,461,244	-	-
Trade and other payables excluding employee benefits	145,751	145,751	-	-
	1,606,995	1,606,995	-	-
Financial liabilities				
Company				
Trade and other payables	1,729	1,729	-	-

29. FINANCIAL INSTRUMENTS (cont'd)

29.2 Net gains and losses arising from financial instruments

	Group 2010 RM'000
Net gains arising on:	
Fair value through profit or loss	
- derivatives	1,650
Available-for-sale financial assets	
- recognised in other comprehensive income	62
	1,712

29.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Equity price risk

29.4 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 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.

29.4.1 Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees of banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

Certain receivables are secured by financial guarantees given by banks, shareholders or directors of the receivables.

29. FINANCIAL INSTRUMENTS (cont'd)

29.4 Credit risk (cont'd)

29.4.1 Receivables (cont'd)

Impairment losses

The ageing of receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2010			
Not past due	205,976	-	205,976
Past due 0 - 30 days	48,882	-	48,882
Past due 31 - 120 days	24,594	-	24,594
Past due more than 120 days	4,492	(3,812)	680
	283,944	(3,812)	280,132

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group 2010 RM'000
At 1 January	4,223
Impairment loss recognised	1,130
Impairment loss reversed	(1,541)
At 31 December	3,812

Although some of the receivables are secured by third party financial guarantees, it is impracticable to estimate the fair values of the guarantees obtained.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

29.4.2 Bank balances and deposits with licensed banks and other financial assets

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's cash and cash equivalents are deposited with licensed banks with good creditworthiness.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statement of financial position.

Management does not expect any counterparty to fail to meet its obligations in respect of these deposits.

29. FINANCIAL INSTRUMENTS (cont'd)

29.4 Credit risk (cont'd)

29.4.3 Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary.

The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM400,000,000 (2009: RM300,792,000) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

29.4.4 Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year.

29.5 Liquidity 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.

29. FINANCIAL INSTRUMENTS (cont'd)

29.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual cash flow RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2010						
Non-derivative financial liabilities						
Secured term loans	60,640	66,584	16,467	15,844	34,273	-
Bills payables	593,699	594,058	594,058	-	-	-
Foreign currency trade finance	356,905	360,943	360,943	-	-	-
Revolving credit	450,000	454,982	454,982	-	-	-
Trade and other payables	145,751	145,751	145,751	-	-	-
Derivative financial assets						
Forward exchange contracts:						
Outflow	-	83,919	83,919	-	-	-
Inflow	(1,650)	(85,569)	(85,569)	-	-	-
	1,605,345	1,620,668	1,570,551	15,844	34,273	-
Company						
2010						
Non-derivative financial liabilities						
Trade and other payables	1,729	1,729	1,729	-	-	-

29.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

29.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Singapore Dollar (SGD).

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge the exposure to specific risk relating to material foreign currency transactions. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

29. FINANCIAL INSTRUMENTS (cont'd)

29.6 Market risk (cont'd)

29.6.1 Currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2010		2009	
	Denominated in		Denominated in	
	USD	SGD	USD	SGD
	RM'000	RM'000	RM'000	RM'000
Group				
Trade receivables	103,025	2,849	1,117	1,334
Forward exchange contracts	1,650	-	-	-
Cash and cash equivalents	327	-	459	-
Trade payables	(8,505)	(136)	(1,166)	-
Loans and borrowings	(407,335)	-	-	-
Net exposure in the statement of financial position	(310,838)	2,713	410	1,334

Currency risk sensitivity analysis

A three percent strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased (decreased) post-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss
Group	**RM'000**
2010	
USD	8,914
SGD	(61)

Conversely, a weakening of the Ringgit Malaysia against the above currencies at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

29. FINANCIAL INSTRUMENTS (cont'd)

29.6.2 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.

Risk management objectives, policies and processes for managing the risk

The Group manages this risk through the use of fixed and floating rate debt instruments to generate a desired interest rate profile.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Fixed rate instruments				
Financial assets	42,092	20,685	-	-
Financial liabilities	(1,400,604)	(556,728)	-	-
	(1,358,512)	(536,043)	-	-
Floating rate instruments				
Financial liabilities	(60,640)	(339,657)	-	(47,281)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) post-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	50 bp increase RM'000	**50 bp decrease RM'000**
Group		
2010		
Floating rate instruments	(203)	203

29. FINANCIAL INSTRUMENTS (cont'd)

29.6.3 Equity price risk

Equity price risk arises from the Group's available-for-sale investments in quoted securities. However, quoted securities are not material and hence, sensitivity analysis is not presented.

29.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and borrowings approximate fair values due to the relatively short term nature of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

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

	2010		2009	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Quoted shares	229	229	172	168
Forward exchange contracts:				
Assets	1,650	1,650	-	33

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

Investments in equity securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing price at the end of the reporting period.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants requirements.

The debt-to-equity ratios at the end of the reporting period were as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Total borrowings	1,461,244	896,385
Less: Cash and cash equivalents	(61,572)	(35,031)
Net debt	1,399,672	861,354
Total equity	1,059,919	912,097
Debt-to-equity ratios	1.32	0.94

There were no changes in the Group's approach to capital management during the financial year.

The Group is also required to maintain a maximum debt-to-equity ratio of 2.0 to comply with a bank covenant, failing which, the bank may call an event of default.

31. OPERATING LEASES

Leases as lessee

Operating lease rentals are payable as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Less than one year	557	318
Between one and five years	2,545	1,272
More than five years	11,378	3,976
	14,480	5,566

The Group leases land under operating leases. The leases run for periods remaining of 29 years and 17 years from the end of the reporting period, with an option to renew the leases after those dates. None of the leases includes contingent rentals.

32. CAPITAL AND OTHER COMMITMENTS

	Group 2010 RM'000	Group 2009 RM'000
Property, plant and equipment		
Contracted but not provided for	100,110	135,092
Approved expenditure but not contracted for	60,090	159,016
	160,200	294,108

33. 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.

The significant related party transactions are as follows:

	2010 RM'000	2009 RM'000
Group		
Subsidiaries of the ultimate holding company		
Management fees received	360	360
Rental received	214	329
Slag processing services	313	354
Usage of consumable and refractories	243	125
Purchase of slag steel balls and other steel related products	33	168
Companies in which certain Directors have financial interest		
Sale of goods	-	3,767
Storage and handling charges	-	680
Companies in which the immediate family members of certain Directors have financial interest		
Sale of goods	8,351	1,575
Purchase of goods	48	64
Construction of building structures and plant and machineries	1,112	-

33. RELATED PARTIES (cont'd)

	2010 RM'000	2009 RM'000
Group		
An associate of the ultimate holding company		
Sale of goods	-	661
Construction of building structure	-	1,658
Companies with a common Director of a subsidiary		
Sale of goods	3,118	3,093
Purchase of goods	7,741	8,817
Management fees paid	228	228
Purchase of packing materials and repair and maintenance of machinery parts	114	-
An associate of a subsidiary		
Sale of goods	4,476	5,003
Purchase of goods and repair services for die tooling	5,356	3,006
Management fees received	72	72
Rental income	43	43

	2010 RM'000	2009 RM'000
Company		
Subsidiaries		
Dividend income	315,728	62,632

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 11 and 21 to the financial statements.

34. SIGNIFICANT EVENTS

In the previous 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.

35. SUBSEQUENT EVENTS

(a) On 25 January 2011, the Company entered into a Share Sale Agreement with SHH Holdings Sdn. Bhd. and Chuan Huat Hardware Holdings Sdn. Bhd. to acquire the remaining 3,000,000 and 2,700,000 ordinary shares of RM1.00 each respectively in Anshin Steel Processor Sdn. Bhd. ("ASP"), a subsidiary of the Company, at a total cash consideration of RM11,970,000. The acquisition was completed on 11 February 2011 and the Company's equity interest in ASP increased from 62% to 100%.

35. SUBSEQUENT EVENTS (cont'd)

(b) On 10 February 2011, a subsidiary of the Company, Ann Joo Integrated Steel Sdn. Bhd. (AJIS) signed the transaction documents in relation to a proposed redeemable bonds of RM500 million ("Bonds") with Affin Investment Bank Berhad as the lead arranger, facility agent and issue agent together with Affin Bank Bhd., Alliance Investment Bank Bhd., OCBC Bank (Malaysia) Berhad and United Oversea Bank (Malaysia) Bhd. as the joint lead managers for the Bonds and Pacific Trustees Berhad as the trustee and the security trustee for the Bonds.

The proceeds to be raised from The Bonds shall be utilised to refinance the amount drawn under AJIS's existing RM400 million Syndicated Revolving Credit Facility and the remaining RM100.0 million to part finance the construction and completion of AJIS's blast furnace project.

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Group	Fair value reserve 2010 RM'000	Retained earnings 2010 RM'000
At 1 January 2010, as previously stated	-	398,134
Adjustments arising from adoption of FRS 139:		
- Fair valuation of equity securities classified as available-for-sale	(4)	-
- Recognition of derivatives previously not recognised	-	32
At 1 January 2010, as restated	(4)	398,166

36.1 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Investments in equity securities

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and an associate were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and an associate are now categorised and measured as available-for-sale as detailed in note 2(c).

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in profit or loss.

Financial guarantee contracts

Prior to the adoption of FRS 139, financial guarantee contracts were not recognised in the statement of financial position unless it becomes probable that the guarantee may be called upon. With the adoption of FRS 139, financial guarantee contracts are now recognised initially at their fair values and subsequently stated at their initially measured amount less cumulative amortisation. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made.

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (cont'd)

36.1 FRS 139, Financial Instruments: Recognition and Measurement (cont'd)

Inter-company loans

Prior to the adoption of FRS 139, inter-company loans were recorded at cost. With the adoption of FRS 139, inter-company loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Finance income and costs are recognised in profit or loss using the effective interest method.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

The adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for current and prior periods.

36.2 FRS 140, Investment Property

Before 1 January 2010, an investment property under construction was classified as property, plant and equipment and measured at cost. Such property was stated at cost until construction or development was completed, at which time it would be remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement was recognised in profit or loss.

With the amendment made to FRS 140 with effect from 1 January 2010, investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The change in accounting policy has been made prospectively in accordance with the transitional provisions of FRS 140.

Hence, the adoption of FRS 140 does not affect the basic and diluted earnings per ordinary share for prior periods and has no material impact to current year's basic and diluted earnings per ordinary share.

36.3 FRS 8, Operating Segments

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Group Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114_{2004}, Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

36.4 FRS 101 (revised), Presentation of Financial Statements

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (cont'd)

36.5 FRS 117, Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

37. COMPARATIVE FIGURE

37.1 FRS 101 (revised), Presentation of Financial Statements

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 December 2009 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

Following the adopting of FRS 101 (revised), certain comparatives have been re-presented as follows:

	Group			
	31.12.2009		1.1.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Rolls and moulds	-	7,674	-	8,559
Inventories	890,981	883,307	1,003,875	995,316

37.2 FRS 117, Leases

Following the adoption of the amendment to FRS 117, certain comparatives have been restated as follows:

	Group			
	31.12.2009		1.1.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Property, plant and equipment	868,389	815,169	763,702	709,849
Prepaid lease payments	12,757	58,595	13,895	60,366
Deferred tax liabilities	16,539	14,694	16,464	14,619
Other reserves	58,717	53,180	60,436	54,899

38. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealisted profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group 2010 RM'000	Company 2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	641,976	364,659
- Unrealised	20,735	-
	662,711	364,659
Total retained profits from associate company		
- Realised	390	-
- Unrealised	-	-
	663,101	364,659
Less: Consolidation adjustments	(178,925)	-
Total retained earnings	484,176	364,659

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses In the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by Malaysian Institute of Accountants on 20 December 2010.

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 46 to 112 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 2010 and of their performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 38 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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: 26 April 2011

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 46 to 113 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 Kuala Lumpur on 26 April 2011.

....

Cheah Ban Seng

Before me:

Commissioner for Oaths

Independent Auditors' Report

To The Members Of Ann Joo Resources Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ann Joo Resources Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 112.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 2010 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 7 to the financial statements.

Independent Auditors' Report

To The Members Of Ann Joo Resources Berhad (cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (cont'd)

(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) The 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 REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 38 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTER

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: 2877/12/12(J)
Chartered Accountant

Petaling Jaya,

Date: 26 April 2011

Recurrent Related Party Transactions

The breakdown of the aggregate value of the Recurrent Related Party Transactions during the financial year ended 31 December 2010 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'000)
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	8,351
		Purchase of steel related products from LIM Group	48
		Lease of office space to LIM Group	214
		Provision of services and facilities to LIM Group	360
		Construction of building structures, plant and machinery provided by LIM Group.	1,112
		Purchase of Precious Slag Steel Balls and other steel related products from LIM Group	33
		Provision of slag treatment services and purchase of substance used for steel making by LIM Group	313
		Lease of land and building and charges for usage of material required for operating activities by LIM Group	243
API	MISI Group	Purchase of steel related products from MISI Group	5,461
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.	4,476
		Purchase and repair services of die tooling from SANH Group	1,615
		Sub-Lease to SANH Group of factory area	43
		Payment of technical and advisory support fee to SANH Group	300
		Purchase of steel related products from SANH Group	6,021
		Purchase of packing materials and repair and maintenance of machinery parts	114

Recurrent Related Party Transactions

(cont'd)

Transacting Parties	Related Parties	Nature of Transaction	Actual (RM'000)
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	2,687
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	431

Ann Joo Group : Ann Joo Resources Berhad and its subsidiary companies

API : Anshin Precision Industries Sdn Bhd, a 59.12%-owned subsidiary company of Ann Joo

ASP : Anshin Steel Processor Sdn Bhd, a 62%-owned subsidiary company of Ann Joo

Lim Group : Includes Ann Joo Corporation Sdn Bhd and its subsidiaries and associated companies, 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, associated companies and persons connected

MISI Group : Marubeni-Itochu Steel Inc. and its related corporations, associated companies and persons connected

SANH Group : SA Networks Holdings Sdn Bhd and its related corporations, associated companies and persons connected

SHH Group : SHH Holdings Sdn Bhd and its related corporations, associated companies and persons connected

Properties Owned

By Ann Joo Resources Berhad And Its Subsidiaries As At 31 December 2010

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	Commercial Land & Building	1.2965 hectares	Office and Warehouse	28	29,213	31-12-2008
Lot 1508 Mukim and District of Petaling	Freehold	Industrial Land & Building	0.658 hectares	Office and Warehouse	8	11,931	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	19	37,964	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	20	17,452	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	17	47,172	31-12-2008
Lot PT 3707 Mukim of Pasir Panjang Port Dickson	Freehold	Detached House	528 sq.m.	Staff Recreation	25	126	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	-	917	31-12-2010
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	39 to 44	12,237	31-12-2010
Lot 78, Prai Town Penang	Freehold	Industrial Land and Buildings	237.448 acres	Rolling Mill 2 Steel Making Plant Oxygen plant	5 to 41	210,185	31-12-2010
Lot 426, Mukim 5 Province Wellesley South, Penang	Freehold	Industrial Land	15 acres	Vacant	-	2,900	31-12-2010
HSD 6641/95 Lot PT 33935 Town of Sungai Petani District of Kuala Muda Kedah Darul Aman	Freehold	Agriculture Land	9.733 acres	Vacant	-	2,482	31-12-2010

Properties Owned

By Ann Joo Resources Berhad And Its Subsidiaries As At 31 December 2010 (cont'd)

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	-	1,618	31-12-2010
Lot 911, Locality Of Padang Meha District of Kulim Kedah Darul Aman	Freehold	Industrial Land	8.755 acres	Vacant	-	2,300	31-12-2010
Lots 936, 937 & 938 Mukim and District of Selama Perak Darul Ridzuan	Freehold	Agriculture and Industrial Land and Buildings & Structures	14.170 acres	Vacant	-	1,254	31-12-2010
Lot PT 3226 Mukim 01 Seberang Prai Tengah Penang	Leasehold (expiring on 05.02.2051)	Commercial Land & Building	5.243 acres		20	26,356	18.01.2008
Sub-Total (value of properties held as property, plant and equipment & prepaid lease payment)						404,107	
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	10	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	10	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	11	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	13	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	22	325	31-12-2010
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	22	325	31-12-2010
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	21	1,350	31-12-2010
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	21	1,350	31-12-2010
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.f.	Vacant	8	62	-
No.70, Lorong Laksamana 20/KS7, Taman Sentosa Perdana, 41200 Klang	Freehold	Apartment	800 sq.f.	Vacant	8	62	-
Sub-total (value of properties held as investment properties)						6,994	
Total (value of properties held as property, plant and equipment, prepaid lease payments, and investment properties)						**411,101**	

Statistical Report

As At 31 March 2011

ANALYSIS BY SIZE OF SHAREHOLDINGS

Authorised share capital	:	RM1,000,000,000
Issued and paid-up share capital	:	RM522,708,178
Class of shares	:	Ordinary shares of RM1 each
Voting rights	:	One vote per ordinary share held
No. of treasury shares held	:	20,610,800 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	90	1.51	1,772	0.00
100 – 1,000	717	12.01	614,267	0.12
1,001 – 10,000	4,259	71.36	14,569,790	2.90
10,001 – 100,000	744	12.47	22,957,149	4.57
100,001 – less than 5% of issued shares	155	2.60	136,873,368	27.26
5% and above of issued shares	3	0.05	327,081,032	65.14
Total	5,968	100.00	502,097,378	100.00

LIST OF DIRECTORS' SHAREHOLDING AS AT 31 MARCH 2011

	No. of shares			
Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Lim Kiam Lam	2,772,750	0.55	329,391,832 §	65.60
Dato' Lim Hong Thye	1,259,400	0.25	-	-
Lim Sin Seong	-	-	327,131,032 §	65.15
Lim Kien Lip	-	-	1,500,000 *	0.30
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	-	-	-	-
Dato' Ong Kim Hoay	142,500	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 2011

		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

Note:

^ 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

Other than the above disclosure, none of the Directors of the Company have direct or indirect interest in the related corporations as at 31 March 2011.

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2011

	No. of shares			
Name	Direct Interest	%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	327,081,032	65.14	-	-
Lim Seng Chee & Sons Sdn Bhd	-	-	327,081,032*	65.14
LSQ & Sons Sdn Bhd	-	-	327,081,032*	65.14
Lim Sin Seong Sdn Bhd	-	-	327,081,032*	65.14
Lim Seng Chee	5,915,100	1.18	327,081,032*	65.14
Lim Seng Qwee	5,080,255	1.01	327,081,032*	65.14
Dato' Lim Kiam Lam	2,772,750	0.55	327,081,032*	65.14
Lim Sin Seong	-	-	327,081,032*	65.14

Note:

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

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2011

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
1.	Ann Joo Corporation Sdn Bhd	141,879,959	28.26
2.	Ann Joo Corporation Sdn Bhd	135,201,073	26.93
3.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ann Joo Corporation Sdn Bhd*	50,000,000	9.96
4.	Lembaga Tabung Haji	21,863,350	4.35
5.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse*	11,204,450	2.23
6.	Lim Seng Chee	5,915,100	1.18
7.	Lim Seng Qwee	5,080,255	1.01
8.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	5,000,000	1.00
9.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	4,715,800	0.94
10.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association*	3,394,400	0.68
11.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt An for MIDF Amanah Asset Nominees (Tempatan) Sdn Bhd*	3,235,600	0.64
12.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	2,857,200	0.57

Statistical Report

As At 31 March 2011 (cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2011 (cont'd)

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
13.	Lim Kiam Lam	2,772,750	0.55
14.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	2,735,400	0.54
15.	Yong Chai Lee	2,365,800	0.47
16.	Wong Wai Kuan	2,312,016	0.46
17.	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt An for American International Assurance Berhad*	2,264,400	0.45
18.	Malaysian Assurance Alliance Berhad *As Beneficial Owner (Growth Fund)*	2,250,000	0.45
19.	Yong Chai Lee	2,105,364	0.42
20.	Amanahraya Trustees Berhad *Public Islamic Equity Fund*	2,000,000	0.40
21.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	2,000,000	0.40
22.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	2,000,000	0.40
23.	Keng Poh Im	1,573,650	0.31
24.	Law Shee Yuan	1,500,000	0.30
25.	Lou Swee You	1,450,000	0.29
26.	Amanahraya Trustees Berhad *Public Islamic Optimal Growth Fund*	1,437,800	0.29
27.	Amanahraya Trustees Berhad *Affin Select Growth Fund*	1,281,100	0.26
28.	Amanahraya Trustees Berhad *MIDF Amanah Strategic Fund*	1,274,000	0.25
29.	Dato' Lim Hong Thye	1,259,400	0.25
30.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Trustee Berhad for Pacific Dana Aman*	1,241,300	0.25

ANALYSIS BY SIZE OF WARRANT HOLDINGS

No. of Warrants in issue	:	261,352,739
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	31	1.01	1,510	0.00
100 – 1,000	633	20.63	530,967	0.20
1,001 – 10,000	1,485	48.39	7,490,305	2.87
10,001 – 100,000	788	25.68	26,143,575	10.00
100,001 – less than 5% of issued holdings	130	4.24	50,109,377	19.17
5% and above of Issued Holdings	2	0.07	177,077,005	67.75
Total	3,069	100.00	261,352,739	100.00

LIST OF DIRECTORS' WARRANT HOLDINGS AS AT 31 MARCH 2011

	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:
§ 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.
# Negligible

THIRTY LARGEST WARRANT HOLDERS AS AT 31 MARCH 2011

No.	Name of Warrant Holders	No. of Warrant Holding	% of Warrant Issued
1.	Ann Joo Corporation Sdn Bhd	108,446,026	41.49
2.	Ann Joo Corporation Sdn Bhd	68,630,979	26.26
3.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse*	5,868,675	2.25
4.	Lim Seng Chee	2,957,900	1.13
5.	Lim Kian Wat	2,547,500	0.97

THIRTY LARGEST WARRANT HOLDERS AS AT 31 MARCH 2011 (cont'd)

No.	Name of Warrant Holders	No. of Warrant Holding	% of Warrant Issued
6.	Lim Seng Qwee	2,540,127	0.97
7.	Lim Kiam Lam	1,386,375	0.53
8.	Wong Wai Kuan	1,184,300	0.45
9.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chia Siya Heng*	1,110,000	0.42
10.	Yong Chai Lee	1,052,682	0.40
11.	Thang Gek Hong	996,400	0.38
12.	Malaysian Assurance Alliance Berhad *As Beneficial Owner*	975,000	0.37
13.	Keng Poh Im	786,825	0.30
14.	Law Shee Yuan	752,300	0.29
15.	Oh Sin Yok @ Foo Sin Nyook	742,500	0.28
16.	Cheang Beng Chee	727,500	0.28
17.	Ing Chuan Hardware Sdn Bhd	700,000	0.27
18.	Lim Jit Hai	670,000	0.26
19.	Dato' Lim Hong Thye	647,000	0.25
20.	Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad for CIMB-Principal Strategic Bond Fund*	630,000	0.24
21.	Phua Sin Mo	562,500	0.22
22.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Singular Asia Flexible Fund*	544,600	0.21
23.	AIBB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Phua Sin Mo*	514,300	0.20
24.	Cha Yuen Ching	500,000	0.19
25.	RHB Capital Nominees (Tempatan) Sdn Bhd *Chung Tat Wing*	500,000	0.19
26.	Yeoh Chun Heng	490,000	0.19
27.	Malaysian Assurance Alliance Berhad *As Beneficial Owner*	470,250	0.18
28.	Phua Sin Mo	470,000	0.18
29.	Hiew Shene Bang	419,400	0.16
30.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Lim Chow Lee*	407,100	0.16

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 Fifteenth Annual General Meeting of the Company to be held at Hilton Petaling Jaya, Kristal Ballroom 1, 1st Floor, West Wing, No 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 26 May 2011 at 11.00 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 6.34 sen per share		
3.	To approve the payment of Directors' fees		
4.	To re-elect Dato' Lim Hong Thye as Director		
5.	To re-elect Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar as Director		
6.	To re-elect Tan Sri Datuk A. Razak bin Ramli as Director		
7.	To re-appoint Messrs KPMG as the Auditors of the Company		
8.	To re-appoint Dato' Ong Kim Hoay as Director		
9.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
10.	To renew the authorisation to enable the Company to purchase its own shares		
	To renew the existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with the following related parties: -		
11.	(i) LIM Group		
12.	(ii) SANH Group		

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

Signed this ______________ day of ______________ 2011

____
Signature / Common Seal

NOTE:-

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.*

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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

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ANN JOO RESOURCES BERHAD (371152-U)

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