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

ANNUAL REPORT 2012

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www.annjoo.com.my

ANN JOO RESOURCES BERHAD (371152-U)

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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 Seventeenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at Grand Bahamas, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 29 May 2013** 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 2012 and the Reports of the Directors and Auditors thereon. ***(Resolution 1)***

2. To approve the payment of Directors' fees amounting to RM560,000 for the financial year ended 31 December 2012. ***(Resolution 2)***

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

   a) Lim Sin Seong ***(Resolution 3)***
   b) Lim Kien Lip ***(Resolution 4)***

4. To re-appoint Messrs Deloitte KassimChan as the Auditors of the Company and to authorise the Directors to fix their remuneration. ***(Resolution 5)***

AS SPECIAL BUSINESS:-

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

5.1 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 6)***

5.2 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 LIM Group as specified in Section 2.4 of Part A of the Circular to Shareholders dated 6 May 2013, ***(Resolution 7)***

PROVIDED ALWAYS that such transactions are:-

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

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

(iii) not to the detriment of the minority shareholders

("the Shareholders' Mandate").

Notice of Seventeenth Annual General Meeting

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."

5.3 PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT approval be and is hereby given for the Company and/or its subsidiary companies to enter into new recurrent transactions of a revenue or trading nature with LIM Group as specified in Section 2.5 of Part A of the Circular to Shareholders dated 6 May 2013, ***(Resolution 8)***

PROVIDED ALWAYS that such transactions are:-

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

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

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

("the Shareholders' Mandate").

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

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

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

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

whichever is earlier.

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

Notice of Seventeenth Annual General Meeting

5.4 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: ***(Resolution 9)***

(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 2012, the amount of the retained profits and the share premium account of the Company stood at RM465,265,580 and RM22,341,820 respectively); and

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

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

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

6. 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

6 May 2013

Notice of Seventeenth 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 22 May 2013 shall be regarded as Member of the Company entitled to attend the Seventeenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

6) *Explanatory Notes on Special Business:-*

   a) *Ordinary Resolution 6*
   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 31 May 2012. 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.

   b) *Ordinary Resolutions 7 & 8*
   Please refer to the Circular to Shareholders dated 6 May 2013 for further information.

   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 Statement in relation to the Proposed Renewal of Authority for Share Buy-Back dated 6 May 2013 for further information.

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

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

NOMINATING COMMITTEE

Tan Sri 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 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 Deloitte KassimChan
Level 19, Uptown 1
Damansara Uptown
1 Jalan SS21/58
47400 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 2013

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%

• *Subsidiary Companies*

Board of Directors

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

Profile of Directors

DATO' LIM KIAM LAM

Group Executive Chairman
60 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 Vice President of the Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor 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
38 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 of 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 was also instrumental in transforming Ann Joo Resources Group into a leading steel group in Malaysia besides spearheading, which led to the commissioning of Malaysia's first modern Blast Furnace in year 2011.

Dato' Lim is currently the Managing Director of AJSB. He also acts as the Honorary Treasurer of the Malaysia Steel Association besides being on the Board of several private limited companies.

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

Dato' Lim is 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
56 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. Since September 2012, he has been appointed the Head of Group Risk Management and re-designated as Advisor for Trading Division of the Group.

Mr Lim 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.

Profile of Directors

LIM KIEN LIP

Group Executive Director
51 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. Presently, Mr Lim is the Group Executive Director – Deputy Managing Director, Manufacturing Division of the Group.

Mr Lim currently sits on the Board of Ann Joo Steel Berhad and several private limited companies.

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

Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR

Independent Non-Executive Director
66 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 of which are listed on Bursa Malaysia Securities Berhad. He is also a director of ORIX Leasing Malaysia 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
79 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 was designated as the Senior Independent Non-Executive Director of the Company to whom concerns of shareholders may be directed.

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 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 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 A. RAZAK BIN RAMLI

Independent Non-Executive Director
64 years of age, Malaysian

Tan Sri 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 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 Razak currently holds directorships in Favelle Favco Berhad, Lafarge Malayan Cement Bhd, Shangri-La Hotels (M) 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 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 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
62 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 other public listed companies, namely, ECM Libra Financial Group Berhad, Masterskill Education Group Berhad, and Gabungan AQRS Berhad as well as 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.

Dear Valued Shareholders,

On behalf of the Board of Directors, it is my privilege to present to you the annual report and audited financial statements of Ann Joo Resources Berhad ("AJR or the Company") for the financial year ended 31 December 2012

Chairman's Statement

Chairman's Statement

THE YEAR UNDER REVIEW

The year 2012 was by all accounts challenging for Ann Joo Group. It was indeed one of the toughest years for steel industry which had been hindered by volatile steel prices, high raw material costs and rampant dumping activities by Chinese mills globally. A sharper-than-expected slowdown in economic growth in emerging markets particularly China, as the world largest steel producing country had led to oversupply situation worldwide. The operating environment continued to be difficult as China continued to increase its production capacity despite lacklustre demand that has resulted in negative impacts on steel prices.

Regional demand was still strongly spurred by the urbanization activities and infrastructure stimulus measures initiated by the governments of Southeast Asia countries. Domestically, steel demand remained resilient riding on the roll-out of construction activities and infrastructure projects under the Economic Transformation Program and Tenth Malaysia Plan. Nevertheless, the influx of imported China products, particularly wire rods was the key market disturbance despite anti-dumping measures initiated by the government in the second half of the year. Chinese steel mills took advantage of the loopholes in the duty structure of the country by exporting steel added with minimum amount of boron and declared it under alloy steel to enjoy lucrative tax rebate.

PERFORMANCE & OPERATIONS

The Group's performance was influenced by sluggish market sentiments and rampant dumping of steel products by Chinese mills globally. Weaker export sales and lower steel prices have dampened the profitability of the Group. Our earlier expectation, which was in line with the short range outlook published by the World Steel Association who took cognizance of an expected better second half performance in 2012, did not materialise due to subdued global economic situation influenced by the Euro zone debt crisis and a sharper-than-expected economic slowdown in China.

During the year under review, the Group registered revenue of RM2.08 billion, representing a decrease of 7% as compared to RM2.24 billion in the preceding year. The lower revenue was mainly due to decreased export tonnage coupled with lower steel prices amidst sluggish international market. Correspondingly, the Group posted a loss attributable to owners of the Company of RM19.48 million as compared to a profit attributable to owners of the Company of RM61.13 million for the preceding year. Lower profitability was a result of lower steel prices coupled with higher cost of sales of both Manufacturing and Trading Divisions.

In 2012, Manufacturing Division contributed revenue of RM1.34 billion against RM1.57 billion in 2011. The division recorded a segment loss of RM70.87 million against a segment profit of RM27.38 million in the preceding year. The lower revenue was mainly due to lower export tonnage on the back of tough business environment which was badly hit by uncontrolled dumping activities by Chinese mills while world capacity expansion continues. Despite remarkable cost improvements arising from the successful execution of the production stabilization and optimization program in conjunction with the commissioning of all auxiliary components of the blast furnace, the profitability was dampened by high material cost in the first half of the year and the influx of China imported products regionally in the second half of the year.

Chairman's Statement

Trading Division's revenue increased by RM75.57 million to RM740.56 million while the segment profit was RM26.35 million for the year under review, a slight decrease of RM6.66 million. Better performance in revenue was mainly attributable to aggressive marketing strategies for market share expansion coupled with an improved demand from various steel use industries thus resulted in higher sales tonnage. Nonetheless, the segment's profit remained intact notwithstanding a slump in steel prices worldwide as a result of rampant dumping activities by Chinese steel mills.

OUTLOOK & PROSPECTS

Given the continuing weak global economic growth and the ongoing European sovereign debt crisis coupled with China's economic growth re-balancing, outlook for the global steel market remains highly volatile and uncertain. The uncertainties in global steel industry will continue to influence the performance of Ann Joo as the industry growth is expected to be lacklustre. Oversupply remains the most significant issue in the global steel sector. Despite a slight increase in demand for steel and the removal of obsolete steelmaking capacity last year, excess capacity is likely to persist if supply continues to outpace demand. Slowdown in demand growth from China and subdued steel prices will continue to weigh on the global steel sector in 2013.

In the current situation of global economic challenges which brings about negative impact on steel demand and prices, there is also an increasing trend for countries in the region including ASEAN countries to institute protective walls to insulate their domestic industry from external threats. The high volatility in the prices of raw materials also poses a great challenge to the steel players in managing cost and price of their finished products.

Notwithstanding the above, signs of improvement in global steel market begin to emerge buoyed by a surge in steel prices and reviving global economy as the dumping activities by Chinese steelmakers start to witness signs of easing. Steel demand in developing and emerging countries would be strongly spurred by the urbanization activities and infrastructure stimulus measures initiated by various governments. However, global steel industry is largely influenced by China, the world's largest steel producing country. China's economy is projected to maintain its moderate growth rate in 2013 underpinned by a resilient domestic demand that would be boosted by stimulus measures initiated by the Chinese government. In addition, a turnaround would come from policy changes in China as the transition of political leadership could lead to a structural transformation of the industry to curb the overcapacity situation.

On the domestic front, strong domestic demand will continue to be the main driver of growth, supported by the spending on construction activities and infrastructure projects under the Economic Transformation Program and Tenth Malaysia Plan. The implementation of key projects is expected to provide strong impetus for steel consumption. At the same time, demand for flat products is expected to remain relatively stable while the steel use industries will continue to register vigorous sectoral growth. The execution of sizeable projects will have the spillover effects to the steel consumption from oil & gas, shipbuilding and general fabrication subsectors, which should benefit our Trading Division.

In the face of uncertainty in the industry outlook, the challenge for our Manufacturing Division is to be cost competitive. With the commissioning of all the auxiliary components of the blast furnace in year 2012, the Group has finally accomplished the stabilisation and optimization program for the integration of its steel and iron production achieving remarkable improvements in productivity via hot metal charging technology which has brought numerous economic benefits to the Group, in particular the reduction in electricity and electrode consumption. The material costs will be further reduced with the removal of 40% export duty on the export of metallurgical coke by the Chinese Government which took

Chairman's Statement

effect from 1 January 2013. Moving forward, the critical tasks for the Group are to maximize the synergic effects of the vertical integration of the iron and steel production while operational agility, effective material costs management and cost reduction activities will continue to be the key strategic priorities for competitiveness enhancement and growth sustainability. The division is now ready to embark on product development activities for the production of high grade and engineering products.

The commencement of regional business expansion activities undertaken by Trading Division to expand its market share in project business from oil & gas, shipbuilding and pressure vessel industries in Southeast Asia region is expected to further contribute to the Group's performance in 2013. The expansion plan will duplicate the Group's successful business model of stockist business in Malaysia into Southeast Asia countries and will enable the Group to become the leading and largest stockist in Malaysia and attain our vision to become one of the leading stockists in Southeast Asia region.

The demand and selling price of wire rods are expected to improve in year 2013 with an expectation of the dumping activities to ease further. Further to the existing anti-dumping measures on wire rods and hot-rolled coil, a preliminary anti-dumping investigation on stranded wire, ropes and cables imported from China will be initiated by the Government following the petition filed by local wire rod manufacturers. An anti-dumping duty on the imported steel-related stranded wire, ropes and cables products will likely be introduced by the Government after the investigation is finalised.

Going forward, the performance of the Group would be boosted by an improved cost structure and recovery in steel market provided that the dumping activities are restrained.

CORPORATE DEVELOPMENT

In line with the aspiration of the Group to have greater liberty in deciding on the strategic direction to become the leading and most efficient steel group in the region, Ann Joo continues to carry out various business rationalization and expansion activities. Among others, the Company embarked on its regional expansion plan by the incorporation of a new wholly-owned subsidiary in Singapore under the name of Ann Joo Metal (Singapore) Pte Ltd on 6 January 2012.

On 5 December 2012, the Company entered into a Sale and Purchase Agreement with Marubeni-Itochu Steel Inc. and Marubeni-Itochu Steel (Malaysia) Sdn Bhd to dispose the Company's entire shareholding in Anshin Precision Industries Sdn Bhd ("API") comprising of 4,448,825 ordinary shares of RM1.00 each for a cash consideration of RM8,897,650. The agreement was completed on 7 January 2013 and API ceased to be a subsidiary of the Company accordingly.

Consistent with our efforts to continuously implement the business rationalization program and streamline the Group's organisation structure, the Company had on 2 January 2013 and 18 February 2013 respectively, announced that two of its wholly-owned subsidiaries, Ann Joo (Sarawak) Sdn Bhd and Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd, will be wound up by way of members' voluntary winding-up. Both companies which used to be in the business of trading of hardware and steel products have ceased operation since 2007.

DIVIDEND

In view of the challenging economic and operating environment, the Board has elected to conserve adequate funds to meet the Group's financial obligations and to uphold a healthy capital base for future profitability, and therefore no dividend has been declared for the year under review. The Board maintains its commitment to reward the shareholders by forging towards delivery of a better and improved performance in the coming year.

APPRECIATION

On behalf of the Board and management team, I would like to take this great opportunity to express our sincere appreciation to our shareholders for your trust and confidence in Ann Joo Group. My deepest appreciation also goes to the Board of Directors for their vast experience and wisdom that proved fundamental in steering Ann Joo towards success. Our success would not have been achievable without the support and commitment of our large pool of dedicated and talented employees. Last but not least, I am also profoundly grateful for the steadfast support provided during the year by all our stakeholders, valued customers, business associates, suppliers, financiers and relevant regulatory authorities.

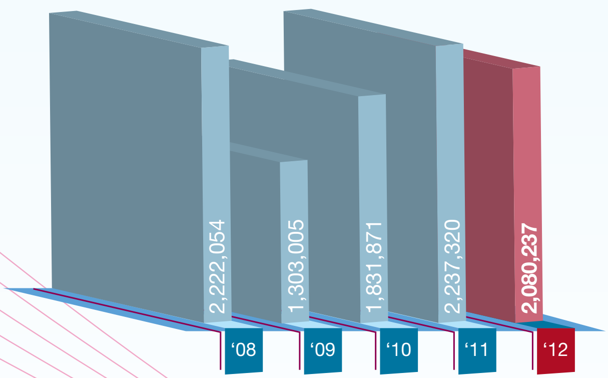
On behalf of the Board, I also wish to record our sincere appreciation to Dato' Ong Kim Hoay, for his services and guidance throughout his tenure as an Independent Non-Executive Director of the Company. Dato' Ong will retire at the forthcoming Annual General Meeting and will not be seeking for re-appointment.

DATO' LIM KIAM LAM
Group Executive Chairman
April 2013

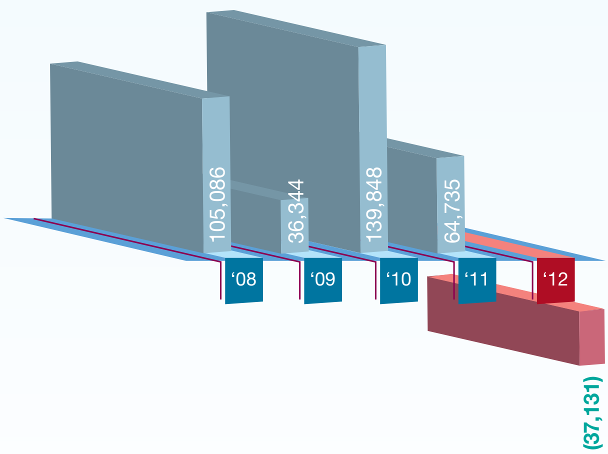
5 Years' Group Financial Highlights

	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Revenue	2,222,054	1,303,005	1,831,871	2,237,320	**2,080,237**
Profit/(Loss) Before Taxation	105,086	36,344	139,848	64,735	**(37,131)**
Profit/(Loss) After Taxation	148,780	30,813	120,525	62,113	**(18,867)**
Profit/(Loss) Attributable to Owners of the Company	139,398	31,617	119,903	61,134	**(19,482)**
Total Equity Attributable to Owners of the Company	891,154	912,097	1,059,919	1,074,207	**1,036,763**
Net Assets Per Share (sen)	177	181	211	214	**207**
Earnings/(Loss) Per Share (sen)					
- Basic	27.35	6.29	23.88	12.20	**(3.89)**
- Diluted	20.40	5.42	17.63	9.95	**(3.89)**
Net Dividend	75,053	11,310	33,893	43,958	**17,540**
Dividend per share (sen)	20.00	3.00	9.00	10.34	**3.50**

Revenue
RM'000

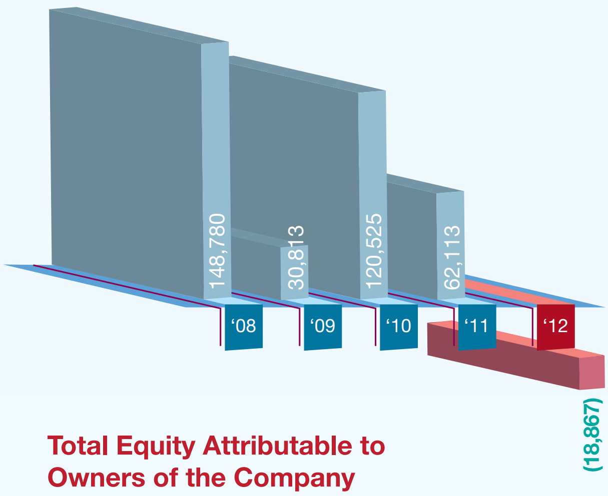


Profit/(Loss) Before Taxation
RM'000

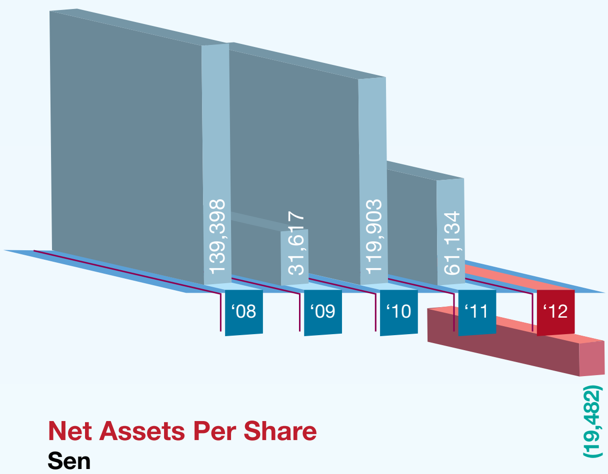


5 Years' Group Financial Highlights

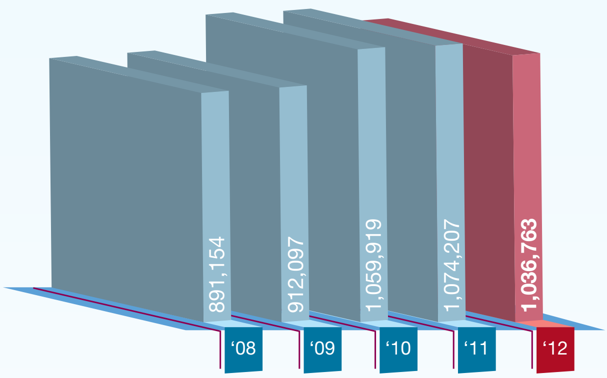
Profit/(Loss) After Taxation
RM'000



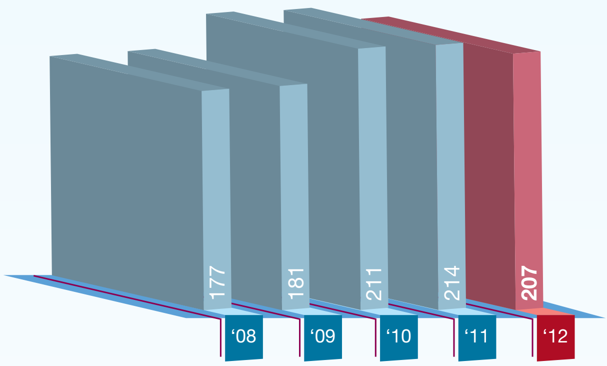
Profit/(Loss) Attributable to Owners of the Company
RM'000



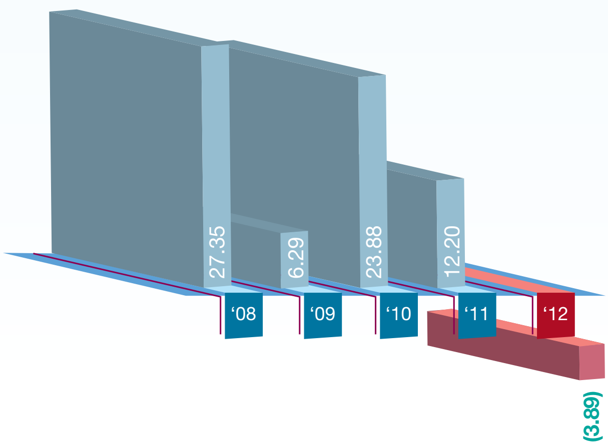
Total Equity Attributable to Owners of the Company
RM'000



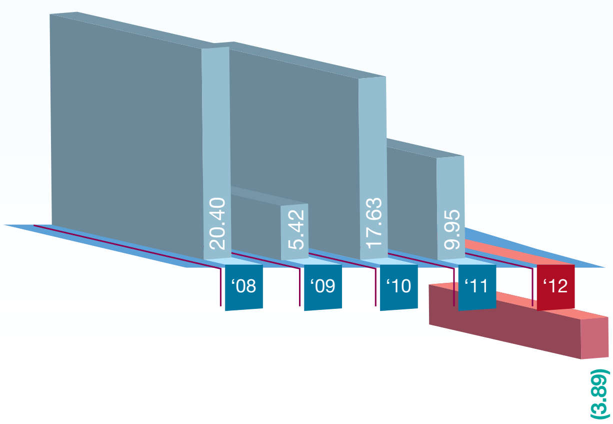
Net Assets Per Share
Sen



Basic Earning/(Loss) Per Share
Sen



Diluted Earning/(Loss) Per Share
Sen



Corporate Governance Statement

PRINCIPLE STATEMENT

The Board of Directors ("the Board") believes that a sound corporate governance structure is vital to ensure sustainability as well as business growth. Hence, the Board fully supports and is committed to ensure that the highest standard of corporate governance as prescribed by the following is practised throughout the Group:

- Malaysian Code on Corporate Governance 2012 ("MCCG 2012")
- Bursa Securities Main Market Listing Requirements ("Listing Requirements")

A. BOARD OF DIRECTORS

Board Roles and Responsibilities

The Board plays an active role in directing management in an effective and responsible manner. The Directors, collectively and individually, has a legal and fiduciary duty to act in the best interest of the Company and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability.

The Board assumes, amongst others, the following major responsibilities:-

(a) Ensuring that the Company goals are clearly established and that strategies are in place for achieving them;

(b) Establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;

(c) Monitoring the performance of Management;

(d) Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;

(e) Ensuring that the Company's financial statements are true and fair and conform with law;

(f) Ensuring that the Company adheres to high standards of ethics and corporate behaviour; and

(g) Ensuring that the Company has appropriate risk management/regulatory compliances policies in place.

As part of governance process, the Board has formalised and adopted the Board Charter. The Board Charter incorporated the Code of Ethics and Conduct for Directors, which are intended to–

- codify a standard of conduct by which all Directors are expected to abide;
- protect the business interests of the Company;
- maintain the Company's reputation for integrity; and
- foster compliance with applicable legal and regulatory obligations

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 2012, 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 and complied with the requirements on attendance at Board meetings as stipulated in the Listing Requirements. The Company Secretaries attended all the Board meetings held in the year.

Corporate Governance Statement

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 A. Razak Bin Ramli	5/5	100
Datuk Kamarudin Bin Md. Ali	5/5	100

Supply of information

The relevant papers for Board meetings, with full and fair disclosures relating to the agenda items, are disseminated to all the Directors in advance to enable them to prepare for the meetings. The Board meeting papers 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 meeting 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 and/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 Secretaries 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 unlimited direct access to the professional advice and services of the Company Secretaries 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 Secretaries on Board procedures and the Company Secretaries ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Board believes that the Company Secretaries are capable of carrying out their duties in ensuring the effective functioning of the Board.

Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management and have at least two (2) private sessions in a year with the external auditors. The Directors, whether as full Board or individual capacity, may seek independent professional advice in furtherance of their duties. If such advice is considered necessary, it shall be first discussed with the Chairman and having done so, shall be free to proceed. Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.

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 Board ensures that at any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members comprise Independent Directors who meet the qualification as prescribed in the Listing Requirements. A brief profile of each Director is presented on pages 11 to 13 of this Annual Report and is also available on the website of the Company.

Corporate Governance Statement

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the Listing Requirements. 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 judgment or the ability to act in the best interests of the Company.

The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing, 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 coordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors contribute objective and independent judgment to the decision-making of the Board and provide a check and balance to the decisions of the Executive Directors besides ensuring that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board. 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.

The Board agrees that the Company should apply the principle in the MCCG 2012 in relation to reinforcing independence. The Board has in place policies and procedures to ensure effectiveness of the Independent Directors. The Board has assessed, reviewed and determined that the four (4) Independent Non-Executive Directors of the Company remain objective and independent. These were based on grounds that they have consistently challenged management in an effective and constructive manner besides actively participated in board discussion and provided an independent voice on the Board.

On the option of the recommendation to set the tenure of an independent director at 9 years or to seek shareholders' approval to retain an independent director who has served in that capacity for more than 9 years, the Board has deliberated and agreed to apply the recommendation on limiting the tenure of an independent director of the Company to 12 years. Upon the completion of the 12 years, the independent director will be re-designated as non-independent director should the other Directors wish to retain him on the Board.

There is a clear division of responsibility at the head of the Company to ensure balance of power and authority. The Group is led by the Group Executive Chairman and Group Managing Director with their roles distinct, separated and responsibilities clearly defined between them. The Group Executive Chairman, Dato' Lim Kiam Lam is responsible for ensuring the integrity and effectiveness of the governance process of the Board while Dato' Lim Hong Thye, the Group Managing Director leads the executive management and is responsible for the implementation of Group's policies and strategies besides overseeing and managing the day-to-day operations of the Group.

The MCCG 2012 recommends that the Chairman must be a Non-Executive Board member and if he is not an independent director, the Board must comprise a majority of independent directors. Although the Group Executive Chairman of the Company is not an Independent Director, the Board currently comprised four (4) Independent Directors, a good balance out of the total number of eight (8) Board members. The Board also believes that the interests of shareholders are best served by a Chairman who is sanctioned by the shareholders and who will act in the best interests of shareholders as a whole. As the Chairman is representing the shareholder who has substantial interest in the Company, he is well-placed to act on behalf of shareholders and in their best interests.

The Board has also appointed Dato' Ong Kim Hoay as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

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 MCCG 2012.

Corporate Governance Statement

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 Meetings and Group Legal & 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.

Appointments to the Board

Nominating Committee

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

- Tan Sri 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 2012.

The Nominating Committee's responsibilities include assessing and recommending to the Board the candidature of directors, appointment of directors to Board Committees, re-election and re-appointment of directors, review of board's succession plans and training programmes for the board.

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. As part of the recruitment process and annual assessment of directors, the Nominating Committee will review the professionalism, integrity, honesty, competency, commitment, contribution and performance and ensure no conflict of interest arises that would impair their ability to represent the interest of the Company's shareholders and stakeholders and to fulfill the responsibilities of a director. The Nominating Committee will also consider a mix of Board members that represents a diversity of background and experience. No individuals shall be discriminated against on the basis of race, religion, national origin, disability or any other basis, including gender.

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 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. Directors are encouraged to attend various training programmes and to participate in site visits at business locations to constantly update their knowledge as well as enhance their skills. The Board is also updated by the Company Secretary on the latest update/amendments on Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

During the year, an in-house briefing was conducted on the topic of "Malaysian Code on Corporate Governance 2012" where the Directors were briefed and discussion held on the 8 broad principles and specific recommendations of the revised Code.

Corporate Governance Statement

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

Name of Director	Mode	Title	Duration
Dato' Lim Kiam Lam	Seminar	National Key Economic Areas - Wholesale and Retail, Greater Kuala Lumpur & Financial Services	½ day
	Conference	ACCCIM 3rd SME Conference “Regeneration 2.1 – Innovation, Talent & Market”	1 day
Dato' Lim Hong Thye	Forum	Malaysia - China Economic Program	4 days
	Forum	CPA Congress 2012	1 day
Lim Sin Seong	Talk	The Case for Diversity in the Boardroom	½ day
	Talk	Effective Dispute Resolution for Corporate Malaysia	½ day
	Seminar	National Key Economic Areas – Tourism, Education & Healthcare	½ day
	Seminar	Renminbi Settlement for Trade & Investment in Malaysia	½ day
	Forum	Bursa Malaysia's Half Day Governance Programme - The Key Components of Establishing and Maintaining World-Class Audit Committee Reporting Capabilities & What Keeps An Audit Committee Up At Night?	½ day
	Talk	A Specialist Construction Court for Malaysia	½ day
	Seminar	Malaysia Budget 2013 - Tax Changes and the Impact on Businesses	½ day
	Seminar	Competitiveness in Services Industries Interactive Stakeholder	½ day
Lim Kien Lip	Talk	The Case of Diversity in the Boardroom	½ day
	Seminar	Effective Dispute Resolution for Corporate Malaysia	½ day
	Seminar	Bursa Malaysia Half Day Governance Programme - Corporate Governance Blueprint & the Malaysian Code on Corporate Governance 2012	½ day
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	Forum	Bursa Malaysia's Half Day Governance Programme - The Key Components of Establishing and Maintaining World-Class Audit Committee Reporting Capabilities & What Keeps An Audit Committee Up At Night?`	½ day
	Forum	Igniting Capital Markets for Social Good	2 days
	Forum	Asian Mining & Energy Investment	2 days
	Briefing	Transfer Pricing	½ day
	Review	Economic Review	2 hours
	Presentation	Currency Fluctuations and Economic Meltdown	2 hours
	Presentation	Coping with Recession - Global and Local	1 day
	Forum	Global Social Innovators Forum	2 days
	Forum	Responsible Stewardship - A Model for Sustainability	4 days
Dato' Ong Kim Hoay	Seminar	IFRS Convergence	1 day
Tan Sri A. Razak Bin Ramli	Seminar	Board IT Governance & Risk Management	2 days
	Seminar	Risk Committee Program - Bank	2 days
	Seminar	Role of the Audit Committee in Assuring Audit Quality	1 day
	Seminar	Governance Advocacy - Making the Most of The Chief Financial Officer Role: Everyone's Responsibility?	1 day

Corporate Governance Statement

Name of Director	Mode	Title	Duration
Tan Sri A. Razak Bin Ramli	Seminar	Human Capital Management	1 day
	Forum	Business Forum 2012 - "Navigating Turbulence"	1 day
	Training	1. Key Provisions in the Proposed Companies Bill and Introduction to Limited Liability Partnerships 2. The Malaysian Code on Corporate Governance 2012 - Practical Challenges for Directors of Listed Companies 3. Highlights of new legislations in Malaysia :– • The Minimum Retirement Age Act 2012 • The Minimum Wages Order 2012 • The Personal Data Protection Act 2010 • New Section 114A of the Evidence Act 1950 4. Social Media – Opportunity or Threat? 5. How safe are you?	1 day
Datuk Kamarudin Bin Md Ali	Seminar	Effective Dispute Resolution for Corporate Malaysia	1 day
	Seminar	Role of the Audit Committee in Assuring Audit Quality	1 day
	Seminar	Making the most of the Chief Financial Officer Role	1 day
	Seminar	Governance, Risk Management & Compliance: What Director Should Know	1 day

B. DIRECTORS' REMUNERATION

Remuneration Committee

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

- Dato' Ong Kim Hoay *(Chairman)*
- Tan Sri 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 2012.

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 Directors lies with the Board, with the respective 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 based on a remuneration package that reflects market value, individual performance, job responsibilities and the Group's performance against financial objectives.

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.

Corporate Governance Statement

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	3,048	280	1,529	565	132	5,554
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
RM800,001 to RM850,000	1	-
RM950,001 to RM1,000,000	1	-
RM1,600,001 to RM1,650,000	1	-
RM2,050,001 to RM2,100,000	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 practised relevant and timely disclosure of material corporate developments as required by Listing Requirements. Due care is also taken to ensure all information being disseminated and conveyed via the Group's website and press interviews are authorised, accurate and timely. Notices for meetings are also served earlier than the minimum notice period.

The Group will conduct briefings to analysts 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 Securities's website and the Group's website at www.annjoo.com.my.

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

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.

Corporate Governance Statement

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.

In view of the challenging economic and operating environment, the Board has elected to conserve adequate funds to meet the Group's financial obligations and to uphold a healthy capital base for future profitability. Therefore, no dividend has been declared in respect of the financial year ended 31 December 2012.

D. ACCOUNTABILITY AND AUDIT

Financial reporting

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

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 systems have clear management support, including the involvement of the Board, and is designed to meet the risk to which the Group is exposed to. The Board is satisfied with the design of the internal control systems and believes that there is compliance with all of the requirements.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Group, is set out on pages 32 to 33 of this Annual Report.

Relationship with the Auditors

The Board has established and maintained a formal and transparent relationship with the Group's Auditors through the Audit Committee. During the year, the Audit Committee met with the Group's internal auditor at every Audit Committee Meeting of the Company, including two (2) occasions with the external auditors without the presence of the Executive Directors and Management.

COMPLIANCE STATEMENT

The Group has complied substantially with the principles and best practices outlined in the MCCG 2012. 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 23 April 2013.

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

COMPOSITION

The present members of the Committee are as follows:-

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

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 2012, 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 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 2012 on 28 February and 27 November 2012 respectively without the presence of the Management including the Executive Board members.

The Company Secretaries 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

Group Assurance & Advisory provides the Board, Audit Committee and senior Management the highest level of independence and objectivity within the Group. The function provides assurance on the effectiveness of internal controls, risk management and governance.

The scope of this assurance which is reported to the Board, Audit Committee and senior Management covers:

- Efficiency and effectiveness of operations; safeguarding the assets; reliability and integrity of reporting processes and compliance with laws, regulations, policies, procedures and contracts.
- All elements of internal control framework, which includes internal control environment, information and communication and monitoring.
- Divisions, operating units and functions including business processes such as production, safety and operations as well as supporting functions e.g. human resources.

At the conclusions of the audits, areas for improvements together with audit recommendations, management action plans were promptly reported. Follow-up audit reviews were conducted to verify the efficiency and effectiveness of corrective actions taken to rectify the audit issues.

The cost incurred for the function in year 2012 was RM 256,000 (2011:RM 289,000)

Statement on Risk Management and Internal Control

BOARD RESPONSIBILITY

The Board of Directors recognizes 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.

At the Group level, risk concentration is on market risk, credit risk and foreign exchange risk while at subsidiaries risk concentration is of operational risk.

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 risk and controls system are structured as such:

i) Specific responsibilities have been delegated to the relevant committees e.g. Group Legal & Credit Committee, Group Management 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 the existence of three lines of defense which enhance the clarity regarding risks and controls e.g. operational management, multiple compliance functions (safety, health and environment, integrated management system, corporate secretarial, group risk management, legal, group corporate and group finance, a controllership function that monitors financial risks and financial reporting issues) and internal audit function which provides assurance on the effectiveness of the governance, risk management and internal controls.

iii) There is an organizational structure which formally defines and entrench lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

iv) Management committee meetings e.g. divisional, operations and technical are periodically held to review and oversee the Group's performance and to achieve greater operational effectiveness and efficiency.

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

vi) 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 cognizant of the importance of maintaining appropriate controls and will continue to review the adequacy, integrity and implementation of appropriate internal controls system.

There has been an affirmation by both Group Managing Director and the Group Finance Director in regards to this Statement.

Statement on Risk Management and Internal Control

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by the Listing Requirements of Bursa Malaysia Securities Berhad, 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 cause 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.

Note :

Market risk	*: the risk arising from market price movements.*
Credit risk	*: the risk of a loss from the failure in the ability of counterparty to fulfill obligations.*
Foreign exchange risk	*: arises from potential movements in values of foreign currencies to the domestic currency.*
Operational Risk	*: breakdown of process and/or equipment either in whole or in parts (depending on the availability of replacement unit or spare parts) will cause production outage for a prolonged period (more than 3 days).*

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

At Ann Joo Group, Corporate Social Responsibility has always been essential. Our belief of caring and sharing with people, business associates and the community are constantly strong. Ann Joo Group's CSR efforts are focus on Community, Education and Employee Welfare which taking into consideration its responsibilities to and the expectations of its stakeholders.

COMMUNITY

Over the year, Ann Joo Group has established a close bond with the community in Klang Valley and Penang. We never choose certain groups in contributing because we care to all those in need. In total for the year, our financial contributions are channelled to charity functions, charity homes around the Klang Valley and Penang, residents associations and schools in need.

EDUCATION

TARC-ANN JOO GROUP Student Loan Fund

A strong relationship has long standing by the establishment of Tunku Abdul Rahman College (TARC) - ANN JOO GROUP Student Loan Fund. The fund is being utilised to assist students in need of financial assistance. Up to Dec 2012, a total of RM 237,000.00 loan fund have been awarded to the needy students to pursue their studies. We will see the birth of prospective graduates in the near future 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).

Career Talk and Career Fair

Our concern for the youth never waned. As responsible citizens of the community, Ann Joo Group has been involved in providing guidance and advice to the prospective graduates during the career talk and career fair at Tunku Abdul Rahman College (TARC), Multimedia University and University Tunku Abdul Rahman (UTAR).

On-campus Interview with INTI International College Subang

As for this year in several occasions, we have also participated in 'On-campus Interview' with INTI International College Subang. This is an effort and one method of getting closer to our potential graduates, which will be the potential successor to Ann Joo Group.

Statement of Corporate Social Responsibility

Besides visiting their campus, we also received a visit from Institute Kemahiran Belia Negara (IKBN) Pagoh to Ann Joo Steel Berhad – Rolling Mill 3 based at Shah Alam. In this tour, the future graduates will be able to see and to have a closer feel of working conditions in the steel manufacturing sector.

EMPLOYEE WELFARE

Employees are the backbone of any company. Ann Joo employees participated in various events held during the year 2012 which were durian festival, bowling, football, badminton, fishing and paintball tournaments. These activities brought about bonding and employee engagement to enhance harmonious relationship.

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 with 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 shareholder interests. The Group will strive to continue improving communications to ensure that we are able to report in a transparent and consistent manner and outperform the expectations of our investors.

Statement of Environmental Sustainability

ENVIRONMENTAL MANAGEMENT SYSTEM

Ann Joo Steel Berhad (AJSB), a wholly-owned 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 every year.

Ann Joo Integrated Steel Sdn. Bhd. (AJIS), another wholly-owned subsidiary of the Company has begun the practice of Integrated Management System (IMS) similar to AJSB, creating the awareness on environmental sustainability. Environmental aspect such as air, noise and the discharge water were monitored and the Company's activities are audited by a third party. All the results are in full compliance with the regulations and meets the environmental performance.

ENVIRONMENTAL ASPECTS AND THEIR INITIATIVES

For the Manufacturing Division of the Group, the principle environmental aspects and their related initiatives are summarised below:-

No.	Environmental Aspects	Environmental Initiatives
1.	Natural Resources	The Steel-Making Plant (SMP) has implemented various optimal operations to improve product quality, maximize outputs and conserve natural resources such as aluminium, coke, lime, etc. One of the Rolling Mill`s oil fire burner has been converted to natural gas consumption to reduce the dependence on oil and this created cleaner gas emission.
2.	Dust Emission	The existing anti-pollution system at the Electric Arc Furnace (EAF) has been upgraded and the plant's existing capability has improved to prevent fugitive dust emitted into the atmosphere.
3.	Energy Saving	The EAF has started using hot metal from the blast furnace to supplement scrap, resulting in a huge reduction in electricity usage. Top Gas Pressure Recovery Turbine (TRT) has started using blast furnace gas from blast furnace process to generate electricity for internal consumption.

Other Information

SHARE BUYBACKS/RESOLD

As at 31 December 2012, a total of 490,800 re-purchased shares are being held as treasury shares with none of the shares being cancelled, resold or distributed during the financial year.

Details of shares purchased during the financial year ended 31 December 2012 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 2012	30,000	61,648	2.04	2.04	2.05
September 2012	260,000	352,610	1.32	1.50	1.36
October 2012	200,800	266,258	1.31	1.32	1.33
Total	490,800	680,516			

^ *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 number 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.

As at 31 December 2012, the total number of warrants which remained unexercised was 261,352,739 warrants. The warrants were de-listed on 11 January 2013.

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 2012 are as follows:

		RM
Deloitte KassimChan	Review of statement on internal control	5,000
Deloitte Touche Tohmatsu Tax Services Sdn. Bhd.	Tax compliance services	83,135
Deloitte Touche Tohmatsu Tax Services Sdn. Bhd.	Seminar for Transfer Pricing and Advance Pricing Agreements Rules	800
Deloitte & Touche LLP	GST compliance for Singapore subsidiary	12,483
		101,418

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 2012

The Directors of **ANN JOO RESOURCES BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are as stated in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Loss attributable to:		
Owners of the Company	(19,482)	(1,025)
Non-controlling interests	615	-
	(18,867)	(1,025)

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the changes in accounting policies as disclosed in Note 37 to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid a final single tier dividend of 3.50 sen per ordinary share totaling RM17,539,609 in respect of the financial year ended 31 December 2011 on 21 June 2012.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debenture during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the year by virtue of the exercise of any option to take up unissued shares in the Company. As of the end of the year, there were no unissued shares of the Company under options.

Directors' Report
for the year ended 31 December 2012

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

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

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, 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, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

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 A. Razak Bin Ramli
Datuk Kamarudin Bin Md Ali

Directors' Report
for the year ended 31 December 2012

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:

(a) Shares in the Company

	Number of ordinary shares of RM1 each			
	Balance at 1.1.2012	**Acquired**	**Sold**	**Balance at 31.12.2012**
Direct interest				
Dato' Lim Kiam Lam	2,772,750	-	-	2,772,750
Dato' Lim Hong Thye	1,259,400	100,000	-	1,359,400
Dato' Ong Kim Hoay	142,500	-	-	142,500
Indirect interest				
Dato' Lim Kiam Lam*	330,635,832	-	-	330,635,832
Lim Sin Seong*	328,255,032	-	-	328,255,032
Lim Kien Lip*	1,500,000	-	-	1,500,000

(b) Shares in the Ultimate Holding Company - Ann Joo Corporation Sdn. Bhd.

	Number of ordinary shares of RM1 each			
	Balance at 1.1.2012	**Acquired**	**Sold**	**Balance at 31.12.2012**
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

(c) Warrants in the Company

	Number of warrants				
	Balance at 1.1.2012	**Granted/ Acquired**	**Exercised**	**Sold/ Transferred**	**Balance at 31.12.2012**
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	-	-	1,053,700	177,247,880
Lim Sin Seong*	177,077,905	-	-	-	177,077,905
Lim Kien Lip*	752,300	-	-	-	752,300

* *Deemed interested 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 2012

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 in office at the end of the financial year had any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefits (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements or the fixed salaries of full-time employees of the Company) 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.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 36 to the financial statements.

HOLDING COMPANY

The ultimate holding company of the Company is Ann Joo Corporation Sdn. Bhd., a private limited liability company incorporated in Malaysia.

AUDITORS

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

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

DATO' LIM KIAM LAM

DATO' LIM HONG THYE

Kuala Lumpur

Date: 23 April 2013

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 of the Group and of the Company as of 31 December 2012, and the statements of comprehensive income, statements of changes in equity and statements of 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 48 to 123.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia. The Directors are also responsibile for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the 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 auditors' reports of the subsidiaries of which we have not acted as auditors, as shown in Note 16 to the financial statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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 as required by us for those purposes; and

(d) the auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any adverse comment made under sub-section (3) of Section 174 of the Act.

Independent Auditors' Report
to the Members of Ann Joo Resources Berhad

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 124 of the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits and Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. As stated in Note 2 to the financial statements, **ANN JOO RESOURCES BERHAD** adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. 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 towards any other person for the contents of this report.

3. The financial statements of the Company for the year ended 31 December 2011 were audited by another firm of auditors whose report dated 27 April 2012 expressed an unmodified opinion on those statements.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEE YOON CHONG
Partner – 1829/07/13(J)
Chartered Accountant

23 April 2013

Statements of Comprehensive Income
for the year ended 31 December 2012

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	5	2,080,237	2,237,320	-	103,224
Cost of sales		(2,038,049)	(2,050,217)	-	-
Gross profit		42,188	187,103	-	103,224
Other operating income		35,102	4,384	1	2
Administrative expenses		(84,457)	(86,520)	(1,086)	(1,138)
Other operating expenses		(1,081)	(17,419)	(185)	-
Results from operating activities		(8,248)	87,548	(1,270)	102,088
Interest income	6	1,646	1,307	434	16
Finance costs	7	(30,418)	(24,234)	-	-
Operating (loss)/profit	8	(37,020)	64,621	(836)	102,104
Share of results of an associate		(111)	114	-	-
(Loss)/Profit before tax		(37,131)	64,735	(836)	102,104
Income tax credit/(expense)	9	18,264	(2,622)	(189)	(1,544)
(Loss)/Profit for the year		(18,867)	62,113	(1,025)	100,560
Other comprehensive income/(loss)					
Exchange differences on translating foreign operations		(17)	3	-	-
Change in fair value of equity securities classified as available for sale		63	(40)	-	-
Income tax relating to components of other comprehensive income		212	16	-	-
Other comprehensive income/(loss) for the year, net of tax		258	(21)	-	-
Total comprehensive (loss)/income for the year		(18,609)	62,092	(1,025)	100,560
(Loss)/Profit attributable to:					
Owners of the Company		(19,482)	61,134	(1,025)	100,560
Non-controlling interests		615	979	-	-
(Loss)/Profit for the year		(18,867)	62,113	(1,025)	100,560
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(19,224)	61,113	(1,025)	100,560
Non-controlling interests		615	979	-	-
Total comprehensive (loss)/income for the year		(18,609)	62,092	(1,025)	100,560
(Loss)/Earnings per ordinary share (sen):					
Basic	10	(3.89)	12.20		
Diluted	10	(3.89)	9.95		

The accompanying Notes form an integral part of the Financial Statements.

Statements of Financial Position
as at 31 December 2012

		The Group			The Company		
		31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	12	1,147,310	1,144,470	1,070,052	-	-	-
Prepaid lease payments	13	11,802	12,120	12,439	-	-	-
Investment properties	14	4,199	6,912	6,994	1,827	1,849	1,870
Intangible assets	15	7,459	8,012	8,566	-	-	-
Investment in subsidiaries	16	-	-	-	880,049	883,754	871,784
Investment in an associate	17	-	1,280	1,166	-	-	-
Other investments	18	253	262	303	-	-	-
Deferred tax assets	19	47,475	19,253	9,403	-	-	-
Total non-current assets		1,218,498	1,192,309	1,108,923	881,876	885,603	873,654
Current assets							
Inventories	20	1,339,427	1,280,143	1,239,676	-	-	-
Receivables and prepayments, including derivatives	21	284,286	280,882	298,826	31,027	46,892	6,628
Tax recoverable		11,107	6,328	1,726	60	249	1,188
Cash and bank balances	22	46,652	60,241	61,572	478	2,905	216
		1,681,472	1,627,594	1,601,800	31,565	50,046	8,032
Assets classified as held for sale	23	16,356	-	-	4,269	-	-
Total current assets		1,697,828	1,627,594	1,601,800	35,834	50,046	8,032
TOTAL ASSETS		2,916,326	2,819,903	2,710,723	917,710	935,649	881,686
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	24	522,708	522,708	522,708	522,708	522,708	552,708
Treasury shares	25	(71,259)	(70,579)	(68,954)	(71,259)	(70,579)	(68,954)
Other reserves	26	120,046	121,968	121,989	61,544	61,544	61,544
Retained earnings	26	465,268	500,110	484,176	402,696	421,261	364,659
Equity attributable to owners of the Company		1,036,763	1,074,207	1,059,919	915,689	934,934	879,957
Non-controlling interests		4,674	4,059	14,731	-	-	-
Total equity		1,041,437	1,078,266	1,074,650	915,689	934,934	879,957

Statements of Financial Position
as at 31 December 2012

		The Group			The Company		
		31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current liabilities							
Loans and borrowings	27	399,690	493,730	46,600	-	-	-
Provision for retirement benefits	28	7,404	7,154	7,591	-	-	-
Deferred tax liabilities	19	16,043	15,423	16,693	-	-	-
Total non-current liabilities		423,137	516,307	70,884	-	-	-
Current liabilities							
Loans and borrowings	27	1,259,700	1,043,842	1,414,644	-	-	-
Payables and accruals	29	187,334	179,513	146,846	2,021	715	1,729
Tax liabilities		1,045	1,975	3,699	-	-	-
		1,448,079	1,225,330	1,565,189	2,021	715	1,729
Liabilities directly associated with assets classified as held for sale	23	3,673	-	-	-	-	-
Total current liabilities		1,451,752	1,225,330	1,565,189	2,021	715	1,729
Total liabilities		1,874,889	1,741,637	1,636,073	2,021	715	1,729
TOTAL EQUITY AND LIABILITIES		2,916,326	2,819,903	2,710,723	917,710	935,649	881,686

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes in Equity
for the Year Ended 31 December 2012

The Group	Note	Share capital RM'000	Non-distributable reserves: Other reserves RM'000	Distributable reserves: Treasury shares RM'000	Distributable reserves: Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011		522,708	121,989	(68,954)	484,176	1,059,919	14,731	1,074,650
Profit for the year		-	-	-	61,134	61,134	979	62,113
Other comprehensive loss for the year		-	(21)	-	-	(21)	-	(21)
Total comprehensive income for the year		-	(21)	-	61,134	61,113	979	62,092
Share buybacks	25	-	-	(1,625)	-	(1,625)	-	(1,625)
Acquisition of non-controlling interests	16	-	-	-	(1,242)	(1,242)	(10,728)	(11,970)
Dividends to owners of the Company	11	-	-	-	(43,958)	(43,958)	-	(43,958)
Dividends to non-controlling interests		-	-	-	-	-	(923)	(923)
At 31 December 2011		522,708	121,968	(70,579)	500,110	1,074,207	4,059	1,078,266
At 1 January 2012		522,708	121,968	(70,579)	500,110	1,074,207	4,059	1,078,266
Loss for the year		-	-	-	(19,482)	(19,482)	615	(18,867)
Other comprehensive income for the year		-	46	-	212	258	-	258
Total comprehensive loss for the year		-	46	-	(19,270)	(19,224)	615	(18,609)
Realisation of other equity reserves to retained earnings upon disposal of property, plant and equipment		-	(1,968)	-	1,968	-	-	-
Share buybacks	25	-	-	(680)	-	(680)	-	(680)
Dividends to owners of the Company	11	-	-	-	(17,540)	(17,540)	-	(17,540)
At 31 December 2012		522,708	120,046	(71,259)	465,268	1,036,763	4,674	1,041,437

Statements of Changes in Equity
for the Year Ended 31 December 2012

			Non-distributable reserves	Distributable reserves		
		Share capital	Other reserves	Treasury shares	Retained earnings	Total equity
The Company	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2011		522,708	61,544	(68,954)	364,659	879,957
Total comprehensive income for the year		-	-	-	100,560	100,560
Share buybacks	25	-	-	(1,625)	-	(1,625)
Dividends to owners of the Company	11	-	-	-	(43,958)	(43,958)
At 31 December 2011		522,708	61,544	(70,579)	421,261	934,934
At 1 January 2012		522,708	61,544	(70,579)	421,261	934,934
Total comprehensive loss for the year		-	-	-	(1,025)	(1,025)
Share buybacks	25	-	-	(680)	-	(680)
Dividends to owners of the Company	11	-	-	-	(17,540)	(17,540)
At 31 December 2012		522,708	61,544	(71,259)	402,696	915,689

The accompanying Notes form an integral part of the Financial Statements.

Statements of Cash Flows
for the Year Ended 31 December 2012

		The Group		The Company	
CASH FLOW(USED IN)/FROM OPERATING ACTIVITIES	**Note**	**2012 RM'000**	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
(Loss)/Profit before tax		(37,131)	64,735	(836)	102,104
Adjustments for:					
Inventories written down	20	23,388	23,581	-	-
Allowance for impairment losses on receivables	21.5	380	1,170	-	-
Bad debts written off		96	-	-	-
Reversal of allowance for impairment losses on receivables	21.5	(1,247)	(1,310)	-	-
Amortisation of intangible assets	15	553	554	-	-
Amortisation of prepaid lease payments	13	318	319	-	-
Amortisation of investment in club membership	18	1	1	-	-
Depreciation of property, plant and equipment	12	47,500	32,831	-	-
Depreciation of investment properties	14	57	82	22	21
Gain on disposal of property, plant and equipment - net		(3,075)	(463)	-	-
Impairment loss on investment in subsidiaries		-	-	185	-
Interest expense		30,418	24,234	-	-
Interest income		(1,646)	(1,307)	(434)	(16)
Loss on disposal of investment properties		18	-	-	-
Loss on disposal of other investments		2	-	-	-
Property, plant and equipment written off	12	31	12	-	-
Retirement benefits	28	717	848	-	-
Share of results of an associate		111	(114)	-	-
Unrealised (gain)/loss on foreign exchange		(2,799)	15,575	-	-
		57,692	160,748	(1,063)	102,109
Movements in working capital:					
(Increase)/Decrease in:					
Inventories		(84,418)	(64,048)	-	-
Receivables and prepayments		(8,080)	18,161	15,865	(40,264)
Increase/(Decrease) in:					
Payables and accruals		12,395	32,282	1,306	(1,014)
Cash (used in)/from operations		(22,411)	147,143	16,108	60,831
Income tax paid		(14,956)	(20,052)	-	(605)
Retirement benefits paid		(1,188)	(1,203)	-	-
Interest income received		1,635	1,291	-	-
Finance costs paid		(27,982)	(21,671)	-	-
Net cash (used in)/from operating activities		(64,902)	105,508	16,108	60,226

Statements of Cash Flows
for the Year Ended 31 December 2012

		The Group		The Company	
CASH FLOW(USED IN)/FROM OPERATING ACTIVITIES	**Note**	**2012 RM'000**	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Acquisition of non-controlling interests		-	(11,970)	-	(11,970)
Increase in investment in subsidiaries		-	-	(749)	-
Interest received		11	16	434	16
Proceeds from disposal of investment properties		2,638	-	-	-
Proceeds from disposal of property, plant and equipment		9,837	667	-	-
Purchase of property, plant and equipment	12	(58,649)	(107,465)	-	-
Net cash used in investing activities		(46,163)	(118,752)	(315)	(11,954)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Interest paid		(2,436)	(2,563)	-	-
Dividends paid to non-controlling interests		-	(923)	-	-
Dividends paid to owners of the Company		(17,540)	(43,958)	(17,540)	(43,958)
Proceeds from bank borrowings		2,350,653	2,459,065	-	-
Repayment of bank borrowings		(2,225,991)	(2,398,095)	-	-
Share buybacks	25	(680)	(1,625)	(680)	(1,625)
Withdrawal/(Placement) of deposits pledged with licensed banks		693	(4,049)	-	-
Net cash from/(used in) financing activities		104,699	7,852	(18,220)	(45,583)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,366)	(5,392)	(2,427)	2,689
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		53,768	59,148	2,905	216
Effects of exchange differences		(2)	12	-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	22	47,400	53,768	478	2,905

The accompanying Notes form an integral part of the Financial Statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding, whilst the principal activities of its subsidiaries are as stated in Note 16.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries during the financial year.

The registered office and principal place of business of the Company is located at Wisma Ann Joo, Lot 19391, Batu 8 ½, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan.

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

The financial statements of the Group and of the Company were authorised for issuance by the Board of Directors in accordance with a resolution of the Directors on 23 April 2013.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

2.1 Adoption of Malaysian Financial Reporting Standards

The Group's and the Company's financial statements for the year ended 31 December 2012 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

The transition to MFRSs is accounted for in accordance with MFRS 1: *First-time Adoption of Malaysian Financial Reporting Standards,* with 1 January 2011 as the date of transition. The changes in accounting policies as a consequence of the transition to MFRSs and the reconciliations of the effects of the transition to MFRSs are presented in Note 37.

2.2 Standards and IC Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 1	Government Loans (Amendments relating to Government Loans)[2]
MFRS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009 and October 2010 respectively)][1]
MFRS 7	Financial Instruments: Disclosures (Amendment relating to Disclosures – Offsetting Financial Assets and Liabilities)[2]
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)[3]
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)[3]
MFRS 10	Consolidated Financial Statements[2]
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance)[2]
MFRS 10	Investment Entities (Amendments relating to MFRS 10, MFRS 12 and MFRS 127)[5]
MFRS 11	Joint Arrangements[2]

Notes to the Financial Statements

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

2.2 Standards and IC Interpretations in issue but not yet effective *cont'd*

MFRS 11	Joint Arrangements (Amendments relating to Transition Guidance)[2]
MFRS 12	Disclosure of Interests in Other Entities[2]
MFRS 12	Disclosure of Interest in Other Entities (Amendments relating to Transition Guidance)[2]
MFRS 13	Fair Value Measurement[2]
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)[4]
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)[2]
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)[2]
MFRS 128	Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)[2]
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)[5]
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine[2]

Amendments to MFRSs contained in the document entitled Annual Improvements 2009-2011 Cycle issued in July 2012[2]

1 Effective immediately on issuance date of 1 March 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2015 instead of 1 January 2013 immediately upon the issuance of Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and MFRS 7 relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" on 1 March 2012
4 Effective for annual periods beginning on or after 1 July 2012
5 Effective for annual periods beginning on or after 1 January 2014

The Directors anticipate that the abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

A brief description of the significant new MFRSs and Amendments to MFRSs that have been issued and may applicable to the Group and the Company is set out below:

Amendments to MFRS 7 and MFRS 132: Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to MFRS 132 clarify existing application issues relating to the offset of the financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to MFRS 7 introduce new disclosure requirements relating to rights of offset and related arrangements for financial instruments under an enforceable master netting agreements or similar arrangements. Both MFRS 132 and MFRS 7 require retrospective application upon adoption.

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

2.2 Standards and IC Interpretations in issue but not yet effective *cont'd*

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures *cont'd*

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("MFRS 9") relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" which became immediately effective on the issuance date of 1 March 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013, with earlier application still permitted as well as modified the relief from restating prior periods. MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduces new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of MFRS 9 are described as follows:

(a) All recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrecoverable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

(b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

MFRS 10, MFRS 11, MFRS 12, MFRS 127 and MFRS 128

In November 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including MFRS 10, MFRS 11, MFRS 12, MFRS 127 (IAS 27 as amended by IASB in May 2011) and MFRS 128 (IAS 28 as amended by IASB in May 2011).

Key requirements of these five Standards are described below.

MFRS 10 replaces the parts of MFRS 127 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. IC Int. 112 *Consolidation - Special Purpose Entities* will be withdrawn upon effective date of MFRS 10. Under MFRS 10, there is only one basis for consolidation, which is control. In addition, MFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in MFRS 10 to deal with complex scenarios.

MFRS 11 replaces MFRS 131 *Interests in Joint Ventures*. MFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. IC Int. 113 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of MFRS 11. Under MFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under MFRS 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under MFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under MFRS 131 can be accounted for using the equity method of accounting or proportionate consolidation.

Notes to the Financial Statements

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

2.2 Standards and IC Interpretations in issue but not yet effective *cont'd*

MFRS 10, MFRS 11, MFRS 12, MFRS 127 and MFRS 128 *cont'd*

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to MFRS 10, MFRS 11 and MFRS 12 were issued to clarify certain transitional guidance on the application of these MFRSs for the first time.

MFRS 13

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under MFRS 7 *Financial Instruments: Disclosures* will be extended by MFRS 13 to cover all assets and liabilities within its scope.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the "statement of comprehensive income" is renamed "statement of profit or loss and other comprehensive income" and the "income statement" is renamed the "statement of profit or loss".

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

MFRS 119 (IAS 19 as amended by IASB in June 2011)

The amendments to MFRS 119 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Further, the interest cost and expected return on plan assets used in the previous version of MFRS 119 are replaced with a "net-interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to MFRS 119 require retrospective application.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

2.2 Standards and IC Interpretations in issue but not yet effective *cont'd*

Amendments to MFRSs: Annual Improvements 2009 - 2011 Cycle

The *Annual Improvements 2009 – 2011 Cycle* include a number of amendments to various MFRSs. The amendments to MFRSs include:

- Amendments to MFRS 101 *Presentation of Financial Statements*
- Amendments to MFRS 116 *Property, Plant and equipment; and*
- Amendments to MFRS 132 *Financial Instruments: Presentation*

Amendments to MFRS 101

MFRS 101 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement of reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to MFRS 101 clarify that an equity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. Hence, the adoption of the amendments when it becomes effective will affect the presentation of the third statement of financial position and related notes in the future periods.

Amendments to MFRS 116

The amendments to MFRS 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in MFRS 116 and as inventory otherwise.

Amendments to MFRS 132

The amendments to MFRS 132 clarify that income tax relating to distribution to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with MFRS 112 *Income Taxes*.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the basis of the historical cost other than as disclosed in the accounting policies explained below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3.2 Basis of consolidation

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the financial statements of 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 2012 do not include any other entities.

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The financial statements of its subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. 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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.2 Basis of consolidation *cont'd*

(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.

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.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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 expensed as incurred.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Acquisitions before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS Framework as at the date of transition.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.2 Basis of consolidation *cont'd*

(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.

(iv) Loss of control

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.

(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. 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.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss.

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.

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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.2 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. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

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.

3.3 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

(a) Exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income;

(b) Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

(c) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

(d) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayments of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Foreign currencies *cont'd*

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

3.4 Non-current assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.5 Revenue recognition

(i) Sales of goods

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, carriage outwards and other costs directly related to sales. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rental income

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

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's 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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.6 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.

3.7 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 contributions 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 contribution plan

The Group and the Company are required by law to make monthly contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. The Group's and the Company's contributions to EPF are disclosed separately. The employees' contributions to EPF are included in salaries and wages.

(iii) 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 is recognised in the profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.8 Taxation

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

3.9 Property, plant and equipment

(i) Recognition and measurement

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

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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.9 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, with the effect of any changes in estimates accounted for prospectively.

3.10 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Freehold land is not depreciated and buildings are depreciated on a straight-line basis to write down the cost of each building to their residual values over their estimated useful lives. The principal annual depreciation rate is 2% per annum.

The estimated useful lives, residual values and depreciation method of investment properties are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.11 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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.11 Intangible assets *cont'd*

(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 expenditure is 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.

3.12 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.

3.13 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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.13 Provisions *cont'd*

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.

3.14 Cash and cash equivalents

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

3.15 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.

(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 and trade and other receivables.

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

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.15 Financial instruments *cont'd*

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

Financial assets *cont'd*

(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 3.17).

Financial liabilities

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

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

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

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

(iii) Financial guarantee contracts

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

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

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.15 Financial instruments *cont'd*

(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 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 profit or loss.

3.16 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, 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 statements 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.

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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.17 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. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables 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 classified as available for sale is not reversed through 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 profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset, assets arising from employee benefits 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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.17 Impairment of assets *cont'd*

(ii) Other assets *cont'd*

Impairment losses are recognised in 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.

3.18 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) Ordinary shares

Ordinary shares are classified as equity.

(iii) 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.

3.19 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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.20 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with MFRSs 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 12 - Measurement of recoverable amounts of property, plant and equipment
- Note 16 - Measurement of recoverable amounts of cash-generating unit
- Note 19 - Measurement of deferred tax assets
- Note 20 - Measurement of net realisable value of inventories

5. REVENUE

	The Group		The Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Sale of goods	2,078,314	2,235,180	-	-
Rental income from investment properties	1,923	2,140	-	-
Gross dividends from subsidiaries	-	-	-	103,224
	2,080,237	2,237,320	-	103,224

Revenue of the Group is arrived at after discounts, carriage outwards and other costs directly related to sales amounting to RM122,124,454 (2011: RM108,754,567).

Notes to the Financial Statements

6. INTEREST INCOME

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income received from:				
Deposits with licensed banks	771	768	11	16
Overdue account	875	539	-	-
Advance to subsidiaries	-	-	423	-
	1,646	1,307	434	16

7. FINANCE COSTS

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expenses for:				
Bank overdraft	5	7	-	-
Bills payable	13,355	13,415	-	-
Foreign currency trade finance	10,387	7,252	-	-
Redeemable bonds	3,962	-	-	-
Revolving credit	786	729	-	-
Term loans	1,923	2,831	-	-
	30,418	24,234	-	-

Notes to the Financial Statements

8. OPERATING (LOSS)/PROFIT

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Operating (loss)/profit is arrived at after charging:					
Allowance for impairment losses on receivables	21.5	380	1,170	-	-
Inventories written down	20	23,388	23,581	-	-
Amortisation of intangible assets	15	553	554	-	-
Amortisation of prepaid lease payments	13	318	319	-	-
Amortisation of investment in club membership	18	1	1	-	-
Auditors' remuneration:					
- current year		285	247	50	43
- overprovision in prior years		(1)	-	-	-
- non-audit fee		97	90	6	16
Bad debts written off		96	-	-	-
Depreciation of property, plant and equipment	12	47,500	32,831	-	-
Depreciation of investment properties	14	57	82	22	21
Employee benefits costs	8.1	114,359	98,935	-	-
Impairment loss on investment in subsidiaries		-	-	185	-
Loss on disposal of investment properties		18	-	-	-
Loss on disposal of other investments		2	-	-	-
Management fee paid to an associate		-	150	-	-
Property, plant and equipment written off	12	31	12	-	-
Rental of premises		2,389	2,363	-	-
Rental of equipment		4,263	2,196	-	-
Unrealised foreign exchange loss		-	15,575	-	-
and after crediting:					
Bad debts recovered		793	539	-	-
Reversal of allowance for impairment losses on receivables	21.5	1,247	1,310	-	-
Dividend income from:					
- subsidiaries		-	-	-	103,224
- others		1	2	-	-
Foreign exchange gain:					
- realised		26,436	3,130	-	-
- unrealised		2,799	-	-	-
Gain on disposal of property, plant and equipment		3,075	463	-	-
Rental income from:					
- an associate		73	43	-	-
- others		1,201	2,017	-	-

Notes to the Financial Statements

8. OPERATING (LOSS)/PROFIT *cont'd*

8.1. Employee Benefits Costs

Employee includes key management personnel

	The Group		The Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonus	99,651	86,733	-	-
Defined contribution plan	8,789	7,881	-	-
Provision for retirement benefits (Note 28)	717	848	-	-
Other staff related expenses	5,202	3,473	-	-
	114,359	98,935	-	-

8.2. Key Management Personnel Compensation

The key management personnel compensation is as follows:

	The Group		The Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Directors				
Fees	560	560	560	560
Remuneration	7,787	8,376	185	185
Defined contribution plan	950	1,073	-	-
Estimated monetary value of benefits-in-kind	274	288	-	-
Others	(1)	78	-	-
	9,570	10,375	745	745

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.

9. INCOME TAX (CREDIT)/EXPENSE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense:				
Malaysian tax	9,058	14,242	-	1,335
Foreign tax	214	-	-	-
Under/(Over)provision in prior years	9	(516)	189	209
	9,281	13,726	189	1,544
Deferred tax expense (Note 19):				
Current year	(26,414)	(8,672)	-	-
Overprovision in prior years	(1,131)	(2,432)	-	-
	(27,545)	(11,104)	-	-
	(18,264)	2,622	189	1,544

Reconciliation of effective tax expense

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(Loss)/Profit before tax	(37,131)	64,735	(836)	102,104
Taxation (credit)/expenses at Malaysian statutory tax rate of 25%	(9,283)	16,184	(209)	25,526
Effect of different tax rates in other countries and for Labuan trading activities	(129)	(18)	-	-
Tax effect on share of results of an associate	28	(28)	-	-
Tax effects of:				
- Non-deductible expenses	1,958	2,279	114	82
- Non-taxable income	(3,922)	(5)	-	(24,273)
Tax incentives	(10,924)	(13,930)	-	-
Deferred tax assets not recognised	5,130	1,088	95	-
(Over)/Underprovision in prior years:				
- Current tax	9	(516)	189	209
- Deferred tax	(1,131)	(2,432)	-	-
Income tax (credit)/expense	(18,264)	2,622	189	1,544

Notes to the Financial Statements

10. 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:

	The Group	
	2012 RM'000	2011 RM'000
(Loss)/Profit attributable to owners of the Company	(19,482)	61,134

	The Group	
	2012 '000	2011 '000
Weighted average number of ordinary shares at 31 December	501,017	501,161
Basic (loss)/earnings per ordinary share (sen)	(3.89)	12.20

Diluted earnings per ordinary share

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

As the exercise price of the warrant has exceeded the average market price of ordinary shares during the financial year, the warrants do not have dilutive effect on the weighted average number of ordinary shares.

	The Group	
	2012 RM'000	2011 RM'000
(Loss)/Profit for the year attributable to owners of the Company	(19,482)	61,134
Interest income on warrants exercised, net of tax	-	14,701
(Loss)/Profit attributable to owners of the Company (diluted)	(19,482)	75,835

	The Group	
	2012 '000	2011 '000
Weighted average number of ordinary shares at 31 December	501,017	501,161
Effect of exercise of warrants	-	261,352
Weighted average number of ordinary shares (diluted) at 31 December	501,017	762,513
Diluted earnings per ordinary share (sen)	(3.89)	9.95

Notes to the Financial Statements

11. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2012			
Final ordinary dividend 2011	3.50	17,540	21 June 2012
2011			
Final ordinary dividend 2010	4.75	23,875	16 June 2011
Interim ordinary dividend 2011	4.00	20,083	11 October 2011
		43,958	

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

The 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							
At 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/ 1 January 2012	189,059	60,775	515,366	811,505	14,257	43,375	1,634,337
Additions	-	-	82	3,750	1,708	53,109	58,649
Disposals	(6,400)	-	-	(583)	(930)	-	(7,913)
Written off	-	-	-	(415)	-	-	(415)
Reclassification	-	-	11,797	1,655	-	(13,452)	-
Reclassified as held for sale (Note 23)	-	-	-	(39,115)	(348)	-	(39,463)
At 31 December 2012	182,659	60,775	527,245	776,797	14,687	83,032	1,645,195
Accumulated depreciation and accumulated impairment losses							
At 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/ 1 January 2012							
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
Depreciation for the year	-	728	11,323	33,683	1,766	-	47,500
Disposals	-	-	-	(288)	(863)	-	(1,151)
Written off	-	-	-	(384)	-	-	(384)
Reclassified as held for sale (Note 23)	-	-	-	(37,813)	(134)	-	(37,947)
At 31 December 2012							
Accumulated depreciation	-	9,834	38,976	438,095	10,928	-	497,833
Accumulated impairment losses	43	-	9	-	-	-	52
	43	9,834	38,985	438,095	10,928	-	497,885

Notes to the Financial Statements

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

The Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery, tools, furniture, fittings and equipment RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
Carrying amounts							
At 1 January 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
At 31 December 2012	182,616	50,941	488,260	338,702	3,759	83,032	1,147,310

12.1 Security

Land and buildings with a carrying amount of RM141,328,589 (31 December 2011: RM143,153,000; 1 January 2011: RM143,732,000) are pledged to a bank as security for a term loan granted to a subsidiary (see Note 27).

Buildings, construction work-in-progress and all plant, machinery and equipment with a carrying amount of RM571,534,437 (31 December 2011: RM544,284,387; 1 January 2011: RMNil) are pledged to banks as security for redeemable bonds granted to a subsidiary (see Note 27).

12.2 Borrowing costs

Included in additions to construction work-in-progress of the Group is interest capitalised at rates ranging from 5.10% to 5.37% (31 December 2011: 5.16% to 5.37%; 1 January 2011: 4.15% to 4.85%) per annum amounting to RM21,503,804 (31 December 2011: RM23,062,330; 1 January 2011: RM17,622,000).

12.3 Long term leasehold land

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

12.4 Impairment assessment

As at 31 December 2012, the iron making plant of a subsidiary with carrying amount of RM571,534,437 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 fulfill its obligations as and when they fall due.
- A weighted average cost of capital of 5.86% (31 December 2011: 4.72%; 1 January 2011: 5.80%) has been applied to the cash flow projection.

Notes to the Financial Statements

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

12.4 Impairment assessment *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 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.

13. PREPAID LEASE PAYMENTS

The Group	**Unexpired period less than 50 years RM'000**
Cost	
At 1 January 2011/31 December 2011/1 January 2012/ 31 December 2012	13,509
Amortisation	
At 1 January 2011	1,070
Amortisation for the year	319
At 31 December 2011/1 January 2012	1,389
Amortisation for the year	318
At 31 December 2012	1,707
Carrying amounts	
At 1 January 2011	12,439
At 31 December 2011	12,120
At 31 December 2012	11,802

The unexpired portions of the leasehold land as at 31 December 2012 are within the range of 20 to 45 years (31 December 2011: 21 to 46 years; 1 January 2011: 22 to 47 years).

Notes to the Financial Statements

14. INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January 2011/31 December 2011/ 1 January 2012	600	1,870	4,524	6,994
Disposal	-	-	(2,700)	(2,700)
At 31 December 2012	600	1,870	1,824	4,294
Accumulated depreciation				
At 1 January 2011	-	-	-	-
Depreciation for the year	-	21	61	82
At 31 December 2011	-	21	61	82
Depreciation for the year	-	22	35	57
Disposal	-	-	(44)	(44)
At 31 December 2012	-	43	52	95
Carrying amounts				
At 1 January 2011	600	1,870	4,524	6,994
At 31 December 2011	600	1,849	4,463	6,912
At 31 December 2012	600	1,827	1,772	4,199
Fair value				
At 1 January 2011/31 December 2011/ 31 December 2012	600	1,870	1,824	4,294

The Company	Leasehold land RM'000
Cost	
At 1 January 2011/31 December 2011/1 January 2012/31 December 2012	1,870
Accumulated depreciation	
At 1 January 2011	-
Depreciation for the year	21
At 31 December 2011	21
Depreciation for the year	22
At 31 December 2012	43
Carrying amounts	
At 1 January 2011	1,870
At 31 December 2011	1,849
At 31 December 2012	1,827
Fair value	
At 1 January 2011/31 December 2011/31 December 2012	1,870

The fair value of investment properties are based on Directors' estimation 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.

Notes to the Financial Statements

15. INTANGIBLE ASSETS

The Group	Goodwill RM'000	Development Costs RM'000	Total RM'000
Cost			
At 1 January 2011/31 December 2011/1 January 2012/ 31 December 2012	7,398	2,767	10,165
Accumulated amortisation			
At 1 January 2011	216	1,383	1,599
Amortisation for the year	-	554	554
At 31 December 2011/1 January 2012	216	1,937	2,153
Amortisation for the year	-	553	553
At 31 December 2012	216	2,490	2,706
Carrying amounts			
At 1 January 2011	7,182	1,384	8,566
At 31 December 2011	7,182	830	8,012
At 31 December 2012	7,182	277	7,459

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 5.86% (31 December 2011: 4.72%; 1 January 2011: 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 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.

Notes to the Financial Statements

15. INTANGIBLE ASSETS *cont'd*

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.

16. INVESTMENT IN SUBSIDIARIES

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Unquoted shares, at cost	891,846	891,097	879,127
Less: Accumulated impairment losses	(7,528)	(7,343)	(7,343)
	884,318	883,754	871,784
Reclassified as held for sale (Note 23)	(4,269)	-	-
	880,049	883,754	871,784

Acquisition of non-controlling interests in 2011

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 subsidiary of the Company, at a total cash consideration of RM11,970,000. The acquisition was completed on 11 February 2011 and the Company's equity interest in ASP increased from 62% to 100%.

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.

The following summarises the effect of changes in the equity interest in ASP that is attributable to owners of the Company as at 31 December 2011:

	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	Effective equity interest			Principal activities
		31.12.2012	**31.12.2011**	**1.1.2011**	
		%	**%**	**%**	
Ann Joo Management Services Sdn. Bhd. *	Malaysia	100	100	100	Property management and management services
Ann Joo Metal Sdn. Bhd.	Malaysia	100	100	100	Trading, retailing, importing, exporting and supplying of all kinds of metal products

Notes to the Financial Statements

16. INVESTMENT IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows: *cont'd*

Name of subsidiary	Country of incorporation	Effective equity interest 31.12.2012 %	Effective equity interest 31.12.2011 %	Effective equity interest 1.1.2011 %	Principal activities
and its subsidiary					
AJE Best-on Sdn. Bhd. *	Malaysia	100	100	100	Dormant
Ann Joo (Sarawak) Sdn. Bhd. *	Malaysia	100	100	100	Dormant
and its subsidiary					
Lian Tiong Steel Fabrication& Civil Engineering Sdn. Bhd.*	Malaysia	100	100	100	Dormant
Ann Joo Trading Sdn. Bhd.*	Malaysia	100	100	100	Trading, retailing, importing, exporting and supplying of all kinds of metal products and building materials
Anshin Steel Industries Sdn. Bhd.	Malaysia	100	100	100	Manufacturing, sales and distribution of steel and iron products
and its subsidiary					
Anshin Casting Industries Sdn. Bhd. *	Malaysia	100	100	100	Dormant
Anshin Steel Service Centre Sdn. Bhd.	Malaysia	100	100	100	Steel service centre
Anshin Precision Industries Sdn. Bhd. #	Malaysia	59.12	59.12	59.12	Manufacturing and trading of precision press parts and related products
Anshin Steel Processor Sdn. Bhd.	Malaysia	100	100	62	Steel service centre
Saga Makmur Industri Sdn. Bhd.	Malaysia	100	100	100	Trading of steel and steel related products
Ann Joo Steel Berhad	Malaysia	100	100	100	Steel Mill

Notes to the Financial Statements

16. INVESTMENT IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows: *cont'd*

Name of subsidiary	Country of incorporation	Effective equity interest 31.12.2012 %	31.12.2011 %	1.1.2011 %	Principal activities
and its subsidiaries					
AJSB Properties Sdn. Bhd. *	Malaysia	100	100	100	Renting out of machinery and investment property holding
Malayawata Marketing Sdn. Bhd. *	Malaysia	100	100	100	Dormant
Sachiew Palm Oil Mill Sdn. Bhd. *	Malaysia	100	100	100	Dormant
AJSB Land Sdn. Bhd. *	Malaysia	100	100	100	Property management
Ann Joo Integrated Steel Sdn. Bhd.	Malaysia	100	100	100	Manufacturing and trading of iron, steel and steel related products
Ann Joo International Pte. Ltd.	Labuan Offshore	100	100	100	Trading, retailing, importing, exporting and supplying all kinds of steel product
Ann Joo Metal (Singapore) Pte. Ltd. ^	Singapore	100	-	-	Trading, retailing, importing, exporting and supplying all kinds of metal product

* Audited by a firm other than Deloitte KassimChan.
\# Reclassified to assets held for sale (See Note 23)
^ Incorporated on 6 January 2012

17. INVESTMENT IN AN ASSOCIATE

	The Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Unquoted shares, at cost	1,800	1,800	1,800
Less: Accumulated impairment losses	(1,800)	(1,800)	(1,800)
	-	-	-
Group's share of post-acquisition reserves	1,169	1,280	1,166
Reclassified as held for sale (Note 23)	(1,169)	-	-
	-	1,280	1,166

Notes to the Financial Statements

17. INVESTMENT IN AN ASSOCIATE *cont'd*

Details of the associate are as follows:

Name of subsidiary	Country of incorporation	Effective equity interest			Principal activities
		31.12.2012	31.12.2011	1.1.2011	
		%	%	%	
S.A Networks Technical Industries Sdn. Bhd. *#	Malaysia	21	21	21	Manufacturing of die tooling

* Audited by a firm other than Deloitte KassimChan.
\# Reclassified to assets held for sale (See Note 23)

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

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Total assets	10,120	8,037	7,866
Total liabilities	5,624	3,181	3,489
Net assets	4,496	4,856	4,377
Results			
Revenue	20,041	18,480	20,500
(Loss)/Profit for the year	(359)	478	1,728

18. OTHER INVESTMENTS

The Group	Club membership RM'000	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Total RM'000
31 December 2012				
Available-for-sale financial assets				
- at cost	-	1	-	1
- at fair value	-	-	252	252
Club membership, at cost	105	-	-	105
Less:				
- Impairment loss	(12)	-	-	(12)
- Accumulated amortisation	(24)	-	-	(24)
Reclassified as held for sale (Note 23)	(69)	-	-	(69)
	-	1	252	253
Market value of quoted shares	-	-	252	252

Notes to the Financial Statements

18. OTHER INVESTMENTS *cont'd*

The Group	Club membership RM'000	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Total RM'000
31 December 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
1 January 2011				
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

Notes to the Financial Statements

19. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2012	2011
	RM'000	RM'000
At 1 January	3,830	(7,290)
Recognised in profit or loss (Note 10):		
Property, plant and equipment	2,273	(1,450)
Provisions	2,211	2,688
Tax incentives	11,842	10,787
Unabsorbed capital allowances	4,378	(524)
Unused tax losses	6,841	(397)
	27,545	11,104
Reclassified as assets held for sale (Note 23)	(155)	-
Recognised in other comprehensive income:		
Property, plant and equipment	-	16
Recognised directly in equity:		
Property, plant and equipment	212	-
At 31 December	31,432	3,830

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

		The Group	
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Deferred tax assets			
Temporary differences arising from:			
Provisions	10,128	8,322	5,245
Tax incentives	64,664	52,822	42,035
Unabsorbed capital allowances	4,357	-	239
Unused tax losses	6,841	-	397
Property, plant and equipment	(38,515)	(41,891)	(38,513)
Deferred tax assets	47,475	19,253	9,403
Deferred tax liabilities			
Temporary differences arising from:			
Property, plant and equipment	(16,703)	(15,754)	(17,698)
Provisions	639	331	720
Unabsorbed capital allowances	21	-	285
Deferred tax liabilities	(16,043)	(15,423)	(16,693)
Net deferred tax assets/(liabilities)	31,432	3,830	(7,290)

19. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

Unrecognised deferred tax assets

Details of deductible temporary differences, unused tax losses and unused tax credits pertaining to certain subsidiary companies, which have not been recognised in the financial statements due to uncertainty of their realisation, are as follows:

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Provisions	1,150	357	-
Unabsorbed capital allowances	1,240	344	-
Unused tax losses	19,940	1,109	-
	22,330	1,810	-

The unused tax losses and unabsorbed capital allowances are available for offset against future taxable profits of the subsidiary companies, subject to the agreement by the tax authorities.

20. INVENTORIES

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Raw materials	391,058	442,388	475,263
Semi-finished products	361,218	274,165	299,317
Finished goods	520,244	507,745	415,300
	1,272,520	1,224,298	1,189,880
Consumable stores and refractories	66,907	55,845	49,796
	1,339,427	1,280,143	1,239,676

Included in inventories of the Group are goods in transit amounting to RM61,095,262 (31 December 2011: RM61,950,060; 1 January 2011: RM13,326,000).

	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Recognised in profit or loss:			
Inventories recognised as cost of sales	2,012,929	2,024,316	1,614,495
Inventories written down included in cost of sales	23,388	23,581	1,366

The net realisable value ("NRV") of inventories was estimated based on Directors' 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 2012, 2011 and 2010 less the estimated cost necessary to make the sale.

Notes to the Financial Statements

21. RECEIVABLES AND PREPAYMENTS, INCLUDING DERIVATIVES

		The Group		
		31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000
Trade				
Trade receivables	21.1	260,184	259,651	275,244
Less: Allowance for doubtful debts		(2,569)	(3,605)	(3,812)
		257,615	256,046	271,432
Non-trade				
Other receivables		3,815	4,703	6,503
Less: Allowance for doubtful debts		(29)	-	-
		3,786	4,703	6,503
Deposits		2,660	1,659	2,157
Amount due from an associate	21.2	-	7	40
		264,061	262,415	280,132
Prepayments		20,225	18,467	17,044
Forward exchange contracts		-	-	1,650
		284,286	280,882	298,826

		The Company		
		31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000
Non-trade				
Other receivables		1	2	1
Deposits		11	11	16
Amount due from subsidiaries	21.3	30,934	46,739	6,607
		30,946	46,752	6,624
Prepayments		81	140	4
		31,027	46,892	6,628

21.1 Trade receivables

The normal credit period on sales of goods ranges from 7 to 150 days (31 December 2011: 7 to 90 days; 1 January 2011: 7 to 60 days). Other credit terms are assessed and approved on a case-by-case basis. Allowance for doubtful debts is recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

21.2 Amount due from an associate

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

Notes to the Financial Statements

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

21.3 Amount due from subsidiaries

Amount due from subsidiaries are unsecured, repayable on demand and bears interest at 4% (31 December 2011: Nil; 1 January 2011: Nil) per annum.

21.4 Amount due from related parties

Included in trade receivables of the Group are amount due from:

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Companies in which the close family members of certain Directors have financial interest	4,444	1,974	835
Companies with a common Director of a subsidiary	-	-	386
An associate of the ultimate holding company	28	-	-
Amount due from an associate	34	866	977

Included in other receivables of the Group is an amount of RM484,487 (31 December 2011: RM1,008,513; 1 January 2011: 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.

21.5 Impairment losses

The table below is the ageing of receivables for the Group as at the end of the reporting period:

	Gross	**Individual impairment**	**Net**
	RM'000	**RM'000**	**RM'000**
31 December 2012			
Not past due	129,654	-	129,654
Past due 1 – 30 days	57,029	-	57,029
Past due 31 – 120 days	58,682	-	58,682
Past due more than 120 days	21,294	(2,598)	18,696
	266,659	(2,598)	264,061
31 December 2011			
Not past due	143,078	-	143,078
Past due 1 – 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

Notes to the Financial Statements

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

21.5 Impairment losses *cont'd*

1 January 2011	Gross RM'000	Individual impairment RM'000	Net RM'000
Not past due	205,976	-	205,976
Past due 1 – 30 days	48,882	-	48,882
Past due 31 – 120 days	24,594	-	24,594
Past due more than 120 days	4,492	(3,812)	680
	283,944	(3,812)	280,132

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

	The Group	
	2012 RM'000	2011 RM'000
At 1 January	3,605	3,812
Impairment loss recognised	380	1,170
Impairment loss reversed	(1,247)	(1,310)
Impairment loss written off	(140)	(67)
At 31 December	2,598	3,605

Other information on credit risk of receivables is disclosed in Note 31.4.1.

22. CASH AND CASH EQUIVALENTS

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deposits placed with licensed banks	28,499	49,048	42,092
Cash and bank balances	18,153	11,193	19,480
Cash and bank balances	46,652	60,241	61,572
Cash and bank balances included in assets held for sale (Note 23)	6,528	-	-
Total	53,180	60,241	61,572
Restricted deposits	(5,780)	(6,473)	(2,424)
Cash and cash equivalents	47,400	53,768	59,148

22. CASH AND CASH EQUIVALENTS *cont'd*

	The Company		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Deposits placed with licensed banks	458	2,850	-
Cash and bank balances	20	55	216
Cash and cash equivalents	478	2,905	216

Fixed deposit amounting to RM5,780,000 (31 December 2011: RM6,473,000; 1 January 2011: RMNil) 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 27). Fixed deposit amounting to RM2,424,000 as at 1 January 2011 was also restricted in its use.

23. ASSETS CLASSIFIED AS HELD FOR SALE

On 5 December 2012, the Company had entered into a Sales and Purchase Agreement with Marubeni-Itochu Steel Inc. and Marubeni-Itochu Steel (Malaysia) Sdn. Bhd. to dispose of the Company's entire shareholding in Anshin Precision Industries Sdn. Bhd. ("API") comprising of 4,448,825 ordinary shares of RM1.00 each. The agreement was completed on 7 January 2013 and API ceased to be a subsidiary of the Company accordingly.

Therefore, the investment in API of the Company and the assets and liabilities of API of the Group as at 31 December 2012 are presented as assets held for sale as follows:

		The Company
	Note	RM'000
Assets classified as held for sale		
Investment in subsidiaries	16	4,269

		The Group
Assets classified as held for sale	Note	RM'000
Property, plant and equipment	23.1	1,516
Investment in an associate	17	1,169
Other investments	23.2	69
Deferred tax assets	19	155
Receivables and prepayments	23.3	5,173
Inventories	23.4	1,746
Cash and cash equivalents	22	6,528
Total assets classified as held for sale		16,356
Liabilities associated with assets classified as held for sale		
Provision for retirement benefits	28	21
Payables and accruals	23.5	3,623
Tax liabilities		29
Total liabilities associated with assets classified as held for sale		3,673

Notes to the Financial Statements

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

23.1 Property, plant and equipment

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

	RM'000
Cost	39,463
Accumulated depreciation	(37,947)
	1,516

23.2 Other investments

Other investments classified as held for sale comprise the following:

	RM'000
Club membership, at cost	105
Less:	
- Impairment loss	(12)
- Accumulated depreciation	(24)
	69

23.3 Receivables and prepayments

Included in receivables classified as held for sale is an amount of RM1,510,851 due from an associate for trade transactions.

23.4 Inventories

Inventories classified as held for sale comprise raw materials and finish goods of RM917,082 and RM829,187 respectively.

23.5 Payables and accruals

Included in payables classified as held for sale is an amount of RM260,672 and RM543,047 due to a company with a common Director of API, and associate respectively for trade transactions.

24. SHARE CAPITAL

	The Group and The Company			
	Amount 2012 RM'000	Number of shares 2012 '000	Amount 2011 RM'000	Number of shares 2011 '000
Ordinary shares of RM1.00 each				
Authorised:				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At 1 January/31 December	522,708	522,708	522,708	522,708

Notes to the Financial Statements

25. TREASURY SHARES

	The Group and The Company	
	2012	2011
	RM'000	RM'000
At 1 January	70,579	68,954
Repurchased during the year	680	1,625
At 31 December	71,259	70,579

The shareholders of the Company, by an ordinary resolution passed in the annual general meeting held on 31 May 2012, 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 interest of the Company and its shareholders.

During the financial year, the Company repurchased 490,800 (31 December 2011: 955,700; 1 January 2011: 559,500) of its issued share capital from the open market on Bursa Malaysia for RM680,515 (31 December 2011: RM1,625,662; 1 January 2011: RM1,492,760). The average price paid for the shares repurchased was approximately RM1.39 (31 December 2011: RM1.70; 1 January 2011: 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 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 22,037,300 (31 December 2011: 21,546,500; 1 January 2011: 20,590,800).

Notes to the Financial Statements

26. OTHER RESERVES AND RETAINED EARNINGS

a) Other reserves

	Non-distributable reserves							
The Group	**Share premium RM'000**	**Capital reserve RM'000**	**Warrants reserve RM'000**	**Other equity reserve RM'000**	**Merger reserve RM'000**	**Foreign currency translation reserve RM'000**	**Fair value reserve RM'000**	**Total equity RM'000**
At 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 2011/1 January 2012	22,342	2,500	39,202	121,725	(63,815)	(4)	18	121,968
Foreign exchange translation differences	-	-	-	-	-	(17)	-	(17)
Changes in fair value of equity securities classified as available-for-sale investment	-	-	-	-	-	-	63	63
Realisation of other equity reserve to retained earnings upon disposal of property, plant and equipment	-	-	-	(1,968)	-	-	-	(1,968)
At 31 December 2012	22,342	2,500	39,202	119,757	(63,815)	(21)	81	120,046

	The Company		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Other reserves comprise:			
Share premium	22,342	22,342	22,342
Warrants reserve	39,202	39,202	39,202
	61,544	61,544	61,544

Notes to the Financial Statements

26. OTHER RESERVES AND RETAINED EARNINGS *cont'd*

a) Other reserves *cont'd*

Warrants reserve

Warrants reserve pertains 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 11 January 2008. The details of the warrants are as follows:

i) The warrants are constituted under the Deed Poll dated 30 November 2007 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 11 January 2008 but not later than 10 January 2013 (both date inclusive).

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

iii) No warrants were converted into new ordinary shares during the financial year (31 December 2011: Nil; 1 January 2011: 900). As at 31 December 2012, the total number of warrants which remained unexercised are 261,352,739 (31 December 2011: 261,352,739; 1 January 2011: 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.

Other equity reserve

The other equity reserve relates to the revaluation of property, plant and equipment prior to the transition to MFRS.

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.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

b) Retained earnings

As at 31 December 2012, the Section 108 tax credit balace of the Company is Nil (2011 : Nil). The Company may distribute dividends out of its entire retained earnings as at 31 December 2012 and 2011 under the single tier system.

27. LOANS AND BORROWINGS

		The Group	
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Non-current			
Secured			
Term loan	19,690	33,730	46,600
Redeemable bonds	380,000	460,000	-
	399,690	493,730	46,600

Notes to the Financial Statements

27. LOANS AND BORROWINGS *cont'd*

	The Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Current			
Unsecured			
Bills payable	675,301	290,778	593,699
Foreign currency trade finance	464,359	637,204	356,905
Revolving credit	26,000	61,820	450,000
Secured term loan	14,040	14,040	14,040
Secured redeemable bonds	80,000	40,000	-
	1,259,700	1,043,842	1,414,644
	1,659,390	1,537,572	1,461,244

27.1 Security

The term loan of a subsidiary is secured by the land and buildings of the subsidiary (see Note 12).

The redeemable bonds of a subsidiary is secured against specific debentures over the assets of the subsidiary (see Note 12), corporate guarantees executed by the Company and a subsidiary of the Company and fixed deposits in Debt Service Reserve Account (see Note 22).

27.2 Terms and debt repayment schedule

	The Group Carrying amount RM'000	Under 1 year RM'000	2 to 5 years RM'000
31.12.2012			
Secured term loan	33,730	14,040	19,690
Secured redeemable bonds	460,000	80,000	380,000
Unsecured			
Bills payable	675,301	675,301	-
Foreign currency trade finance	464,359	464,359	-
Revolving credit	26,000	26,000	-
	1,659,390	1,259,700	399,690
31.12.2011			
Secured term loan	47,770	14,040	33,730
Secured redeemable bonds	500,000	40,000	460,000
Unsecured			
Bills payable	290,778	290,778	-
Foreign currency trade finance	637,204	637,204	-
Revolving credit	61,820	61,820	-
	1,537,572	1,043,842	493,730

27. LOANS AND BORROWINGS *cont'd*

27.2 Terms and debt repayment schedule *cont'd*

	The Group		
	Carrying amount	Under 1 year	2 to 5 years
	RM'000	RM'000	RM'000
1.1.2011			
Secured term loan	60,640	14,040	46,600
Unsecured			
Bills payable	593,699	593,699	-
Foreign currency trade finance	356,905	356,905	-
Revolving credit	450,000	450,000	-
	1,461,244	1,414,644	46,600

27.3 Effect interest rates

The average effective interest rates per annum of the borrowings are as follows:

	The Group		
	31.12.2012	31.12.2011	1.1.2011
	%	%	%
Term loan	4.78	4.80	4.48
Redeemable bonds	5.10 – 5.37	5.16 - 5.20	-
Bills payable	3.40 – 4.10	3.29 – 4.16	2.63 – 4.15
Foreign currency trade finance	0.77 – 2.27	0.63 – 3.87	0.98 – 1.63
Revolving credit	2.14 – 3.70	2.14 – 3.63	3.50 – 3.75

27.4 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

28. PROVISION FOR RETIREMENT BENEFITS

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

	The Group	
	2012	**2011**
	RM'000	**RM'000**
At 1 January	8,331	8,686
Provision during the year (Note 8)	717	848
Reclassified as assets held for sale (Note 23)	(21)	-
Benefits paid	(1,188)	(1,203)
At 31 December	7,839	8,331

The retirement benefits are payable as follows:

		The Group	
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Current (Note 29)	435	1,177	1,095
Non-current	7,404	7,154	7,591
	7,839	8,331	8,686

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

		The Group	
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Present value of unfunded obligation	7,839	8,331	8,686

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

	The Group	
	2012	**2011**
	RM'000	**RM'000**
Current service costs and interest on obligation	717	848
Included in line item in the statement of comprehensive income:		
Administrative expenses	717	848

Notes to the Financial Statements

28. PROVISION FOR RETIREMENT BENEFITS *cont'd*

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

	The Group		
	31.12.2012	31.12.2011	1.1.2011
	%	%	%
Discount rate	6.5	6.5	6.5

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

Movement in the present value of the defined benefit obligations:

	The Group	
	2012	2011
	RM'000	RM'000
At 1 January	8,331	8,686
Benefits paid by the plan	(1,188)	(1,203)
Current service costs and interest on obligation	717	848
Reclassified as assets held for sale (Note 23)	(21)	-
At 31 December	7,839	8,331

29. PAYABLES AND ACCRUALS

		The Group		
		31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000
Trade				
Trade payables	29.1	123,208	108,359	77,737
Non-trade				
Other payables		9,778	15,317	14,400
Accrued expenses		52,690	54,377	51,303
Deposits		1,223	283	2,311
		63,691	69,977	68,014
Employee benefits	28	435	1,177	1,095
		64,126	71,154	69,109
		187,334	179,513	146,846

Notes to the Financial Statements

29. PAYABLES AND ACCRUALS *cont'd*

		The Company		
		31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000
Non-trade				
Other payables		8	8	214
Accrued expenses		700	706	675
Amount due to subsidiaries	29.2	1,135	-	839
Deposits		178	1	1
		2,021	715	1,729

29.1 Trade payables

The normal trade credit terms granted to the Group range from 7 to 150 days (31 December 2011: 7 to 150 days, 1 January 2011: 5 to 150 days).

29.2 Amount due to subsidiaries

Amount due to subsidiaries are unsecured, interest free and are repayable on demand.

29.3 Amount due to related parties

Included in trade payables of the Group are amount due to:

	The Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Companies in which the close family members of certain Directors have financial interest	50	76	-
Companies with a common Director of a subsidiary	-	490	711
A subsidiary of the ultimate holding company	-	433	-
An associate of the ultimate holding company	38	-	-
Amount due from an associate	-	392	720

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

30. 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:

(i) Manufacturing division - Manufacturing and trading of iron, steel and steel related products.

(ii) Trading division - Trading of steel and steel related products, hardware, building and construction materials and operations of steel service centre.

(iii) Investment holding, property management and others.

Notes to the Financial Statements

30. OPERATING SEGMENTS *cont'd*

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.

30.1 Business segments

2012	Manufacturing division RM'000	Trading division RM'000	Investment holding, property management and others RM'000	Elimination RM'000	Total RM'000
Segment (loss)/profit	(70,876)	26,345	8,018	(507)	(37,020)
Share of results of an associate					(111)
Consolidated loss before tax					(37,131)
Included in the measure of segment (loss)/profit are:					
Revenue from external customers	1,338,456	740,562	1,219	-	2,080,237
Inter-segment revenue	721,602	117,656	31,377	(870,635)	-
Depreciation and amortisation	(42,290)	(2,757)	(3,382)	-	(48,429)
Finance costs	(19,874)	(11,229)	(2,436)	3,121	(30,418)
Interest income	2,345	1,968	454	(3,121)	1,646
Segment assets	2,335,370	600,723	1,030,664	(1,050,431)	2,916,326
Included in the measure of segment assets are:					
Additions to property, plant and equipment	48,769	9,007	873	-	58,649
Segment liabilities	1,571,406	440,238	47,434	(184,189)	1,874,889

Notes to the Financial Statements

30. OPERATING SEGMENTS *cont'd*

30.1 Business segments *cont'd*

2011	Manufacturing division RM'000	Trading division RM'000	Investment holding, property management and others RM'000	Elimination RM'000	Total RM'000
Segment profit	27,379	33,013	107,359	(103,130)	64,621
Share of results of an associate					114
Consolidated profit before tax					64,735
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	2,136,797	554,803	1,052,918	(924,615)	2,819,903
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

30.2 Geographical segments (2012 only)

The Group operates in two principal geographical areas – Malaysia (country of domicile) and Singapore during the year ended 31 December 2012.

In presenting information on the basis of geographical segments, segment revenue from external customers is based on revenue by location of operations. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

2012	Revenue from external customers RM'000	Non-current assets RM'000
Malaysia	2,066,436	1,170,763
Singapore	13,801	7
	2,080,237	1,170,770

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS

31.1 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:

The Group	Carrying amount RM'000	L&R/OL RM'000	FVTPL RM'000	AFS RM'000
31 December 2012				
Other investments, excluding investments in club membership	253	-	-	253
Receivables, excluding prepayments	264,061	264,061	-	-
Cash and bank balances	46,652	46,652	-	-
	310,966	310,713	-	253
31 December 2011				
Other investments, excluding investments in club membership	192	-	-	192
Receivables, excluding prepayments	262,415	262,415	-	-
Cash and bank balances	60,241	60,241	-	-
	322,848	322,656	-	192
1 January 2011				
Other investments, excluding investments in club membership	232	-	-	232
Receivables, excluding prepayments	281,782	280,132	1,650	-
Cash and bank balances	61,572	61,572	-	-
	343,586	341,704	1,650	232

The Company	Carrying amount RM'000	L&R/OL RM'000	FVTPL RM'000	AFS RM'000
31 December 2012				
Receivables, excluding prepayments	30,946	30,946	-	-
Cash and bank balances	478	478	-	-
	31,424	31,424	-	-

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS *cont'd*

31.1 Categories of financial instruments *cont'd*

Financial assets: *cont'd*

The Company	Carrying amount RM'000	L&R/OL RM'000	FVTPL RM'000	AFS RM'000
31 December 2011				
Receivables, excluding prepayments	46,752	46,752	-	-
Cash and bank balances	2,905	2,905	-	-
	49,657	49,657	-	-
1 January 2011				
Receivables, excluding prepayments	6,624	6,624	-	-
Cash and bank balances	216	216	-	-
	6,840	6,840	-	-

Financial liabilities:

The Group	Carrying amount RM'000	L&R/OL RM'000	FVTPL RM'000	AFS RM'000
31 December 2012				
Loans and borrowings	1,659,390	1,659,390	-	-
Payables and accruals, excluding employee benefits	186,899	186,899	-	-
	1,846,289	1,846,289	-	-
31 December 2011				
Loans and borrowings	1,537,572	1,537,572	-	-
Payables and accruals, excluding employee benefits	178,336	178,336	-	-
	1,715,908	1,715,908	-	-
1 January 2011				
Loans and borrowings	1,461,244	1,461,244	-	-
Payables and accruals, excluding employee benefits	145,751	145,751	-	-
	1,606,995	1,606,995	-	-

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS *cont'd*

31.1 Categories of financial instruments *cont'd*

Financial liabilities: *cont'd*

The Company	Carrying amount RM'000	L&R/OL RM'000	FVTPL RM'000	AFS RM'000
31 December 2012				
Payables and accruals	2,021	2,021	-	-
31 December 2011				
Payables and accruals	715	715	-	-
1 January 2011				
Payables and accruals	1,729	1,729	-	-

31.2 Net gains and losses arising from financial instruments

	The Group 2012 RM'000	The Group 2011 RM'000
Net gain/(loss) arising on:		
Available-for-sale financial assets		
- recognised in other comprehensive income	63	(40)

31.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

31.4 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.

31.4.1 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.

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS *cont'd*

31.4 Credit risk *cont'd*

31.4.1 Receivables *cont'd*

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.

Although certain 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.

31.4.2 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.

31.4.3 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 RM460,000,000 (31 December 2011: RM500,000,000; 1 January 2011: 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.

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS *cont'd*

31.4 Credit risk *cont'd*

31.4.3 Financial guarantees *cont'd*

The financial guarantees have not been recognised since the fair value on initial recognition was not material and the value of the other underlying collateral provided by the subsidiary is sufficient to cover the outstanding loan amounts.

31.4.4 Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiaries. The Company monitors the results of its 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 its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries. Nevertheless, these advances have been overdue for less than a year.

31.5 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:

The Group	Carrying amount RM'000	Contractual cash flow RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000
31 December 2012					
Non-derivative financial liabilities					
Secured term loan	33,730	35,714	15,347	20,367	-
Secured redeemable bonds	460,000	520,578	102,393	98,321	319,864
Bills payable	675,301	675,425	675,425	-	-
Foreign currency trade finance	464,359	466,794	466,794	-	-
Revolving credit	26,000	26,083	26,083	-	-
Trade and other payables	186,899	186,899	186,899	-	-
	1,846,289	1,911,493	1,472,941	118,688	319,864

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS *cont'd*

31.5 Liquidity risk cont'd

Maturity analysis cont'd

The Group	Carrying amount RM'000	Contractual cash flow RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000
31 December 2011					
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
1 January 2011					
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	-	-
	1,606,995	1,622,318	1,572,201	15,844	34,273
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

The Company	Carrying amount RM'000	Contractual cash flow RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000
31 December 2012					
Non-derivative financial liabilities					
Trade and other payables	2,021	2,021	2,021	-	-
31 December 2011					
Non-derivative financial liabilities					
Trade and other payables	715	715	715	-	-
1 January 2011					
Non-derivative financial liabilities					
Trade and other payables	1,729	1,729	1,729	-	-

31. FINANCIAL INSTRUMENTS *cont'd*

31.6 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.

31.6.1 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).

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:

	Denominated in		
	USD	**SGD**	**EUR**
The Group	**RM'000**	**RM'000**	**RM'000**
31 December 2012			
Receivables	23,097	698	-
Cash and cash equivalents	998	690	-
Payables and accruals	(7,978)	(4)	(75)
Loans and borrowings	(460,095)	-	-
Net exposure in the statement of financial position	(443,978)	1,384	(75)
31 December 2011			
Receivables	9,497	3,081	-
Cash and cash equivalents	18,681	1,465	-
Payables and accruals	(21,558)	(129)	(76)
Loans and borrowings	(665,920)	-	-
Net exposure in the statement of financial position	(659,300)	4,417	(76)
1 January 2011			
Receivables	103,025	2,849	-
Forward exchange contracts	1,650	-	-
Cash and cash equivalents	327	-	-
Payables and accruals	(8,505)	(136)	-
Loans and borrowings	(407,335)	-	-
Net exposure in the statement of financial position	(310,838)	(2,713)	-

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS *cont'd*

31.6 Market risk *cont'd*

31.6.1 Currency risk *cont'd*

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.

	The Group	
	Profit or (loss)	
	2012	2011
	RM'000	RM'000
USD	9,989	14,834
SGD	(31)	(99)
EUR	2	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.

31.6.2 Interest rate risk

The Group is exposed to interest rate risk from changes in interest rates primarily for debt obligations and short term deposit placements in the money market.

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

		The Group	
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Fixed rate instruments			
Financial assets	28,499	49,048	42,092
Financial liabilities	(1,165,660)	(989,802)	(1,400,604)
	(1,137,161)	(940,754)	(1,358,512)
Floating rate instruments			
Financial liabilities	(493,730)	(547,770)	(60,640)

31. FINANCIAL INSTRUMENTS *cont'd*

31.6 Market risk *cont'd*

31.6.2 Interest rate risk *cont'd*

Exposure to interest rate risk cont'd

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Fixed rate instruments			
Financial assets	458	-	-
Financial liabilities	-	-	-
	458	-	-

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.

	The Group			
	Profit or (loss)			
	2012		**2011**	
	50 bp increase	**50 bp decrease**	**50 bp increase**	**50 bp decrease**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Floating rate instruments	(1,752)	1,752	(2,036)	2,036

31.6.3 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.

31.7 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.

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS *cont'd*

31.7 Fair value of financial instruments *cont'd*

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

The Group	Carrying amount RM'000	Fair value RM'000
31 December 2012		
Quoted shares	252	252
Forward exchange contracts:		
Assets	-	-
31 December 2011		
Quoted shares	189	189
Forward exchange contracts:		
Assets	-	-
1 January 2011		
Quoted shares	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).

31.7.1 Fair value hierarchy

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 is not based on observable market data (unobservable inputs).

31. FINANCIAL INSTRUMENTS *cont'd*

31.7 Fair value of financial instruments *cont'd*

31.7.1 Fair value hierarchy *cont'd*

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2012				
Financial assets				
Quoted shares	252	-	-	252
31 December 2011				
Financial assets				
Quoted shares	189	-	-	189
1 January 2011				
Financial assets				
Quoted shares	229	-	-	229
Foreign exchange contracts	-	1,650	-	1,650
	229	1,650	-	1,879

32. 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:

	The Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Total borrowings	1,659,390	1,537,572	1,461,244
Less: Cash and cash equivalents	(53,180)	(60,241)	(61,572)
Net debt	1,606,210	1,477,331	1,399,672
Total equity	1,036,763	1,074,207	1,059,919
Debt-to-equity ratios	1.55	1.38	1.32

There were no changes in the Group's approach to capital management during the 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 (see Note 27.4).

Notes to the Financial Statements

33. OPERATING LEASES

Leases as lessee

Operating lease rentals are payable as follows:

	The Group	
	2012 RM'000	2011 RM'000
Less than one year	636	636
Between one and five years	2,546	2,546
More than five years	10,423	11,059
	13,605	14,241

The Group leases land under operating leases. The leases run for remaining periods of 15 years and 27 years (2011: 16 years and 28 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.

34. CAPITAL AND OTHER COMMITMENTS

	The Group	
	2012 RM'000	2011 RM'000
Property, plant and equipment		
Contracted but not provided for	37,808	53,874
Approved expenditure but not contracted for	30,352	36,254
	68,160	90,128

35. 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.

35. RELATED PARTIES *cont'd*

The significant related party transactions are as follows:

	The Group	
	2012	2011
	RM'000	RM'000
Subsidiaries of the ultimate holding company		
Rental received	125	329
Slag processing services	-	473
Usage of consumable and refractories	27	73
Associate of the ultimate holding company		
Sales of goods	28	-
Purchase of goods	6,196	-
Companies in which certain Directors have financial interest		
Sales of goods	2,414	1,724
Construction of building structures and plant and machineries	-	1,463
Companies in which the close family members of certain Directors have financial interest		
Sales of goods	40,656	13,206
Purchase of goods	162	116
Companies with a common Director of a subsidiary		
Purchase of goods	2,502	5,730
Management fees paid	-	114
An associate of a subsidiary		
Sales of goods	3,307	2,899
Purchase of goods and repair services for die tooling	2,702	2,740
Sales of plant and equipment	93	-
Management fees received	-	36
Rental income	400	359

	The Company	
	2012	2011
	RM'000	RM'000
Subsidiaries		
Dividend income	-	103,224
Interest income	423	-

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 21 and 29.

Notes to the Financial Statements

36. SUBSEQUENT EVENTS

On 5 December 2012, the Company had entered into a Sales and Purchase Agreement to dispose of the Company's entire shareholding in Anshin Precision Industries Sdn. Bhd. ("API") comprising of 4,448,825 ordinary shares of RM1.00 each with a total consideration of RM8,897,650. The agreement was completed on 7 January 2013 and API ceased to be a subsidiary of the Company accordingly.

On 2 January 2013, the Company announced that its wholly-owned subsidiaries, Ann Joo (Sarawak) Sdn. Bhd. ("AJSarawak"), will be wound up by way of members' voluntary winding-up. AJSarawak which used to be in the business of selling hardware and steel materials has ceased operation since 2007.

On 18 February 2013, the Company announced that Lian Tiong Steel Fabrication & Civil Engineering Sdn. Bhd. ("Lian Tiong"), a wholly-owned subsidiary of AJSarawak, will also be wound up by way of members' voluntary winding-up. Lian Tiong used to be in the business of trading of steel products but has ceased operation since 2007.

On 10 January 2013, the 261,352,739 of unexercised warrants had expired and the warrants reserve in relation to unexercised warrants of RM39,202,911 at the expiry of the warrants period will be transferred to retained earnings.

37. EXPLANATION OF TRANSITION TO MFRSs

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

Notes to the Financial Statements

37. EXPLANATION OF TRANSITION TO MFRSs *cont'd*

In preparing the opening statements of financial position at 1 January 2011, the Group and the Company have adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's and the Company's financial position, financial performance and cash flow is set out as follows:

37.1 Effect of MFRSs adoption for the statements of financial position

The Group	Note	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
1 January 2011				
Investment properties	37.4.2	6,994	-	6,994
Other reserves:				
Revaluation reserve	37.4.1	121,725	(121,725)	-
Other equity reserve	37.4.1	-	121,725	121,725
Retained earnings	37.4.3	484,176	-	484,176
31 December 2011				
Investment properties	37.4.2	6,994	(82)	6,912
Other reserves:				
Revaluation reserve	37.4.1	121,725	(121,725)	-
Other equity reserve	37.4.1	-	121,725	121,725
Retained earnings	37.4.3	500,192	(82)	500,110

The Company	Note	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
1 January 2011				
Investment properties	37.4.2	1,870	-	1,870
Retained earnings	37.4.3	364,659	-	364,659
31 December 2011				
Investment properties	37.4.2	1,870	(21)	1,849
Retained earnings	37.4.3	421,282	(21)	421,261

Notes to the Financial Statements

37. EXPLANATION OF TRANSITION TO MFRSs *cont'd*

37.2 Effect of MFRSs adoption for the statements of comprehensive income for the year ended 31 December 2011

The Group	Note	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Administrative expenses	37.4.2	(86,438)	(82)	(86,520)
Profit before tax		64,817	(82)	64,735
Profit after tax		62,195	(82)	62,113

The Company	Note	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Administrative expenses	37.4.2	(1,117)	(21)	(1,138)
Profit before tax		102,125	(21)	102,104
Profit after tax		100,581	(21)	100,560

37.3 Effect of MFRSs adoption for the statements of cash flows

The effect of MFRSs adoption did not have any impact on the statements of cash flows of the Group and of the Company.

37.4 Notes to the reconciliations

37.4.1 Property, plant and equipment

Prior to the adoption of MFRSs, the Group had measured the property comprising land and buildings using the revaluation model and revalue the assets every 5 years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value under FRS 116: *Property, Plant and Equipment*.

Upon transition to MFRSs, the Group had decided to measure the land and buildings using the cost model under MFRS 116: *Property, plant and equipment*. Thus, at the date of transition to MFRSs, the optional exemption in MFRS 1 was applied to regard the previous revaluation at or before the date of transition as deemed cost under MFRSs.

Accordingly, the revaluation reserve of RM121,724,845 as at 1 January 2011 and 31 December 2011 were transferred to other equity reserves. Both the revaluation reserve and other equity reserve were grouped under other reserves in the statements of financial position.

37. EXPLANATION OF TRANSITION TO MFRSs *cont'd*

37.4.2 Investment properties

Under FRS 140: *Investment Property*, the Group and the Company measured its investment properties initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

Upon transition to MFRSs, the Group and the Company had decided to measure the investment properties using the cost model under MFRS 140: *Investment Property*. At the date of transition to MFRSs, the optional exemption in MFRS 1 was applied to regard the previous fair value at or before the date of transition as deemed cost and apply the depreciation policy consistent with property, plant and equipment.

As a result, the depreciation of investment properties of RM82,236 and RM21,494 were charged to administrative expenses of the Group and of the Company for year ended 31 December 2011 respectively.

37.4.3 Retained earnings

The reconciliation of the retained earnings is as follows:

The Group	**1.1.2011 RM'000**	**31.12.2011 RM'000**
Total retained earnings under FRSs	484,176	500,192
Adjustment for:		
Depreciation of investment properties	-	(82)
Total retained earnings under MFRSs	484,176	500,110
The Company		
Total retained earnings under FRSs	364,659	421,282
Adjustment for:		
Depreciation of investment properties	-	(21)
Total retained earnings under MFRSs	364,659	421,261

Supplementary Information
on the Breakdown of Realised and Unrealised Profits or Losses

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

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Group and the Company				
- Realised	601,127	676,963	402,696	421,261
- Unrealised	50,040	3,253	-	-
	651,167	680,216	402,696	421,261
Total retained earnings from associate company				
- Realised	(1,030)	233	-	-
- Unrealised	(34)	(18)	-	-
	650,103	680,431	402,696	421,261
Less: Consolidation adjustments	(184,835)	(180,321)	-	-
Total retained earnings as per statements of financial position	465,268	500,110	402,696	421,261

The determination of realised and unrealised profits or losses is based on 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" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realized until the consumption or resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

The Directors of **ANN JOO RESOURCES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 at 31 December 2012 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

In the opinion of the Directors, the information set out on page 124 of 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*, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Board of Directors,

DATO' LIM KIAM LAM

DATO' LIM HONG THYE

Kuala Lumpur

Date: 23 April 2013

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 accompanying financial statements are, in my opinion, 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 23 April 2013.

CHEAH BAN SENG

Before me:

COMMISSIONER FOR OATHS

Recurrent Related Party Transactions

The breakdown of the aggregate value of the Recurrent Related Party Transactions during the financial year ended 31 December 2012 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	43,071
		Purchase of steel related products from LIM Group	162
		Lease of office space to LIM Group	125
		Charge for usage of material required for operating activities by LIM Group	27
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.	3,307
		Purchase of steel related products from SANH Group	2,560
		Purchase of office supplies, provision of repair and 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	43
		Purchase and repair services of die tooling from SANH Group	147

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

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.

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

Properties Held
by Ann Joo Resources Berhad
and its subsidiaries as at 31 December 2012

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	30	30,162	31-12-2008
Lot 1508 Mukim and District of Petaling	Freehold	Industrial Land & Building	0.658 hectares	Office and Warehouse	10	11,761	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	21	36,341	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	22	16,608	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	19	46,456	31-12-2008
Lot PT 3707 Mukim of Pasir Panjang Port Dickson	Freehold	Detached House	528 sq.m.	Staff Recreation	27	122	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	2 - 46	556,667	31-12-2010
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

Properties Held

by Ann Joo Resources Berhad

and its subsidiaries as at 31 December 2012

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	Net Book Value (RM'000)	Date of Acquisition*/ Last Revaluation
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	22	25,041	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	2	6,307	01-04-2011*
Sub-Total (value of properties held as property, plant and equipment & prepaid lease payment)						733,619	
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	12	488	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	12	144	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	13	122	31-12-2008
704 Block A Tiara Kelana Condo. Jalan SS 7/19 Taman Sri Kelana Kelana Jaya 47301 Petaling Jaya	Leasehold (expiring on 28.01.2092)	Apartment	1,725 sq.ft.	Vacant	15	268	31-12-2008

Properties Held
by Ann Joo Resources Berhad
and its subsidiaries as at 31 December 2012

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	Net Book Value (RM'000)	Date of Acquisition*/ Last Revaluation
Lot 106006 Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan	Leasehold (expiring on 12.1.2081)	3-storey Shoplots	1,540 sq.ft.	Rental	24	316	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	24	316	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	-	1,827	31-12-2008
Lot 4553, 4561, 4562 and 4563 Mukim Ulu Muar District of Kuala Pilah Negeri Sembilan Darul Khusus	Freehold	Agriculture Land	20.006 acres	Vacant	-	600	14-03-2008
No.68, Lorong Laksamana 20/KS7, Taman Sentosa Perdana, 41200 Klang	Freehold	Apartment	800 sq.f.	Vacant	4	59	24-02-2009*
No.70, Lorong Laksamana 20/KS7, Taman Sentosa Perdana, 41200 Klang	Freehold	Apartment	800 sq.f.	Vacant	4	59	24-02-2009*
Sub-total (value of properties held as investment properties)						4,199	
Total (value of properties held as property, plant and equipment, prepaid lease payments and investment properties)						**737,818**	

Statistical Report
as at 11 April 2013

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	:	22,047,300 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	91	1.25	1,749	0.00
100 – 1,000	750	10.26	644,308	0.13
1,001 – 10,000	5,095	69.71	20,043,010	4.00
10,001 – 100,000	1,201	16.43	37,166,277	7.42
100,001 – Less than 5% of issued shares	170	2.33	114,600,502	22.89
5% and above of issued shares	2	0.03	328,205,032	65.55
Total	7,309	100.00	500,660,878	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 11 APRIL 2013

	No. of Shares			
Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Lim Kiam Lam	2,772,750	0.55	330,635,832 *	66.04
Dato' Lim Hong Thye	1,479,400	0.30	-	-
Lim Sin Seong	-	-	328,255,032 *	65.56
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 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 11 April 2013

DIRECTORS' INTEREST IN SHARES IN RELATED COMPANIES AS AT 11 APRIL 2013

		No. of Shares			
Related Company	Director	Direct Interest	%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	Dato' Lim Kiam Lam	750,000	1.50	23,900,000 ^	47.80
	Lim Sin Seong	-	-	5,000,000 *	10.00

Note:

^ *Deemed interest through substantial shareholding in Lim Seng Chee & Sons Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965*

* *Deemed interest through substantial shareholding in Lim Sin Seong Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965*

Other than the above disclosure, none of the Directors of the Company have direct or indirect interest in the related corporations as at 11 April 2013.

SUBSTANTIAL SHAREHOLDERS AS AT 11 APRIL 2013

	No. of Shares			
Name of Directors	Direct Interest	%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	328,205,032	65.55	-	-
Lim Seng Chee & Sons Sdn Bhd	-	-	328,205,032 *	65.55
LSQ & Sons Sdn Bhd	-	-	328,205,032 *	65.55
Lim Sin Seong Sdn Bhd	-	-	328,205,032 *	65.55
Lim Seng Chee	5,915,100	1.18	328,205,032 *	65.55
Lim Seng Qwee	5,080,255	1.01	328,205,032 *	65.55
Dato' Lim Kiam Lam	2,772,750	0.55	328,205,032 *	65.55
Lim Sin Seong	-	-	328,205,032 *	65.55

Note:

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

THIRTY LARGEST SHAREHOLDERS AS AT 11 APRIL 2013

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
1.	Ann Joo Corporation Sdn Bhd	192,907,959	38.53
2.	Ann Joo Corporation Sdn Bhd	135,297,073	27.02
3.	Lembaga Tabung Haji	13,913,050	2.78
4.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse*	11,194,450	2.24
5.	Lim Seng Chee	5,915,100	1.18

Statistical Report
as at 11 April 2013

THIRTY LARGEST SHAREHOLDERS AS AT 11 APRIL 2013 *cont'd*

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
6.	Lim Seng Qwee	5,080,255	1.01
7.	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)*	3,154,000	0.63
8.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	2,973,600	0.59
9.	Dato' Lim Kiam Lam	2,772,750	0.55
10.	Wong Wai Kuan	2,463,016	0.49
11.	Yong Chai Lee	2,365,800	0.47
12.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC(M) Trustee Bhd for Zurich Insurance Malaysia Berhad (Growth Fund)*	2,250,000	0.45
13.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *MIDF Amanah Asset Management Berhad for Yayasan Sarawak*	2,247,000	0.45
14.	Yong Chai Lee	2,185,364	0.44
15.	Amanahraya Trustees Berhad *Public Islamic Equity Fund*	2,113,500	0.42
16.	Lou Swee You	2,094,900	0.42
17.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Alliance Inv)*	1,868,700	0.37
18.	Amanahraya Trustees Berhad *Public Islamic Select Treasures Fund*	1,578,600	0.32
19.	Keng Poh Im	1,573,650	0.31
20.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Islamic Trustee Berhad for Pacific Dana Aman*	1,545,600	0.31
21.	Law Shee Yuan	1,500,000	0.30
22.	Dato' Lim Hong Thye	1,479,400	0.30
23.	Amsec Nominees (Tempatan) Sdn Bhd *Amtrustee Berhad for Pacific Pearl Fund*	1,375,200	0.27
24.	Thun Lian @ Teoh Shok Lian	1,321,700	0.26
25.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Pheim)*	1,311,000	0.26
26.	Amanahraya Trustees Berhad *MIDF Amanah Strategic Fund*	1,255,700	0.25
27.	DB Malaysia Nominee (Tempatan) Sendirian Berhad *MIDF Amanah Asset Management Berhad for International Islamic University Retirement Benefit Fund*	1,030,000	0.21
28.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Small Cap Series*	994,350	0.20
29.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Zurich Insurance Malaysia Berhad (Dana Mas Maju)*	940,500	0.19
30.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Markets Care Equity Portfolio DFA Investment Dimensions Group Inc*	843,150	0.17

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

FORM OF PROXY

No. of Ordinary Shares held

I/We, ____(NRIC No.)__________________
(Full Name in Block Letters)

of ____(Tel No.)__________________
(Address)

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

____ of ____________________________
(Full Name in Block Letters) (Address)

____

or failing him/her____
(Full Name in Block Letters)

of ____
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Grand Bahamas, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 May 2013 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 approve the payment of Directors' fees.		
3.	To re-elect Mr Lim Sin Seong as Director.		
4.	To re-elect Mr Lim Kien Lip as Director.		
5.	To re-appoint Messrs Deloitte KassimChan as the Auditors of the Company.		
6.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	To renew the existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with LIM Group.		
8.	To obtain new Shareholders' Mandate for additional recurrent related party transactions of a revenue or trading nature with LIM Group.		
9.	To renew the authorisation to enable the Company to purchase its own shares.		

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_________________2013

____
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 22 May 2013 shall be regarded as Member of the Company entitled to attend the Seventeenth 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

1st Fold Here