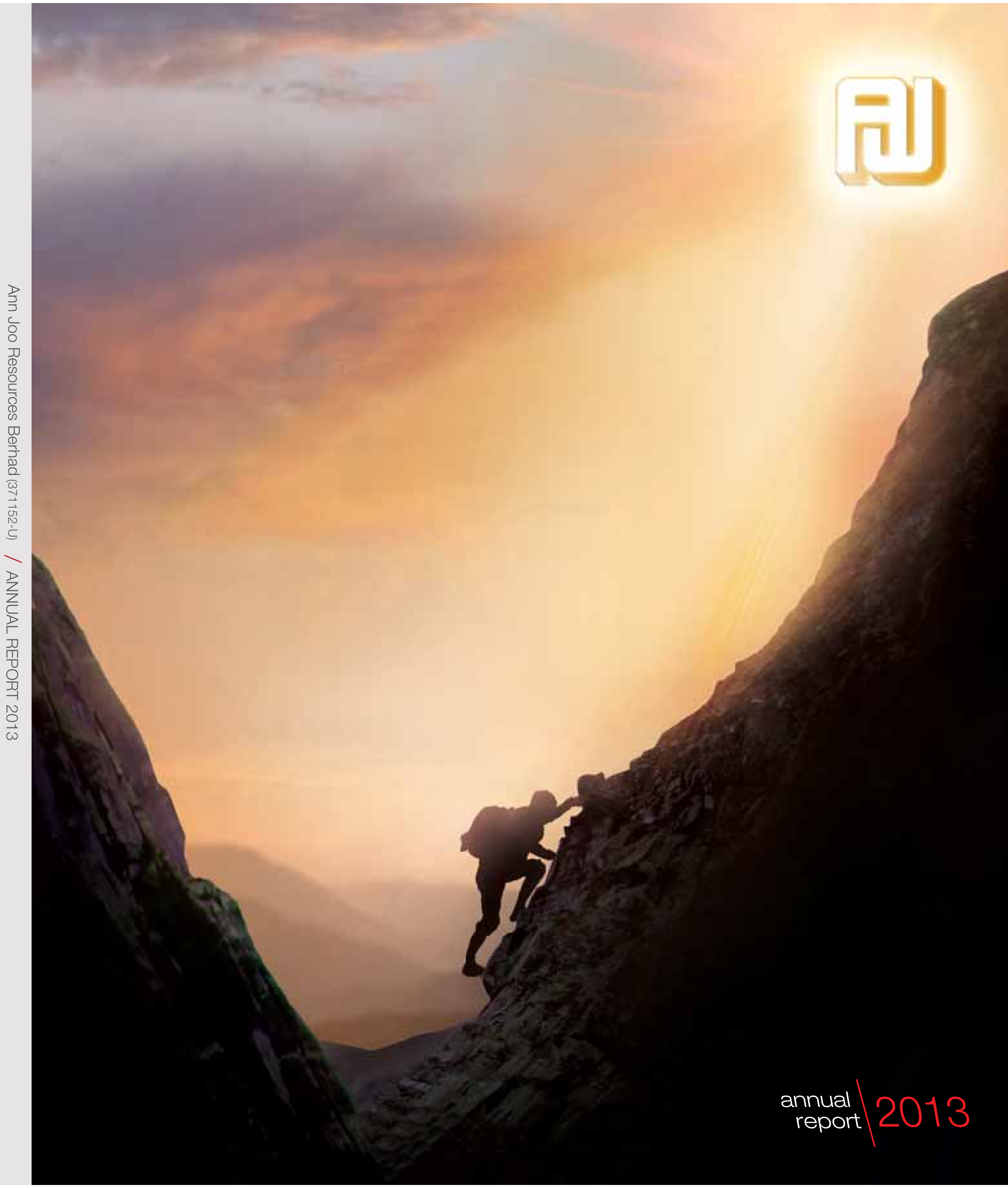
安 裕 資 源 有 限 公 司
ANN JOO RESOURCES BERHAD (371152-U)



Ann Joo Resources Berhad (371152-U) / ANNUAL REPORT 2013

www.annjoo.com.my

ANN JOO RESOURCES BERHAD (371152-U)

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Batu 8½, Jalan Klang Lama
46000 Petaling Jaya, Selangor Darul Ehsan.
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Contents

Group Vision 2020

- To excel as the leading steel Group in Southeast Asia, by manufacturing and trading a wide range of steel products, achieving long term growth and lasting value for all stakeholders
- To fulfill this aspiration through prudent investment, modern technology and world-class performance
- As a caring corporate citizen, we are committed to serving the well-being of the community, promoting public interest and the conservation of the environment

Mission Statement

MANUFACTURING DIVISION

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

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

TRADING DIVISION

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

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

Notice of
Eighteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at Lagoon 3, Level 15, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on **Tuesday, 27 May 2014** 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 2013 and the Reports of the Directors and Auditors thereon. ***(Resolution 1)***

2. To approve the payment of Directors' fees amounting to RM600,000 for the financial year ended 31 December 2013. ***(Resolution 2)***

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

    a) Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar ***(Resolution 3)***
    b) Dato' Lim Hong Thye ***(Resolution 4)***

4. To re-elect Mr Lim Hun Soon @ David Lim who shall retire pursuant to Article 108 of the Company's Articles of Association. ***(Resolution 5)***

5. To re-appoint Messrs Deloitte (formerly known as Deloitte KassimChan) as the Auditors of the Company and to authorise the Directors to fix their remuneration. ***(Resolution 6)***

AS SPECIAL BUSINESS:-

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

6.1 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 7)***

6.2 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 2 May 2014, ***(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) not to the detriment of the minority shareholders

("the Shareholders' Mandate").

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

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

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

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

whichever is earlier.

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

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

"THAT subject always to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that: ***(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 2013, the amount of the retained profits and the share premium account of the Company stood at RM515,761,734 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."

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

By Order of the Board

LEONG OI WAH *(MAICSA 7023802)*
MABEL TIO MEI PENG *(MAICSA 7009237)*
Company Secretaries

2 May 2014

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 20 May 2014 shall be regarded as Member of the Company entitled to attend the Eighteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

6) *Explanatory Notes on Special Business:-*

(a) *Ordinary Resolution 7*
The proposed resolution 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 29 May 2013. 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 fundraising 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 8*
Please refer to the Circular to Shareholders dated 2 May 2014 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 2 May 2014 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

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

Datuk Kamarudin Bin Md Ali
Independent Non-Executive Director

Lim Hun Soon @ David Lim
Independent Non-Executive Director

AUDIT COMMITTEE

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
(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

Lim Hun Soon @ David Lim
(Member) Independent Non-Executive Director

NOMINATING COMMITTEE

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

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

Lim Hun Soon @ David Lim
(Member) Independent Non-Executive Director

REMUNERATION COMMITTEE

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

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

Lim Hun Soon @ David Lim
(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
(formerly known as Deloitte KassimChan)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

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 2014

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

MANUFACTURING DIVISION

- 100% **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**

TRADING DIVISION

- 100% **ANN JOO METAL SDN BHD**
  - 100% AJE Best-On Sdn Bhd
  - 30% Baycorp AJ Metal Sdn Bhd *(formerly known as Gelombang Untung 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**

OTHERS

- 100% **ANN JOO MANAGEMENT SERVICES SDN BHD**
- 100% **ANN JOO TRADING SDN BHD**

— *Subsidiary Company*
— *Associated Company*

Profile of
Directors

DATO' LIM KIAM LAM
Group Executive Chairman
61 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
39 years of age, Malaysian

Dato' Lim Hong Thye joined the Company in August 2000. Prior to that, he was with the Assurance & Advisory Service Unit of Price Waterhouse and PriceWaterhouseCoopers. Dato' Lim was appointed as the Executive Director of the Company on 1 January 2003 and assumed the position of Group Managing Director on 30 June 2008. He was also an Executive Director in Ann Joo Steel Berhad ("AJSB") since 15 January 2004 and move on to be its President on 18 February 2004. Dato' Lim is the key driving force behind turning around and transforming AJSB into one of the most efficient and profitable steel mills in Southeast Asia. He was also instrumental in transforming Ann Joo Resources Group into a leading steel group in Malaysia and is the main dynamic behind the first modern Blast Furnace in Malaysia.

Dato' Lim is currently the Managing Director of AJSB and sits on the Board of several private limited companies. He is the Honorary Treasurer of the Malaysia Steel Association.

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
57 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. In year 2013, he was designated as the Advisor of the Malaysia Steel and Metal Distributors' Association. He also holds the position of Treasurer of the Malaysia Hardware, Machinery & Building Materials Dealers' Association.

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

LIM KIEN LIP

Group Executive Director
52 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.

Profile of
Directors

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

Independent Non-Executive Director
67 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 and in Feb 2014, was designated as the Senior Independent Non-Executive Director of the Company to whom concern of shareholders may be directed.

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, which is 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.

TAN SRI A. RAZAK BIN RAMLI

Independent Non-Executive Director
65 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
63 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 and Nominating Committee of the Company and was elected as the Chairman of the Remuneration Committee in February 2014.

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

Datuk Kamarudin is currently a director of ECM Libra Financial Group Berhad, a public listed company. He also holds directorships in Gabungan AQRS Berhad, Libra Invest Berhad and various other private limited companies.

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

LIM HUN SOON @ DAVID LIM

Independent Non-Executive Director
58 years of age, Malaysian

Lim Hun Soon @ David Lim was appointed to the Board of the Company on 29 May 2013. He also serves as a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

Mr Lim holds a Bachelor of Arts (Honours) degree in Economics from University of Leeds, United Kingdom. Mr Lim joined Peat Marwick Mitchell (now known as KPMG), United Kingdom in 1978. He returned to Malaysia in 1982 and continued his career in KPMG Malaysia until his retirement in 2011. He was admitted as partner of KPMG Malaysia in 1990 and was in the Management Committee from 1997 to 2001 and served on the Partnership Supervisory Council from 2002 to 2010. In 2006, he was tasked to start up the Audit Committee Institute, Malaysia ("ACI Malaysia"), which was a virtual worldwide initiative sponsored by KPMG to assist Independent Directors in enhancing their awareness and ability to implement effective board processes. He actively served as an examiner for Company Law examinations in the Malaysian Institute of Certified Public Accountants ("MICPA") for over a period of ten (10) years. He was also the Chairman of the MICPA Code of Ethics Committee and a member of the Malaysian Institute of Accountants Code of Ethics Committee from 2002 to 2004. In May 2013, Mr Lim was appointed to the Council of Institute of Chartered Accountants in England & Wales (ICAEW) for a tenure of two years and is the first Malaysian representative after more than 100 years history of ICAEW.

Mr Lim holds directorships in public listed companies, Manulife Holdings Berhad and IJM Land Bhd. He also holds directorships in Manulife Insurance Berhad, Affin Investment Bank Bhd, Rockwills Trustee Bhd and Sasbadi Holdings Bhd.

Mr Lim 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' Lim Kiam Lam

Group Executive Chairman

Chairman's Statement

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 2013.

THE STEEL MARKET IN 2013

Ann Joo experienced yet another challenging year in 2013 in which the Group had to contend with intensified competition on the back of sluggish steel market sentiments. The global steel industry was relentlessly hindered by oversupply situation that led to sluggish steel prices, high raw material costs and rampant dumping activities by Chinese mills globally. The operating environment for steel millers remained tough as China continues to increase its production capacity in the face of lacklustre demand, thus negatively impacted steel prices worldwide.

Regional demand was buoyant supported by the urbanization activities and infrastructure stimulus measures launched by the governments of Southeast Asian countries. Nevertheless, supply of artificially cheap Chinese steel products, taking advantage of a loophole in China tax rebate on export, was the key market disruptor despite numerous trade actions initiated by various governments.

Domestically, steel demand stayed resilient strongly spurred by both the public spending and private investment projects. Despite the imposition of anti-dumping duties on imported steel wire rods under HS Code 7213 from selected companies on 20 February 2013, the wire rods especially the boron-added ones from China continued to flood the market as there was no anti-dumping duty imposed on the two major Chinese importers. The anti-dumping duty was circumvented by importing the same carbon wire rods and declaring them as alloy steel under different HS Code. The import of steel bars, especially boron-added steel bars from China also witnessed a surge in import tonnage declared under HS Code 7214 by more than 200% since year 2011.

+2.0%
RM2.16 BILLION
GROUP REVENUE

+163.0%
RM12.27 MILLION
GROUP PROFIT

PERFORMANCE REVIEW

Notwithstanding the challenging industry backdrop, the Group registered revenue of RM2.16 billion, compared to RM2.11 billion in 2012, marking a 2% increase, as a result of higher sales tonnage from both Manufacturing and Trading Divisions. The Group posted a profit attributable to owners of the Company of RM12.27 million turning around from a loss attributable to the owners of the Company of RM19.48 million for the preceding year. The improved operating profit rose from better cost structure, despite the recognition of foreign exchange losses amounting to RM25.81 million for the year as a result of the weakening MYR against the USD.

Chairman's Statement

In year 2013, Manufacturing Division posted revenue of RM1.42 billion, an increase of 4% compared to RM1.36 billion for year 2012. The division recorded a segment loss of RM14.38 million in 2013, compared to a segment loss of RM70.87 million in the preceding year. The improvement in profitability was mainly attributable to better margin arising from productivity improvement despite recognition of foreign exchange loss of RM17.30 million for the year. Earnings were suppressed by high material cost in the first half of the year and influx of cheap Chinese goods into the regional market.

Significant reduction in production cost was achieved in 2013, especially in the second half of the year, due to further improvements in integrating the iron making and steel making processes. These have led to a remarkable improvement in efficiency and productivity, in particular we have reduced electricity and electrode consumption in steel making plant by more than 40%. The production cycle and production yield have also shown substantial improvement.

The normalisation of price level of key iron making raw materials i.e. iron ore, coal and coke, as compared to scrap price, since last quarter of year 2013 has also further boosted Ann Joo's competitive edge against our domestic and regional competitors.

Trading revenue decreased slightly by RM14.69 million to RM732.80 million from RM747.49 million in the preceding year despite higher sales tonnage. Segment profit for year 2013 stood at RM9.42 million, a drop of RM16.93 million from year 2012's segment profits of RM26.35 million. Lower profitability was a result of the recognition of foreign exchange loss of RM8.42 million for the year coupled with depressed steel prices.

PROSPECTS & STRATEGIC DIRECTION

The global economy is expected to revive traction and strengthen moderately with the recovery in advanced economies and developing countries through expenditure on construction and infrastructure projects. However, uncertainty beckons in every corner; uncertainties in the US Federal Reserve's future moves on tapering, fluctuating unemployment rates in US and Europe and the global oversupply in the steel industry. Global over-capacity of about 200 million tonnes of steel a year remains a serious issue for the industry and is likely to influence steel prices in the near future. Nevertheless, signs of improvement in the global steel market began emerging, buoyed by a reviving global economy. This however, is noted with caution as China is forecasted to continue steel production beyond its consumption needs in the coming future. China remains the global dominant force in the steel industry, being the largest producer and consumer of steel and iron products itself.

On the domestic horizon, with continuous spending on the construction sectors and infrastructure projects, steel demand is expected to remain resilient. The implementation of key projects from construction, oil & gas, shipbuilding and general fabrication sub-sectors remain the backbone for the steel industry of which benefits our Manufacturing and Trading Divisions.

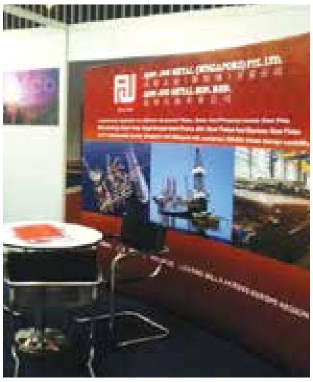
On the back of Chinese government's efforts to drive for structural reform for the steel industry with an ultimate aim of curbing its over-capacity situation and environmental pollution issues, the demand for iron ore and coke as the key materials for blast furnace is expected to shrink. Iron ore and coke prices will decline further driven by an anticipated oversupply situation due to increase in future supply, besides low growth in demand. Supply of iron ore increases especially by BHP, Rio Tinto Group and Vale SA, which together supply about two-third of seaborne iron ore, may push the global seaborne surplus of iron ore to 90 million metric tons this year after adding 100 million metric tons in year 2013.

Another positive development is the trade measures to contain the influx of cheap Chinese steel products, the imposition of import licensing for importation of alloy wire rods with effect from 1 January 2014 shall be able to mitigate the ineffectiveness of the anti-dumping duties on carbon wire rod. Ann Joo and other domestic steel mills are also putting in concerted efforts to appeal for trade actions against the rampant dumping of steel bars by Chinese mills which is expected to surge further in the coming future.

Further, hikes in electricity and natural gas tariff effective from 1 January 2014 and 1 May 2014 respectively are expected to exert cost pressure to the steel industry. The Malaysia Iron and Steel Industry Federation predicted these tariff hikes will translate to an addition electricity cost of RM200 million and natural gas cost of RM130 million for the steel industry annually. Nevertheless, the impact to the Group would be less severe and partially mitigated by better cost structure as a result of the hot metal charging technology that reduces the electricity consumption and generation of blast furnace off-gas for substitution of natural gas consumption.

The benefits of our investment in blast furnace technology will become more prominent with the realization of significant improved productivity and substantial savings on electricity and natural gas consumption for steel production this year. Coupled with normalization of key materials price, this will boost the Group's competitive edge against local and regional competitors and propel its position as a leading player both domestically and regionally.

Chairman's Statement



Against the tough elements influencing the steel industry, the Manufacturing Division's target is to be cost competitive. Going forward, it remains a focus of the division to maximize the synergies of vertical integration for iron and steel production. Operational agility, effective material cost management and aggressive marketing strategies will continue to be executed for competitiveness enhancement and growth sustainability.

The Trading Division will continue to make its presence felt in project business from oil & gas, shipbuilding and pressure vessel industries in Southeast Asia countries, which is expected to further contribute to the Group's performance in year 2014. Prospects for the oil & gas sector are now much brighter with the catching up of project progress that was delayed previously. The division continues on its expansion path by embarking on its supply network enhancement and processing business development.

Given the challenging market outlook and the relentless enhancement on operation efficiency, the performance of the Group is expected to improve. Undeniably, the performance is still largely dependent on the effectiveness and timeliness of the Government's efforts to curb the continued dumping activities by Chinese mills.

CORPORATE DEVELOPMENT

Parallel with the aspiration of the Group to become the leading and most efficient steel group in the region, Ann Joo continues to implement various business rationalization and expansion activities.

On 2 January 2013 and 18 February 2013, the Company announced that its wholly-owned subsidiaries, Ann Joo (Sarawak) Sdn Bhd ("AJSarawak"), and Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd ("Lian Tiong"), a wholly-owned subsidiary of AJSarawak, will be wound up by way of members' voluntary winding-up. AJSarawak and Lian Tiong which used to be in the business of trading of hardware and steel materials have ceased operation since 2007. The final meeting of AJSarawak and Lian Tiong was held on 19 December 2013 and 23 January 2014 respectively. Both companies are considered dissolved on the expiration of three months after the lodgement of the return relating to the final meeting.

On 30 December 2013, a wholly-owned subsidiary of the Company, Ann Joo Metal Sdn. Bhd. ("AJM"), had entered into a Shares Sale Agreement ("SSA") with Cheong Soh Fan and Lee Chow Chin for the acquisition of the entire shareholdings in Deluxe Steel Service Centre Sdn. Bhd. ("DSSC") comprising 200,000 ordinary shares of RM1.00 each for a total cash consideration of RM2.00. The SSA is pending fulfilment of the conditions precedent for completion. Upon completion of SSA, DSSC will become a wholly-owned subsidiary of AJM.

SAFEGUARDING SHAREHOLDERS' VALUE

In view of the daunting 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 for the year under review. The Board maintains its commitment to reward shareholders by forging towards delivery of a better and improved performance in the coming year.

APPRECIATION NOTE

On behalf of the Board and management team, I would like to take this opportunity to convey our sincerest appreciation to our shareholders. Your trust and confidence in Ann Joo Group is much valued. My deepest appreciation to the Board of Directors for their vast experience and wisdom that proved fundamental in steering Ann Joo towards continued success. On behalf of the Board of Directors, I would like to welcome Mr. Lim Hun Soon @ David Lim who was appointed as an Independent Non-Executive Director of the Company on 29 May 2013. Our sincere thanks also go out to Tan Sri A Razak Bin Ramli for his contribution and experience shared with the Company during his tenure on the Board. Tan Sri will retire at the forthcoming Annual General Meeting and will not be seeking re-election.

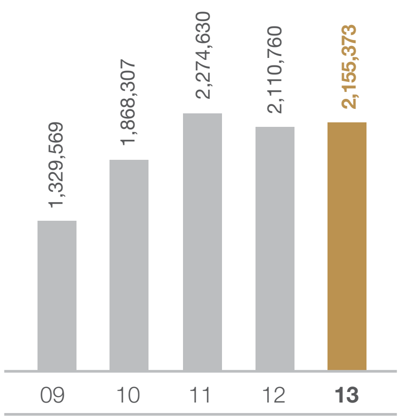
Our success would not have been achievable without the support and commitment of our workforce of dedicated and talented employees. Last but not least, I am also profoundly grateful for the steadfast support provided during the year by all our stakeholders, valued customers, business associates, suppliers, financiers and relevant regulatory authorities.

DATO' LIM KIAM LAM
Group Executive Chairman
April 2014

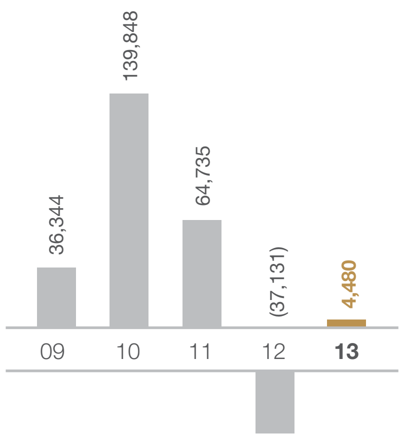
5 Years'
Group Financial Highlights

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	1,329,569	1,868,307	2,274,630	2,110,760	**2,155,373**
Profit/(Loss) Before Taxation	36,344	139,848	64,735	(37,131)	**4,480**
Profit/(Loss) After Taxation	30,813	120,525	62,113	(18,867)	**12,268**
Profit/(Loss) Attributable to Owners of the Company	31,617	119,903	61,134	(19,482)	**12,268**
Total Equity Attributable to Owners of the Company	912,097	1,059,919	1,074,207	1,036,763	**1,049,195**
Net Assets Per Share (sen)	181	211	214	207	**210**
Earnings/(Loss) Per Share (sen)					
- Basic	6.29	23.88	12.20	(3.89)	**2.45**
- Diluted	5.42	17.63	9.95	(3.89)	**2.45**
Net Dividend	11,310	33,893	43,958	17,540	**-**
Dividend per share (sen)	3.00	9.00	10.34	3.50	**-**

Revenue
RM'000

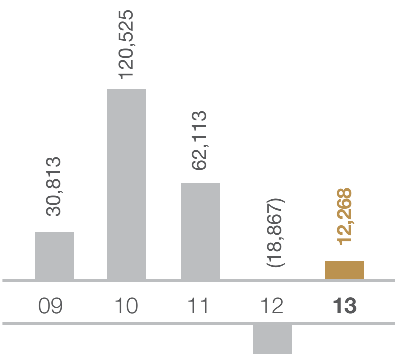


Profit/(Loss) Before Tax
RM'000

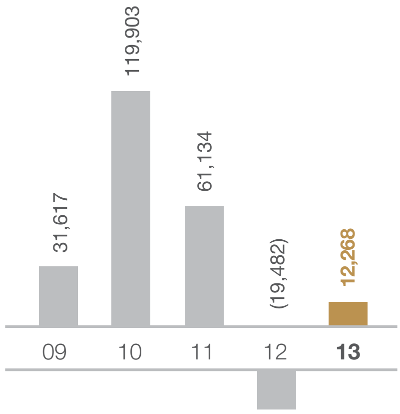


5 Years'
Group Financial Highlights

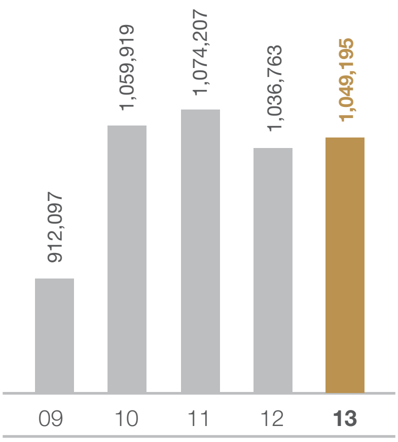
Profit/(Loss) After Tax
RM'000



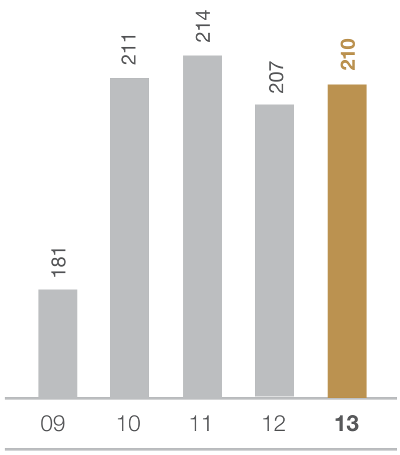
Profit/(Loss) Attributable to Owners of the Company
RM'000



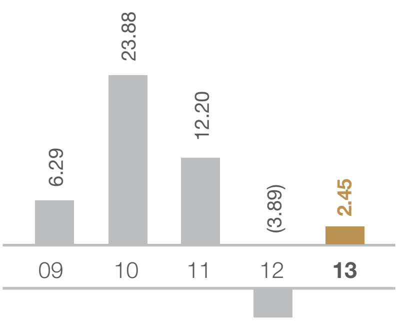
Total Equity Attributable to Owners of the Company
RM'000



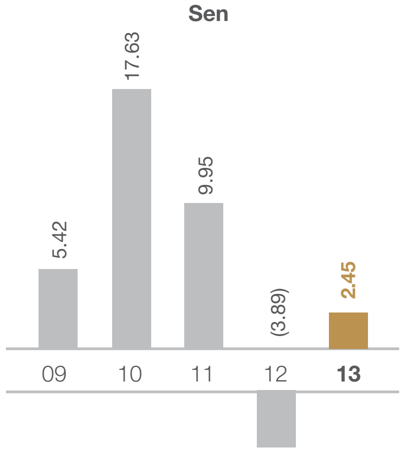
Net Assets Per Share
Sen



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

The details of the Board Charter are available for reference at www.annjoo.com.my.

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 2013, 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.

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:-

	No. of 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
Tan Sri A. Razak Bin Ramli	5/5	100
Datuk Kamarudin Bin Md. Ali	4/5	80
Mr Lim Hun Soon @ David Lim *	3/3	100
Dato' Ong Kim Hoay **	2/2	100

* *Appointed on 29 May 2013*
** *Retired on 29 May 2013*

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 10 to 13 of this Annual Report and is also available on the website of the Company.

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. All the Independent Directors have provided a confirmation of their independence to 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 is of the view that long tenure of service would not impair the independence of Directors to discharge their duties with integrity and competency. Nevertheless, the Board has set 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 synergy of knowledge and experience in the business have propelled the Group to achieve leadership position in the industry.

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 appointed Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar as the Senior Independent Non-Executive Director to whom queries or concerns may be conveyed by way of writing to the Company's registered address.

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.

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)*
- Datuk Kamarudin Bin Md Ali *(Member)*
- Mr Lim Hun Soon @ David Lim *(Member)*

Mr Lim Hun Soon @ David Lim was appointed on 29 May 2013 and replaced Dato' Ong Kim Hoay who retired as a Director of the Company on even date.

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 2013.

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.

The terms of reference of the Nominating Committee are available for reference at www.annjoo.com.my.

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.

Corporate Governance Statement

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, in-house briefings were conducted by professionals on the topic of "Goods & Services Tax" and "Corporate Governance Guide 2.0" where the Directors were briefed and discussion held on the respective matter.

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	Forum	• Zhejiang - Malaysia Trade Matching Symposium 2013	1 day
	Training	• Bursa Malaysia Sustainability Training For Directors & Practitioners	1 day
	Summit	• Malaysia - China Economic Cooperation Summit	½ day
Dato' Lim Hong Thye	Congress	• CPA Congress 2013	1 day
Lim Sin Seong	Seminar	• Nominating Committee Program	1 day
	Dialogue	• Special Dialogue & Presentation Session on ASEAN Corporate Governance Scorecard 2013	½ day
	Talk	• Abolishment of Fast Track Clearance (FTC)	½ day
	Seminar	• Human Resources	½ day
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	Forum	• Meeting of Minds - Euro-Asian Perspectives of Philanthropy	½ day
	Briefing	• Special Presentation on ASEAN Corporate Governance Scorecard 2013	½ day
	Briefing	• Breakfast session at the Kuala Lumpur Golf & Country Club with Board Chairman	½ day
	Conference	• Rothschild Dialogues Retreat - Philanthropy & Impact Investing	2 days
Tan Sri A. Razak Bin Ramli	Briefing	• Islamic Financial Services Act 2013 (IFSA)	½ day
	Seminar	• Nominating Committee Program	1 day
	Seminar	• (i) Enterprise Risk Management (ERM) (ii) Principles of Risk Management in Today's Environment: Summary of World Economic Forum (WEF) Study (iii) Making it Work: Anatomy of a Modern ERM Framework	1 day
	Seminar	• Audit Committee Seminar 2013	½ day
	Dialogue	• Special Presentation on ASEAN Corporate Governance Scorecard 2013	½ day
	Seminar	• Advocacy Sessions on Corporate Disclosure for Directors - (i) Corporate Disclosure Framework under the Listing Requirements (LR) (ii) Ensuring Compliance of LR Disclosure Obligations (iii) Reliability of Financial Statements	1 day
	Seminar	• The Nomination Committee Programme	1 day

Name of Director	Mode	Title	Duration
Datuk Kamarudin Bin Md Ali	Briefing	• To convey the expectation of Bursa Malaysia on the regularisation of PN17 companies	1 day
	Symposium	• Corporate Governance Symposium 2013	2 days
	Briefing	• Advocacy Sessions on Corporate Disclosure	1 day
	Seminar	• Nominating Committee Program	1 day
	Seminar	• Leading a Learning Organisation in an Age of Change	1 day
	Workshop	• Corporate Governance Statement Reporting Workshop	1 day
Lim Hun Soon @ David Lim	Training	• FIDE Elective Program: The Nomination Remuneration Committee Program	2 days
	Seminar	• Financial Services Act 2012 & Islamic Financial Services Act 2012	½ day
	Training	• FIDE Elective Program: Governance In Groups	1 day
	Seminar	• Politics and Business - The Malaysian Connection "The Way Forward-Towards Sustainable Economic Growth & Competitiveness	½ day
	Training	• FIDE Elective Program: Board IT Governance and Risk Management Program	2 days
	Training	• FIDE Elective Program: Board Risk Management Committee - Bank Program	2 days
	Seminar	• Financial Services Act 2013 - Key Implications; Basel III & Its Impact on Capital & Liquidity: New Audit Opinion: Accounting & Other Regulatory Updates	½ day
	Training	• FIDE Elective Program: Human Capital Management in The Boardroom & "C" Suite Programme	1 day
	Conference	• MIA International Accountants Conference 2013	2 days
	Workshop	• Risk Management & Internal Control	1 day

B. DIRECTORS' REMUNERATION

Remuneration Committee

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

- Datuk Kamarudin Bin Md Ali *(Chairman)*
- Tan Sri A. Razak Bin Ramli *(Member)*
- Mr Lim Hun Soon @ David Lim *(Member)*

Datuk Kamarudin was elected as the Chairman of the Committee in February 2014 to replace Dato' Ong Kim Hoay who retired as a Director of the Company on 29 May 2013. Mr Lim Hun Soon @ David Lim was appointed on 29 May 2013 and also replaced Dato' Ong Kim Hoay as a member on the Committee.

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 2013.

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 terms of reference of the Remuneration Committee are available for reference at www.annjoo.com.my.

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

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

	Salary RM'000	Fees RM'000	Bonus & Allowances RM'000	Statutory Contribution RM'000	Benefit-in-kind RM'000	Total RM'000
Executive Directors	3,048	300	1,019	520	133	5,020
Non-Executive Directors	-	300	138	-	-	438

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

Range of Remuneration	Number of Directors Executive	Number of Directors Non-Executive
RM45,001 to RM50,000	-	1
RM60,001 to RM65,000	-	1
RM100,001 to RM150,000	-	3
RM750,001 to RM800,000	1	-
RM900,001 to RM950,000	1	-
RM1,450,001 to RM1,500,000	1	-
RM1,850,001 to RM1,900,000	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. The Annual Report of the Company are distributed to all shareholders together with the notice of Annual General Meeting, which notice is also advertised in the press and released to Bursa Malaysia. 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.

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 2013.

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 24 April 2014.

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.

COMPOSITION

The present members of the Committee are as follows:-

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar *(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

Mr Lim Hun Soon @ David Lim *(Member)*
Independent Non-Executive Director

All the Audit Committee members are able to read, analyse and interpret the financial statements and have effectively discharged their duties pursuant to the Terms of Reference of the Audit Committee. Mr Lim Hun Soon @ David Lim 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 2013, 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
Tan Sri A. Razak bin Ramli	5	5
Datuk Kamarudin bin Md Ali	5	4
Mr Lim Hun Soon @ David Lim *	3	3

* *Attended all meetings after his appointment on 29 May 2013*

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 2013 on 26 February 2013 and 28 November 2013 respectively without the presence of the Management including the Executive Board members.

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

Summary of Activities of the Group Assurance & Advisory Function

Group Assurance & Advisory provides the board, audit committee and senior management the highest level and objectivity within the Group. The function provides assurance on the effectiveness of internal controls, risk management and governance.

The scope of this assurance 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 to. 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 2013 was RM275,000 (2012: RM256,000)

Statement on
Risk Management and Internal Control

BOARD RESPONSIBILITY

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

The management has been entrusted by the Board of Directors to implement processes for identification, assessment, management, monitoring and reporting of risk and to provide assurance to the Board that it has done so. The Group Risk Officer was appointed on September 4, 2012 whom direct reports to the Group Executive Chairman.

At the Group level, risk focus is on market risk, credit risk, interest rate risk, liquidity risk and foreign exchange risk while at subsidiaries, risk focus is on 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 Board committees e.g. Group Legal Credit Committee, Group Management Committee 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 existence of three lines of defence 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 organisational 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) Training 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 control system on behalf of the Board. This is accomplished through review of the Group's internal audit department's work. The Group's internal audit function independently reviews the business processes and appraise the internal control system, then periodically reports to the Audit Committee.

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (RPG5) Revised December 2013 issued by the Malaysian Institute of Accountants.

Based on their review, the External Auditors have reported nothing come to their attention that cause them to believe, on the basis of the procedures performed and evidence obtained, that the statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer to be set out, nor is factually inaccurate.

CONCLUSION

The Board is of the view that the risk management and system of internal control is in place for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report, is sufficient to safeguard the Group's interest as well as its shareholders, customers and business associates, regulators, employees and other stakeholders.

The Board has received combined assurance from the Group Executive Chairman, Group Managing Director, Group Finance Director as well as the Group Risk Officer that the Group's risk management and system of internal control are operating adequately and effectively, in all materials aspect, based on the framework adopted by 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 obligation.*
Interest rate risk	:	*the risk that interest rates will change*
Liquidity risk	:	*probability of loss arising from a situation where there will not be enough cash and/or cash equivalent to meet the needs of the borrowers. Also, the risk that company will have difficulty selling an asset without incurring a loss. That is, there may be a lack of interest in the market for a particular asset forcing company to sell it for less than its actual value.*
Foreign exchange risk	:	*arises from potential movements in values of foreign currencies to the domestic currency.*
Operational Risk	:	*the possibility of an event or condition occurring that will influene the ability of the Group to achieve its objectives through the transformation of inputs into outputs e.g. breakdown of process and/or equipment either in whole or in parts (depending on the availability of replacement units 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

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

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

COMMUNITY

Over the year, Ann Joo Group has established a close bond with the community in Klang Valley, Penang and Negeri Sembilan. Our financial contributions are channelled to charity functions, schools, fund raising event for Rugby Union and to the uniformed body around the Klang Valley and Penang.

EDUCATION

TARC-ANN JOO GROUP Student Loan Fund

A strong relationship has long been established with Tunku Abdul Rahman College (TARC) under the TARC - ANN JOO GROUP Student Loan Fund. The fund is being utilised to assist students in need of financial assistance. Up to December 2013, a total of RM282,000.00 has been distributed to the selected needy students to pursue their studies. We expect to see a pool 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 Fair

We are also involved in the search for new professional talent through our participation in the Career Day which was organized by colleges and universities. Among those we have visited were SEGI University, Stamford College, UPM, Tunku Abdul Rahman University, Multimedia University, Tunku Abdul Rahman College and UiTM with the aim to find and nurture professional talent.

Besides visiting their campus, we also received a visit from UiTM students to Ann Joo Steel Berhad – Rolling Mill 3 based at Shah Alam. In this tour, the future graduates were able to see and have a closer feel of working conditions in the steel manufacturing sector.

Statement of
Corporate Social Responsibility

EMPLOYEE WELFARE

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

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

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

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

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 subscribed and certified to a voluntary Environmental Management System (ISO 14001) standard created by the International Organisation for Standardisation or ISO since year 2004 under the Integrated Management System (IMS) programmes. This certification requires the implementation of an Environmental Management System or EMS, which is a set of standards that provide a framework on how to identify and control environmental impacts through a series of environmental initiatives.

Ann Joo Integrated Steel Sdn. Bhd. (AJIS), another wholly-owned subsidiary of the Company also practised the IMS, similar to that implemented by AJSB and established energy conservation and environmental sustainability. Environmental aspect such as air, noise and the discharged water were evaluated and monitored frequently. This helped to ensure that there are adequate control methods to prevent adverse impacts to the environment.

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 substitution programme to replace partially alloy/flux and gas for cost reduction and resources conservation such as aluminium, argon, etc.
2.	Dust Emission	The maintenance and replacement of filter bags in existing air pollution control system of SMP are scheduled regularly to ensure high performance and prevent dust emission. There is also a unit of mobile water mist spray machine deployed to reduce flying dust during loading and unloading of scraps at outdoor scrap yard.
3.	Noise Emission	The investment of two units of new air compressors has significantly minimised the noise emission and reduced high maintenance cost.
4.	Energy Saving	The use of inverter type control system for the overhead cranes has proven in reduced maintenance for mechanical and electrical parts and savings in electricity usage. The project of replacement water plant cooling water fan motors to water driven turbines have shown positive result of electricity saving.

Other Information

SHARE BUYBACKS/RESOLD

As at 31 December 2013, a total of 20,000 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 2013 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)
February 2013	10,000	12,592	1.25	1.25	1.26
September 2013	10,000	12,087	1.20	1.20	1.21
Total	20,000	24,679			

^ *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

There were no options, warrants or convertible securities exercised.

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 2013 are as follows:

		RM
Deloitte Tax Services Sdn. Bhd.	Tax compliance services	60,110
Deloitte Tax Services Sdn. Bhd.	Seminar on tax related topic	3,050
Deloitte & Touche LLP	Tax compliance services	14,138
Deloitte Corporate Advisory Services Sdn. Bhd.	Professional fee for financial and tax due diligence	45,600
Deloitte	Review of statement of internal control	5,000
Deloitte	Audit on TNB special industry tariff application	1,500
Deloitte	Audit on MIDA pre-package tax incentive application	5,000
Deloitte	Audit on MIDA training grant	4,000
		138,398

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 2013

The Directors of **ANN JOO RESOURCES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

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
Profit attributable to:		
Owners of the Company	12,268	16,618

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 disposal of subsidiary as disclosed in Note 16 to the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the current financial year.

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.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other 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
Tan Sri A. Razak bin Ramli
Datuk Kamarudin bin Md Ali
Lim Hun Soon @ David Lim *(appointed on 29 May 2013)*
Dato' Ong Kim Hoay *(retired on 29 May 2013)*

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 1.1.2013	**Acquired**	**Sold**	**Balance at 31.12.2013**
Direct interest				
Dato' Lim Kiam Lam	2,772,750	535,500	-	3,308,250
Dato' Lim Hong Thye	1,359,400	120,000	-	1,479,400
Indirect interest				
Dato' Lim Kiam Lam*	330,635,832	-	535,500	330,100,332
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 1.1.2013	**Acquired**	**Sold**	**Balance at 31.12.2013**
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 1.1.2013	**Granted/ Acquired**	**Exercised**	**Sold/ Transferred**	**Expired on 10.1.2013**	**Balance at 31.12.2013**
Direct interest						
Dato' Lim Kiam Lam	1,533,375	-	-	-	1,533,375	-
Dato' Lim Hong Thye	647,000	-	-	-	647,000	-
Indirect interest:						
Dato' Lim Kiam Lam*	177,247,880	-	-	-	177,247,880	-
Lim Sin Seong*	177,077,905	-	-	-	177,077,905	-
Lim Kien Lip*	752,300	-	-	-	752,300	-

* *Deemed interest by virtue of Section 6A(4)(c) and Section 134(12)(c) of the Companies Act, 1965*

DIRECTORS' INTERESTS *cont'd*

By virtue of Section 6A(4)(c) of the Companies Act 1965, Dato' Lim Kiam Lam and Mr. Lim Sin Seong are also deemed interest 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 (formerly known as 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

Petaling Jaya

Date: 24 April 2014

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 2013, and the statements of profit or loss and other 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 46 to 115.

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 requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible 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 the auditors' judgement, 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 2013 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 requirements 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.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 116 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 MATTER

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

DELOITTE
AF 0080
Chartered Accountants

YEE YOON CHONG
Partner - 1829/07/15 (J)
Chartered Accountant

Kuala Lumpur

24 April 2014

Statements of
Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000 (restated)	The Company 2013 RM'000	The Company 2012 RM'000
Revenue	5	2,155,373	2,110,760	17,082	-
Cost of sales		(1,957,785)	(2,038,049)	-	-
Gross profit		197,588	72,711	17,082	-
Other operating income		6,505	35,102	4,551	1
Administrative expenses		(80,019)	(84,457)	(1,033)	(1,086)
Distribution expenses		(37,002)	(30,523)	-	-
Other operating expenses		(26,263)	(1,081)	(10)	(185)
Results from operating activities		60,809	(8,248)	20,590	(1,270)
Interest income	6	1,890	1,646	131	434
Finance costs	7	(58,217)	(30,418)	-	-
Operating profit/(loss)	8	4,482	(37,020)	20,721	(836)
Share of results of an associate		(2)	(111)	-	-
Profit/(Loss) before tax		4,480	(37,131)	20,721	(836)
Income tax credit/(expense)	9	7,788	18,264	(4,103)	(189)
Profit/(Loss) for the year		12,268	(18,867)	16,618	(1,025)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		283	(17)	-	-
Change in fair value of equity securities classified as available-for-sale		14	63	-	-
Fair value gain on available-for-sale financial assets reclassified to profit or loss upon disposal		(108)	-	-	-
Income tax relating to components of other comprehensive income		-	212	-	-
Other comprehensive income for the year, net of tax		189	258	-	-
Total comprehensive income/(loss) for the year		12,457	(18,609)	16,618	(1,025)
Profit/(Loss) attributable to:					
Owners of the Company		12,268	(19,482)	16,618	(1,025)
Non-controlling interests		-	615	-	-
Profit/(Loss) for the year		12,268	(18,867)	16,618	(1,025)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		12,457	(19,224)	16,618	(1,025)
Non-controlling interests		-	615	-	-
Total comprehensive income/(loss) for the year		12,457	(18,609)	16,618	(1,025)
Earnings/(Loss) per ordinary share (sen):					
Basic and diluted	10	2.45	(3.89)		

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

Statements of Financial Position

as at 31 December 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,117,367	1,147,310	-	-
Prepaid lease payments	13	11,484	11,802	-	-
Investment properties	14	4,152	4,199	1,806	1,827
Intangible assets	15	7,182	7,459	-	-
Investment in subsidiaries	16	-	-	927,724	880,049
Investment in an associate	17	28	-	-	-
Other investments	18	17	253	-	-
Deferred tax assets	19	61,238	47,475	-	-
Total non-current assets		1,201,468	1,218,498	929,530	881,876
Current assets					
Inventories	20	1,449,827	1,339,427	-	-
Receivables and prepayments	21	387,249	284,286	3,292	31,027
Tax recoverable		6,760	11,107	168	60
Cash and bank balances	22	52,805	46,652	48	478
		1,896,641	1,681,472	3,508	31,565
Assets classified as held for sale	23	-	16,356	-	4,269
Total current assets		1,896,641	1,697,828	3,508	35,834
TOTAL ASSETS		3,098,109	2,916,326	933,038	917,710

Statements of Financial Position

as at 31 December 2013

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	522,708	522,708	522,708	522,708
Treasury shares	25	(71,284)	(71,259)	(71,284)	(71,259)
Other reserves	26	82,007	120,046	22,342	61,544
Retained earnings	26	515,764	465,268	458,516	402,696
Equity attributable to owners of the Company		1,049,195	1,036,763	932,282	915,689
Non-controlling interests		-	4,674	-	-
Total equity		1,049,195	1,041,437	932,282	915,689
Non-current liabilities					
Loans and borrowings	27	304,480	399,690	-	-
Provision for retirement benefits	28	6,703	7,404	-	-
Deferred tax liabilities	19	15,629	16,043	-	-
Total non-current liabilities		326,812	423,137	-	-
Current liabilities					
Loans and borrowings	27	1,518,574	1,259,700	-	-
Payables and accruals	29	202,131	187,334	756	2,021
Tax liabilities		1,397	1,045	-	-
		1,722,102	1,448,079	756	2,021
Liabilities directly associated with assets classified as held for sale	23	-	3,673	-	-
Total current liabilities		1,722,102	1,451,752	756	2,021
Total liabilities		2,048,914	1,874,889	756	2,021
TOTAL EQUITY AND LIABILITIES		3,098,109	2,916,326	933,038	917,710

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

Statements of Changes in Equity

for the year ended 31 December 2013

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 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
At 1 January 2013		522,708	120,046	(71,259)	465,268	1,036,763	4,674	1,041,437
Profit for the year		-	-	-	12,268	12,268	-	12,268
Other comprehensive income for the year		-	189	-	-	189	-	189
Total comprehensive income for the year		-	189	-	12,268	12,457	-	12,457
Transfer to retained earnings upon winding up of subsidiary	26	-	974	-	(974)	-	-	-
Transfer to retained earnings upon expiry of Warrants 2008/2013	26	-	(39,202)	-	39,202	-	-	-
Share buybacks	25	-	-	(25)	-	(25)	-	(25)
Impact on non-controlling interests arising on disposal of interest in subsidiary	16.3	-	-	-	-	-	(4,674)	(4,674)
At 31 December 2013		522,708	82,007	(71,284)	515,764	1,049,195	-	1,049,195

Statements of
Changes in Equity

for the year ended 31 December 2013

The Company	Note	Share capital RM'000	Non-distributable reserves: Other reserves RM'000	Distributable reserves: Treasury shares RM'000	Distributable reserves: Retained earnings RM'000	Total equity RM'000
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
At 1 January 2013		522,708	61,544	(71,259)	402,696	915,689
Total comprehensive income for the year		-	-	-	16,618	16,618
Share buybacks	25	-	-	(25)	-	(25)
Transfer to retained earnings upon expiry of Warrants 2008/2013	26	-	(39,202)	-	39,202	-
At 31 December 2013		522,708	22,342	(71,284)	458,516	932,282

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

Statements of Cash Flows

for the year ended 31 December 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		4,480	(37,131)	20,721	(836)
Adjustments for:					
Allowance for impairment losses on receivables	21.5	102	380	-	-
Amortisation of intangible assets	15	277	553	-	-
Amortisation of prepaid lease payments	13	318	318	-	-
Amortisation of investment in club membership		-	1	-	-
Bad debts written off		75	96	-	-
Depreciation of property, plant and equipment	12	48,319	47,500	-	-
Depreciation of investment properties	14	47	57	21	22
(Gain)/Loss on disposal of other investments		(112)	2	-	-
Gain on disposal of property, plant and equipment - net		(244)	(3,075)	-	-
Gain on disposal of subsidiary		(1,247)	-	(4,549)	-
Impairment loss on investment in subsidiaries		-	-	-	185
Interest expense		58,217	30,418	-	-
Interest income		(1,890)	(1,646)	(131)	(434)
Loss on disposal of investment properties		-	18	-	-
Loss on winding up of subsidiary		-	-	10	-
Property, plant and equipment written off	12	-	31	-	-
Retirement benefits	28	720	717	-	-
Reversal of allowance for impairment losses on trade receivables	21.5	(335)	(1,247)	-	-
(Reversal of)/Inventory written down	20	(7,235)	23,388	-	-
Share of results of an associate		2	111	-	-
Unrealised loss/(gain) on foreign exchange		10,916	(2,799)	-	-
		112,410	57,692	16,072	(1,063)
Movements in working capital:					
(Increase)/Decrease in:					
Inventories		(103,165)	(84,418)	-	-
Receivables and prepayments		(101,246)	(8,080)	27,735	15,865
Increase/(Decrease) in payables and accruals		14,788	12,395	(1,265)	1,306
Cash (used in)/from operations		(77,213)	(22,411)	42,542	16,108
Income tax paid		(1,729)	(14,956)	(4,211)	-
Retirement benefits paid	28	(799)	(1,188)	-	-
Interest income received		1,884	1,635	-	-
Finance costs paid		(38,072)	(27,982)	-	-
Net cash (used in)/from operating activities		(115,929)	(64,902)	38,331	16,108

Statements of Cash Flows

for the year ended 31 December 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
CASH FLOWS USED IN INVESTING ACTIVITIES					
Acquisition of associate		(30)	-	-	-
Capital repayment from winding up of subsidiary		-	-	1,121	-
Increase in investment in subsidiaries		-	-	(48,806)	(749)
Interest received		6	11	131	434
Proceeds from disposal of investment properties		-	2,638	-	-
Proceeds from disposal of other investments		254	-	-	-
Proceeds from disposal of property, plant and equipment		703	9,837	-	-
Proceeds from disposal of subsidiary	16	2,290	-	8,818	-
Purchase of property, plant and equipment	12	(18,835)	(58,649)	-	-
Net cash used in investing activities		(15,612)	(46,163)	(38,736)	(315)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Interest paid		(20,145)	(2,436)	-	-
Dividends paid to owners of the Company		-	(17,540)	-	(17,540)
Proceeds from bank borrowings		3,418,242	2,350,653	-	-
Repayment of bank borrowings		(3,267,201)	(2,225,991)	-	-
Share buybacks	25	(25)	(680)	(25)	(680)
Withdrawal of deposits pledged with licensed banks		1,020	693	-	-
Net cash from/(used in) financing activities		131,891	104,699	(25)	(18,220)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		350	(6,366)	(430)	(2,427)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		47,400	53,768	478	2,905
Effects of exchange differences		295	(2)	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	48,045	47,400	48	478

The accompanying Notes form an integral part of 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 24 April 2014.

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 Application of new and revised Malaysian Financial Reporting Standards

In the current year, the Group and the Company have applied all the new and revised MFRSs and Issues Committee Interpretations ("IC Interpretations") and amendments to MFRSs and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for annual financial periods beginning on or after 1 January 2013.

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS – Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
Annual Improvements to MFRS 2009 – 2011 Cycle (issued in July 2012)	

The adoption of these new and revised MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company, except for the following additional disclosures:

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

2.1 Application of new and revised Malaysian Financial Reporting Standards *cont'd*

Amendments to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group and the Company have applied the amendments to MFRS 7 Disclosures – *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to MFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group and the Company do not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these financial statements.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of MFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

MFRS 13 Fair Value Measurement

The Group and the Company have applied MFRS 13 for the first time in the current year. MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of MFRS 13 is broad; the fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purpose of measuring inventories or value in use for impairment assessment purposes).

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provision the Group and the Company have not made any new disclosures required by MFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of MFRS 13 has not had any material impact on the amounts recognised in these financial statements.

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

The Group and the Company have applied the amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the "statement of comprehensive income" is renamed as the "statement of profit or loss and 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 items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may 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.

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

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 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)[1]
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)[1]
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)[1]
IC Int. 21	Levies[2]
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures[1]
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities[2]
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions[3]
Amendments to MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)[2]
Amendments to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)[2]
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)[2]
Annual Improvements to MFRSs 2010–2012 Cycle[3] (issued in February 2014)	
Annual Improvements to MFRSs 2011–2013 Cycle[3] (issued in February 2014)	

[1] The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion.

[2] Effective for annual periods beginning on or after 1 January 2014

[3] Effective for annual periods beginning on or after 1 July 2014

Where applicable, 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.

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 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristic into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such as basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as realisable value in MFRS 102 or value in use in MFRS 136.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Basis of Accounting *cont'd*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Basis of consolidation

The financial statements of the Group as at and for the year ended 31 December 2013 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 2013 do not include any other entities.

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale. The cost of investments included transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.2 Basis of consolidation *cont'd*

(ii) Accounting for business combination

Business combinations are accounted for using the acquisition method from the acquisition date 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 were accounted for using the pooling-of-interests method of accounting.

Under the acquisition 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 is 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.

For new acquisitions, the Group measures the cost of 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.

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.

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.2 Basis of consolidation *cont'd*

(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 cost of the investment includes transaction costs. 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, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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 if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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. The cost of investments includes transaction costs.

(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 profit or loss and other 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.

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 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 asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale is highly probable. 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 estimated customer returns, rebates and other similar allowances. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.6 Borrowing costs

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

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

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group has no further payment obligations once these contributions have been paid.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gain and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.7 Employee benefits *cont'd*

(iii) Defined benefit plans *cont'd*

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefit available in the form of refunds and reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.9 Property, plant and equipment *cont'd*

(i) Recognition and measurement *cont'd*

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. 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.

(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. Freehold land is not depreciated. Leasehold land is amortised over the period of 99 years. 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. 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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

(ii) Research and development

Research expenditure is recognised in profit or loss when incurred. Development costs incurred on projects are recognised as an asset when it is probable that the project is expected to generate future economic benefits and only if the development costs can be measured reliably. Other development 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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

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.

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*

(a) Financial assets at fair value through profit or loss *cont'd*

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.

(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.

(d) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.15 Financial instruments *cont'd*

(iii) Financial guarantee contracts

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

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

(iv) Derecognition

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

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.16 Leased assets *cont'd*

(ii) Operating lease *cont'd*

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

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

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 the profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.17 Impairment of assets *cont'd*

(ii) Other assets *cont'd*

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

Impairment losses are recognised in 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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

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 15 - 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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(restated)		
Sale of goods	2,152,866	2,108,837	-	-
Rental income from investment properties	2,417	1,923	-	-
Management fee	90	-	-	-
Gross dividends from subsidiaries	-	-	17,082	-
	2,155,373	2,110,760	17,082	-

6. INTEREST INCOME

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest income received from:				
Deposits with licensed banks	762	771	6	11
Overdue accounts	1,128	875	-	-
Advance to subsidiaries	-	-	125	423
	1,890	1,646	131	434

7. FINANCE COSTS

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest expenses for:				
Bills payable	27,286	13,355	-	-
Redeemable bonds	22,351	3,962	-	-
Foreign currency trade finance	5,516	10,387	-	-
Revolving credit	1,819	786	-	-
Term loans	1,242	1,923	-	-
Bank overdraft	3	5	-	-
	58,217	30,418	-	-

8. OPERATING PROFIT/(LOSS)

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging:					
Allowance for impairment losses on receivables	21.5	102	380	-	-
Inventories written down	20	-	23,388	-	-
Amortisation of intangible assets	15	277	553	-	-
Amortisation of prepaid lease payments	13	318	318	-	-
Amortisation of investment in club membership		-	1	-	-
Auditors' remuneration:					
- current year		288	285	50	50
- overprovision in prior years		-	(1)	-	-
- non-audit fee		138	97	11	6
Bad debts written off		75	96	-	-
Depreciation of property, plant and equipment	12	48,319	47,500	-	-
Depreciation of investment properties	14	47	57	21	22
Employee benefits costs	8.1	114,020	114,359	-	-
Foreign exchange loss:					
- realised		14,894	-	-	-
- unrealised		10,916	-	-	-
Impairment loss on investment in subsidiaries		-	-	-	185
Loss on disposal of investment properties		-	18	-	-
Loss on disposal of other investments		-	2	-	-
Loss on winding up of subsidiary		-	-	10	-
Property, plant and equipment written off	12	-	31	-	-
Rental of premises		2,443	2,389	-	-
Rental of equipment		4,699	4,263	-	-
and after crediting:					
Bad debts recovered		37	793	-	-
Dividend income from:					
- subsidiaries		-	-	17,082	-
- others		-	1	-	-
Foreign exchange gain:					
- realised		-	26,436	-	-
- unrealised		-	2,799	-	-
Gain on disposal other investments		112	-	-	-
Gain on disposal of property, plant and equipment		244	3,075	-	-
Gain on disposal of subsidiary		1,247	-	4,549	-
Rental income from:					
- an associate		-	73	-	-
- others		2,417	1,850	-	-
Reversal of allowance for impairment losses on trade receivables	21.5	335	1,247	-	-
Reversal of inventory written down	20	7,235	-	-	-

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

8.1. Employee benefits costs

Employee includes key management personnel

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonus	98,913	99,651	-	-
Defined contribution plan	9,443	8,789	-	-
Provision for retirement benefits (Note 28)	720	717	-	-
Other staff related expenses	4,944	5,202	-	-
	114,020	114,359	-	-

8.2. Key management personnel compensation

The key management personnel compensation is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Directors				
Fees	560	560	560	560
Remuneration	7,203	7,787	178	185
Defined contribution plan	904	950	-	-
Estimated monetary value of benefits-in-kind	236	274	-	-
Others	14	(1)	-	-
	8,917	9,570	738	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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
Malaysian tax	6,332	9,058	4,103	-
Foreign tax	824	214	-	-
(Over)/Under provision in prior years	(767)	9	-	189
	6,389	9,281	4,103	189
Deferred tax (Note 19):				
Current year	(3,223)	(26,414)	-	-
Overprovision in prior years	(10,954)	(1,131)	-	-
	(14,177)	(27,545)	-	-
	(7,788)	(18,264)	4,103	189

Reconciliation of effective tax expense

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	4,480	(37,131)	20,721	(836)
Taxation (credit)/ expenses at Malaysian statutory tax rate of 25%	1,120	(9,283)	5,180	(209)
Effect of different tax rates in other countries and for Labuan trading activities	(481)	(129)	-	-
Tax effect on share of results of an associate	-	28	-	-
Tax effects of:				
- Non-deductible expenses	2,978	1,958	60	114
- Non-taxable income	(352)	(3,922)	(1,137)	-
Tax incentives	(254)	(10,924)	-	-
Deferred tax assets not recognised	922	5,130	-	95
(Over)/Underprovision in prior years:				
- Current tax	(767)	9	-	189
- Deferred tax	(10,954)	(1,131)	-	-
Income tax (credit)/expense	(7,788)	(18,264)	4,103	189

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	
	2013	2012
	RM'000	RM'000
Profit/(Loss) attributable to equity holders of the Company	12,268	(19,482)

	The Group	
	2013	2012
Weighted average number of ordinary shares at 31 December ('000)	500,659	501,017
Basic earnings/(loss) per ordinary share (sen)	2.45	(3.89)

Diluted earnings per ordinary share

There is no dilution in earnings per share as the Company has no potential dilutive ordinary shares for 2013 and 2012.

11. DIVIDENDS

Dividends recognised 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

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 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/ 1 January 2013	182,659	60,775	527,245	776,797	14,687	83,032	1,645,195
Additions	-	-	87	3,276	2,525	12,947	18,835
Disposals	-	-	-	(278)	(511)	(341)	(1,130)
Reclassification	-	-	41,813	26,042	-	(67,855)	-
At 31 December 2013	182,659	60,775	569,145	805,837	16,701	27,783	1,662,900
Accumulated Depreciation and Accumulated Impairment Losses							
At 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/ 1 January 2013							
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
Depreciation for the year	-	728	12,188	33,666	1,737	-	48,319
Disposals	-	-	-	(278)	(393)	-	(671)
At 31 December 2013							
Accumulated depreciation	-	10,562	51,164	471,483	12,272	-	545,481
Accumulated impairment losses	43	-	9	-	-	-	52
	43	10,562	51,173	471,483	12,272	-	545,533

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 31 December 2012	182,616	50,941	488,260	338,702	3,759	83,032	1,147,310
At 31 December 2013	182,616	50,213	517,972	334,354	4,429	27,783	1,117,367

12.1 Security

Land and buildings with a carrying amount of RM138,831,505 (2012: RM141,328,589) 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 RM555,931,218 (2012: RM571,534,437) 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 for year ended 31 December 2013 was interest capitalised of RMNil. In 2012, interest was capitalised at rates ranging from 5.10% to 5.37% per annum amounting to RM21,503,804.

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 2013, the iron making plant of a subsidiary with carrying value of RM556,136,812 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 5.22% (2012: 5.86%) has been applied to the cash flow projection.

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 2012/31 December 2012/1 January 2013/31 December 2013	13,509
Amortisation	
At 1 January 2012	1,389
Amortisation for the year	318
At 31 December 2012	1,707
Amortisation for the year	318
At 31 December 2013	2,025
Carrying amounts	
At 31 December 2012	11,802
At 31 December 2013	11,484

The unexpired portions of the leasehold land as at 31 December 2013 are within the range of 19 to 44 years (2012: 20 to 45 years).

14. INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Leasehold Land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January 2012	600	1,870	4,524	6,994
Disposal	-	-	(2,700)	(2,700)
At 31 December 2012/1 January 2013/31 December 2013	600	1,870	1,824	4,294
Accumulated depreciation				
At 1 January 2012	-	21	61	82
Depreciation for the year	-	22	35	57
Disposal	-	-	(44)	(44)
At 31 December 2012	-	43	52	95
Depreciation for the year	-	21	26	47
At 31 December 2013	-	64	78	142
Carrying amounts				
At 31 December 2012	600	1,827	1,772	4,199
At 31 December 2013	600	1,806	1,746	4,152
Fair value				
At 31 December 2012/31 December 2013	600	1,870	1,824	4,294

14. INVESTMENT PROPERTIES *cont'd*

The Company	Leasehold land RM'000
Cost	
At 1 January 2012/31 December 2012/1 January 2013/31 December 2013	1,870
Accumulated depreciation	
At 1 January 2012	21
Depreciation for the year	22
At 31 December 2012	43
Depreciation for the year	21
At 31 December 2013	64
Carrying amounts	
At 31 December 2012	1,827
At 31 December 2013	1,806
Fair value	
At 31 December 2012/31 December 2013	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 2011 carried out by independent valuers.

Details of the Group and of the Company's investment properties and information about the fair value hierarchy as at 31 December 2013 are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
31 December 2013				
Investment properties	-	4,294	-	4,294
The Company				
31 December 2013				
Investment properties	-	1,870	-	1,870

15. INTANGIBLE ASSETS

The Group	Goodwill RM'000	Development Costs RM'000	Total RM'000
Cost			
At 1 January 2012/31 December 2012/1 January 2013/31 December 2013	7,398	2,767	10,165
Accumulated amortisation			
At 1 January 2012	216	1,937	2,153
Amortisation for the year	-	553	553
At 31 December 2012	216	2,490	2,706
Amortisation for the year	-	277	277
At 31 December 2013	216	2,767	2,983
Carrying amounts			
At 31 December 2012	7,182	277	7,459
At 31 December 2013	7,182	-	7,182

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 5.22% (2012: 5.86%) 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.

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	
	2013	**2012**
	RM'000	**RM'000**
Unquoted shares, at cost	934,102	891,846
Less: Accumulated impairment losses	(6,378)	(7,528)
	927,724	884,318
Reclassified as held for sale (Note 23)	-	(4,269)
	927,724	880,049

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest		Principal activities
		2013	**2012**	
		%	**%**	
Ann Joo Management Services Sdn. Bhd.*	Malaysia	100	100	Property management and management services
Ann Joo Metal Sdn. Bhd.	Malaysia	100	100	Trading, retailing, importing, exporting and supplying of all kinds of metal products
and its subsidiary				
AJE Best-on Sdn. Bhd. *	Malaysia	100	100	Dormant
Ann Joo (Sarawak) Sdn. Bhd.^	Malaysia	-	100	Dormant
and its subsidiary				
Lian Tiong Steel Fabrication & Civil Engineering Sdn. Bhd.^	Malaysia	-	100	Dormant
Ann Joo Trading Sdn. Bhd.*	Malaysia	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	Manufacturing, sales and distribution of steel and iron products
and its subsidiary				
Anshin Casting Industries Sdn. Bhd.*	Malaysia	100	100	Dormant
Anshin Steel Service Centre Sdn. Bhd.	Malaysia	100	100	Steel service centre
Anshin Precision Industries Sdn. Bhd.	Malaysia	-	59.12	Manufacturing and trading of precision press parts and related products
Anshin Steel Processor Sdn. Bhd.	Malaysia	100	100	Steel service centre

16. INVESTMENT IN SUBSIDIARIES *cont'd*

Name of subsidiary	Country of incorporation	Proportion of ownership interest		Principal activities
		2013	2012	
		%	%	
Saga Makmur Industri Sdn. Bhd.	Malaysia	100	100	Trading of steel and steel related products
Ann Joo Steel Berhad	Malaysia	100	100	Steel Mill
and its subsidiaries				
AJSB Properties Sdn. Bhd.*	Malaysia	100	100	Property management
Malayawata Marketing Sdn. Bhd.*	Malaysia	100	100	Dormant
Sachiew Palm Oil Mill Sdn. Bhd.*	Malaysia	100	100	Dormant
AJSB Land Sdn. Bhd.*	Malaysia	100	100	Property management
Ann Joo Integrated Steel Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of iron, steel and steel related products
Ann Joo International Pte. Ltd.	Labuan Offshore	100	100	Trading, retailing, importing, exporting and supplying all kinds of steel product
Ann Joo Metal (Singapore) Pte. Ltd.	Singapore	100	100	Trading, retailing, importing, exporting and supplying all kinds of metal product

* Audited by a firm other than Deloitte (formerly known as Deloitte KassimChan).
^ Members' voluntary winding up

16.1 Additional investment in subsidiaries

During the financial year 2013, the Company increased its interest in the paid-up share capital of the following companies by way of cash:

	Number of shares	Amount
	'000	RM'000
Ann Joo Integrated Steel Sdn. Bhd.	47,000	47,000
Ann Joo Metal (Singapore) Pte. Ltd.	700	1,806
	47,700	48,806

16.2 Members' voluntary winding up

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. The final meeting of AJSarawak was held on 19 December 2013 and AJSarawak has been dissolved.

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 be wound up by way of members' voluntary winding-up. The final meeting of Lian Tiong was held on 23 January 2014 and Lian Tiong has been dissolved.

The winding up of these subsidiaries does not have any impact on the financial position of the Group as at 31 December 2013.

16. INVESTMENT IN SUBSIDIARIES *cont'd*

16.3 Disposal of a subsidiary

On 5 December 2012, the Company 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 with a total consideration of RM8,897,650.

Therefore, the investment in API of the Company was presented as assets held for sale in Note 23 of the financial statements. The agreement was completed on 7 January 2013 and API ceased to be a subsidiary of the Company accordingly.

The effect of disposal of API on the financial position of the Group is as follows:

	The Group RM'000
Property, plant and equipment	1,516
Investment in an associate	1,169
Other investments	69
Deferred tax assets	155
Receivables and prepayments	5,497
Inventories	1,746
Cash and cash equivalents	6,528
Provision for retirement benefits	(21)
Payables and accruals	(4,385)
Tax liabilities	(29)
Net assets as at financial year	12,245
Less: Non-controlling interests' share of net assets	(4,674)
Gain on disposal of subsidiary (Note 8)	1,247
Proceeds from disposal of subsidiary	8,818
Less: Cash and cash equivalents disposed	(6,528)
Net cash inflow from disposal of subsidiary	2,290

17. INVESTMENT IN AN ASSOCIATE

	The Group 2013 RM'000	The Group 2012 RM'000
Unquoted shares, at cost	30	1,800
Less: Accumulated impairment losses	-	(1,800)
	30	-
Group's share of post-acquisition reserves	(2)	1,169
Reclassified as held for sale (Note 23)	-	(1,169)
	28	-

17. INVESTMENT IN AN ASSOCIATE

Details of the associate are as follows:

Name of company	Country of incorporation	Proportion of ownership interest 2013 %	2012 %	Principal activities
Baycorp AJ Metal Sdn. Bhd. (formerly known as Gelombang Untung Sdn. Bhd.)*	Malaysia	30	-	Has yet to commence business operation
S.A Networks Technical Industries Sdn. Bhd.*#	Malaysia	-	21	Manufacturing of die tooling

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

The Group through its wholly-owned subsidiary, Ann Joo Metal Sdn. Bhd. acquired 30,000 ordinary shares of RM1 in Baycorp AJ Metal Sdn. Bhd. (formerly known as Gelombang Untung Sdn. Bhd.) ("Baycorp AJ") representing 30% of the issued and fully paid share capital of Baycorp AJ for a total purchase consideration of RM30,000.

The summarized financial information of the associate are as follows:

	2013 RM'000	2012 RM'000
Total assets	105,114	10,120
Total liabilities	(10,753)	(5,624)
Net assets	94,361	4,496
Results		
Revenue	-	20,041
Loss for the year	(6)	(359)

Reconciliation of the summarised information presented above to the carrying amount of the Group's interest in associates:

	2013 RM'000	2012 RM'000
Net assets at date of acquisition/1 January	100	4,855
Loss for the year	(6)	(359)
Net assets at 31 December	94	4,496
Interest in associate	30%	21%
Goodwill	-	225
Carrying value of Group's interest in associate	28	1,169

18. OTHER INVESTMENTS

The Group	Club membership RM'000	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Total RM'000
2013				
Available-for-sale financial assets				
- at cost	-	1	-	1
- at fair value	-	-	16	16
	-	1	16	17
Market value of quoted shares	-	-	16	16
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

19. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group 2013 RM'000	The Group 2012 RM'000
At 1 January	31,432	3,830
Recognised in profit or loss (Note 9):		
Property, plant and equipment	2,630	2,273
Provisions	(2,521)	2,211
Tax incentives	5,653	11,842
Unabsorbed capital allowances	3,997	4,378
Unused tax losses	4,418	6,841
	14,177	27,545
Reclassified as assets classified as held for sale (Note 23)	-	(155)
Recognised directly in equity:		
Property, plant and equipment	-	212
At 31 December	45,609	31,432

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

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

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Deferred tax assets		
Temporary differences arising from:		
Provisions	7,286	9,760
Tax incentives	70,156	64,503
Unabsorbed capital allowances	8,427	4,409
Unused tax losses	11,371	6,953
Property, plant and equipment	(36,002)	(38,150)
Deferred tax assets	61,238	47,475
Deferred tax liabilities		
Temporary differences arising from:		
Property, plant and equipment	(16,221)	(16,703)
Provisions	592	639
Unabsorbed capital allowances	-	21
Deferred tax liabilities	(15,629)	(16,043)
Net deferred tax assets/(liabilities)	45,609	31,432

Included in the deferred tax assets as of 31 December 2013 were unused tax credits which arose from operational losses suffered by certain subsidiary companies in the financial year ended 31 December 2012. The utilisation of these deferred tax assets is dependent on future taxable profits in excess of the profits arising from the reversal of existing deductible temporary differences.

The deferred tax assets as of 31 December 2013 were recognised on the basis of subsidiary companies' previous history of recording profits, and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future profits involves significant assumptions, especially in respect of the sales tonnage and selling price of saleable products, purchase price of raw materials and the production levels of the subsidiary companies. These assumptions have been built based on past business performance and management's expectations on market development.

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 (stated at gross):

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Unabsorbed capital allowances	174,118	143,058
Unused tax losses	1,871	1,011
Temporary differences arising from:		
Property, plant and equipment	(158,602)	(126,562)
Provisions	8,442	4,633
	25,829	22,140

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	
	2013	**2012**
	RM'000	**RM'000**
Raw materials	439,658	391,058
Semi-finished products	438,923	361,218
Finished goods	496,927	520,244
	1,375,508	1,272,520
Consumable stores and refractories	74,319	66,907
	1,449,827	1,339,427

Included in inventories of the Group are goods in transit amounting to RM46,121,046 (2012: RM61,095,262).

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,880,190	2,012,929
(Reversal of)/Inventories written down included in cost of sales	(7,235)	23,388

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 2013 and 2012 less the estimated cost necessary to make the sale.

21. RECEIVABLES AND PREPAYMENTS

	Note	The Group 2013 RM'000	The Group 2012 RM'000
Trade			
Trade receivables	21.1	353,811	260,184
Less: Allowance for doubtful debts		(1,437)	(2,569)
		352,374	257,615
Non-trade			
Other receivables		8,594	3,815
Less: Allowance for doubtful debts		(131)	(29)
		8,463	3,786
Amount due from an associate	21.2	4	-
Deposits		1,509	2,660
Prepayments		24,899	20,225
		387,249	284,286

	Note	The Company 2013 RM'000	The Company 2012 RM'000
Non-trade			
Amount due from subsidiaries	21.3	3,275	30,934
Other receivables		1	1
Deposits		11	11
Prepayments		5	81
		3,292	31,027

21.1 Trade receivables

The normal credit period on sales of goods ranges from 7 to 120 days (2012: 7 to 150 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.

21.3 Amount due from subsidiaries

Amount due from subsidiaries are unsecured, repayable on demand and bears interest at 4% (2012: 4%) per annum.

21. RECEIVABLES AND PREPAYMENTS *cont'd*

21.4 Amount due from related parties

Included in trade receivables of the Group are:

	The Group	
	2013	2012
	RM'000	RM'000
Companies in which the close family members of certain Directors have financial interest	4,238	4,444
An associate of the ultimate holding company	-	28
Amount due from an associate	-	34

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

Included in other receivables of the Group is an amount of RM557,445 (2012: RM484,487) due from a subsidiary of the ultimate holding company.

21.5 Impairment losses

The table below is the ageing analysis of the Group's trade receivables as at the end of the reporting period:

	Gross	Individual impairment	Net
	RM'000	RM'000	RM'000
2013			
Not past due	203,231	-	203,231
Past due 1 - 30 days	83,662	-	83,662
Past due 31 - 120 days	54,351	-	54,351
Past due more than 120 days	12,567	(1,437)	11,130
	353,811	(1,437)	352,374
2012			
Not past due	126,116	-	126,116
Past due 1 - 30 days	56,541	-	56,541
Past due 31 - 120 days	58,335	-	58,335
Past due more than 120 days	19,192	(2,569)	16,623
	260,184	(2,569)	257,615

21. RECEIVABLES AND PREPAYMENTS *cont'd*

21.5 Impairment losses *cont'd*

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

	The Group	
	2013	2012
	RM'000	RM'000
At 1 January	2,569	3,605
Impairment loss recognised	-	351
Impairment loss reversed	(335)	(1,247)
Impairment loss written off	(797)	(140)
At 31 December	1,437	2,569

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

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

	The Group	
	2013	2012
	RM'000	RM'000
At 1 January	29	-
Impairment loss recognised	102	29
At 31 December	131	29

22. CASH AND CASH EQUIVALENTS

	The Group	
	2013	2012
	RM'000	RM'000
Deposits placed with licensed banks	20,373	28,499
Cash and bank balances	32,432	18,153
Cash and bank balances	52,805	46,652
Cash and bank balances included in assets classified as held for sale (Note 23)	-	6,528
Total	52,805	53,180
Restricted deposits	(4,760)	(5,780)
Cash and cash equivalents	48,045	47,400

22. CASH AND CASH EQUIVALENTS *cont'd*

	The Company	
	2013	**2012**
	RM'000	**RM'000**
Deposits placed with licensed banks	-	458
Cash and bank balances	48	20
Cash and cash equivalents	48	478

Fixed deposit amounting to RM4,760,000 (2012: RM5,780,000) 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).

23. ASSETS CLASSIFIED AS HELD FOR SALE

The investment in Anshin Precision Industries Sdn. Bhd. ("API") of the Company, which was disposed of on 7 January 2013 as mentioned in Note 16.3 above, and the assets and liabilities of API of the Group as at 31 December 2012 were presented in 2012 as assets classified as held for sale as follows:

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

	Note	The Group RM'000
Assets classified as held for sale		
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

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 finished 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 2013 RM'000	Number of shares 2013 '000	Amount 2012 RM'000	Number of shares 2012 '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

25. TREASURY SHARES

	The Group and The Company	
	2013	2012
	RM'000	RM'000
At 1 January	71,259	70,579
Repurchased during the year	25	680
At 31 December	71,284	71,259

The shareholders of the Company, by an ordinary resolution passed in the annual general meeting held on 29 May 2013, 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 20,000 (2012: 490,800) of its issued share capital from the open market on Bursa Malaysia for RM24,679 (2012: RM680,515). The average price paid for the shares repurchased was approximately RM1.23 (2012: RM1.39) 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 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 22,057,300 (2012: 22,037,300).

26. OTHER RESERVES AND RETAINED EARNINGS

a) Other 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 RM'000
	Non-distributable reserves							
At 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
At 31 December 2012/ 1 January 2013	22,342	2,500	39,202	119,757	(63,815)	(21)	81	120,046
Foreign exchange translation differences	-	-	-	-	-	283	-	283
Changes in fair value of equity securities classified as available-for-sale investment	-	-	-	-	-	-	14	14
Available-for-sale financial assets reclassified to profit or loss upon disposal	-	-	-	-	-	-	(108)	(108)
Transfer to retained earnings upon winding up of subsidiary	-	-	-	-	974	-	-	974
Transfer to retained earnings upon expiry of Warrants 2008/2013	-	-	(39,202)	-	-	-	-	(39,202)
At 31 December 2013	22,342	2,500	-	119,757	(62,841)	262	(13)	82,007

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

a) Other reserves *cont'd*

	The Company	
	2013	**2012**
	RM'000	**RM'000**
Other reserves comprise:		
Share premium	22,342	22,342
Warrants reserve	-	39,202
	22,342	61,544

Warrants reserve

Warrants reserve pertained 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 were as follows:

i) The warrants were constituted under the Deed Poll dated 30 November 2007 and each warrant entitled its registered holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at the subscription price of RM2.50. The warrants could 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) As at 31 December 2013, the total number of warrants which remained unexercised of 261,352,739 had expired and the warrants reserve in relation to unexercised warrants of RM39,202,911 at the expiry of the warrants period has been transferred to retained earnings.

Other equity reserve

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

Merger reserve

The Group's merger reserve ralates to the credit difference arising from the 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.

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.

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

b) Retained earnings

During the financial year ended 31 December 2012, the Company had moved to the single tier tax system and accordingly, the entire retained earnings is available for distribution of dividend under the single tier system.

27. LOANS AND BORROWINGS

	The Group	
	2013	2012
	RM'000	RM'000
Non-current		
Secured		
Term loan	4,480	19,690
Redeemable bonds	300,000	380,000
	304,480	399,690
Current		
Unsecured		
Bills payable	676,081	675,301
Foreign currency trade finance	628,892	464,359
Revolving credit	119,561	26,000
Secured		
Term loan	14,040	14,040
Redeemable bonds	80,000	80,000
	1,518,574	1,259,700
	1,823,054	1,659,390

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. LOANS AND BORROWINGS *cont'd*

27.2 Terms and debt repayment schedule

	The Group		
2013	**Carrying amount RM'000**	**Under 1 year RM'000**	**2 to 5 years RM'000**
Secured term loan	18,520	14,040	4,480
Secured redeemable bonds	380,000	80,000	300,000
Unsecured			
Bills payable	676,081	676,081	-
Foreign currency trade finance	628,892	628,892	-
Revolving credit	119,561	119,561	-
	1,823,054	1,518,574	304,480
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

27.3 Effective interest rates

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

	The Group	
	2013 %	**2012 %**
Term loan	4.78	4.78
Redeemable bonds	5.02 - 5.10	5.10 - 5.37
Bills payable	3.22 - 4.07	3.40 - 4.10
Foreign currency trade finance	0.98 - 2.25	0.77 - 2.27
Revolving credit	2.15 – 4.35	2.14 - 3.70

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 aggregate of profit before tax, interest, unrealised exchange gains/losses, depreciation and amortisation ("EBITDA") and cash injections over the aggregate of interest expenses and principal payments of term debts for the testing period) of at least 1.30 times; and

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

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	
	2013	2012
	RM'000	RM'000
At 1 January	7,839	8,331
Provision during the year (Note 8)	720	717
Reclassified as assets classified as held for sale (Note 23)	-	(21)
Benefits paid	(799)	(1,188)
At 31 December	7,760	7,839

The retirement benefits are payable as follows:

	The Group	
	2013	2012
	RM'000	RM'000
Current (Note 29)	1,057	435
Non-current	6,703	7,404
	7,760	7,839

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

	The Group	
	2013	2012
	RM'000	RM'000
Present value of unfunded obligation	7,760	7,839

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

	The Group	
	2013	2012
	RM'000	RM'000
Current service costs and interest on obligation	720	717
Included in line item in the statement of profit or loss and other comprehensive income:		
Administrative expenses	720	717

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

	The Group	
	2013	2012
	%	%
Discount rate	6.5	6.5

28. PROVISION FOR RETIREMENT BENEFITS *cont'd*

The retirement benefits scheme was valued by Directors based on valuation carried out by external independent professional actuary in July 2011 using the projected unit credit method.

Movement in the present value of the defined benefit obligations:

	The Group	
	2013	**2012**
	RM'000	**RM'000**
At 1 January	7,839	8,331
Benefits paid by the plan	(799)	(1,188)
Current service costs and interest on obligation	720	717
Reclassified as assets classified as held for sale (Note 23)	-	(21)
At 31 December	7,760	7,839

29. PAYABLES AND ACCRUALS

		The Group	
		2013	**2012**
	Note	**RM'000**	**RM'000**
Trade			
Trade payables	29.1	148,305	123,208
Non-trade			
Other payables		5,185	9,778
Accrued expenses		47,263	52,690
Deposits		321	1,223
		52,769	63,691
Employee benefits	28	1,057	435
		53,826	64,126
		202,131	187,334

		The Company	
		2013	**2012**
	Note	**RM'000**	**RM'000**
Non-trade			
Other payables		12	8
Accrued expenses		744	700
Amount due to subsidiaries	29.2	-	1,135
Deposits		-	178
		756	2,021

29. PAYABLES AND ACCRUALS *cont'd*

29.1 Trade payables

The normal trade credit terms granted to the Group range from 7 to 150 days (2012: 7 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 amounts due to:

	The Group	
	2013 RM'000	2012 RM'000
Companies in which the close family members of certain Directors have financial interest	70	50
An associate of the ultimate holding company	-	38

Amount due to related parties from trade transactions are subject to normal trade credit terms ranging from 30 to 90 days (2012: 30 to 90 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.

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. OPERATING SEGMENTS *cont'd*

30.1 Business segments

2013	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	(14,380)	9,416	30,753	(21,307)	4,482
Share of results of an associate					(2)
Consolidated profit before tax					4,480
Included in the measure of segment (loss)/profit are:					
Revenue from external customers	1,420,673	732,802	1,898	-	2,155,373
Inter-segment revenue	778,319	270,497	47,918	(1,096,734)	-
Depreciation and amortisation	(44,184)	(1,667)	(3,110)	-	(48,961)
Reversal of inventories written down/(Inventories written down)	7,634	(399)	-	-	7,235
Finance costs	(48,649)	(11,810)	(1,864)	4,106	(58,217)
Interest income	2,389	3,450	157	(4,106)	1,890
Segment assets	2,648,777	692,758	1,049,317	(1,292,743)	3,098,109
Included in the measure of segment assets are:					
Additions to property, plant and equipment	8,978	9,358	499	-	18,835
Segment liabilities	1,840,111	545,227	43,542	(379,966)	2,048,914

30. OPERATING SEGMENTS *cont'd*

30.1 Business segments *cont'd*

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	1,362,047	747,494	1,219	-	2,110,760
Inter-segment revenue	721,602	117,656	31,377	(870,635)	-
Depreciation and amortisation	(42,290)	(2,757)	(3,382)	-	(48,429)
Inventories written down	(21,831)	(1,557)	-	-	(23,388)
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

30.2 Geographical segments

The Group operates in two principal geographical areas - Malaysia (country of domicile) and Singapore.

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.

2013	Revenue from external customers RM'000	Non-current assets RM'000
Malaysia	2,128,103	1,139,986
Singapore	27,270	227
	2,155,373	1,140,213

30. OPERATING SEGMENTS *cont'd*

30.2 Geographical segments *cont'd*

2012	Revenue from external customers RM'000	Non-current assets RM'000
Malaysia	2,096,933	1,170,763
Singapore	13,827	7
	2,110,760	1,170,770

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	AFS RM'000
2013			
Other investments, excluding investments in club membership	17	-	17
Receivables, excluding prepayments	362,350	362,350	-
Cash and bank balances	52,805	52,805	-
	415,172	415,155	17
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
The Company			
2013			
Receivables, excluding prepayments	3,287	3,287	-
Cash and bank balances	48	48	-
	3,335	3,335	-

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	AFS RM'000
2012			
Receivables, excluding prepayments	30,946	30,946	-
Cash and bank balances	478	478	-
	31,424	31,424	-

Financial liabilities:

The Group	Carrying amount RM'000	L&R/OL RM'000	AFS RM'000
2013			
Loans and borrowings	1,823,054	1,823,054	-
Payables and accruals, excluding employee benefits	201,074	201,074	-
	2,024,128	2,024,128	-
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	-
The Company			
2013			
Payables and accruals	756	756	-
2012			
Payables and accruals	2,021	2,021	-

31.2 Net gains and losses arising from financial instruments

	The Group	
	2013 RM'000	2012 RM'000
Net gain/(loss) arising on:		
Available-for-sale financial assets		
- recognised in other comprehensive income	14	63

31. FINANCIAL INSTRUMENTS *cont'd*

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.

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. FINANCIAL INSTRUMENTS *cont'd*

31.4 Credit risk *cont'd*

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 RM380,000,000 (2012: RM460,000,000) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

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

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

31. FINANCIAL INSTRUMENTS *cont'd*

31.5 Liquidity risk *cont'd*

Maturity analysis

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

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
2013					
Non-derivative financial liabilities					
Secured term loan	18,520	19,145	14,623	4,522	-
Secured redeemable bonds	380,000	418,035	98,250	94,193	225,592
Bills payable	676,081	676,299	676,299	-	-
Foreign currency trade finance	628,892	630,829	630,829	-	-
Revolving credit	119,561	120,085	120,085	-	-
Trade and other payables	201,074	201,074	201,074	-	-
	2,024,128	2,065,467	1,741,160	98,715	225,592
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

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
2013					
Non-derivative financial liabilities					
Trade and other payables	756	756	756	-	-
2012					
Non-derivative financial liabilities					
Trade and other payables	2,021	2,021	2,021	-	-

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 monitored the foreign exchange exposure closely and may be partially or fully hedged depending on the size of the exposure and the expected strength of the currency in future.

Exposure to foreign currency risk

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

	Denominated in			
The Group	**USD RM'000**	**SGD RM'000**	**EUR RM'000**	**RM RM'000**
2013				
For entities with functional currency of RM:				
Receivables	12,702	2,495	-	-
Cash and cash equivalents	1,834	330	-	-
Payables and accruals	(12,852)	-	(84)	-
Loans and borrowings	(633,902)	-	-	-
	(632,218)	2,825	(84)	-
For entities with functional currency of USD:				
Receivables	-	5,159	-	-
Cash and cash equivalents	-	2,537	-	116
Payables and accruals	-	(424)	-	(84)
	-	7,272	-	32
Net exposure in the statements of financial position	(632,218)	10,097	(84)	32
2012				
For entities with functional currency of RM:				
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 statements of financial position	(443,978)	1,384	(75)	-

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 functional currencies of Group entities against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or (loss)	
	2013	**2012**
The Group	**RM'000**	**RM'000**
USD	14,225	9,989
SGD	(227)	(31)
EUR	2	2
RM	(1)	-

Conversely, a weakening of the functional currencies of Group entities 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	
	2013	**2012**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	20,373	28,499
Financial liabilities	(1,424,534)	(1,165,660)
	(1,404,161)	(1,137,161)
Floating rate instruments		
Financial liabilities	(398,520)	(493,730)

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	
	2013	**2012**
	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.

	Profit or (loss)			
	2013		**2012**	
	50 bp increase	**50 bp decrease**	**50 bp increase**	**50 bp decrease**
The Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Floating rate instruments	(1,395)	1,395	(1,752)	1,752

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.

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 statements of financial position, are as follows:

The Group	Carrying amount	Fair value
2013	**RM'000**	**RM'000**
Quoted shares	16	16
2012		
Quoted shares	252	252

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.

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).

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Financial assets				
Quoted shares	16	-	-	16
2012				
Financial assets				
Quoted shares	252	-	-	252

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 are determined 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	
	2013	**2012**
	RM'000	**RM'000**
Total borrowings	1,823,054	1,659,390
Less: Cash and bank balances	(52,805)	(53,180)
Net debt	1,770,249	1,606,210
Total equity	1,049,195	1,036,763
Debt-to-equity ratios	1.69	1.55

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).

33. OPERATING LEASES

Leases as lessee

Operating lease rentals are payable as follows:

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Less than one year	636	636
Between one and five years	2,546	2,546
More than five years	9,176	10,423
	12,358	13,605

The Group leases land under operating leases. The leases run for remaining periods of 14 years and 26 years (2012: 15 years and 27 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	
	2013	2012
	RM'000	RM'000
Property, plant and equipment		
Contracted but not provided for	15,450	37,808
Approved expenditure but not contracted for	7,710	30,352
	23,160	68,160

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, which were determined based on negotiations agreed between the parties, are as follows:

	The Group	
	2013	2012
	RM'000	RM'000
Subsidiaries of the ultimate holding company		
Rental received	59	125
Purchase of slag steel balls	28	-
Usage of consumable and refractories	68	27
Associate of the ultimate holding company		
Sales of goods	-	28
Purchase of goods	3,730	6,196
Companies in which certain Directors have financial interest		
Sales of goods	276	2,414
Companies in which the close family members of certain Directors have financial interest		
Sales of goods	44,220	40,656
Purchase of goods	734	162
Companies with a common Director of a subsidiary		
Purchase of goods	-	2,502
An associate of a subsidiary		
Sales of goods	-	3,307
Purchase of goods and repair services for die tooling	-	2,702
Sales of plant and equipment	-	93
Rental income	-	400

	The Company	
	2013	2012
	RM'000	RM'000
Subsidiaries		
Dividend income	17,082	-
Interest income	125	423

The outstanding balances arising from the above transactions have been disclosed in Notes 21 and 29.

36. SUBSEQUENT EVENTS

On 30 December 2013, a wholly-owned subsidiary of the Company, Ann Joo Metal Sdn. Bhd. ("AJM"), had entered into a Shares Sale Agreement ("SSA") for the acquisition of the entire shareholdings in Deluxe Steel Service Centre Sdn. Bhd. ("DSSC") comprising 200,000 ordinary shares of RM1.00 each for a total cash consideration of RM2.00. DSSC is in the business of providing slitting services of coil. The SSA is pending fulfillment of the conditions precedent for completion. Upon completion of SSA, DSSC will be a wholly-owned subsidiary of AJM.

On 17 March 2014, a subsidiary of the Company had received a Notice under Section 22 of the Land Acquisition Act, 1960 from Land Administrator for compulsory acquisition of part of land in Pulau Pinang, being the property, plant and equipment of the Group with carrying amount of RM1,197,419 at a total compensation of RM2,658,686.

37. COMPARATIVE FIGURES

In prior financial years, carriage outwards expenses and freight charges were net off against revenue of the Group. However, effective from 2013, such expenses are included under distribution expenses to conform with industry practices. Accordingly, certain comparative figures in the statements of profit or loss and other comprehensive income have been reclassified to conform with their current year's presentation as follows:

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
2012			
The Group			
Statements of profit or loss and other comprehensive income			
Revenue	2,080,237	30,523	2,110,760
Distribution expenses	-	(30,523)	(30,523)

The above reclassifications do not have any impact on the earnings per ordinary share of the Group.

Supplementary **Information**

on the Breakdown of Realised and Unrealised Profits or Losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of 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 Malaysia 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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Group and the Company				
- Realised	654,661	601,127	458,516	402,696
- Unrealised	50,037	50,040	-	-
	704,698	651,167	458,516	402,696
Total retained earnings from associate company				
- Realised	28	(1,030)	-	-
- Unrealised	-	(34)	-	-
	704,276	650,103	458,516	402,696
Less: Consolidation adjustments	(188,962)	(184,835)	-	-
Total retained earnings as per statements of financial position	515,764	465,268	458,516	402,696

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 realised until the consumption of 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 2013 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 116 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

Petaling Jaya

Date: 24 April 2014

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.

CHEAH BAN SENG

Subscribed and solemnly declared by the abovenamed **CHEAH BAN SENG** at **PETALING JAYA**, this 24th day of April, 2014.

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 2013 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	44,496
		Purchase of steel related products from LIM Group	4,464
		Lease of office space to LIM Group	59
		Purchase of precious slag steel balls and other steel related products from LIM Group	28
		Charge for usage of material required for operating activities by LIM Group	68

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

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.

Properties Held

by Ann Joo Resources Berhad and its subsidiaries as at 31 December 2013

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	Net Book Value (RM'000)	Date of Acquisition*/ Date of Last Revaluation
Lot 19391 Mukim and District of Petaling	Freehold	Commercial Land & Building	1.297 hectares	Office and Warehouse	31	29,879	31-12-2008
Lot 1508 Mukim and District of Petaling	Freehold	Industrial Land & Building	0.658 hectares	Office and Warehouse	11	11,677	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	22	35,516	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	23	16,186	31-12-2008
HS(D) 132496, Lot 9 Persiaran Perusahaan Section 23 Shah Alam	Leasehold (expiring on 30.05.2098)	Industrial Land & Building	5.326 hectares	Factory and Office	20	45,574	31-12-2008
Lot PT 3707 Mukim of Pasir Panjang Port Dickson	Freehold	Detached House	528 sq.m.	Staff Recreation	28	120	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	3 - 47	588,559	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
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

Properties **Held**

by Ann Joo Resources Berhad and its subsidiaries as at 31 December 2013

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	Net Book Value (RM'000)	Date of Acquisition*/ Date of Last Revaluation
Lot PT 3226 Mukim 01 Seberang Prai Tengah Penang	Leasehold (expiring on 05.02.2051)	Commercial Land & Building	5.243 acres	Office buildings	23	24,384	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 28.04.2039)	Building	4,905 sq.m.	Office and Warehouse	3	6,236	01-04-2011*
Sub-Total (value of properties held as property, plant and equipment & prepaid lease payment)						762,285	
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	13	481	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	13	141	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	14	120	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.	Staff hostel	16	265	31-12-2008
Lot 106006 Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan	Leasehold (expiring on 12.1.2081)	3-storey Shoplots	1,540 sq.ft.	Rental	25	311	31-12-2010

by Ann Joo Resources Berhad and its subsidiaries as at 31 December 2013

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	Net Book Value (RM'000)	Date of Acquisition*/ Date of Last Revaluation
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	25	311	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	-	1,806	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	5	58	24-02-2009*
No.70, Lorong Laksamana 20/KS7, Taman Sentosa Perdana, 41200 Klang	Freehold	Apartment	800 sq.f.	Vacant	5	58	24-02-2009*
Sub-total (value of properties held as investment properties)						4,152	
Total (value of properties held as property, plant and equipment, prepaid lease payments and investment properties)						**766,437**	

Statistical
Report

as at 10 April 2014

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	:	22,087,300 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	1.24	1,727	0.00
100 – 1,000	707	9.63	604,404	0.12
1,001 – 10,000	5,012	68.29	20,441,566	4.08
10,001 – 100,000	1,350	18.39	41,683,097	8.33
100,001 – Less than 5% of issued shares	176	2.40	126,383,052	25.25
5% and above of issued shares	3	0.04	311,507,032	62.22
Total	7,339	100.00	500,620,878	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 10 APRIL 2014

	No. of shares			
Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Lim Kiam Lam	5,486,250	1.10	254,305,932*	50.80
Dato' Lim Hong Thye	1,639,400	0.33	-	-
Lim Sin Seong	-	-	197,575,032*	39.47
Lim Kien Lip	-	-	1,500,000^	0.30
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	-	-	-	-
Tan Sri A. Razak bin Ramli	-	-	-	-
Datuk Kamarudin bin Md Ali	-	-	-	-
Lim Hun Soon @ David Lim	-	-	-	-

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*

DIRECTORS' INTEREST IN SHARES IN RELATED COMPANIES AS AT 10 APRIL 2014

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

Note:

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

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

Other than the above disclosure, none of the Directors of the Company have direct or indirect interest in the related corporations as at 10 April 2014.

SUBSTANTIAL SHAREHOLDERS AS AT 10 APRIL 2014

Name	No. of shares Direct Interest	%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	183,005,032	36.56	-	-
Lim Seng Chee & Sons Sdn Bhd	69,405,600	13.86	183,005,032*	36.56
LSQ & Sons Sdn Bhd	59,096,400	11.80	183,005,032*	36.56
Lim Sin Seong Sdn Bhd	14,520,000	2.90	183,005,032*	36.56
Lim Seng Chee	5,915,100	1.18	252,410,632*	50.42
Lim Seng Qwee	5,413,455	1.08	242,101,432*	48.36
Dato' Lim Kiam Lam	5,486,250	1.10	252,410,632*	50.42
Lim Sin Seong	-	-	197,525,032*	39.46

Note:

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

THIRTY LARGEST SHAREHOLDERS AS AT 10 APRIL 2014

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
1.	Ann Joo Corporation Sdn Bhd	183,005,032	36.56
2.	Lim Seng Chee & Sons Sdn Bhd	69,405,600	13.86
3.	LSQ & Sons Sdn Bhd	59,096,400	11.80
4.	Lim Sin Seong Sdn Bhd	14,520,000	2.90
5.	Lembaga Tabung Haji	13,913,050	2.78
6.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse*	11,194,450	2.24

Statistical Report

as at 10 April 2014

THIRTY LARGEST SHAREHOLDERS AS AT 10 APRIL 2014 *cont'd*

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
7.	Lim Seng Chee	5,915,100	1.18
8.	Lim Seng Qwee	5,413,455	1.08
9.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' Lim Kiam Lam*	4,950,750	0.99
10.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	2,973,600	0.59
11.	Lou Swee You	2,637,400	0.53
12.	Wong Wai Kuan	2,500,016	0.50
13.	Yong Chai Lee	2,365,800	0.47
14.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC(M) Trustee Bhd for Zurich Insurance Malaysia Berhad (Growth Fund)*	2,250,000	0.45
15.	Yong Chai Lee	2,185,364	0.44
16.	Amsec Nominees (Tempatan) Sdn Bhd *Amtrustee Berhad for Pacific Pearl Fund*	1,933,700	0.39
17.	Dato' Lim Hong Thye	1,639,400	0.33
18.	Keng Poh Im	1,573,650	0.31
19.	Amanahraya Trustees Berhad *Public Islamic Select Treasures Fund*	1,546,600	0.31
20.	Law Shee Yuan	1,500,000	0.30
21.	Thun Lian @ Teoh Shok Lian	1,463,900	0.29
22.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (KAF FM)*	1,200,000	0.24
23.	Amanahraya Trustees Berhad *Public Islamic Equity Fund*	1,190,600	0.24
24.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Small Cap Series*	1,116,650	0.22
25.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	974,750	0.19
26.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Zurich Insurance Malaysia Berhad (Dana Mas Maju)*	940,500	0.19
27.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Islamic Trustee Berhad for Pacific Dana Aman*	934,400	0.19
28.	Tan Kim Tian	750,000	0.15
29.	Teo Soo Ben	750,000	0.15
30.	Lim Yok Ten	735,000	0.15

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

No. of Ordinary Shares held

FORM OF PROXY

I/We, ____(NRIC No.)____________________
(Full Name in block Letters)

of ____(Tel No.)____________________
(Address)

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

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

____

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

of ____
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Lagoon 3, Level 15, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 27 May 2014 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 Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar as Director		
4.	To re-elect Dato' Lim Hong Thye as Director		
5.	To re-elect Mr Lim Hun Soon @ David Lim as Director		
6.	To re-appoint Messrs Deloitte as the Auditors of the Company.		
7.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
8.	To renew the existing Shareholders' Mandate for 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________________2014

____
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 20 May 2014 shall be regarded as Member of the Company entitled to attend the Eighteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

ANN JOO RESOURCES BERHAD (371152-U)
c/o *Symphony Share Registrars Sdn. Bhd.*
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301 Petaling Jaya, Selangor Darul Ehsan

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