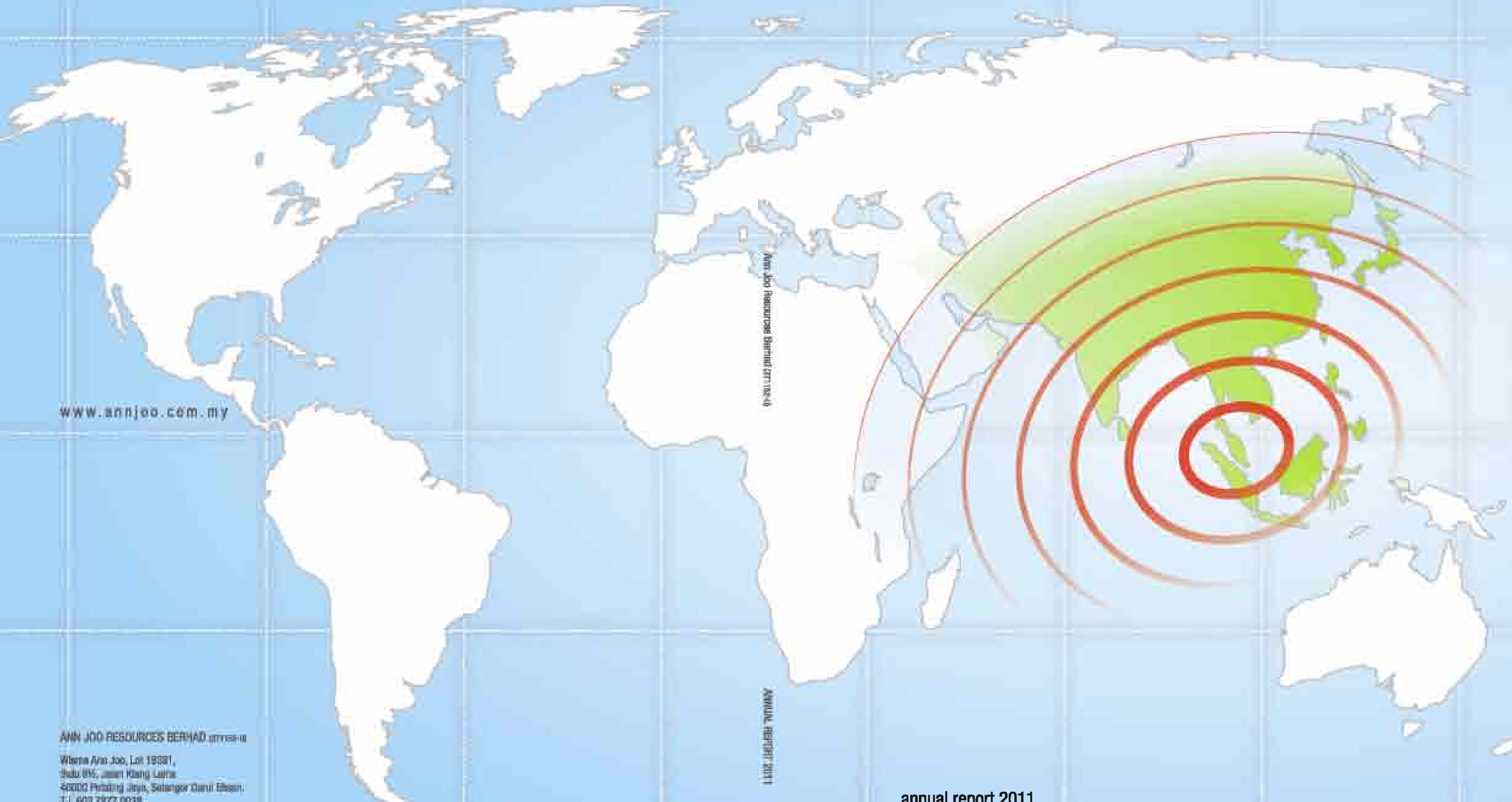
安 裕 資 源 有 限 公 司

ANN JOO RESOURCES BERHAD (371152-U)



annual report 2011

Ann Joo Resources Berhad (371152-U)

ANNUAL REPORT 2011

www.annjoo.com.my

ANN JOO RESOURCES BERHAD (371152-U)

Wisma Ann Joo, Lot 19391,
Batu 8½, Jalan Klang Lama
46000 Petaling Jaya, Selangor Darul Ehsan.
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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 SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Grand Caymans, Level 10, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on **Thursday, 31 May 2012 at 10.30 a.m.** to transact the following businesses:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To declare a final single tier dividend of 3.5 sen per share in respect of the financial year ended 31 December 2011. **(Resolution 2)**

3. To approve the payment of Directors' fees amounting to RM560,000 for the financial year ended 31 December 2011. **(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 Kiam Lam **(Resolution 4)**
   b) Datuk Kamarudin bin Md Ali **(Resolution 5)**

5. To appoint the Auditors of the Company and to authorise the Directors to fix their remuneration.

   A Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed and marked as "Appendix I" in the Annual Report 2011) has been received by the Company for the nomination of Messrs Deloitte KassimChan for appointment as Auditors of the Company in place of the retiring auditors, Messrs KPMG and of the intention to propose the following Ordinary Resolution:

   "THAT Messrs Deloitte KassimChan, having consented to act be and are hereby appointed Auditors of the Company for the financial year ending 31 December 2012 in place of the retiring auditors, Messrs KPMG, and to hold office until the conclusion of the next annual general meeting of the Company and that the Directors be authorised to determine their remuneration." **(Resolution 6)**

AS SPECIAL BUSINESS:-

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

   6.1 RE-APPOINTMENT OF DIRECTOR

   "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." **(Resolution 7)**

   6.2 AUTHORITY TO ISSUE SHARES

   "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." **(Resolution 8)**

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

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

"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 2011, the amount of the retained profits and the share premium account of the Company stood at RM421,282,000 and RM22,342,000 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." **(Resolution 9)**

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 8 May 2012:

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

PROVIDED ALWAYS that such transactions are:-

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

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

(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) not to the detriment of the minority shareholders

("the Shareholders' Mandate")

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

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

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

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

whichever is earlier.

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

6.5 SPECIAL RESOLUTION 1

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

"THAT the existing Article 64(4) be amended as follows:

Existing Article 64(4)

Notwithstanding the foregoing, where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

New Article 64(4)

Notwithstanding the foregoing, where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act of which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. **(Resolution 12)**

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

8 May 2012

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

NOTES:-

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

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

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

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

5) Depositors who appear in the Record of Depositors as at 24 May 2012 shall be regarded as Member of the Company entitled to attend the Sixteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

6) Explanatory Notes on Special Business:-

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

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

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 26 May 2011. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

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

Please refer to the Circular to Shareholders dated 8 May 2012 for further information.

d) Ordinary Resolutions 10 to 11
Please refer to the Circular to Shareholders dated 8 May 2012 for further information.

e) Special Resolution 1
The proposed resolution 12 is to amend the Company's Articles of Association in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT the final single tier dividend of 3.5 sen per share in respect of the financial year ended 31 December 2011, if so approved at the Sixteenth Annual General Meeting will be paid on 21 June 2012 to Depositors registered in the Record of Depositors at the close of business on 6 June 2012.

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 6 June 2012 in respect of 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
8 May 2012

APPENDIX I

安裕機構有限公司
ANN JOO CORPORATION SDN. BHD. *(No. Syarikat: 24089-X)*

Wisma Ann Joo, Lot 19391, Bt 8½, Jalan Klang Lama, 46000 Petaling Jaya, Selangor, Malaysia.
P.O. Box 8189, Pejabat Pos Kelana Jaya, 47301 Petaling Jaya. Tel: 7742233 (12 lines). Telex: MA 37252. Fax: 03-7759354

12 March 2012

The Board of Directors
ANN JOO RESOURCES BERHAD
Wisma Ann Joo, Lot 19391
Bt. 8 ½, Jalan Klang Lama
46000 Petaling Jaya
Selangor D.E.

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS DELOITTE KASSIMCHAN AS AUDITORS

We, a substantial shareholder of Ann Joo Resources Berhad ("the Company"), hereby give notice pursuant to section 172(11) of the Companies Act, 1965 of our nomination of Messrs Deloitte KassimChan as new Auditors of the Company in place of the retiring auditors, Messrs KPMG and of our intention to propose the following resolution to be tabled as an ordinary resolution at the forthcoming Sixteenth Annual General Meeting of the Company:

"THAT Messrs Deloitte KassimChan, having consented to act be and hereby appointed Auditors of the Company for the financial year ending 31 December 2012 in place of the retiring auditors, Messrs KPMG, and to hold office until the conclusion of the next annual general meeting of the Company and that the Directors be authorised to determine their remuneration."

Yours faithfully

for **ANN JOO CORPORATION SDN BHD**

DATO' LIM KIAM LAM
Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Lim Kiam Lam
Group Executive Chairman

Dato' Lim Hong Thye
Group Managing Director

Lim Sin Seong
Group Executive Director

Lim Kien Lip
Group Executive Director

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

Dato' Ong Kim Hoay
Independent Non-Executive Director

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

Datuk Kamarudin Bin Md Ali
Independent Non-Executive Director

AUDIT COMMITTEE

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

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

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

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

NOMINATING COMMITTEE

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

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

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

REMUNERATION COMMITTEE

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

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

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

COMPANY SECRETARIES

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

HEAD OFFICE & REGISTERED OFFICE

Wisma Ann Joo, Lot 19391
Batu 8½, Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03 - 7877 0028
Fax No. : 03 - 7876 5381/7875 9354
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 - 7841 8000
Fax No. : 03 - 7841 8008

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE
as at April 2012

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

MANUFACTURING DIVISION

• ANN JOO INTEGRATED STEEL SDN BHD	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%
• SAGA MAKMUR INDUSTRI SDN BHD	100%

TRADING DIVISION

• 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%
• ANN JOO INTERNATIONAL PTE LTD	100%
• ANN JOO METAL (SINGAPORE) PTE LTD	100%

OTHERS

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

Subsidiary Companies

Associated Company

BOARD OF DIRECTORS

standing from left to right : Lim Kien Lip, Dato' Ong Kim Hoay, Datuk Kamarudin bin Md Ali, Lim Sin Seong

seated from left to right : Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Dato' Lim Hong Thye, Dato' Lim Kiam Lam, Tan Sri Datuk A. Razak Bin Ramli

PROFILE OF DIRECTORS

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

Dato' Lim Kiam Lam was appointed as a Director of the Company on 11 September 1996. He assumed the position of Managing Director on 12 September 1996 and proceeded to become 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. He also sits on the Board of several other private companies, society and associations. Besides that, he holds the position of Deputy Honorary Treasurer of the Commerce Committee of the Kuala Lumpur & Selangor Chinese Chamber of Commerce & Industry and is also the Deputy President of Malaysia 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
37 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 and assumed the position of Group Managing Director on 30 June 2008. He was also an Executive Director in Ann Joo Steel Berhad ("AJSB") since 15 January 2004 and move on to be its 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. He is also instrumental in transforming Ann Joo Resources Group into a leading steel group in Malaysia.

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.

He also acts as the Honorary Treasurer of the Malaysia Steel Association besides being on the Board of several private limited companies.

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

LIM SIN SEONG
Group Executive Director
55 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.

Mr Lim is the Managing Director of the Company's subsidiary, Ann Joo Metal Sdn Bhd and Anshin Steel Service Centre Sdn Bhd. He also sits on the Board of several private limited companies. He is currently the President of the Malaysia Steel and Metal Distributors' Association as well as Treasurer of the Malaysia Hardware, Machinery & Building Materials Dealers' Association.

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
50 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. On 1 January 2010, Mr Lim was 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
65 years of age, Malaysian

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

Tunku Naquiyuddin is a keen environmentalist and was a Committee Member of the World Wide Fund for Nature (Malaysia) and a Council Member of the Business Council for Sustainable Development, a Geneva-based organisation. 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, Kian Joo Can Factory Berhad as well as Olympia Industries Berhad, all public listed companies. He is also a director of ORIX Leasing Malaysia Berhad and Syarikat Pendidikan Staffield 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
78 years of age, Malaysian

Dato' Ong Kim Hoay was appointed as Director of the Company on 11 September 1996. He is currently the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company. He is 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.

Dato' Ong 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 Pinehill Pacific 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
63 years of age, Malaysian

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

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.

Tan Sri Datuk A. Razak 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 Hong Leong Bank Berhad, all public listed companies. He also holds directorships in Hong Leong Islamic Bank Berhad, Hong Leong MSIG 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
61 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 of the Company.

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 currently a director of ECM Libra Financial Group Berhad and Masterskill Education Group Berhad, both public listed companies. He also holds directorships in ECM Libra Investment Bank Berhad, Libra Invest Berhad and various other private limited companies.

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, I am delighted to present you the Annual Report of Ann Joo Resources Berhad ("AJR or the Company") for the financial year ended 31 December 2011.

CHAIRMAN'S STATEMENT

THE YEAR UNDER REVIEW

The year 2011 witnessed widespread headwinds of economic challenges facing the industry; the ongoing Euro-zone sovereign debt crisis; earthquakes and tsunami in Japan; the political unrest in the Middle East which resulted in a surge in oil prices, and the tightening of government monetary measures in many emerging nations including China. Steel prices remained volatile, increasing in the first half of the year on the back of improved demand, higher raw material costs, improved activity for the automotive, home appliance and other industrial segments though construction remained relatively weak in many regions. Prices fell in the second half as demand decreased due to uncertainty surrounding the Euro-zone sovereign debt crisis and fear of economic slowdown in China. The fourth quarter of the year particularly exhibited weakness due to a sharp correction in steel prices and renewed de-stocking activities given the uncertain economic environment.

Growth in steelmaking capacity is still ahead of demand and remains a significant challenge for the industry. Nevertheless, the spurt of growth witnessed in the developing economies benefited the demand for steel that helped counter the sluggishness in developed economies.

Despite decent volume growth, the margins and earnings of Malaysian steel producers continued to come under pressure due to weak steel prices, high raw material costs, and hikes in electricity and natural gas tariffs. Margins and earnings for steel producers will continue to remain depressed despite the pick-up in the domestic construction activities underpinned by Economic Transformation Program projects.

PERFORMANCE & OPERATIONS

Year 2011 was undeniably a challenging year for Ann Joo Group. In a market place that is highly cyclical and intensely competitive, the Group registered a commendable performance in the first half of 2011, driven by improved steel demand and upswing international price trend. Despite the decent growth in the first half, the margins and earnings of Ann Joo Group were affected by weaker export sales and margin squeeze on higher raw material costs in the second half of year 2011.

During the year under review, the Group's revenue was RM2.24 billion, increased by RM405.45 million or 22% as compared to the revenue of RM1.83 billion for the preceding financial year. The key driver of business growth was preliminarily attributable to higher sales tonnage contributed from both Manufacturing and Trading Divisions.

The Group registered a profit attributable to equity holders of RM61.22 million as compared to a profit attributable to equity holders of RM119.90 million for the preceding year. Lower profitability was mainly due to higher production cost for iron production resulted from high material costs procured at an earlier time and progressive ramping up of the productivity of the blast furnace operations during the initial start-up period amid a lacklustre market condition.

Manufacturing segment's revenue increased by RM259.59 million to RM1.57 billion. The segment recorded profits of RM27.32 million, decreased by RM87.66 million from RM114.98 million in the preceding year. The higher revenue was mainly due to higher domestic sales tonnage driven by sustained steel consumption from the infrastructure and construction sectors. On the other hand, the lower segment result was mainly due to higher cost of sales impacted by the absorption of initial start-up cost of the blast furnace operations and high material costs attributable to a heightened volatility in global steel market.

CHAIRMAN'S STATEMENT

Trading segment's revenue increased by RM145.95 million to RM664.99 million and the segment profits were RM33.02 million in the current year, an increase of RM6.72 million. Better performance of the segment was mainly due to higher sales tonnage as a result of the implementation of aggressive marketing strategies for market share expansion coupled with the recovery in steel demand from various economic sectors.

OUTLOOK & PROSPECTS

Globally, the outlook for the steel sector in 2012 remains challenging amid lingering uncertainties and volatilities in the global economy. Global steel industry will still be largely influenced by China due to its position as the world's largest steel producing country with a slower growth expected in its steel consumption. Despite the prolonged sovereign debt crisis in Europe and tight credit policy in China, construction steel producers are expected to perform better supported by the resilience of the growth rate of steel demand in emerging and developing economies where the construction sector is the major driver for steel consumption. Global steel demand will also improve gradually in line with the recovery in the consumer sectors, automotive, infrastructure and construction activities.

The recovery in steel demand and pricing momentum will be aided by a reviving global economy, no further crisis in the Euro-zone and a rebound in construction activity in the developing countries and emerging markets, particularly in the regions of Middle East, Southeast Asia countries, India and Indian Subcontinent. Asia, particularly China, will continue to be the principal driver of growth. Questions about China's growth going forward also add an element of uncertainly to the outlook.

Steel demand in emerging ASEAN is expected to continuously enjoy robust growth in year 2012. Thailand, Indonesia, Philippines and Malaysia currently dominate the region market for steel, with apparent steel use in these countries continuing to rise. Myanmar is expected to boost the steel consumption in view of its fast track liberalization program.

Domestically, the sustained infrastructure and construction activities under the Tenth Malaysia Plan and Economic Transformation Program are expected to support the growth in steel consumption. Roll-out of the local projects will cushion the impact of slowing global market, including the commencement of large infrastructure projects such as the construction of Sungai Buloh-Kajang MRT line, and the Government's special stimulus package. The ongoing construction of KLIA2, Second Penang Bridge, Ipoh-Padang Besar Double-Track Railway and the extension of the Kelana Jaya and Ampang LRT lines will also help.

Given the challenging external economic enviroment and market outlook, the Group will continue its emphasis on productivity improvement program, effective execution of strategic procurement and inventory management policies. The Group will also proactively undertake product development activities and monitor the ongoing optimization and stabilization program for the Blast Furnace operations as well as the integration of its iron and steel production processes for operational synergies. Moving forward, the Group will continue to grow cautiously and responsibly. Barring any unforeseen circumstances, we are committed to improve our performance in year 2012.

CORPORATE DEVELOPMENT

The year 2011 also witnessed another remarkable milestone for Ann Joo Group with the successful commissioning of the first modern Blast Furnace in Malaysia on 16 October 2011. The Blast Furnace is an iron making plant with a designed capacity of 500,000 metric tonnes per annum. This RM650 million investment includes a 450m^3 Blast Furnace, a 75m^2 Sinter Plant, Raw Material Yard that could store up to 380,000 metric tonnes materials as well as an upgrading of our Electric Arc Furnace for the integration of the iron and steel production via hot metal charging technology. The

CHAIRMAN'S STATEMENT

successful vertical expansion of the Group paves the way for the transformation of Ann Joo to become a truly integrated steel group.

The Blast Furnace project was financed by an issuance of RM500 million Redeemable Bonds at nominal value ("Bonds") by Ann Joo Integrated Steel Sdn. Bhd. ("AJIS"), a wholly-owned subsidiary company of the Company. The proceeds from the issuance of the Bonds have been utilized to refinance the amount drawn under AJIS's existing RM400.0 million syndicated revolving credit facility and to part finance the construction costs of the Blast Furnace project in Seberang Perai, Penang. The Bonds have a tenure of up to five years from the date of issuance, 27 June 2011. The Bonds are unrated and shall be non-tradeable and non-transferable.

The Company had, on 25 January 2011, entered into a Shares Sale Agreement with SHH Holdings Sdn. Bhd. and Chuan Huat Hardware Holdings Sdn. Bhd. to acquire 3,000,000 and 2,700,000 ordinary shares of RM1.00 each respectively in Anshin Steel Processor Sdn. Bhd. ("ASP") for a cash consideration of RM2.10 per share totaling RM11,970,000. With the acquisition completed on 11 February 2011, ASP became a wholly-owned subsidiary of the Company.

In line with our Group Vision 2020 which aimed to be the leading regional steel group, the Group has been actively seeking investment opportunities for regional business expansion. As a first step to initiate our regional expansion program, the Company has on 6 January 2012 incorporated a new wholly-owned subsidiary in Singapore under the name of Ann Joo Metal (Singapore) Pte. Ltd. ("AJMSG"). AJMSG is set up to undertake the trading, retailing, importing, exporting and supplying of all kinds of metal products regionally.

DIVIDEND

During the financial year under review, the Company paid a final dividend of 6.34 sen per share less income tax of 25% in respect of the financial year ended 31 December 2010 amounting to RM23,874,720 on 16 June 2011.

On 11 October 2011, the Company paid a first interim tax exempt dividend of 4 sen per share in respect of the financial year ended 31 December 2011 amounting to RM 20,083,295. In addition to the interim dividend, the Board on 28 February 2012 recommended a final single-tier dividend of 3.5 sen per share for shareholders' approval at the forthcoming Annual General Meeting scheduled on 31 May 2012, bringing a total gross dividend declared to 7.5 sen per share in respect of the financial year ended 31 December 2011. This 7.5 sen dividend is equivalent to a 61% payout of Ann Joo Group's net earnings, upholding our dividend payout policy of 60%.

APPRECIATION

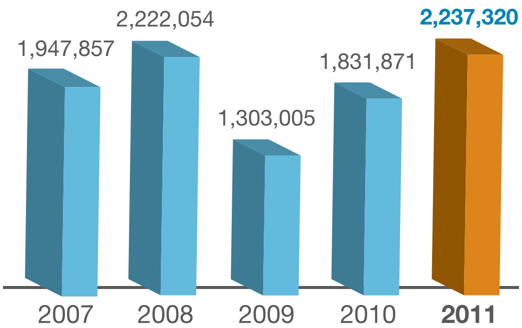
On behalf of the Board, please allow me to express our deepest appreciation to our shareholders, for your trust and confidence in Ann Joo Group. I wish to thank my fellow Board members for their invaluable advice and guidance in setting the strategic direction of the Group and also to record the contributions from the Management and all staff of Ann Joo towards our drive for growth and sustainability. Last but not least, our deepest appreciation also goes to all our stakeholders, valued customers, business associates, suppliers, financiers and relevant authorities for the invaluable support we consistently received.

DATO' LIM KIAM LAM
Group Executive Chairman
May 2012

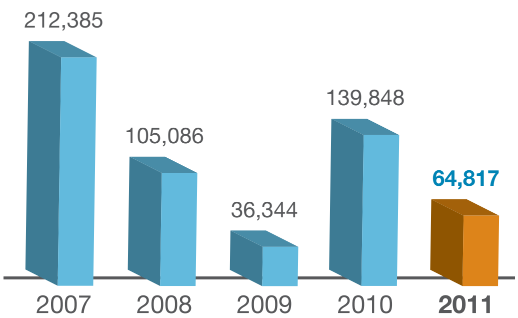
5 YEARS' GROUP FINANCIAL HIGHLIGHTS

Continuing Operations	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	1,947,857	2,222,054	1,303,005	1,831,871	2,237,320
Profit Before Taxation	212,385	105,086	36,344	139,848	64,817
Profit After Taxation	197,856	148,780	30,813	120,525	62,195
Profit Attributable to Owners of the Company	177,926	139,398	31,617	119,903	61,216
Total Equity Attributable to Owners of the Company	827,579	891,154	912,097	1,059,919	1,074,289
Net Assets Per Share (sen)	159	177	181	211	214
Earnings Per Share (sen)					
- Basic	35.08	27.35	6.29	23.88	12.21
- Diluted	35.08	20.40	5.42	17.63	9.96
Net Dividend	34,407	75,053	11,310	33,893	43,958
Dividend per share (sen)	14.00	20.00	3.00	9.00	10.34

REVENUE
RM'000

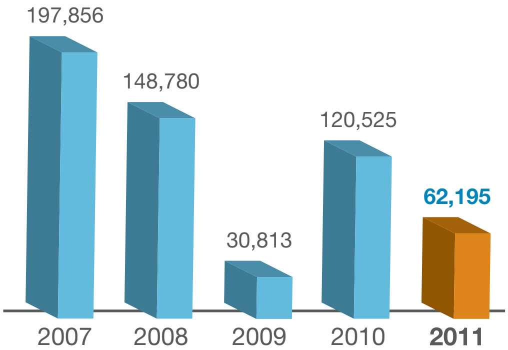


PROFIT BEFORE TAXATION
RM'000

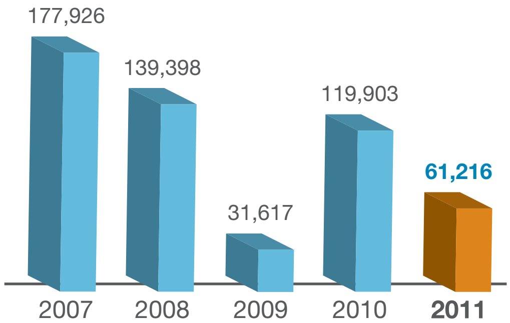


5 YEARS' GROUP FINANCIAL HIGHLIGHTS

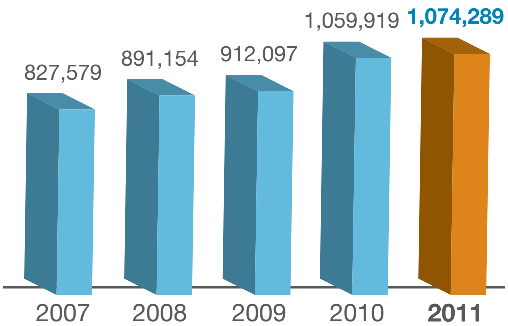
PROFIT AFTER TAXATION
RM'000



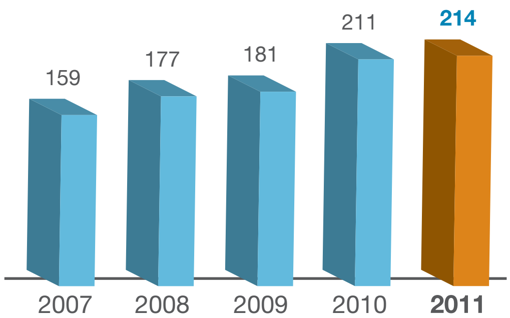
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
RM'000



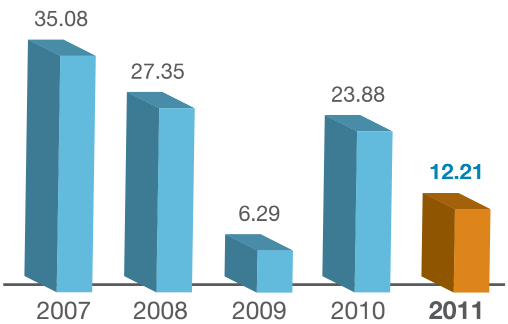
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
RM'000



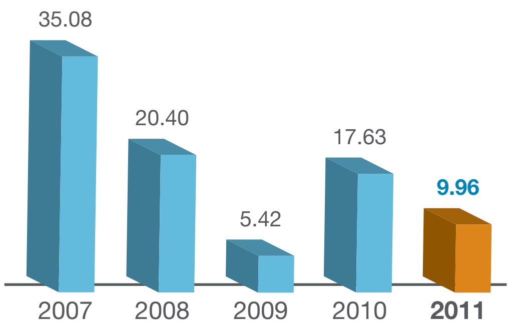
NET ASSETS PER SHARE
(SEN)



BASIC EARNINGS PER SHARE
(SEN)



DILUTED EARNINGS PER SHARE
(SEN)



CORPORATE GOVERNANCE STATEMENT

PRINCIPLE STATEMENT

The Board of Directors believe that a sound corporate governance structure is vital to ensure sustainability in business growth. Hence, the Board fully supports and is committed to ensure that the highest standard of corporate governance as prescribed in the Malaysian Code of Corporate Governance (Revised 2007) ("the CG Code") is practised throughout the Group.

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 responsibilities in the best interests of the Company:-

(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 and management information system.

Board Meetings

The yearly 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 2011, the Board met on five (5) occasions to deliberate and consider matters including the Group's financial results, major investments, strategic decisions, business plan and direction of the Group. All the Directors have attended more than 50% of the total Board meetings held during the financial year. The Company Secretaries attended all the Board meetings held in the year.

The Directors remain fully committed in carrying out their duties and responsibilities as reflected by their attendance record for the Board meetings in the financial year as follows:-

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

CORPORATE GOVERNANCE STATEMENT

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, corporate proposals besides minutes of meeting of Board Committees and Management. 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 and Consultants 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 Company Secretary attend and ensure that all meetings are properly convened and the proceedings of all meetings including pertinent issues, substance of inquiries and responses, suggestions and proposals are duly recorded and minuted. 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 duly notified on the closed period for trading in the Company's shares at least thirty (30) days prior to the targeted release date of quarterly financial result announcement in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. 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, Divisional Management 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 12 to 15 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.

CORPORATE GOVERNANCE STATEMENT

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, security 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. The Board is of the view that the composition of the Board is optimum with the right balance of Executive and Independent Non-Executive Directors where no individual or small group of individuals can dominate the Board's decision making. The current size of the Board is also ideal and has the right mix of skills and experience which are relevant for the Board to carry out its responsibilities in an effective and competent manner as well as independently and objectively in the interest of the investors and shareholders of the Company.

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 who acts as an additional point of contact for investors and shareholders when the normal channel of communication is considered to be inappropriate or inadequate.

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 meets as and when required, and at least once a year. The Nominating Committee met once during the financial year ended 31 December 2011.

The Nominating Committee is responsible for assessing and recommending to the Board, suitable candidates for appointment as Directors and Board Committee Members.

Annually, the Nominating Committee reviews the overall composition of the Board in terms of appropriate size, required mix of knowledge, skills, experiences and core competencies and adequacy of balance between Executive Directors and Independent Non-Executive Directors.

The Nominating Committee has carried out a review during the year and concurred that the Board have carried out their functions as expected and the size and composition of the Board is optimum with appropriate mix of knowledge, skills, experiences and core competencies. 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.

CORPORATE GOVERNANCE STATEMENT

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 (3) years but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, any Directors who are over the age of 70 years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.

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 is aware of the importance of continuous training for Directors to enable them to discharge their duties effectively. The Directors are encouraged to attend various training programmes and seminars to constantly update themselves and keep abreast with industrial sector issues, the current and future developments in the industry and global market, management strategies and regulatory laws, rules as well as guidelines.

All Directors have attended and completed the Mandatory Accreditation Programme as prescribed under the Main Market Listing Requirements. The Nominating Committee regularly reviews the training needs of the individual Directors to ensure that they are acquainted with the latest developments, especially on the changing environment within which the Group operates. Where possible, site visits are arranged at business locations to enhance the Directors' understanding of the Company's operations. 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.

During the year, a visit to the new blast furnace site of the Group was arranged and three (3) in-house briefings as follows had been organised for the Directors:

i. Iron and steel making;

ii.
- Highlights of the Competition Act 2010
- Corporate Governance Blueprint 2011;

iii.
- 2012 Amendments to Bursa Malaysia Securities Berhad's Main Market Listing Requirements in relation to Disclosure and other key amendments
- Corporate Disclosure Guide 2011

In addition to the aforesaid 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	Conference	Corporate Directors Conference 2011	2 days
	Seminar	Indonesia Market Talk:- a) Current State of Economy & Market Opportunity b) Insight on Plantation Industry	1 day
Dato' Lim Hong Thye	Conference	Corporate Directors Conference 2011	2 days
Lim Sin Seong	Seminar	Corporate Governance Guide: Towards Boardroom Excellence	½ day
	Seminar	Sustainability Programme For Corporate Malaysia	½ day
	Seminar	Brief Introduction on RENMINBI Settlement for Cross-Border Trade and Non-Trade Transactions	½ day

CORPORATE GOVERNANCE STATEMENT

Name of Director	Mode	Title	Duration
	Seminar	Understanding ESG Indices and their Relevance In Today's Investment Practices	½ day
	Seminar	The CFO and Conflicts of Interest	½ day
	Seminar	China Market Update by HSBC Asian Economist	½ day
	Seminar	Succession of Family Business	½ day
	Seminar	Goods and Services Tax (GST)	½ day
	Seminar	Updates Seminar on COA Iron and Steel	½ day
	Seminar	E-Commerce	½ day
	Seminar	Going for Initial Public Offering (IPO)	½ day
	Seminar	1) Impact of the Debt Crisis in USA and Europe to the Malaysian Economy and the Region 2) Highlights of 2012 Budget and Its Implications to Business	½ day
Lim Kien Lip	Seminar	Deloitte Real Estate Investment in UK & Australia	½ day
	Seminar	New Human Capital: What's Beyond?	2 days
	Seminar	2011 SEASI Economic, Environmental & Safety Seminar	1 day
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	Workshop	Strategic Risk Management Workshop	½ day
	Seminar	Understanding and Meeting Stakeholder Expectations	½ day
	Seminar	Understanding ESG Indices and their Relevance in Today's Investment Practices	½ day
	Seminar	Bridging a Gap in Developing CSR Capacity	½ day
	Conference	Global Social Business Summit in Vienna	2 days
	Forum	UBS Global Philanthropy Forum in St. Moritz	2½ days
	Conference	A Conversation with President Jimmy Carter (Philanthropy) in Hong Kong	½ day
Tan Sri Datuk A. Razak bin Ramli	Training	1) Financial Reporting Standard 2) Human Rights and Sustainability Audit 3) FFM Bakery 4) Common Offences Committed by Directors under the Companies Act, 1965 5) Medical Scanning- Debunking the Myths	1 day
Datuk Kamarudin bin Md Ali	Training	Insurance Insights	1 day
	Training	Board Specialised Programme - Audit Committee	2 days
	Training	Banking Insights	2 days

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 meets as and when required, and at least once a year. The Remuneration Committee met once during the financial year ended 31 December 2011.

CORPORATE GOVERNANCE STATEMENT

The Remuneration Committee is responsible to annually review and recommend the framework of the Executive Directors' remuneration package. The policy adopted by the Remuneration Committee is to recommend such remuneration package to ensure that rewards commensurate with their contributions and is sufficiently attractive 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 annually reviews 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 Independent Non-Executive Directors with the individual Director concerned abstaining from decisions in respect to their remuneration. The Independent Non-Executive Directors' fee consists of annual fees that reflect their expected roles and responsibilities. The Independent 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	2,976	280	2,026	676	132	6,090
Non-Executive Directors	-	280	145	-	-	425

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

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
RM100,001 to RM150,000	-	4
RM850,001 to RM900,000	1	-
RM1,050,001 to RM1,100,000	1	-
RM1,800,001 to RM1,850,000	1	-
RM2,300,001 to RM2,350,000	1	-

C. COMMUNICATION WITH SHAREHOLDERS

The Company recognises the importance of communication with shareholders and views the general meetings of shareholders, particularly its annual general meeting as a crucial platform where the shareholders meet and given an opportunity to interact directly 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad. 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.

The Group will conduct briefings to analysts and fund managers in conjunction with the release of its quarterly announcements. The briefings are intended to facilitate timely and accurate dissemination of the Group's financial results to the general public. 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.

CORPORATE GOVERNANCE STATEMENT

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.

SHAREHOLDER'S VALUE

The ultimate measure of a company's success is through the enrichment of its shareholders. Hence, the delivery of superior shareholder value remains a high priority for the Ann Joo Group. Whilst the industrial players have either failed or were severely shaken during the global financial crisis, the Group's consistency in delivering returns to shareholders and other stakeholders through such adverse and trying conditions continues to preserve shareholder value.

Since year 2005, the Group had formed a dividend policy that targets to pay out 60% of its net profit after minority interest annually as gross dividend. Taking into consideration the allocation of capital resources by the Ann Joo Group to support its high organic business growth strategies, the Group endeavours to maintain a consistent and regular dividend payment policy that promotes a stable stream of return to shareholders, subject to the cash level, marketable financial assets and level of indebtedness, required and expected expense, profit and return on equity and retained earnings. It would also consider its own operational results, projected level of capital expenditure and investment plans.

With the final dividend of 3.5 sen to be approved by the shareholders at the forthcoming AGM and an interim dividend of 4 sen paid on 11 October 2011, the Group will pay out a total gross dividend of 7.5 sen per share which represents a payout of 61% of Ann Joo Group's net earnings for the financial year ended 31 December 2011.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In announcing the quarterly and annual financial statements to the shareholders and the public, the Board endeavours to present a balanced and understandable assessment of the Group's financial position and prospects. The Audit Committee assists the Board by ensuring the accuracy and adequacy of the information announced.

Internal Controls

The Board is responsible for the Group's system of internal controls. The system applies to all financial and operating activities with the objective of safeguarding the shareholders' investment and the Group's assets. The internal control system has clear management support, including the involvement of the Board, and is designed to meet the risks to which Group is exposed to. The Board is satisfied with the design of the internal control system and believes that there is compliance with all of the requirements.

The fundamental framework of the Group's system of internal controls are described under the Statement on Internal Controls set out on page 33.

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 with the Group's Internal Auditor at every Audit Committee Meeting of the Group. 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 Group is considered to have complied with the principles and best practices outlined in the CG Code. 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 27 April 2012.

STATEMENT OF DIRECTORS' RESPONSIBILITY for Preparing the Financial Statements

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

In preparing the financial statements, the Directors have:

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

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

AUDIT COMMITTEE REPORT

MEMBERSHIP

The present members of the Committee are as follows:-

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

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

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

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

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 Terms of Reference as summarised 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:

   i) investigate any matter within its terms of reference
   ii) have the resources which are required to perform its duties
   iii) have full and unrestricted access to any information pertaining to the Group
   iv) have unrestricted access to and communication with the external auditors of the Group and internal auditors
   v) obtain external legal or other independent professional advice as necessary, and
   vi) convene meetings with the external auditors of the Group without the presence of the Management including the executive board members, whenever deemed necessary.

AUDIT COMMITTEE REPORT

Functions and Duties

7. The Committee is charged with the following duties to:

   i) review with the external auditors of the Group and internal auditors, the audit plan of the Group, the respective auditors' evaluation of the Group's system of internal controls and the audit report, the external auditors' management letter and the management's response to such letter and report the same to the Board
   ii) review and report to the Board the assistance given by the Group's employees to the external auditors of the Group and internal auditors
   iii) review and report to the Board the adequacy of the scope, functions, competence and resources of the internal audit function and that it has the necessary authority to carry out its work
   iv) review and report to the Board the internal audit plan, processes, the results of the internal audit plan, processes or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the internal audit
   v) review and report to the Board the quarterly results and year end financial statements including the statement of financial position and statement of comprehensive income, prior to submission to the Board for approval, focusing particularly on:
      a) changes in existing accounting policies or implementation of new accounting policies
      b) significant and unusual events/activities
      c) compliance with accounting standards and other legal requirements, and
      d) the going concern assumptions
   vi) review and report to the Board any related party transaction and conflict of interest situation that may arise within the Group
   vii) review and report to the Board any removal, resignation, appointment and audit fee of the Group's external auditors
   viii) review and report to the Board whether there is reason (supported by grounds) to believe that the Group's external auditors are not suitable for re-appointment
   ix) perform such other functions as may be agreed to by the Committee and the Board.

Meetings and Minutes

8. A quorum shall be two (2) members and the majority of members present must be Independent Directors.
9. The Management, Head of Group Assurance & Advisory 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' presence.
10. The external auditors may request a meeting.
11. The Secretary to the Committee shall be the Company Secretary.
12. Meetings shall be held not less than four (4) times in a financial year.
13. Minutes of each meeting shall be distributed to each member of the Board.

During the financial year ended 31 December 2011, the Audit Committee held a total of five (5) 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	5	5
Dato' Ong Kim Hoay	5	5
Tan Sri Datuk A. Razak bin Ramli	5	5
Datuk Kamarudin bin Md Ali	5	5

The Management and Head of Group Assurance & Advisory 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 2011 on 24 February and 24 November 2011 respectively without the presence of the Management including the executive board members.

The Company Secretary shall be responsible for the timely issuance of meetings' notices together with meeting agenda and any supporting documents in advance of such meetings for recording, keeping and distributing the minutes of meetings and any other duties ordinarily discharged by a secretary of such committee.

AUDIT COMMITTEE REPORT

Summary of Activities of the Group Assurance & Advisory Function

The function undertakes independent regular and systematic audit reviews of the Group's system of internal controls. This is to provide reasonable assurance that such systems are operating effectively.

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

i) reliability and accuracy of information
ii) effectiveness, efficiency and economical of operations
iii) safeguarding of assets, and
iv) compliance with established policies and procedures, laws and regulations etc.

At the conclusion of the audits, areas for improvements together with audit recommendations and 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 cost incurred for the function in year 2011 was RM289,000 (2010: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 periodically held 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.

STATEMENT OF 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

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

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

COMMUNITY

Ann Joo Group recognises that its business have direct and indirect impact to the community in which we operate. As such, activities that enhance our relationship with the community have been embraced throughout the year. The following activities were carried out in the year 2011:-

TARC-ANN JOO GROUP STUDENT LOAN FUND

Ann Joo Group and Tunku Abdul Rahman College (TARC) have long established a relationship under TARC-Ann Joo Group Student Loan Fund. The fund is being utilised to assist students in need of financial assistance. Up to April 2012, approximately a total of RM242,000.00 was granted to selected needy students to pursue their studies. We will see the birth of more graduates in the field of Quantity Surveying, Mechanical & Manufacturing Engineering, Information Systems Engineering, Graphics Design and Business Studies (major in Marketing, Banking & Finance and Business Administration) in the near future.

CAREER TALK AND CAREER FAIR

On 11th and 12th October 2011, Ann Joo Group participated in a Career Fair at Tunku Abdul Rahman College (TARC). The Group Senior Human Resources Manager also gave a Career Talk to the college students to disseminate more information about Ann Joo Group, its businesses, the student loan fund as well as career opportunities within the Group.

This is a cost and time effective way to recruit new talents into the Group to support the Group's manpower requirements. Ann Joo has always believed in direct engagement and bringing industry practice to classroom to prepare students prior to their actual working career.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

CONTRIBUTIONS

In line with the Company's culture to be a caring and responsible corporate citizen, Ann Joo Group continues to lend support in terms of financial assistance to some schools, charitable organisations, welfare homes in aid of the poor and the medically less fortunate. In addition, Ann Joo Group also extended monetary contributions to the Kelab Vendor Perodua Malaysia in support of the tsunami victims in Japan.

EMPLOYEE WELFARE

The Group views employees as its greatest asset and in line with creating and nurturing a healthy culture, the Ann Joo Sports & Recreation Club organised a bowling tournament at Ampang Superbowl, Summit, Subang USJ on 30th October 2011 for its members in the Central region. The event was aimed at fostering closer ties between employees of the Group. The event was a great success and everybody had a great time.

Not forgetting employees in the Northern region, a bowling tournament was held on 9th October 2011. Apart from that, some employees had participated in the Penang Starwalk 2011 event organised by the Penang State Government as part of the activity of the Ann Joo Sports & Recreation Club. Many more activities were carried out such as badminton competition and line dancing. All these indirectly help to increase the morale and encourage team spirit and cooperation among employees.

ENVIRONMENTAL RESPONSIBILITY

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

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

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

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

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 to our stakeholders and the investment community, the Group Managing Director and senior management are directly involved in the Group's investor relations activities including attending one-to-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 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 shareholders' 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.

STATEMENT OF ENVIRONMENTAL SUSTAINABILITY

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

ENVIRONMENTAL MANAGEMENT SYSTEM

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. This is part of the Integrated Management System (IMS) being practised by AJSB, and which is in the process of extending the coverage to Ann Joo Integrated Steel Sdn Berhad (AJIS). AJIS which recently started operations, is amply equipped with pollution control devices to ensure no discharge of pollutants into the air. Furthermore, the surrounding air, noise and the discharged water were sampled and tested by a third party every month 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 the Manufacturing Division of the Group, the principal environmental aspects and their related initiatives are summarised below:-

Environmental Aspects	Environmental Initiatives
Natural resources	The blast furnace which has started operations will produce iron in a process that recycles its own by-product (i.e. blast furnace gas) as fuel and will also supply this gas to the rolling mill reheating furnace. When fully operational, natural gas usage will be minimal, thus conserving natural resources.
Dust Emission	A substantial portion of the dust generated from the Electric Arc Furnace (EAF) is sent to plants for recycling the heavy metals. Efforts are underway towards full recycling of the dust generated. The existing anti-pollution system at the EAF has been upgraded to include quenching the exhaust gases to reduce the emission of dioxins and furans into the atmosphere.
Energy Saving	The EAF has started using hot metal from the blast furnace to supplement scrap, resulting in a huge reduction in electricity usage. Higher efficiency and less heat emitting flourescent tubes were used in the office to reduce electricity consumption for lighting and air-conditioning.
Pollution	To cut down on airborne dust, trees were planted and a screen wall was built at part of Company's perimeter, and on a regular basis, roads are washed and water is sprayed on scrap yard grounds.

OTHER INFORMATION

SHARE BUYBACKS/RESOLD

As at 31 December 2011, a total of 955,700 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 2011 are as follows:

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	^ Cost (RM)	Lowest price (RM)	Highest price (RM)	* Average Price (RM)
March 2011	20,000	56,510	2.80	2.81	2.83
August 2011	15,000	36,968	2.44	2.46	2.46
December 2011	920,700	1,532,184	1.61	1.72	1.66
Total	955,700	1,625,662			

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

** Average price is computed based on total cost divided by No. of shares purchased.*

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 AJR Shares. The issue price and the exercise price of the warrants had been fixed at RM0.15 per warrant and RM2.50 for every new AJR Share respectively. No warrants were exercised during the financial year.

900 warrants were converted into new ordinary shares during the financial year ended 31 December 2010. As at 31 December 2011, 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 2011 are as follows:

		RM
KPMG	Review of statement on internal control	8,000
KPMG	Training fee for adoption of Hedge Accounting under FRS 139	5,000
KPMG	Audit on TNB special electricity tariff application	1,500
KPMG	Review of disclosure of realised and unrealised profits or losses	2,000
KPMG Tax Services Sdn. Bhd.	Tax compliance services	69,600
KPMG Tax Services Sdn. Bhd.	Professional fee for withholding tax implication for export allowance	4,000
		90,100

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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the year ended 31 December 2011

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 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has 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	61,216	100,581
Non-controlling interests	979	-
	62,195	100,581

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 6.34 sen less tax at 25% per ordinary share totalling RM23,874,720 in respect of the financial year ended 31 December 2010 on 16 June 2011; and

ii) an interim tax exempt dividend of 4 sen per ordinary share totalling RM20,083,295 in respect of the financial year ended 31 December 2011 on 11 October 2011.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2011 is single tier dividend of 3.50 sen per ordinary share of approximately RM17,541,000. 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' REPORT
for the year ended 31 December 2011

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 1.1.2011	**Bought**	**Sold**	**At 31.12.2011**
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	10,000	-	142,500
Indirect interest:*				
Dato' Lim Kiam Lam	329,391,832	1,244,000	-	330,635,832
Lim Sin Seong	327,131,032	1,124,000	-	328,255,032
Lim Kien Lip	1,500,000	-	-	1,500,000
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 1.1.2011	**Granted/ Bought**	**Exercised**	**Sold/ Transferred**	**At 31.12.2011**
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	178,301,580	-	-	-	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' REPORT
for the year ended 31 December 2011

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 2011 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

Before the 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

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.

DIRECTORS' REPORT

for the year ended 31 December 2011

OTHER STATUTORY INFORMATION *cont'd*

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 2011 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, retire and do not wish to seek for 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: 27 April 2012

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Property, plant and equipment	3	1,144,470	1,070,052	-	-
Intangible assets	4	8,012	8,566	-	-
Prepaid lease payments	5	12,120	12,439	-	-
Investment properties	6	6,994	6,994	1,870	1,870
Investments in subsidiaries	7	-	-	883,754	871,784
Investment in an associate	8	1,280	1,166	-	-
Other investments	9	262	303	-	-
Deferred tax assets	10	19,253	9,403	-	-
Total non-current assets		1,192,391	1,108,923	885,624	873,654
Receivables and prepayments, including derivatives	11	280,882	298,826	46,892	6,628
Inventories	12	1,280,143	1,239,676	-	-
Current tax assets		6,328	1,726	249	1,188
Cash and cash equivalents	13	60,241	61,572	2,905	216
Total current assets		1,627,594	1,601,800	50,046	8,032
Total assets		2,819,985	2,710,723	935,670	881,686
Equity					
Share capital	15	522,708	522,708	522,708	522,708
Treasury shares	16	(70,579)	(68,954)	(70,579)	(68,954)
Other reserves	17	121,968	121,989	61,544	61,544
Retained earnings	34	500,192	484,176	421,282	364,659
Total equity attributable to owners of the Company		1,074,289	1,059,919	934,955	879,957
Non-controlling interests		4,059	14,731	-	-
Total equity		1,078,348	1,074,650	934,955	879,957
Liabilities					
Loans and borrowings	18	493,730	46,600	-	-
Employee benefits	19	7,154	7,591	-	-
Deferred tax liabilities	10	15,423	16,693	-	-
Total non-current liabilities		516,307	70,884	-	-
Loans and borrowings	18	1,043,842	1,414,644	-	-
Payables and accruals	20	179,513	146,846	715	1,729
Current tax liabilities		1,975	3,699	-	-
Total current liabilities		1,225,330	1,565,189	715	1,729
Total liabilities		1,741,637	1,636,073	715	1,729
Total equity and liabilities		2,819,985	2,710,723	935,670	881,686

The notes on pages 52 to 105 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue	21	2,237,320	1,831,871	103,224	315,728
Cost of sales		(2,050,217)	(1,619,508)	-	-
Gross profit		187,103	212,363	103,224	315,728
Other operating income		4,384	25,142	2	18
Administrative expenses		(86,438)	(77,008)	(1,117)	(981)
Other operating expenses		(17,419)	(3,205)	-	-
Results from operating activities		87,630	157,292	102,109	314,765
Interest income		1,307	950	16	31
Finance costs		(24,234)	(18,784)	-	(753)
Operating profit	22	64,703	139,458	102,125	314,043
Share of results of an associate		114	390	-	-
Profit before tax		64,817	139,848	102,125	314,043
Tax expense	24	(2,622)	(19,323)	(1,544)	(6)
Profit for the year		62,195	120,525	100,581	314,037
Other comprehensive income					
Foreign currency translation differences for foreign operation		3	(8)	-	-
Change in fair value of equity securities classified as available for sale		(40)	62	-	-
Revaluation surplus arising from revaluation of property, plant and equipment		-	64,700	-	-
Income tax relating to components of other comprehensive income		16	(1,479)	-	-
Other comprehensive (loss)/income for the year, net of tax		(21)	63,275	-	-
Total comprehensive income for the year		62,174	183,800	100,581	314,037
Profit attributable to:					
Owners of the Company		61,216	119,903	100,581	314,037
Non-controlling interests		979	622	-	-
Profit for the year		62,195	120,525	100,581	314,037
Total comprehensive income attributable to:					
Owners of the Company		61,195	183,178	100,581	314,037
Non-controlling interests		979	622	-	-
Total comprehensive income for the year		62,174	183,800	100,581	314,037
Earnings per ordinary share (sen):					
Basic	25	12.21	23.88		
Diluted	25	9.96	17.63		

The notes on pages 52 to 105 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2011

		← Attributable to owners of the Company				→		
		Non-distributable		Distributable				
Group	**Note**	**Share capital RM'000**	**Other reserves RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2010		522,707	58,713	(67,461)	398,166	912,125	14,340	926,465
Foreign currency translation differences for foreign operation		-	(8)	-	-	(8)	-	(8)
Change in fair value of equity securities classified as available for sale		-	45	-	-	45	-	45
Revaluation surplus arising from revaluation of property, plant and equipment		-	63,238	-	-	63,238	-	63,238
Total other comprehensive income for the year		-	63,275	-	-	63,275	-	63,275
Profit for the year		-	-	-	119,903	119,903	622	120,525
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	26	-	-	-	(33,893)	(33,893)	-	(33,893)
Dividends to non-controlling interests		-	-	-	-	-	(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				

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2011

		← Attributable to owners of the Company				→		
		Non-distributable		Distributable				
	Note	Share capital	Other reserves	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Group		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2011		522,708	121,989	(68,954)	484,176	1,059,919	14,731	1,074,650
Foreign currency translation differences for foreign operation		-	3	-	-	3	-	3
Change in fair value of equity securities classified as available for sale		-	(24)	-	-	(24)	-	(24)
Total other comprehensive income for the year		-	(21)	-	-	(21)	-	(21)
Profit for the year		-	-	-	61,216	61,216	979	62,195
Total comprehensive income for the year		-	(21)	-	61,216	61,195	979	62,174
Share buybacks	16	-	-	(1,625)	-	(1,625)	-	(1,625)
Acquisition of non-controlling interests	7	-	-	-	(1,242)	(1,242)	(10,728)	(11,970)
Dividends to owners of the Company	26	-	-	-	(43,958)	(43,958)	-	(43,958)
Dividends to non-controlling interests		-	-	-	-	-	(923)	(923)
At 31 December 2011		522,708	121,968	(70,579)	500,192	1,074,289	4,059	1,078,348
		Note 15	Note 17	Note 16				

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2011

Company	Note	← Non-distributable		→	← Distributable →		
		Share capital	**Share premium**	**Warrants reserve**	**Treasury shares**	**Retained earnings**	**Total equity**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2010		522,707	22,340	39,203	(67,461)	84,515	601,304
Profit 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	26	-	-	-	-	(33,893)	(33,893)
At 31 December 2010/ 1 January 2011		522,708	22,342	39,202	(68,954)	364,659	879,957
Profit for the year		-	-	-	-	100,581	100,581
Share buybacks	16	-	-	-	(1,625)	-	(1,625)
Dividends to owners of the Company	26	-	-	-	-	(43,958)	(43,958)
At 31 December 2011		522,708	22,342	39,202	(70,579)	421,282	934,955
		Note 15	Note 17	Note 17	Note 16		

The notes on pages 52 to 105 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from operating activities					
Profit before tax		64,817	139,848	102,125	314,043
Adjustments for:					
Inventories written down		23,581	1,366	-	-
Amortisation of intangible assets	4	554	554	-	-
Amortisation of prepaid lease payments	5	319	318	-	-
Amortisation of investment in club membership		1	1	-	-
Change in fair value of investment properties	6	-	(1,030)	-	-
Depreciation of property, plant and equipment	3	32,831	29,896	-	-
Fair value gain on derivatives		-	(1,650)	-	-
Gain on disposal of property, plant and equipment - net		(463)	(246)	-	-
Gain on disposal of assets classified as held for sale		-	(1,653)	-	-
Interest expense		24,234	18,784	-	753
Interest income		(1,307)	(950)	(16)	(31)
Property, plant and equipment written off	3	12	1,491	-	-
Retirement benefits	19	848	799	-	-
Share of results of an associate		(114)	(390)	-	-
Unrealised loss/(gain) on foreign exchange		15,575	(11,076)	-	-
Operating profit before changes in working capital		160,888	176,062	102,109	314,765
Changes in working capital:					
Inventories		(64,048)	(350,061)	-	-
Receivables and prepayments		18,021	(164,992)	(40,264)	45,610
Payables and accruals		32,282	17,053	(1,014)	(230,167)
Cash generated from/(used in) operations		147,143	(321,938)	60,831	130,208
Tax (paid)/refund		(20,052)	(10,258)	(605)	3,174
Retirement benefits paid	19	(1,203)	(961)	-	-
Interest received		1,291	919	-	-
Interest paid		(21,671)	(18,031)	-	-
Net cash from/(used in) operating activities		105,508	(350,269)	60,226	133,382

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from investing activities					
Increase in investment in a subsidiary		-	-	-	(50,000)
Acquisition of non-controlling interests	7	(11,970)	-	(11,970)	-
Interest received		16	31	16	31
Proceeds from disposal of property, plant and equipment		667	560	-	-
Proceeds from disposal of assets classified as held for sale		-	4,657	-	-
Purchase of property, plant and equipment	3	(107,465)	(168,664)	-	-
Net cash used in investing activities		(118,752)	(163,416)	(11,954)	(49,969)
Cash flows from financing activities					
Proceeds from bank borrowings		2,459,065	2,221,199	-	-
Repayment of bank borrowings		(2,398,095)	(1,641,334)	-	(47,281)
Share buybacks	16	(1,625)	(1,493)	(1,625)	(1,493)
Interest paid		(2,563)	(753)	-	(753)
Dividends paid to non-controlling interests		(923)	(231)	-	-
Dividends paid to owners of the Company		(43,958)	(33,893)	(43,958)	(33,893)
(Pledge)/Withdrawal of deposits		(4,049)	681	-	-
Proceeds from issuance of shares		-	2	-	2
Net cash from/(used in) financing activities		7,852	544,178	(45,583)	(83,418)
Net (decrease)/increase in cash and cash equivalents		(5,392)	30,493	2,689	(5)
Foreign exchange differences on cash held		12	(17)	-	-
Cash and cash equivalents at 1 January		59,148	28,672	216	221
Cash and cash equivalents at 31 December		53,768	59,148	2,905	216

Cash and cash equivalents

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

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Deposits placed with licensed banks	13	49,048	42,092	2,850	-
Cash and bank balances	13	11,193	19,480	55	216
		60,241	61,572	2,905	216
Restricted deposits	13	(6,473)	(2,424)	-	-
		53,768	59,148	2,905	216

The notes on pages 52 to 105 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 2011 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 2011 do not include any other entities.

The Company is principally engaged in investment holding activities, 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 27 April 2012.

1. BASIS OF PREPARATION

(a) Statement of compliance

The 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.

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is effective from 1 January 2012 and is to facilitate convergence with the International Financial Reporting Standards (IFRS).

The Group's and the Company's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and IFRS. As a result, the Group and the Company will not be adopting any further FRSs, interpretations and amendments that are not yet effective for the current financial year ended 31 December 2011.

The Group and the Company are in the midst of assessing the financial impacts of the initial adoption of MFRS Framework to the Group and the Company.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 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 Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

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

(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.

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, unless otherwise stated.

(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.

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.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) ***Accounting for business combination***

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. (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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(ii) Accounting for business combination cont'd

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expenses as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisition between 1 January 2006 and 1 January 2011

For acquisition between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisition prior to 1 January 2006

For acquisition 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.

(iii) Accounting for acquisition of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(iv) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provision provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(v) 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 zero, 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.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, 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. Non-controlling interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements* (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous years, where losses applicable to the non-controlling interests exceed their interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, are charged against the Group's interest except to the extent that the non-controlling interests have 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 non-controlling interests' share of losses previously absorbed by the Group has been recovered.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(vii) 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.

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 such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified 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

(i) Initial recognition and measurement

A financial asset or a financial liability 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(c) **Financial instruments** *cont'd*

(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(j)(i)).

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.

NOTES TO THE FINANCIAL STATEMENTS

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

(c) **Financial instruments** *cont'd*

(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.

(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.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised 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 operating income” and “other operating expenses” respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

(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.

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

• Buildings	20 - 50 years
• Plant, machinery, tools and equipment	2 - 30 years
• Furniture, fittings and office equipment	3 - 5 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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Leased assets *cont'd*

(ii) Operating lease cont'd

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. Leasehold land which in substance in an operating lease is classified as prepaid lease payments.

(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.

(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 depreciation 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.

NOTES TO THE FINANCIAL STATEMENTS

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. 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.

      Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

      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.

      (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.

      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.

NOTES TO THE FINANCIAL STATEMENTS

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

(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) 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).

(j) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Impairment of assets *cont'd*

(ii) Other assets

The carrying amounts of other 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 or cash-generating unit.

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 cash-generating unit or group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit or group of cash-generating 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.

(k) 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, and the resulting surplus or deficit on the transaction is presented in share premium.

NOTES TO THE FINANCIAL STATEMENTS

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

(l) **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.

(m) **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.

(n) **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.

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

(n) **Revenue and other income** *cont'd*

(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 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.

(o) **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.

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.

(p) **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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(p) Income tax *cont'd*

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.

(q) 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.

(r) 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 2010	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/ 1 January 2011	189,059	60,775	172,749	561,632	15,119	541,804	1,541,138
Additions	-	-	31	1,633	976	104,825	107,465
Disposals	-	-	-	(105)	(1,838)	-	(1,943)
Written off	-	-	(11)	(12,312)	-	-	(12,323)
Reclassification	-	-	342,597	260,657	-	(603,254)	-
At 31 December 2011	189,059	60,775	515,366	811,505	14,257	43,375	1,634,337

NOTES TO THE FINANCIAL STATEMENTS

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 2010							
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/ 1 January 2011							
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
Depreciation for the year	-	728	5,169	25,093	1,841	-	32,831
Disposals	-	-	-	(95)	(1,644)	-	(1,739)
Written off	-	-	(1)	(12,310)	-	-	(12,311)
At 31 December 2011							
Accumulated depreciation	-	9,106	27,653	442,897	10,159	-	489,815
Accumulated impairment losses	43	-	9	-	-	-	52
	43	9,106	27,662	442,897	10,159	-	489,867
Carrying amounts							
At 1 January 2010	130,745	53,220	146,974	150,641	3,713	383,096	868,389
At 31 December 2010/ 1 January 2011	189,016	52,397	150,255	131,423	5,157	541,804	1,070,052
At 31 December 2011	189,016	51,669	487,704	368,608	4,098	43,375	1,144,470

NOTES TO THE FINANCIAL STATEMENTS

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

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. to reflect the market values.

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	
	2011	**2010**
	RM'000	**RM'000**
Freehold land	20,196	20,196
Long term leasehold land	16,141	16,397
Buildings	40,757	40,907
	77,094	77,500

3.2 Impairment assessment

As at 31 December 2011, the iron making plant of a subsidiary with carrying amount of RM544,284,387 was evaluated for impairment. The recoverable amount of the iron making plant 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 fulfil its obligations as and when they fall due.

- A weighted average cost of capital of 4.72% (2010: 5.80%) 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 iron making plant was determined to be lower than the recoverable amount and no impairment loss was recognised.

The Directors believe that no reasonably foreseeable changes in any of the above key assumptions would cause the carrying amount of the iron making plant to materially exceed their recoverable amount.

3.3 Long term leasehold land

Long term leasehold land represents leasehold land with unexpired lease period of more than 50 years.

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

3.4 Security

Land and buildings with a carrying amount of RM143,153,000 (2010: RM143,732,000) are pledged to a bank as security for a term loan granted to a subsidiary (see Note 18).

Buildings, construction work-in-progress and all plant, machinery and equipment with a carrying amount of RM544,284,387 (2010: Nil) are pledged to banks as security for redeemable bonds granted to a subsidiary (see Note 18).

3.5 Borrowing costs

Included in additions to construction work-in-progress of the Group is interest capitalised at a rate ranging from 5.16% to 5.37% (2010: 4.15% to 4.85%) per annum amounting to RM23,062,330 (2010: RM17,622,000).

4. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Total RM'000
Cost			
At 1 January 2010/31 December 2010/ 1 January 2011/31 December 2011	7,398	2,767	10,165
Amortisation			
At 1 January 2010	216	829	1,045
Amortisation for the year	-	554	554
At 31 December 2010/1 January 2011	216	1,383	1,599
Amortisation for the year	-	554	554
At 31 December 2011	216	1,937	2,153
Carrying amounts			
At 1 January 2010	7,182	1,938	9,120
At 31 December 2010/1 January 2011	7,182	1,384	8,566
At 31 December 2011	7,182	830	8,012

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 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.
- 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 4.72% (2010: 5.80%) has been applied to the cash flow projections.

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS *cont'd*

Impairment testing for cash-generating unit containing goodwill *cont'd*

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.

The Directors believe that no reasonably foreseeable changes in any of the above key assumptions would cause the carrying amount of the Group's investment in a subsidiary, Ann Joo Steel Berhad to materially exceed their recoverable amount.

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	Unexpired period less than 50 years RM'000
Cost	
At 1 January 2010/31 December 2010/1 January 2011/31 December 2011	13,509
Amortisation	
At 1 January 2010	752
Amortisation for the year	318
At 31 December 2010/1 January 2011	1,070
Amortisation for the year	319
At 31 December 2011	1,389
Carrying amounts	
At 1 January 2010	12,757
At 31 December 2010/1 January 2011	12,439
At 31 December 2011	12,120

6. INVESTMENT PROPERTIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	6,994	5,964	1,870	1,870
Change in fair value	-	1,030	-	-
At 31 December	6,994	6,994	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	4,524	-	-
	6,994	6,994	1,870	1,870

The fair value of investment properties amounting to RM6,994,000 (2010: RM3,644,000) was 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 and December 2010 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. to reflect the market values. Valuations were based on current prices in an active market for all properties.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
At cost:		
Unquoted shares in Malaysia	891,097	879,127
Less: Impairment losses	(7,343)	(7,343)
	883,754	871,784

Acquisition of non-controlling interests

The Company had, on 25 January 2011, 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 subsdiary 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%.

The carrying amount of ASP's net assets in the Group's financial statements on the date of the acquisition was RM28,231,085. The Group recognised a decrease in non-controlling interests of RM10,728,000 and a decrease in retained earnings of RM1,242,000.

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

Acquisition of non-controlling interests *cont'd*

The following summarises the effect of changes in the equity interest in ASP that is attributable to owners of the Company:

	RM'000
Equity interest at 1 January 2011	17,264
Effect of increase in Company's ownership interest	10,728
Share of comprehensive income	3,723
Equity interest at 31 December 2011	31,715

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2011 %	2010 %
#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	Dormant	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
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	100	62
Saga Makmur Industri Sdn. Bhd.	Malaysia	Trading of steel and steel related products	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

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2011 %	Effective ownership interest 2010 %
and its subsidiaries *cont'd*				
#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	Manufacturing and trading of iron, steel and 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.*

8. INVESTMENT IN AN ASSOCIATE

	Group 2011 RM'000	Group 2010 RM'000
At cost:		
Unquoted shares in Malaysia	1,800	1,800
Less: Impairment losses	(1,800)	(1,800)
	-	-
Share of post-acquisition reserves	1,280	1,166
	1,280	1,166

Summary of financial information on associate, not adjusted for the percentage ownership held by the Group:

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
2011						
S.A. Networks Technical Industries Sdn. Bhd.	Malaysia	21	18,364	639	8,204	3,188
2010						
S.A. Networks Technical Industries Sdn. Bhd.	Malaysia	21	20,500	1,728	7,866	3,489

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

NOTES TO THE FINANCIAL STATEMENTS

9. OTHER INVESTMENTS

Group	Club membership RM'000	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Total RM'000
2011				
Available-for-sale financial assets				
- at cost	-	3	-	3
- at fair value	-	-	189	189
Club membership, at cost	105	-	-	105
Less: Impairment loss	(12)	-	-	(12)
Accumulated amortisation	(23)	-	-	(23)
	70	3	189	262
Market value of quoted shares	-	-	189	189
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

10. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
	2011	2010	2011	2010	2011	2010
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(41,891)	(38,513)	(15,754)	(17,698)	(57,645)	(56,211)
Employee benefit plans	1,783	-	287	283	2,070	283
Provisions	6,539	5,694	44	457	6,583	6,151
Tax incentives	52,822	42,035	-	-	52,822	42,035
Unabsorbed tax losses	-	397	-	-	-	397
Unabsorbed capital allowances	-	(210)	-	285	-	75
Other temporary differences	-	-	-	(20)	-	(20)
Tax assets/(liabilities)	19,253	9,403	(15,423)	(16,693)	3,830	(7,290)

10. DEFERRED TAX ASSETS AND LIABILITIES *cont'd*

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

	Group	
	2011	**2010**
	RM'000	**RM'000**
At 1 January	(7,290)	(2,527)
Recognised in profit or loss (Note 24)	11,104	(3,284)
Recognised in other comprehensive income	16	(1,479)
At 31 December	3,830	(7,290)

Unrecognised deferred tax assets

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

	Group	
	2011	**2010**
	RM'000	**RM'000**
Provisions	357	-
Unabsorbed tax losses	344	-
Unabsorbed capital allowances	1,109	-
	1,810	-

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

		Group		Company	
		2011	**2010**	**2011**	**2010**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade					
Trade receivables		259,651	275,244	-	-
Less: Allowance for impairment losses		(3,605)	(3,812)	-	-
		256,046	271,432	-	-
Non-trade					
Other receivables		4,703	6,503	2	1
Deposits		1,659	2,157	11	16
Amount due from an associate	11.1	7	40	-	-
Amount due from subsidiaries	11.2	-	-	46,739	6,607
		6,369	8,700	46,752	6,624
Prepayments		18,467	17,044	140	4
Forward exchange contracts		-	1,650	-	-
		280,882	298,826	46,892	6,628

11. RECEIVABLES AND PREPAYMENTS, INCLUDING DERIVATIVES *cont'd*

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:

	2011 RM'000	2010 RM'000
Companies in which the close family members of certain Directors have financial interests	1,974	835
Companies with a common Director of a subsidiary	-	386
An associate of a subsidiary	866	977

Included in other receivables of the Group is an amount of RM1,008,513 (2010: RM1,640,086) 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	
	2011 RM'000	2010 RM'000
Raw materials	442,388	475,263
Semi-finished products	274,165	299,317
Finished products	507,745	415,300
	1,224,298	1,189,880
Consumable stores and refractories	55,845	49,796
	1,280,143	1,239,676

Included in inventories of the Group are goods in transit amounting to RM61,950,060 (2010: RM13,326,000).

	2011 RM'000	2010 RM'000
Recognised in profit or loss:		
Inventories recognised as cost of sales	2,024,316	1,614,495
Inventories written down included in cost of sales	23,581	1,366

12. INVENTORIES *cont'd*

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 2011 and 2010 less the estimated cost necessary to make the sale.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	49,048	42,092	2,850	-
Cash and bank balances	11,193	19,480	55	216
	60,241	61,572	2,905	216

Fixed deposit amounting to RM6,473,000 as at 31 December 2011 held under an account called the Debt Service Reserve Account for redeemable bonds facility is restricted in its use and is held in trust by the security trustee for the servicing of that facility granted to a subsidiary (see Note 18). Fixed deposit amounting to RM2,424,000 as at 31 December 2010 was also restricted in its use.

14. ASSETS CLASSIFIED AS HELD FOR SALE

Note 14.1

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

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	-	689
Disposals	-	(689)
At 31 December	-	-

The building held for sale as at 31 December 2009 was 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.

14. ASSETS CLASSIFIED AS HELD FOR SALE *cont'd*

Note 14.2

Prepaid lease payments held for sale comprise the following:

	Group	
	2011	**2010**
	RM'000	**RM'000**
At 1 January	-	799
Disposals	-	(799)
At 31 December	-	-

The leasehold land held for sale as at 31 December 2009 was 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:

	Group	
	2011	**2010**
	RM'000	**RM'000**
At 1 January	-	1,516
Disposals	-	(1,516)
At 31 December	-	-

A subsidiary had 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	**Number of shares**	**Amount**	**Number of shares**
	2011	**2011**	**2010**	**2010**
	RM'000	**'000**	**RM'000**	**'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	522,708	522,708	522,707	522,707
Issue of shares - exercise of warrants	-	-	1	1
At 31 December	522,708	522,708	522,708	522,708

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 2011 RM'000	2010 RM'000
At cost		
1 January	68,954	67,461
Repurchased during the year	1,625	1,493
At 31 December	70,579	68,954

The shareholders of the Company, by an ordinary resolution passed in the annual general meeting held on 26 May 2011, 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 955,700 (2010: 559,500) of its issued share capital from the open market on the Bursa Malaysia for RM1,625,662 (2010: RM1,492,760). The average price paid for the shares repurchased was approximately RM1.70 (2010: RM2.67) 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 21,546,500 (2010: 20,590,800).

NOTES TO THE FINANCIAL STATEMENTS

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 2010	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 2010/1 January 2011	22,342	2,500	39,202	121,725	(63,815)	(7)	42	121,989
Foreign exchange translation differences	-	-	-	-	-	3	-	3
Changes in fair value of equity securities classified as available-for-sale investment	-	-	-	-	-	-	(24)	(24)
At 31 December 2011	22,342	2,500	39,202	121,725	(63,815)	(4)	18	121,968

	Company 2011 RM'000	Company 2010 RM'000
Other reserves comprise:-		
Share premium	22,342	22,342
Warrants reserve	39,202	39,202
	61,544	61,544

17. OTHER RESERVES *cont'd*

Warrants reserve

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

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

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

iii) No (2010: 900) warrants were converted into new ordinary shares during the financial year. As at 31 December 2011, the total number of warrants which remained unexercised amounted to 261,352,739 (2010: 261,352,739) 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. LOANS AND BORROWINGS

	Group	
	2011 RM'000	2010 RM'000
Non-current		
Secured		
Term loan	33,730	46,600
Redeemable bonds	460,000	-
	493,730	46,600
Current		
Unsecured		
Bills payable	290,778	593,699
Foreign currency trade finance	637,204	356,905
Revolving credit	61,820	450,000
Secured term loan	14,040	14,040
Secured redeemable bonds	40,000	-
	1,043,842	1,414,644
	1,537,572	1,461,244

18. LOANS AND BORROWINGS *cont'd*

18.1 Security

The term loan of a subsidiary is secured by the land and buildings of the subsidiary (see Note 3). The redeemable bonds of a subsidiary is secured against specific debentures over the assets of the subsidiary (see Note 3), corporate guarantees executed by the Company and a subsidiary of the Company and fixed deposits in Debt Service Reserve Account (see Note 13).

18.2 Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	2 - 5 years RM'000
2011				
Secured term loan	2015	47,770	14,040	33,730
Secured redeemable bonds	2016	500,000	40,000	460,000
Unsecured				
Bills payables	2012	290,778	290,778	-
Foreign currency trade finance	2012	637,204	637,204	-
Revolving credit	2012	61,820	61,820	-
		1,537,572	1,043,842	493,730
2010				
Secured term loan	2015	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

The term loan is charged interest at rate 4.80% (2010: 4.48%) per annum.

Redeemable bonds are charged interest rates ranging from 5.16% to 5.20% per annum.

Other borrowings are charged interest rates ranging from 0.63% to 4.16% (2010: 0.98% to 4.84%) per annum.

18.3 Significant covenants

The secured redeemable bonds of a subsidiary are subject to the fulfilment of the following significant covenants:

i) Maintain a minimum debt service cover ratio (measured by the profit before tax, interest, unrealised exchange gains/losses, depreciation and amortisation ("EBITDA") of the subsidiary incurred during the testing period over the interest expenses and principal payments of term debts for the immediately preceding 2 financial quarters for semi-annual testing of financial covenants and preceding 4 quarters for the financial year-end testing) of at least 1.30 times; and

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

NOTES TO THE FINANCIAL STATEMENTS

19. EMPLOYEE BENEFITS

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

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	8,686	8,848
Charge to profit or loss	848	799
	9,534	9,647
Benefits paid	(1,203)	(961)
At 31 December	8,331	8,686
The retirement benefits are payable as follows:		
Current (Note 20)	1,177	1,095
Non-current	7,154	7,591
At 31 December	8,331	8,686

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

	Group	
	2011	2010
	RM'000	RM'000
Present value of unfunded obligations	8,331	8,686

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

	Group	
	2011	2010
	RM'000	RM'000
Current service costs and interest on obligation	848	799
Included in line item in the statement of comprehensive income:		
Administrative expenses	848	799

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

	Group	
	2011	2010
	%	%
Discount rate	6.5	6.5

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.

NOTES TO THE FINANCIAL STATEMENTS

19. EMPLOYEE BENEFITS *cont'd*

Movement in the present value of the defined benefit obligations

	Group	
	2011	**2010**
	RM'000	**RM'000**
At 1 January	8,686	8,848
Benefits paid by the plan	(1,203)	(961)
Current service costs and interest on obligation	848	799
At 31 December	8,331	8,686

20. PAYABLES AND ACCRUALS

		Group		Company	
		2011	**2010**	**2011**	**2010**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade					
Trade payables		108,359	77,737	-	-
Non-trade					
Other payables		15,317	14,400	8	214
Accrued expenses		54,377	51,303	706	675
Amount due to subsidiaries	20.1	-	-	-	839
Deposits		283	2,311	1	1
		69,977	68,014	715	1,729
Employee benefits	19	1,177	1,095	-	-
		71,154	69,109	715	1,729
		179,513	146,846	715	1,729

20.1 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.

20.2 Amount due to related parties

Included in trade payables of the Group are:

	2011	**2010**
	RM'000	**RM'000**
A company in which the close family members of a Director has financial interest	76	-
A subsidiary of the ultimate holding company	433	-
Companies with a common Director of a subsidiary	490	711
An associate of a subsidiary	392	720

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

21. REVENUE

	2011 RM'000	2010 RM'000
Group		
Sales	2,235,180	1,829,725
Rental income from investment properties	2,140	2,146
	2,237,320	1,831,871
Company		
Dividend income	103,224	315,728

Revenue of the Group is arrived at after discounts, carriage outwards, sales commissions and others cost directly related to sales amounting to RM108,754,567 (2010: RM101,031,127).

22. OPERATING PROFIT

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating profit is arrived at after charging:				
Allowance for impairment losses of receivables	1,170	1,130	-	-
Inventories written down	23,581	1,366	-	-
Amortisation of intangible assets	554	554	-	-
Amortisation of prepaid lease payments	319	318	-	-
Amortisation of investment in club membership	1	1	-	-
Auditors' remuneration				
Audit fees				
- KPMG Malaysia	236	205	43	43
- Other auditors	11	15	-	-
Other services				
- KPMG Malaysia	90	67	16	8
Depreciation on property, plant and equipment	32,831	29,896	-	-
Employee benefits costs (Note 22.1)	96,364	79,258	-	-
Interest expense				
- term loans	2,831	862	-	753
- bank overdraft	7	21	-	-
- bills payable	13,415	14,454	-	-
- revolving credit	729	519	-	-
- foreign currency trade finance	7,252	2,928	-	-
Management fee paid to:				
- an associate	150	72	-	-
- a related party	-	228	-	-
Property, plant and equipment written off	12	1,491	-	-
Rental of premises	2,363	2,709	-	-
Hire/Rental of equipment	2,196	851	-	-
Loss on foreign exchange				
- unrealised	15,575	47	-	-
- realised	-	11	-	-

22. OPERATING PROFIT *cont'd*

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
and after crediting:				
Bad debts recovered	539	452	-	-
Reversal of allowance for impairment losses of receivables	1,310	1,541	-	-
Dividend income from subsidiaries	-	-	103,224	315,728
Dividend income from others	2	-	-	-
Gain on disposal of property, plant and equipment	463	246	-	-
Gain on disposal of assets classified as held-for-sale	-	1,653	-	-
Gain on foreign exchange				
- unrealised	-	11,123	-	-
- realised	3,130	6,141	-	-
Interest income from:				
- others	1,307	950	16	22
- a subsidiary	-	-	-	9
Rental income from:				
- an associate	43	43	-	-
- third parties	2,017	2,187	-	-
Changes in fair value of investment properties	-	1,030	-	-

22.1 Employee benefits costs

Employee includes key management personnel

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Salaries, wages and bonus	86,733	71,200	-	-
Defined contributions plan	7,850	5,978	-	-
Defined benefit plan	848	799	-	-
Others	933	1,281	-	-
	96,364	79,258	-	-

NOTES TO THE FINANCIAL STATEMENTS

23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors				
- Fees	560	560	560	560
- Remuneration	8,376	8,604	185	131
- Contributions to EPF	1,073	779	-	-
Estimated monetary value of benefits-in-kind	288	314	-	-
Others	78	65	-	-
	10,375	10,322	745	691

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.

24. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax expense	2,622	19,323	1,544	6
Major components of tax expense include:				
Current tax expense				
Malaysian - current year	14,242	16,138	1,335	-
- prior year	(516)	(99)	209	6
Total current tax	13,726	16,039	1,544	6
Deferred tax expense				
Origination and reversal of temporary differences	(8,672)	2,414	-	-
(Over)/Under provision of deferred tax expense in prior year	(2,432)	870	-	-
Total deferred tax (Note 10)	(11,104)	3,284	-	-
Total tax expense	2,622	19,323	1,544	6

24. INCOME TAX EXPENSE *cont'd*

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Reconciliation of effective tax expense				
Profit for the year	62,195	120,525	100,581	314,037
Total tax expense	2,622	19,323	1,544	6
Profit before tax	64,817	139,848	102,125	314,043
Share of results of an associate	(114)	(390)	-	-
Profit before tax and associate's results	64,703	139,458	102,125	314,043
Tax at Malaysian tax rate of 25% *(excluding share of results of an associate)*	16,176	34,865	25,531	78,511
Effect of different tax rates for Labuan trading activities	(18)	-	-	-
Non-deductible expenses	2,259	3,670	77	192
Non-taxable/Tax exempt income	(5)	(836)	(24,273)	(78,703)
Tax incentives	(13,930)	(18,387)	-	-
Effect of unrecognised deferred tax assets	1,088	(488)	-	-
Others	-	(272)	-	-
	5,570	18,552	1,335	-
(Over)/Under provision of current tax expense in prior year	(516)	(99)	209	6
(Over)/Under provision of deferred tax expense in prior year	(2,432)	870	-	-
	2,622	19,323	1,544	6

25. 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	
	2011 RM'000	2010 RM'000
Profit for the year attributable to owners of the Company	61,216	119,903

25. EARNINGS PER ORDINARY SHARE *cont'd*

Weighted average number of ordinary shares

	Group	
	2011	2010
	'000	'000
Issued ordinary shares at 1 January	522,708	522,707
Effect of treasury shares held	(21,547)	(20,591)
Effect of warrants converted into new ordinary shares	-	1
Weighted average number of ordinary shares at 31 December	501,161	502,117
Basic earnings per ordinary share (sen)	12.21	23.88

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share for the year 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	
	2011	2010
	RM'000	RM'000
Profit for the year attributable to owners of the Company	61,216	119,903
Interest income on warrants exercised, net of tax	14,701	14,701
Profit attributable to owners of the Company (diluted)	75,917	134,604

Weighted average number of ordinary shares

	Group	
	2011	2010
	'000	'000
Weighted average number of ordinary shares at 31 December	501,161	502,117
Effect of exercise of warrants	261,352	261,352
Weighted average number of ordinary shares (diluted) at 31 December	762,513	763,469
Diluted earnings per ordinary share (sen)	9.96	17.63

NOTES TO THE FINANCIAL STATEMENTS

26. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2011			
Final ordinary dividend 2010	4.75	23,875	16 June 2011
Interim ordinary dividend 2011	4.00	20,083	11 October 2011
2010			
Final ordinary dividend 2009	2.25	11,298	15 June 2010
Interim ordinary dividend 2010	4.50	22,595	9 September 2010

27. 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:

- Manufacturing division - Manufacturing and trading of iron, steel and steel related products.
- Trading division - Trading of steel and steel related products, hardware, building and construction materials and operations of 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.

NOTES TO THE FINANCIAL STATEMENTS

27. OPERATING SEGMENTS *cont'd*

	Manufacturing division RM'000	Trading division RM'000	Investment holding, property management and others RM'000	Elimination RM'000	Total RM'000
2011					
Segment profit	27,316	33,015	107,380	(103,008)	64,703
Share of profit of an associate					114
Consolidated profit before tax					64,817
Included in the measure of segment profit are:					
Revenue from external customers	1,571,130	664,989	1,201	-	2,237,320
Inter-segment revenue	637,121	85,756	130,810	(853,687)	-
Depreciation and amortisation	(27,245)	(3,842)	(2,618)	-	(33,705)
Finance costs	(15,274)	(8,442)	(2,570)	2,052	(24,234)
Interest income	2,207	1,112	40	(2,052)	1,307
Segment assets	2,140,088	554,806	1,052,940	(927,849)	2,819,985
Included in the measure of segment assets are:					
Additions to property, plant and equipment	103,710	2,946	809	-	107,465
Segment liabilities	1,330,055	413,934	56,577	(58,929)	1,741,637
2010					
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)	(3,935)	(3,860)	-	(30,769)
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

NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS

28.1 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).

Financial assets	Carrying amount RM'000	L&R/ OL RM'000	FVTPL RM'000	AFS RM'000
Group				
2011				
Other investments, excluding investment in club membership	192	-	-	192
Trade and other receivables, excluding prepayments	262,415	262,415	-	-
Cash and cash equivalents	60,241	60,241	-	-
	322,848	322,656	-	192
2010				
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
Company				
2011				
Trade and other receivables excluding prepayments	46,752	46,752	-	-
Cash and cash equivalents	2,905	2,905	-	-
	49,657	49,657	-	-
2010				
Trade and other receivables excluding prepayments	6,624	6,624	-	-
Cash and cash equivalents	216	216	-	-
	6,840	6,840	-	-

28. FINANCIAL INSTRUMENTS *cont'd*

28.1 Categories of financial instruments *cont'd*

Financial liabilities	Carrying amount RM'000	L&R/ OL RM'000	FVTPL RM'000	AFS RM'000
Group				
2011				
Loans and borrowings	1,537,572	1,537,572	-	-
Trade and other payables excluding employee benefits	178,336	178,336	-	-
	1,715,908	1,715,908	-	-
2010				
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	-	-
Company				
2011				
Trade and other payables	715	715	-	-
2010				
Trade and other payables	1,729	1,729	-	-

28.2 Net gains and losses arising from financial instruments

	Group 2011 RM'000	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	40	62
	40	1,712

28.3 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

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 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.

28.4.1 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.

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
2011			
Not past due	143,078	-	143,078
Past due 0 - 30 days	65,931	-	65,931
Past due 31 - 120 days	47,959	-	47,959
Past due more than 120 days	9,052	(3,605)	5,447
	266,020	(3,605)	262,415
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

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 Credit risk *cont'd*

28.4.1 Receivables *cont'd*

Impairment losses *cont'd*

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

	Group	
	2011	**2010**
	RM'000	**RM'000**
At 1 January	3,812	4,223
Impairment loss recognised	1,170	1,130
Impairment loss reversed	(1,310)	(1,541)
Impairment loss written off	(67)	-
At 31 December	3,605	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.

28.4.2 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.

28.4.3 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 RM500,000,000 (2010: RM400,000,000) 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.

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 Credit risk *cont'd*

28.4.4 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.

28.5 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.

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 2011	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
Non-derivative financial liabilities						
Secured term loan	47,770	51,755	16,036	15,350	20,369	-
Secured redeemable bonds	500,000	587,451	65,921	102,745	418,785	-
Bills payable	290,778	290,820	290,820	-	-	-
Foreign currency trade finance	637,204	641,953	641,953	-	-	-
Revolving credit	61,820	62,246	62,246	-	-	-
Trade and other payables	178,336	178,336	178,336	-	-	-
	1,715,908	1,812,561	1,255,312	118,095	439,154	-

28. FINANCIAL INSTRUMENTS *cont'd*

28.5 Liquidity risk *cont'd*

Maturity analysis *cont'd*

Group 2010	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
Non-derivative financial liabilities						
Secured term loan	60,640	66,584	16,467	15,844	34,273	-
Bills payable	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						
2011						
Non-derivative financial liabilities						
Trade and other payables	715	715	715	-	-	-
2010						
Non-derivative financial liabilities						
Trade and other payables	1,729	1,729	1,729	-	-	-

28.6 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.

28.6.1 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), Singapore Dollar (SGD) and Euro (EUR).

28. FINANCIAL INSTRUMENTS *cont'd*

28.6 Market risk *cont'd*

28.6.1 Currency risk *cont'd*

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.

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:

	2011			2010	
	Denominated in			*Denominated in*	
	USD	**SGD**	**EUR**	**USD**	**SGD**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Receivables	9,497	3,081	-	103,025	2,849
Forward exchange contracts	-	-	-	1,650	-
Cash and cash equivalents	18,681	1,465	-	327	-
Payables and accruals	(21,558)	(129)	(76)	(8,505)	(136)
Loans and borrowings	(665,920)	-	-	(407,335)	-
Net exposure in the statement of financial position	(659,300)	4,417	(76)	(310,838)	2,713

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	
	2011	**2010**
	RM'000	**RM'000**
USD	14,834	8,914
SGD	(99)	(61)
EUR	2	-

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.

28. FINANCIAL INSTRUMENTS *cont'd*

28.6 Market risk *cont'd*

28.6.2 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 significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	49,048	42,092
Financial liabilities	(989,802)	(1,400,604)
	(940,754)	(1,358,512)
Floating rate instruments		
Financial liabilities	(547,770)	(60,640)

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	**50 bp decrease**
Group	**RM'000**	**RM'000**
2011		
Floating rate instruments	(2,036)	2,036
2010		
Floating rate instruments	(203)	203

NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*

28.6 Market risk *cont'd*

28.6.3 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.

28.7 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:

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Quoted shares	189	189	229	229
Forward exchange contracts:				
Assets	-	-	1,650	1,650

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).

28. FINANCIAL INSTRUMENTS *cont'd*

28.7 Fair value of financial instruments *cont'd*

28.7.1 Fair value hierarchy

Comparative figures have not been presented for 31 December 2010 by virtue of paragraph 44G of FRS 7.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2011				
Financial assets				
Quoted shares	189	-	-	189

29. 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 2011 RM'000	Group 2010 RM'000
Total borrowings	1,537,572	1,461,244
Less: Cash and cash equivalents	(60,241)	(61,572)
Net debt	1,477,331	1,399,672
Total equity	1,074,289	1,059,919
Debt-to-equity ratios	1.38	1.32

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 certain debt covenants, failing which, the banks may call an event of default.

NOTES TO THE FINANCIAL STATEMENTS

30. OPERATING LEASES

Leases as lessee

Operating lease rentals are payable as follows:

	Group	
	2011	2010
	RM'000	RM'000
Less than one year	636	557
Between one and five years	2,546	2,545
More than five years	11,059	11,378
	14,241	14,480

The Group leases land under operating leases. The leases run for remaining periods of 28 years and 16 years (2010: 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.

31. CAPITAL AND OTHER COMMITMENTS

	Group	
	2011	2010
	RM'000	RM'000
Property, plant and equipment		
Contracted but not provided for	53,874	100,110
Approved expenditure but not contracted for	36,254	60,090
	90,128	160,200

32. 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, Directors, key management personnel and companies in which the Directors/Directors' family have substantial financial interests.

32. RELATED PARTIES *cont'd*

The significant related party transactions are as follows:

	2011 RM'000	2010 RM'000
Group		
Subsidiaries of the ultimate holding company		
Management fees received	-	360
Rental received	329	214
Slag processing services	473	313
Usage of consumable and refractories	73	243
Purchase of slag steel balls and other steel related products	-	33
Companies in which certain Directors have financial interest		
Sale of goods	1,724	-
Construction of building structures and plant and machineries	1,463	1,112
Companies in which the close family members of certain Directors have financial interest		
Sale of goods	13,206	8,351
Purchase of goods	116	48
Companies with a common Director of a subsidiary		
Sale of goods	-	3,118
Purchase of goods	5,730	7,741
Management fees paid	114	228
Purchase of packing materials and repair and maintenance of machinery parts	-	114
An associate of a subsidiary		
Sale of goods	2,899	4,476
Purchase of goods and repair services for die tooling	2,740	5,356
Management fees received	36	72
Rental income	359	43
Company		
Subsidiaries		
Dividend income	103,224	315,728

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 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

33. SUBSEQUENT EVENTS

On 6 January 2012, the Company incorporated a wholly owned subsidiary, Ann Joo Metal (Singapore) Pte. Ltd., which domiciled in Singapore at total cost of investment of RM2.44 (SGD1).

On 23 February 2012, a subsidiary of the Company had entered into a Sales and Purchase Agreement for the disposal of two pieces of land in Kedah Darul Aman, being the property, plant and equipment of the Group with carrying amount of RM4,100,000 at a total consideration of RM6,913,445. The agreement was completed on 19 April 2012.

On 9 April 2012, another subsidiary of the Company had entered into a Sales and Purchase Agreement for the disposal of two 4-storey shoplots in Kuala Lumpur, being the investment properties of the Group with carrying amount of RM2,700,000 at a total consideration of RM2,760,000. The agreement is pending completion.

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

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	677,045	641,976	421,282	364,659
- Unrealised	3,253	20,735	-	-
	680,298	662,711	421,282	364,659
Total retained profits from associate company				
- Realised	233	101	-	-
- Unrealised	(18)	-	-	-
	680,513	662,812	421,282	364,659
Less: Consolidation adjustments	(180,321)	(178,636)	-	-
Total retained earnings	500,192	484,176	421,282	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 45 to 104 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 2011 and of their performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 34 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: 27 April 2012

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 45 to 105 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 27 April 2012.

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 2011 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 45 to 104.

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 2011 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.

(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.

INDEPENDENT AUDITORS' REPORT
to the Members of Ann Joo Resources Berhad

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 34 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: 27 April 2012

RECURRENT RELATED PARTY TRANSACTIONS

The breakdown of the aggregate value of the Recurrent Related Party Transactions during the financial year ended 31 December 2011 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	14,930
		Purchase of steel related products from LIM Group	116
		Lease of office space to LIM Group	329
		Construction of building structures, plant and machinery provided by LIM Group	1,463
		Provision of slag treatment services and purchase of substance used for steel making by LIM Group	473
		Lease of land and building and charges for usage of material required for operating activities by LIM Group	73
API	MISI Group	Purchase of steel related products from MISI Group	4,132
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	2,899
		Purchase of steel related products from SANH Group	3,762
		Purchase of office supplies, provision of repair & maintenance services of machinery part, purchase of packing materials, sub-lease of factory area held under HS(D)50441, payment of technical and advisory support fee for die tooling and metal stamping to SANH Group	315
		Purchase and repair services of die tooling from SANH Group	454
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	1,092
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	202

RECURRENT RELATED PARTY TRANSACTIONS

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 100%-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

Remark:

\# *On 25 January 2011, Ann Joo's equity interest in ASP increased from 62% to 100%.*

* *With effect from 25 July 2011, transactions of ASP with CHH Group and SHH Group were no longer considered related party transactions as the former directors and major shareholders of ASP have ceased to be related parties.*

PROPERTIES HELD BY ANN JOO RESOURCES BERHAD
and its subsidiaries as at 31 December 2011

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	Net Book Value (RM'000)	Date of Acquisition*/ Last Revaluation
Lot 19391 Mukim and District of Petaling	Freehold	Commercial Land & Building	1.2965 hectares	Office and Warehouse	29	29,767	31-12-2008
Lot 1508 Mukim and District of Petaling	Freehold	Industrial Land & Building	0.658 hectares	Office and Warehouse	9	11,846	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	20	37,173	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	21	17,030	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	18	47,337	31-12-2008
Lot PT 3707 Mukim of Pasir Panjang Port Dickson	Freehold	Detached House	528 sq.m.	Staff Recreation	26	124	31-12-2008
Part of Lot 225 Mukim 1 Province Wellesley Central, Penang	Leasehold (expiring on 30.06.2032)	Industrial Land & Buildings	11.126 acres	Iron Making Plant, Steel Making Plant, Rolling Mill 1, Rolling Mill 2, Oxygen Plant and Office Buildings	1 - 45	554,532	31-03-2006
Parts of Lots 227 & 236, Mukim 1 Province Wellesley Central, Penang	Leasehold (expiring on 30.06.2057)	Industrial Land and Buildings	29.44 acres				31-12-2010
Lot 78, Prai Town Penang	Freehold	Industrial Land and Buildings	237.448 acres				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
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

PROPERTIES HELD BY
ANN JOO RESOURCES BERHAD
and its subsidiaries as at 31 December 2011

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	Net Book Value (RM'000)	Date of Acquisition*/ Last Revaluation
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	Office Building	21	25,699	18-01-2008
P227 Precinct 2 Jalan FZ 6-P2 Port Klang Free Zone/KS 12 42920 Pulau Indah Selangor Darul Ehsan	Leasehold (expiring on 28.02.2039)	Building	4,905 sq.m	Office and Warehouse	31	6,447	01-04-2011*
Sub-Total (value of properties held as property, plant and equipment & prepaid lease payment)						740,509	
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	11	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	11	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	12	125	31-12-2008

PROPERTIES HELD BY ANN JOO RESOURCES BERHAD and its subsidiaries as at 31 December 2011

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	Net Book Value (RM'000)	Date of Acquisition*/ Last Revaluation
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	14	275	31-12-2008
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	23	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	23	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	22	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	22	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	9	62	24-02-2009*
No.70, Lorong Laksamana 20/KS7, Taman Sentosa Perdana, 41200 Klang	Freehold	Apartment	800 sq.f.	Vacant	9	62	24-02-2009*
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)						**747,503**	

STATISTICAL REPORT
as at 12 April 2012

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 shares held
No. of treasury shares held	: 21,576,500 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	94	1.46	1,857	0.00
100 – 1,000	753	11.71	641,748	0.13
1,001 – 10,000	4,580	71.22	16,436,140	3.28
10,001 – 100,000	860	13.37	25,642,149	5.12
100,001 – Less than 5% of issued shares	141	2.19	130,204,752	25.98
5% and above of issued shares	3	0.05	328,205,032	65.49
Total	6,431	100.00	501,131,678	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 12 APRIL 2012

	No. of shares			
Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Lim Kiam Lam	2,772,750	0.55	330,635,832 *	65.98
Dato' Lim Hong Thye	1,259,400	0.25	-	-
Lim Sin Seong	-	-	328,255,032 *	65.50
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 Section 6A and 134(12)(c) of the Companies Act, 1965*
^ *Deemed interest pursuant to Section 134(12)(c) of the Companies Act, 1965*

STATISTICAL REPORT
as at 12 April 2012

DIRECTORS' INTEREST IN SHARES IN RELATED COMPANIES AS AT 12 APRIL 2012

Related company	Director	No. of shares 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 12 April 2012.

SUBSTANTIAL SHAREHOLDERS AS AT 12 APRIL 2012

Name	No. of shares Direct Interest	%	Indirect Interest		%
Ann Joo Corporation Sdn Bhd	328,205,032	65.49	328,205,032	*	65.49
Lim Seng Chee & Sons Sdn Bhd	-	-	328,205,032	*	65.49
LSQ & Sons Sdn Bhd	-	-	328,205,032	*	65.49
Lim Sin Seong Sdn Bhd	-	-	328,205,032	*	65.49
Lim Seng Chee	5,915,100	1.18	328,205,032	*	65.49
Lim Seng Qwee	5,080,255	1.01	328,205,032	*	65.49
Dato' Lim Kiam Lam	2,772,750	0.55	328,205,032	*	65.49
Lim Sin Seong	-	-	328,205,032	*	65.49

Note:

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

THIRTY LARGEST SHAREHOLDERS AS AT 12 APRIL 2012

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
1.	Ann Joo Corporation Sdn. Bhd.	142,907,959	28.52
2.	Ann Joo Corporation Sdn. Bhd.	135,297,073	27.00
3.	Mayban Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ann Joo Corporation Sdn. Bhd.*	50,000,000	9.98
4.	Lembaga Tabung Haji	13,913,050	2.78
5.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for Credit Suisse*	11,196,450	2.23
6.	Amanahraya Trustees Berhad *Public Islamic Optimal Growth Fund*	6,334,500	1.26
7.	Lim Seng Chee	5,915,100	1.18
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board*	5,667,500	1.13

STATISTICAL REPORT
as at 12 April 2012

THIRTY LARGEST SHAREHOLDERS AS AT 12 APRIL 2012 *cont'd*

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
9.	Lim Seng Qwee	5,080,255	1.01
10.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	5,000,000	1.00
11.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	2,857,200	0.57
12.	Lim Kiam Lam	2,772,750	0.55
13.	Amanahraya Trustees Berhad *Public Islamic Equity Fund*	2,437,700	0.49
14.	Yong Chai Lee	2,365,800	0.47
15.	Wong Wai Kuan	2,330,016	0.46
16.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *MIDF Amanah Asset Management Berhad for Yayasan Sarawak*	2,314,600	0.46
17.	Malaysian Assurance Alliance Berhad *As Beneficial Owner (Growth Fund)*	2,250,000	0.45
18.	Yong Chai Lee	2,185,364	0.44
19.	Lou Swee You	2,094,900	0.42
20.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	2,000,000	0.40
21.	HSBC Nominees (Asing) Sdn Bhd *HSBC-FS I for JF Malaysia Fund*	2,000,000	0.40
22.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	1,863,800	0.37
23.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	1,827,300	0.36
24.	CIMB Group Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for CIMB Islamic Dali Equity Theme Fund*	1,764,400	0.35
25.	AmSec Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund*	1,705,400	0.34
26.	Amanahraya Trustees Berhad *MIDF Amanah Strategic Fund*	1,693,000	0.34
27.	Amanahraya Trustees Berhad *Public Islamic Select Treasures Fund*	1,578,600	0.32
28.	Keng Poh Im	1,573,650	0.31
29.	Law Shee Yuan	1,500,000	0.30
30.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Islamic Trustee Berhad for Pacific Dana Aman*	1,386,300	0.28

STATISTICAL REPORT
as at 12 April 2012

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 Holdings	% of Warrant Issued
Less than 100	38	1.40	1,572	0.00
100 – 1,000	588	21.60	491,938	0.19
1,001 – 10,000	1,221	44.86	5,831,497	2.23
10,001 – 100,000	734	26.97	24,609,575	9.42
100,001 – Less than 5% of issued holdings	139	5.11	53,341,152	20.41
5% and above of issued holdings	2	0.07	177,077,005	67.75
Total	2,722	100.00	261,352,739	100.00

LIST OF DIRECTORS' WARRANT HOLDINGS AS AT 12 APRIL 2012

	No. of warrants			
Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Lim Kiam Lam	1,533,375	0.59	178,201,580 ^	68.18
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	-	-	-	-

Note:

^ *Deemed interest pursuant to Section 6A and 134(12)(c) of the Companies Act, 1965*
* *Deemed interest pursuant to Section 134(12)(c) of the Companies Act, 1965*
\# *Negligible*

THIRTY LARGEST WARRANT HOLDERS AS AT 12 APRIL 2012

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

STATISTICAL REPORT
as at 12 April 2012

THIRTY LARGEST WARRANT HOLDERS AS AT 12 APRIL 2012 *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.	Danny Lai Chee Hong	1,188,000	0.45
9.	Yong Chai Lee	1,122,782	0.43
10.	Wong Wai Kuan	1,080,000	0.41
11.	Ing Chuan Hardware Sdn Bhd	1,000,000	0.38
12.	Lim Kok Seng	1,000,000	0.38
13.	Thang Gek Hong	996,400	0.38
14.	Malaysian Assurance Alliance Berhad *As Beneficial Owner*	975,000	0.37
15.	Oh Sin Yok @ Foo Sin Nyook	849,200	0.32
16.	Keng Poh Im	786,825	0.30
17.	Law Shee Yuan	752,300	0.29
18.	Cheang Beng Chee	727,500	0.28
19.	Lim Jit Hai	670,000	0.26
20.	Dato' Lim Hong Thye	647,000	0.25
21.	Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad for CIMB-Principal Strategic Bond Fund*	630,000	0.24
22.	Phua Sin Mo	562,500	0.22
23.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Lim Chow Lee*	559,100	0.21
24.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Singular Asia Flexible Fund*	544,600	0.21
25.	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Phua Sin Mo*	514,300	0.20
26.	Yeoh Chun Heng	490,000	0.19
27.	Hie Chon Yian	480,000	0.18
28.	Malaysian Assurance Alliance Berhad *As Beneficial Owner*	470,250	0.18
29.	Phua Sin Mo	470,000	0.18
30.	Hiew Shene Bang	462,900	0.18

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ANN JOO RESOURCES BERHAD (371152-U)

No. of Ordinary Shares held

FORM OF PROXY

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 Sixteenth Annual General Meeting of the Company to be held at Grand Caymans, Level 10, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Thursday, 31 May 2012 at 10.30 a.m. or at any adjournment thereof, and to vote as indicated below:-

Resolutions		FOR	AGAINST
1.	To receive the audited financial statements		
2.	To declare a final dividend of 3.5 sen per share		
3.	To approve the payment of Directors' fees		
4.	To re-elect Dato' Lim Kiam Lam as Director		
5.	To re-elect Datuk Kamarudin bin Md Ali as Director		
6.	To appoint the Auditors of the Company		
7.	To re-appoint Dato' Ong Kim Hoay as Director		
8.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	To renew the authorisation to enable the Company to purchase its own shares		
10.	To renew the existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with the following related parties: - (i) LIM Group		
11.	(ii) SANH Group		
12.	To amend the Articles of Association		

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

Signed this______________day of_________________2012 ______________________________
Signature/Common Seal

NOTES:-

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

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

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

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

5) Depositors who appear in the Record of Depositors as at 24 May 2012 shall be regarded as Member of the Company entitled to attend the Sixteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

ANN JOO RESOURCES BERHAD (371152-U)
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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