EXPLANATORY NOTES

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS"), FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Bhd ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in audited financial statements for the financial year ended 31 December 2009, except for the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretation which are applicable to its financial statements:

FRS 7, Financial Instruments: Disclosures
FRS 8, Operating Segments
FRS 101, Presentation of Financial Statements (revised)
FRS 123, Borrowing Costs (revised)
FRS 139, Financial Instruments: Recognition and Measurement
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 7, Financial Instruments: Disclosures
Amendments to FRS 101, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132, Financial Instruments: Presentation
- Puttable Financial Instruments and Obligations Arising on Liquidation
- Separation of Compound Instruments

Amendments to FRS 139, Financial Instruments: Recognition and Measurement
- Reclassification of Financial Assets
- Collective Assessment of Impairment for Banking Institutions

Improvements to FRSs (2009)
IC Interpretation 9, Reassessment of Embedded Derivatives
IC Interpretation 10, Interim Financial Reporting and Impairment
IC Interpretation 11, FRS 2: Group and Treasury Share Transactions
IC Interpretation 14, FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

FRS 101, Presentation of Financial Statements (revised)

Prior to adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of a changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The gains and losses that were recognised directly in equity in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for preceding year corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and minority interest.

The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

The effects on the comparatives to the Group on adoption of FRS 101 are as follows:

For the period ended 31 March 2009	Income statement as previously reported RM'000	Effects of adoption FRS 101 RM'000	Statement of comprehensive income as restated RM'000
Loss for the period	(39,924)	-	(39,924)
Other comprehensive loss	-	(124)	(124)
Total comprehensive loss	-		(40,048)
Total comprehensive loss attributable to:			
Owners of the parent	-		(38,990)
Minority interest	-		(1,058)
			(40,048)

FRS 139, Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the reporting date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when the Company or any subsidiaries becomes a party to the contractual provisions of the instruments.

The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of the FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

• Financial instruments at fair value through profit or loss	At fair value through profit or loss
• Held-to-maturity investments	At amortised cost effective interest method
• Loans and receivables	At amortised cost effective interest method
• Available-for-sale investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
• Loans and other financial liabilities	At amortised cost effective interest method

In accordance with FRS 139, the recognition, derecognition and measurement are applied prospectively from 1 January 2010. The effects of the remeasurement on 1 January 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained earnings as disclosed in the statement of changes in equity.

The adoption of the above new policies has the following effects:

	Retained Earnings RM'000
At 1 January 2010, as previously stated	398,134
Adjustments arising from adoption of FRS 139:	
- Fair value of equity securities classified as available-for-sale	(4)
- Recognition of derivatives previously not recognised	32
	28
At 1 January 2010, as restated	398,162

FRS 8, Operating Segments

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

IC Interpretation 10, Interim Financial Reporting and Impairment

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

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

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

The adoption of the other new and revised FRSs, IC Interpretations and Amendments has no material effect to the Group's consolidated financial statements of the quarter or the comparative consolidated financial statements of the prior financial year.

2. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

Except for the major festive seasons when activities slow down, the pace of the Company's business generally moves in tandem with the performance of the economy.

3. NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.

4. NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no major changes in estimates that have had material effect on the current quarter results.

5. DEBT AND EQUITY SECURITIES

During the quarter under review, the Company repurchased 539,500 shares of its issued share capital from the open market at an average purchase price of RM 2.68 per share. As at 31 March 2010, out of the total 522,707,278 issued and fully paid ordinary shares, 20,570,800 shares were held as treasury shares at an average purchase price of RM 3.35 per share. The share buyback transactions were financed by internally generated funds.

Save as disclosed above, there were no issuances, cancellations, resale or repayments of debt and equity securities during the financial period under review.

6. DIVIDENDS PAID

No dividend was paid during the financial period to-date.

7. SEGMENTAL INFORMATION

The segment revenue, segment results and segment assets for the financial period ended 31 March 2010 were as follows:

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	367,896	95,539	10,512		
Inter-company transactions	40,915	24,706	214,137	(279,758)	
Total sales	408,811	120,245	224,649	(279,758)	473,947
RESULTS					
Segment results	42,767	7,444	209,507	(209,212)	50,506
Finance cost					(4,377)
Interest income					178
Share of results of an associate					78
Taxation					(4,573)
Profit for the period					41,812
ASSETS	1,607,738	316,263	1,013,115	(895,793)	2,041,323
LIABILITIES	840,002	190,437	128,439	(78,614)	1,080,264

8. VALUATION OF PROPERTY, PLANT AND EQUIPMENT, PREPAID LEASE PAYMENTS AND INVESTMENT PROPERTIES

The valuations of property, plant and equipment, prepaid lease payments and investment properties have been brought forward without amendments from the previous annual report.

9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There has not arisen in the interval between the end of the current quarter under review and the date of this report, any item, transaction or event of a material and unusual nature likely in the opinion of the Board of Directors, to affect substantially the results of the operations of the Group for the current quarter in respect of which this announcement is made.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group during the financial period under review.

11. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

12. CAPITAL COMMITMENTS

The capital commitments as at 31 March 2010 were as follows :

Commitments in respect of capital expenditure :

		RM'000
(a)	contracted but not provided for	153,101
(b)	approved but not contracted for	116,138

13. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sales are recognised at the lower of carrying amount or fair value. Major classes of assets classified as held for sale on the consolidated statement of financial position are as follows:-

	31.03.2010 RM'000	31.12.2009 RM'000
Property, Plant and Equipment	689	689
Prepaid Lease Payments	799	799
Investment Properties	1,516	1,516
	3,004	3,004

14. REVIEW OF PERFORMANCE

During the quarter under review, the Group recorded revenue of RM 473.95 million, representing an increase by RM 253.82 million or 115% as compared to RM 220.13 million for the corresponding quarter of the preceding year. The increase in revenue was mainly due to higher steel prices and a strong rebound in sales tonnage by more than double which were boosted by the economic growth and accelerated steel consumption in both local and international market.

The Group achieved a profit before tax ("PBT") of RM 46.39 million for the current quarter, 213% higher as compared to a loss before tax ("LBT") of RM 41.12 million for the corresponding quarter of the preceding year. The Group's significant improvement in profitability was primarily driven by strong recovery in demand and higher productivity as compared to the loss position which was affected by depressed steel prices and higher overhead expenses necessarily incurred during the plant shutdown for upgrading works in the corresponding quarter of the preceding year.

15. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group recorded revenue of RM 473.95 million for the current quarter, which was 71% higher compared to the revenue of RM 276.39 million for the preceding quarter. The Group registered a PBT of RM 46.39 million for the current quarter, RM 20.45 million higher as compared to a PBT of RM 25.94 million for the preceding quarter. The improvement in both revenue and PBT was mainly due to significantly higher sales tonnages and rising selling prices of various steel products in local and export markets during the quarter.

16. PROSPECTS

The international construction steel demand is expected to continue to be strong, fuelled by massive infrastructure spending worldwide coupled with the urbanisation and industrialisation of emerging markets and developing countries. Tight supply for construction steels and demand-pull price upswing movement are expected in the medium term. World Steel Association forecasts that apparent steel use will increase by 10.7% to 1,241 million mt in 2010 after contracting by -6.7% in 2009. For 2011, it is forecasted that world steel demand will grow by 5.3% to reach a historical high of 1,306 million mt.

Domestically, the improvement in global industry outlook will boost market sentiments in the country further. Steel demand is expected to strengthen and expand at a faster pace in tandem with the growth of construction activities. Driven by implementation of various construction projects under the two stimulus packages, the construction sector is projected to expand 3.2% this year.

The Group will continue to focus its market presence in the regions which have shown strong signs of recovery in steel consumption and remain committed to production improvement, effective execution of strategic procurement and inventory management policies.

Riding on a cyclical upswing of steel prices and improved market sentiments in both domestic and international arena, the Group is confident to achieve a better overall performance for the year 2010.

17. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee for the financial year ending 31 December 2010.

18. TAXATION

The tax figures comprise :-

	3 months ended 31.03.2010 RM'000	3 months ended 31.03.2010 RM'000
Malaysian taxation		
- current year taxation		
subsidiary companies	4,109	4,109
- deferred taxation		
subsidiary companies	464	464
	4,573	4,573

The Group's effective tax rate for the current quarter and the financial year was lower compared to statutory tax rate of 25%, mainly due to utilisation of tax benefits arising from the exemption of income for the value of increased exports under the Income Tax (Exemption)(No.17) Order, 2005.

19. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

The Company's subsidiary, Ann Joo Management Services Sdn Bhd ("AJMS"), has on 22 December 2008 entered into a Sale and Purchase Agreement with TCT Property Sdn Bhd for the disposal of a piece of industrial land together with a single-storey office cum warehouse situated on Lot 2171, Section 66 Kuching Town Land District for a cash consideration of RM 2,200,000. A deposit of RM 220,000 was received and the said agreement is still pending completion.

The Company's subsidiary, Anshin Steel Industries Sdn Bhd, has on 23 February 2010 entered into a Sale and Purchase Agreement with Komill Land Sdn Bhd for the disposal of a piece of industrial land located on Lot 9041, Kampung Tengah, 42000 Telok Gong, Klang, Selangor Darul Ehsan for a cash consideration of RM 2,457,132.44. A deposit of RM 245,713.24 was received and the said agreement is still pending completion.

Save as disclosed above, there were no significant sales of unquoted investments and/or properties during the financial period under review.

20. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities during the financial period under review.

The available-for-sale investments in quoted securities as at 31 March 2010 were as follows:-

		RM
(i)	at cost	399,434
(ii)	at carrying value/book value	165,198
(iii)	at market value	165,198

21. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of this report.

22. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 March 2010 were as follows :-

	RM'000
Short term borrowings :-	
- Secured	351,655
- Unsecured	512,059
	863,714
Long term borrowing :-	
- Secured	58,300
Total borrowings	922,014

The Group's total short term borrowings are denominated in Ringgit Malaysia, except for approximately RM 61.0 million (USD17.9 million) of short-term borrowings which are unsecured and denominated in US dollars.

23. FINANCIAL INSTRUMENTS

The relevant accounting policies and the effects of the adoption of new accounting policies are disclosed in Note 1 Basis or Preparation. There were no off balance sheet financial instruments as at the reporting date.

The details of the outstanding derivative financial instruments as at 31 March 2010 are as follows :-

Type of derivatives	Notional amount RM'000	Cash requirements RM'000	Fair value RM'000	Fair value net gain / (loss) RM'000
Currency forward contracts				
- less than 1 year	38,175	-	37,643	532

The above currency forward contracts were executed with creditworthy financial institutions in Malaysia. The Group is of the view that the credit risk of non-performance by the financial institutions concerned is remote on the basis of their financial strength.

24. MATERIAL LITIGATION

There was no material litigation against the Group as at the date of this report.

25. DIVIDEND

The Board of Directors does not recommend any interim dividend for the current quarter ended 31 March 2010 (1st quarter 2009 : Nil).

26. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit attributable to owners of the parent for the period by the weighted average number of ordinary shares of the Company in issue during the current quarter and the financial year-to-date as set out below:-

		3 months ended 31.03.2010	3 months ended 31.03.2010
Total profit attributable to owners of the parent	(RM'000)	41,483	41,483
Weighted average number of ordinary shares in issue or issuable	('000)	502,431	502,431
Basic earnings per share	(sen)	8.26	8.26

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue have been adjusted for the dilutive effects of all potential conversion of any convertible securities issued during the current quarter and financial year-to-date as set out below:-

		3 months ended 31.03.2010	3 months ended 31.03.2010
Adjusted profit attributable to owners of the parent	(RM'000)	45,107	45,107
Adjusted weighted average number of ordinary shares in issue or issuable	('000)	763,784	763,784
Diluted earnings per share	(sen)	5.91	5.91

27. STATUS OF AUDIT QUALIFICATION

There was no audit qualification on the audit report of the preceding annual financial statements.

28. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2010.

By Order of the Board
Leong Oi Wah (MAICSA 7023802)
Mabel Tio Mei Peng (MAICSA 7009237)
Company Secretaries
28 April 2010
Selangor Darul Ehsan