



安裕資源有限公司

ANN JOO RESOURCES BERHAD (371152-U)



*Rising to
the Challenge*

Annual Report 2008



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Notice of Thirteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Bahamas 1 & 2, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 26 May 2009 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees amounting to RM510,000 for the financial year ended 31 December 2008. **(Resolution 2)**
3. To re-elect the following Directors, who shall retire pursuant to Article 101 of the Company's Articles of Association:-
 - a) Dato' Lim Kiam Lam **(Resolution 3)**
 - b) Datuk Kamarudin bin Md Ali **(Resolution 4)**
4. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2009 and to authorise the Directors to fix the Auditors' remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS:-

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

5.1 RE-APPOINTMENT OF DIRECTOR

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Ong Kim Hoay be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

(Resolution 6)

5.2 AUTHORITY TO ALLOT SHARES

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory 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 also 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)

5.3 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 Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of shares purchased does not exceed 10 per cent of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

Notice of Thirteenth Annual General Meeting



- (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 2008, the amount of the retained profits and/or the share premium account of the Company stood at RM375,434,000 and RM22,340,000 respectively); and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

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

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

(Resolution 8)

5.4 PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT approval be and is hereby given for the renewal of shareholders' mandate for the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature with the following Related Parties as specified in Section 2.4 of Part B of the Circular to Shareholders dated 4 May 2009:-

- (i) LIM Group
- (ii) MISI Group
- (iii) CHH Group
- (iv) SHH Group

(Resolution 9)
(Resolution 10)
(Resolution 11)
(Resolution 12)

PROVIDED ALWAYS that such transactions are:-

- (i) necessary for the day-to-day operations;
- (ii) carried out on an arm's length basis in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iii) are not to the detriment of the minority shareholders

("the Shareholders' Mandate")

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



Notice of Thirteenth Annual General Meeting

- (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 Annual General Meeting;
- (b) the expiration of the period within which the next AGM is to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by shareholders in a general meeting before the next AGM,

whichever is earlier.

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

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

"THAT approval be and is hereby given for a new shareholders' mandate for the Company and/or its subsidiary companies to enter into additional recurrent related party transactions of a revenue or trading nature with LIM Group and SANH Group as set out in Section 2.5 of Part B of the Circular to the Shareholders dated 4 May 2009:-

PROVIDED ALWAYS that such transactions are:-

- (i) necessary for the day-to-day operations;
- (ii) carried out on an arm's length basis in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iii) are not to the detriment of the minority shareholders

("the New Shareholders' Mandate")

AND THAT the New 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 Annual General Meeting;
- (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 New Shareholders' Mandate."

(Resolution 13)

Notice of Thirteenth Annual General Meeting



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

By Order of the Board

Leong Oi Wah (MAICSA 7023802)

Soo Shiow Fang (MAICSA 7044946)

Company Secretaries

4 May 2009

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 26, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- 5) Explanatory Notes on Special Business:-
 - a) Ordinary Resolution 6
The proposed resolution 6 in relation to the re-appointment of Dato' Ong Kim Hoay, if passed, will enable Dato' Ong Kim Hoay to continue in office until the conclusion of the next Annual General Meeting.
 - b) Ordinary Resolution 7
The proposed resolution in relation to authority to allot 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.
 - c) Ordinary Resolutions 8 to 13
Please refer to the Circular to Shareholders dated 4 May 2009 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
Executive Director

Lim Kien Lip
Executive Director

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

Dato' Ong Kim Hoay
Independent Non-Executive Director

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

Datuk Kamarudin Bin Md Ali
Independent Non-Executive Director

AUDIT COMMITTEE

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

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

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

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

NOMINATION COMMITTEE

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

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

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

REMUNERATION COMMITTEE

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

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

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

COMPANY SECRETARY

Leong Oi Wah (MAICSA 7023802)
Soo Shiow Fang (MAICSA 7044946)

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
Website : www.annjoo.com.my

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Alliance Bank Malaysia Berhad
RHB Bank Berhad

AUDITORS

KPMG
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone No. : 03-2721 2222
Fax No. : 03-2721 2530/31

STOCK EXCHANGE LISTING

Main Board of the Bursa Malaysia Securities Berhad



DATO' LIM KIAM LAM

56 years of age, Malaysian

Group Executive Chairmam

Dato' Lim Kiam Lam was appointed as a Director of the Company on 11 September 1996 and re-designated as Group Executive Chairman on 30 June 2008. Dato' Lim has over 30 years of hands-on experience in the steel business. During his tenure as a key member of the senior management, the Group's business has grown and expanded rapidly.

Dato' Lim is the Chairman of the Commerce Committee of the Kuala Lumpur & Selangor Chinese Chamber of Commerce & Industry. He is also the Executive Chairman of Ann Joo Steel Berhad and also sits on the board of several private companies, society and associations.

Dato' Lim is the son of the major shareholder, Mr Lim Seng Chee and the brother to Mr Lim Kien Lip, an 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

34 years of age, Malaysian

Group Managing Director

Dato' Lim Hong Thye joined the Company in August 2000 and was seconded to Malayawata Steel Berhad ("MYS") (now known as Ann Joo Steel Berhad), a subsidiary of the Company, on 10 August 2000. Prior to that, he was with the Assurance & Advisory Service unit of Price Waterhouse and PriceWaterhouseCoopers. Dato' Lim was appointed as the Executive Director of the Company on 1 January 2003. He was also appointed to the Board of MYS as Executive Director on 15 January 2004 and assumed the position of President with effect from 18 February 2004. Dato' Lim assumed the position of Group Managing Director on 30 June 2008.

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

Dato' Lim is also the Managing Director of Ann Joo Steel Berhad and sits on the Board of several private limited companies.

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



Profile of Directors



LIM SIN SEONG

52 years of age, Malaysian

Executive Director

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. His embracing of modern management approaches was instrumental in the transformation of Ann Joo Group with adoption of modern logistic facilities and state-of-the-art computerised management system. He is the Managing Director of Ann Joo Metal Sdn Bhd, the trading arm of the Group and he also sits on the board of several private limited companies.

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



LIM KIEN LIP

47 years of age, Malaysian

Executive Director

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.

Mr Lim holds a Bachelor of Science in Business Administration (major in Management) from the Central Washington University St., United States of America in 1983 and obtained his Master of Science in Business Administration (major in Management) from City University Washington St., United States of America in 1984.

Mr Lim currently sits on the board of Ann Joo Steel Berhad and Malaysian Iron & Steel Industry Federation as well as several private limited companies.

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



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

62 years of age, Malaysian

Independent Non-Executive Director

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

Tunku Naquiyuddin is a keen environmentalist and was a Committee Member of the World Wide Fund for Nature (Malaysia) and a Council Member of the Business Council for Sustainable Development in Geneva. An active businessman, Tunku Naquiyuddin's interest spanned a broad spectrum uniting the Malaysian public companies through the Federation of Public Listed Companies Bhd which he founded; bridging bilateral boundaries through the Malaysia-France Economic and Trade Association which he headed for eight years; and even striving for Asia-Pacific co-operation through the Canada-ASEAN Centre of which he was a Council Member. He was nominated by the Minister of Finance to sit on the Committee of Kuala Lumpur Stock Exchange in 1989 for five years. He was a former diplomat. He was also Regent of the State of Negeri Sembilan from 1994 until April 1999.

Tunku Naquiyuddin is presently the Chairman of Sino Hua-An International Berhad as well as Kian Joo Can Factory Berhad. He is also a director of Orix Leasing Malaysia Berhad, Syarikat Pendidikan Staffield Berhad and Olympia Industries Berhad as well as Global Gold Holdings Limited and Noble Mineral Resources Limited, which both listed in Australia.

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



DATO' ONG KIM HOAY

75 years of age – Malaysian

Independent Non-Executive Director

Dato' Ong Kim Hoay was appointed as Director of the Company on 11 September 1996. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. He was designated as the Senior Independent Non-Executive Director of the Company to whom concerns of shareholders may be directed.

Dato' Ong is an Associate Member of the Institute of Chartered Accountants (Australia), Institute of Chartered Secretaries and Administrators (Australia) and also a member of the Malaysian Institute of Accountants. He started his career in 1969 as an Auditor with Turquands Young & Co. (now known as Ernst & Young), a public accounting firm. He subsequently joined Malayan Banking Berhad ("Maybank") in 1970 and held various senior positions in Maybank before retiring as General Manager, Singapore Operations in 1992. He also served on the Board of Maybank for several years. His current directorships in public companies include Atlan Holdings Berhad and Multivest Resources Berhad.

He 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 DATUK A. RAZAK BIN RAMLI
60 years of age – Malaysian

Independent Non-Executive Director

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

Tan Sri Datuk A. Razak holds a Bachelor of Arts (Hons) degree majoring in public administration since 1971 from University of Tasmania, Australia and obtained his diploma in Gestion Publique from Institut International d'Administration Publique, Paris, France in 1980. He was Deputy Secretary-General (Industry) and Deputy Secretary-General (Trade) of Ministry of International Trade and Industry (MITI) prior to his retirement from civil service as Secretary General of MITI. Throughout his years in civil service, he served several Ministries and Government Agencies including the Public Services Department and Economic Planning Unit, Prime Minister's Department.

Tan Sri Datuk A. Razak currently holds directorships in Favelle Favco Berhad, Lafarge Malayan Cement Bhd, Shangri-La Hotels (Malaysia) Bhd and Transmile Group Bhd, all public listed companies. He also holds directorships in Hong Leong Islamic Bank Berhad, Hong Leong Tokio Marine Takafu Berhad, Hong Leong Investment Bank Berhad and Ophir Holdings Berhad.

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



DATUK KAMARUDIN BIN MD ALI

58 years of age – Malaysian

Independent Non-Executive Director

Datuk Kamarudin bin Md Ali was appointed as Director of the Company on 1 March 2007. He also serves as a member of its Audit Committee, Nomination Committee and Remuneration Committee.

Datuk Kamarudin holds a Masters in Science (Engineering) from University of Birmingham, United Kingdom and a Bachelor of Science (Honours) (Mechanical Engineering) from the University of Strathclyde Glasgow Scotland. He is an Associate member 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 experiences specializing 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 Malaysia Crime Prevention Foundation, which he is a council member.

Datuk Kamarudin is also a director of ECM Libra Financial Group Berhad, ECM Libra Investment Bank Berhad, Avenue Invest Berhad and Masterskill Education Group Berhad.

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



Chairman's Statement



Dear Shareholders,

On behalf of the Board, I am pleased to present Ann Joo Resources Bhd's annual report for the financial year ended 31 December 2008.

THE YEAR UNDER REVIEW

The year 2008 witnessed economic meltdown in several major advanced countries that has dragged the global economy into a recession; the world economy seems to be particularly vulnerable to sharp contractions in activity in the face of financial stress. The contractions in global demand and trade combined with the reduction in global commodity prices have affected the export earnings of many economies, including Malaysia.

In the face of this severe economic downturn, steel prices, production and demand have plummeted. Steel prices experienced an unprecedented volatility with a massive surge in the beginning of year 2008 but suffered a sharp price correction in the second half of the year.

In line with international market movements, Malaysia steel industry also experienced a very volatile year starting with remarkable profits recorded in the first half of year 2008 but suffered heavy losses in the second half year. Domestic demand shrunk by more than 50% in the last quarter of 2008 as compared with the steel consumption in the first half of 2008. To survive in the sharply deteriorating business environment with heavy destocking activities worldwide, steel mills including Ann Joo were left with no choice but to cut production output or schedule plant stoppages for maintenance works which resulted in production output slashed to below half of the industry capacity.

PERFORMANCE & OPERATIONS

Ann Joo Group remained strong and resilient delivering yet again steady profit in the midst of such extreme volatility of steel prices and unprecedented severe market conditions. During the year under review, the Group registered marginal growth in revenue of RM 2.22 billion, representing an increase of 14% as compared to RM 1.94 billion in the preceding year.

The Group continued to pursue strong organic business growth to sustain its delivery of steady earnings with a profit attributable to equity holders of RM 139.40 million after the inventory write down of RM 470.33 million. The fall in steel prices and depressed demand from the spreading effects of the global economic meltdown later part of the year has however partially offset the Group's profitability derived from the robust international steel market in the first half of the year.

Iron & Steel Manufacturing

Ann Joo Steel Bhd ("AJSB") consistently delivered a commendable contribution to the Group's earnings. During the year under review, AJSB recorded higher revenue of RM 1.60 billion against a revenue of RM 1.44 billion in the preceding year. AJSB Group's profit attributable to equity holders was RM 118.54 million after the inventory write down of RM 413.78 million, representing a decrease of 23% as compared to the previous year's results.



The profitability of the steel mill business was mainly attributable to rising international steel prices and robust international market in first half of 2008. However, this profitability has been partially eroded by a less favourable result in the second half of 2008 due to sluggish demand resulting from the global financial crisis and further delays in the implementation of some mega projects in Malaysia.

The steel mill division continued to achieve an excellent efficiency record with approximately 680,000 metric tons production output despite the plant running at a slower pace in the last quarter of the year. Beginning in the year 2009, AJSB has embarked on an upgrading of the existing steel making plant which will enable the steel mill to improve its operational efficiency and productivity.

AJSB continues to gain international recognitions on its product quality. An example is obtaining product quality credentials from the United Kingdom Certification Authority for Reinforcing Steels ("CARES"). The company, being the first CARES certified producer in South East Asia, that is able to expand its exports in new destinations and notably the only one successfully gained acceptance in the Middle East market, with Ann Joo's steel bars now present in the United Arab Emirates.

In the meantime, Ann Joo Integrated Steel Sdn Bhd ("AJIS") is making progress in its expansion plans, its Blast Furnace Project is under way. However, the commissioning of this blast furnace project will be delayed to year 2010 due to various technical issues encountered during the construction stage.

Stockist & Trading

The international market for flat and engineering steels also weakened with the sharp deterioration of global financial conditions and liquidity crunch. This environment had negative repercussions on investment spending which consequently dampened steel consumption. Weakening demand for industrial production and consumer products have further slackened the demand and prices of flat products.

The stockist and trading division registered higher revenue of RM 789.55 million in 2008 as compared to RM 493.36 million in 2007 as a result of expansion of our trading business for the commercial grade steel products. This business segment maintained consistent profit results of RM 49.95 million after the write down in inventory of RM 31.03 million in 2008 as compared to RM 50.67 million in 2007.

Service Centre

The service centres division recorded a combined revenue of RM 197.69 million against RM 181.42 million in 2007. The segment's profit was RM 21.26 million, representing an increase of 60% against the segment profit of RM 13.23

million in 2007. The division's business performance was mainly attributable to the higher steel prices and demand in the first half of 2008 coupled with lower input cost brought forward from year 2007.

CORPORATE DEVELOPMENT

In line with the Group's mission to be the leading and most efficient steel group in the region, Ann Joo continued to carry out various business rationalization and corporatization strategies during the year of 2008.

In January 2008, AJR completed a renounceable rights issue of 261,353,639 warrants with the listing and quotation on Bursa Securities at an issue price of RM0.15 per warrant. Gross proceeds of RM 39,203,045.85 were realized from the said exercise.

AJSB acquired a piece of leasehold land located at Seberang Prai Tengah, Pulau Pinang measuring approximately 5.24 acres together with a four and a half storey detached office cum factory building. The property was acquired via the purchase of the entire shareholding in Nanometric Technology Sdn Bhd (now known as AJSB Land Sdn Bhd), comprising of 2,000,002 ordinary shares of RM 1.00 each for a cash consideration of RM11,540,110. The office building is currently occupied by the enlarged team of both AJSB and AJIS.

As part of the Group's divestment strategy of its non-core businesses, AJSB disposed of Empresa (M) Sdn Bhd, a subsidiary involved in the oil palm plantation business for a cash consideration of RM 30,374,391. The Group recognized a gain on the disposal of approximately RM2.25 million.

In September 2008, AJSB, in response to a proposal from AJR on 28 August 2008, undertook a selective capital repayment ("SCR") exercise pursuant to Section 64 of the Companies Act, 1965 which resulted in the cancellation of 3,643,663 AJSB shares held by shareholders other than AJR. The scheme involved a capital repayment of RM 14,064,539 on the basis of RM 3.86 for every cancelled AJSB's share. Upon completion of the SCR, AJSB became a wholly-owned subsidiary of AJR.

OUTLOOK & PROSPECTS

The global economy is entering into a recession phase resulting from the US financial chaos spreading worldwide. Despite concerted interest rate cuts and massive liquidity injections, the credit crisis continues to deepen without signs of abating. The reduction in steel demand is now expected to go beyond cyclical downturn given the level of distress in the global financial market and deteriorating economic conditions.

It is anticipated that once liquidity conditions normalise, the steel market will improve with the commencement of the economic stimulus packages launched by various



Chairman's Statement

governments that place heavy focus on the revitalisation of economic activities and infrastructure developments. Demand for long products is expected to rebound more quickly as the construction industry will benefit from the fiscal stimulus measures initiated by various governments to pump-prime the economy. However, the flat product market appears to be still vulnerable as automobile, consumer products, household appliances, shipbuilding industry have started to feel the pinch from the fall in global demand.

Domestic demand is expected to remain sluggish in anticipation of further delays in the roll-out of mega projects under the Ninth Malaysia Plan. Nevertheless, the execution of the RM7 billion economic stimulus package and the RM60 billion Mini Budget are expected to pump prime the construction sector and will indirectly increase the steel demand towards the second half of 2009.

Amidst the challenges and uncertainties, the Group will continuously be on the lookout for opportunities to grow export sales particularly to the regional markets which have shown signs of recovery in steel consumption. The Group will continue to remain focus on improvement of production efficiency, effective execution of strategic procurement policy and inventory management to position ourselves as the leading steel group of quality products yet at the lowest production cost in the region.

DIVIDEND

During the financial year under review, AJR paid a final dividend of 8 sen per share less income tax of 26% in respect of the financial year ended 31 December 2007 amounting to RM 30,405,350 on 16 June 2008.

Subsequently, on 7 August 2008, AJR declared an interim dividend of 12 sen per share less income tax of 26% in respect of the financial year ended 31 December 2008 amounting to RM 44,646,800 which was paid on 2 September 2008. With current outlook uncertainties and our commitments in respect of the on-going Blast Furnace

project, the Group does not recommend any final dividend in respect of the financial year ended 31 December 2008.

APPRECIATION

On behalf of the Board and Management of AJR, I wish to extend our gratitude to our valuable customers, business partners, shareholders, financiers and relevant authorities for their invaluable support and unwavering confidence in us.

I would like to take this opportunity to record our heartfelt gratitude to our former Executive Chairman and Co-founder of Ann Joo Group, Mr. Lim Seng Qwee, who retired from the Board in July 2008. His wealth of experience has been an invaluable asset throughout his tenure of service to the Board. My sincere thanks and appreciation to the Board for entrusting me with the position of the Group Executive Chairman. It is a privilege to work with such a group of Board members who contribute tirelessly for the betterment of Ann Joo. I also welcome the appointment of Dato' Lim Hong Thye as the Group Managing Director. I am confident that his professionalism and dynamism will lead the Group to greater heights.

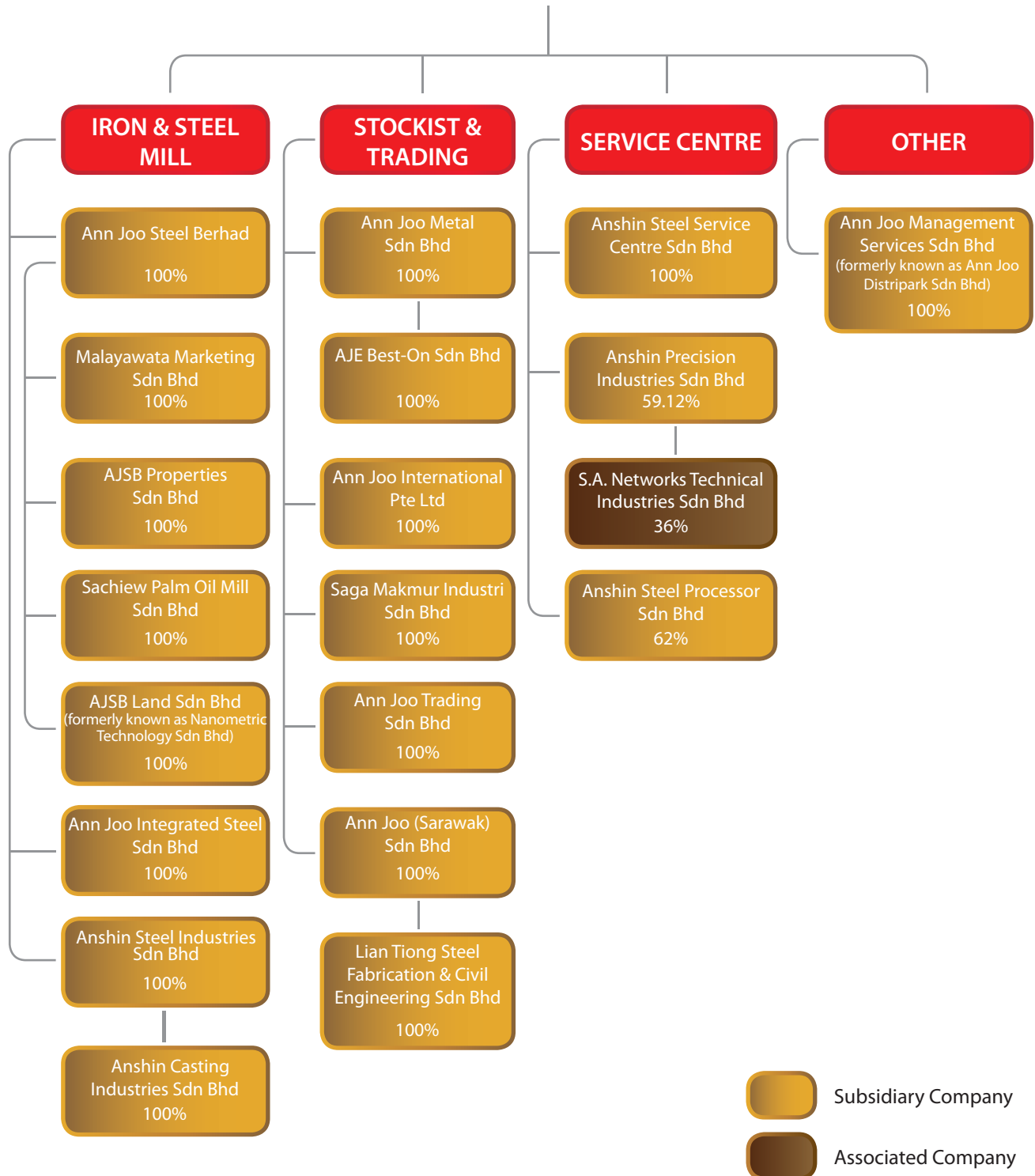
Last but not least, we wish to express our deep appreciation to the management and staff for their continued commitment, dedication and loyalty in contributing to the continuing success of the Group.

DATO' LIM KIAM LAM

Group Executive Chairman
May 2009



ANN JOO RESOURCES BERHAD

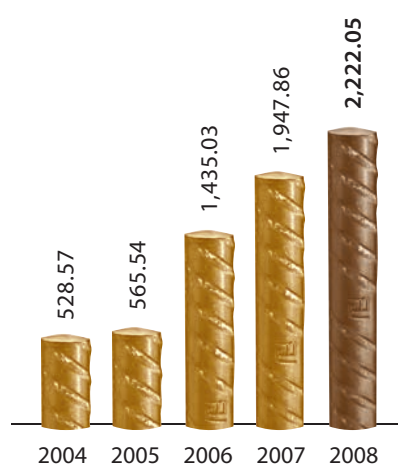




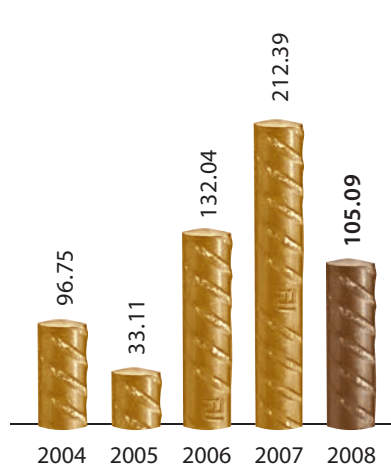
5 Years' Group Financial Highlights

	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000
Continuing Operations					
Revenue	528,566	565,539	1,435,027	1,947,857	2,222,054
Profit Before Taxation	96,747	33,107	132,038	212,385	105,086
Profit After Taxation	68,609	20,317	126,769	197,856	148,780
Profit Attribute to Equity Holders of the Company	62,887	17,691	102,551	171,017	139,398
Shareholders' Funds	480,390	483,241	635,710	827,579	885,617
Net Assets	480,390	483,241	635,710	827,579	885,617
Net Assets per Share (sen)	191	177	188	159	176
Earnings Per Share (sen)					
- Basic	23.73	6.56	22.80	33.72	27.35
- Diluted	20.90	6.00	22.80	33.72	18.23
Net Dividend (RM)	22,896	26,547	24,444	34,407	75,052
Dividend per share (sen)	12.0	13.5	10.0	14.0	20.0

Revenue
(RM'million)



Profit Before Taxation
(RM'million)

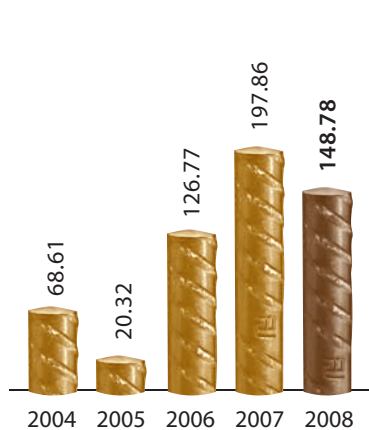


5 Years' Group Financial Highlights



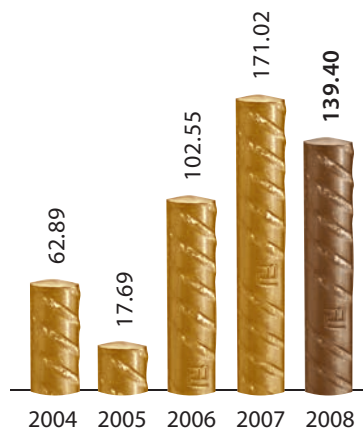
Profit After Taxation

(RM'million)



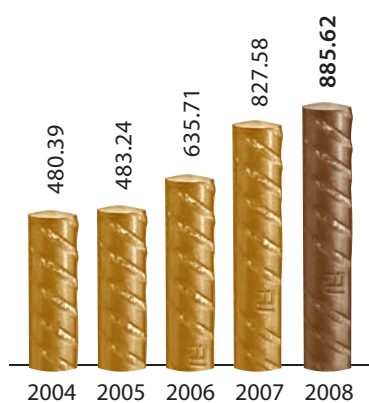
Profit After Tax & MI

(RM'million)



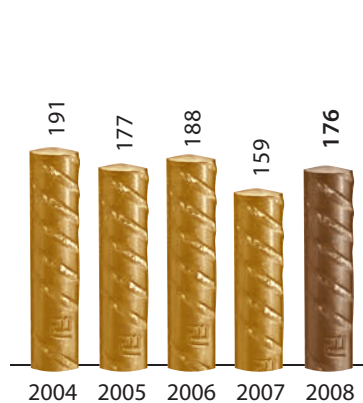
Shareholders' Funds

(RM'million)



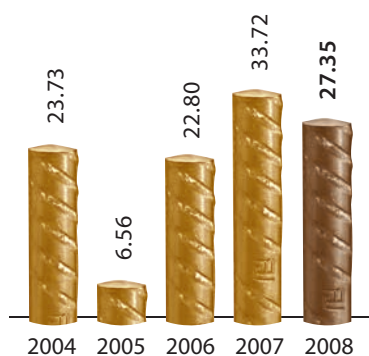
Net Assets Per Share

(sen)



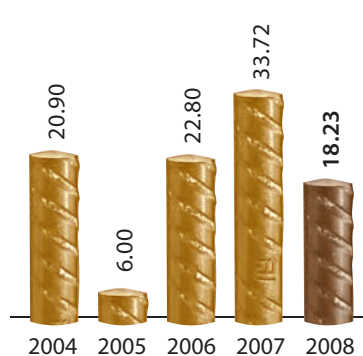
Basic Earnings Per Share

(sen)



Diluted Earnings Per Share

(sen)





Corporate Governance Statement

PRINCIPLES STATEMENT

The Board of Directors is committed to ensuring that highest standard of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities and to protect and enhance shareholders' value and the Group performance. To achieve this objective, the Board is supportive and adhered to the principles and best practices of corporate governance as prescribed in the Malaysian Code of Corporate Governance (Revised 2007) ("the Code").

A. BOARD OF DIRECTORS

Board Responsibilities

The Group acknowledges the important role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value.

To fulfil this role, the Board explicitly assumes the following specific responsibilities:-

- (a) Reviewing and adopting a strategic plan for the Group, including the annual business plan and the overall Group strategy and direction;
- (b) Overseeing the conduct of the Company and the Group's business to evaluate whether the business is properly managed;
- (c) Identifying and managing the principal risks affecting the business or the Group;
- (d) Overseeing the implementation of succession planning for business continuity;
- (e) Developing and maintaining effective communication with stakeholders including shareholders, investors and general public; and
- (f) Reviewing the adequacy and the integrity of the Group's internal control systems.

Board Meetings

The Board meetings are scheduled in advance prior to the commencement of a new financial year and the meetings schedule is circulated to the Directors to enable the Directors to plan ahead.

Board meetings are conducted in accordance to a formal agenda and schedule matters arising for approval or notation during the Board meetings. The agenda for each Board meeting and the relevant papers, with full and fair disclosures relating to agenda items are disseminated to all the Directors in advance to enable them to prepare for the meetings. The Board meeting papers tabled to the Directors include progress reports on business operations, financial results, information on business propositions, industry outlook, operational and regulatory compliance matters and corporate proposals. Agenda items for which resolution or approval is sought are identified and clearly stipulated in the Board paper to ensure that matters are discussed in a structured manner. For corporate proposals, which are deemed material and price-sensitive, would be circulated to the Directors at the Board meeting itself.

At Board meetings, the Management presents and provides explanation on the reports tabled. Senior Management may be invited to attend the Board meetings to advise or give detailed explanation and clarification on relevant agenda items to enable the Board to make informed decision. Any Director who has a direct or indirect interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same.

Minutes of every Board meetings are circulated to each Director for their perusal before confirming at the following Board meeting. The proceedings of all meetings including pertinent issues, substance of inquiries and responses, suggestions and proposals are recorded and minuted by the Company Secretary. The Directors may seek clarification or raise comments before the minutes are confirmed and signed by the Chairman as a correct record of the proceedings of the Board.

Corporate Governance Statement



The Board meets at least four times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the year ended 31 December 2008, 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. The Company Secretary attends the Board meetings held throughout the year.

The details of the Directors' meeting attendances during the financial period are as follows:-

	Total Meetings Attended	Percentage (%) of Attendance
Dato' Lim Kiam Lam	5/5	100
Dato' Lim Hong Thye	4/5	80
Mr Lim Sin Seong	5/5	100
Mr Lim Kien Lip	4/5	80
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	5/5	100
Dato' Ong Kim Hoay	5/5	100
Tan Sri Datuk A. Razak bin Ramli	5/5	100
Datuk Kamarudin bin Md. Ali	5/5	100

Supply of information

All Directors have direct access to the advice and services of the Company Secretary as well as access to all information within the Company whether as a full board or in their individual capacity, in furtherance of their duties. The Board is regularly updated and advised by the Company Secretary on new statutes, directive issues by the authorities, and the implications to the Company and the Directors pertaining to their duties and responsibilities. The Board believes that the Company Secretary is capable of carrying out her duties in ensuring the effective functioning of the Board.

In furtherance of their duties, the Board will obtain independent professional advice where necessary and under appropriate circumstances at the Group's expense.

Board Committees

The Board, which is the ultimate authority in decision-making for all significant matters, delegates certain responsibilities to Board Committees namely Audit Committee, Nomination 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 practises prescribed by the Code.

The Chairman of the various Committees will report to the Board the outcome of the Committee meetings and such reports are incorporated in the minutes of the Board meeting.

The Board has also established a Management Committee, namely Strategic Business Unit ("SBU") Management Committee to assist in the running of the business of the Company. This SBU Management Committee is made up of four (4) strategic business units and is responsible in ensuring that the Company and its subsidiary companies maintain its established policy of effective management and business operations or activities of the Group. It also oversees the senior management's efforts in managing the business operations or activities to ensure that the respective division or function is running in an effective and efficient manner.

Board Balance

As at the date of this statement, the Board consists of eight (8) members, comprising of four (4) Executive Directors and four (4) Independent Non-Executive Directors. The Company ensures that the Independent Non-Executive Directors make up at least one-third of the Board of the Company. A brief profile of each Director is presented in pages 7 to 9 of this Annual Report.



Corporate Governance Statement

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director of the Listing Requirements of Bursa Malaysia Securities Berhad. The key elements for fulfilling the criteria are the appointment of an Independent Director, who is not a member of management (a Non-Executive Director) and is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The Executive Directors in particular are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring objective and independent judgement to the decision making of the Board and provide a check and balance to the decisions of the Executive Directors. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

There is a clear division of responsibility at the head of the Company to ensure a balance of authority and power. The Board is led by the Group Executive Chairman, Dato' Lim Kiam Lam, who ensures effectiveness of Board policies whilst Dato' Lim Hong Thye, the Group Managing Director, leads the executive management and is also responsible for the day-to-day operations and implementation of Board policies and decisions. In line with the recommendation of the Code, the Board has identified Dato' Ong Kim Hoay as the senior Independent Non-Executive Director to whom concerns of shareholders regarding the Company may be directed.

The Board is of the opinion that its current composition fairly reflects the interest of shareholders of the Company.

Appointments to the Board

Nomination Committee

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

- Tan Sri Datuk A. Razak Bin Ramli (Chairman)
- Dato' Ong Kim Hoay (Member)
- Datuk Kamarudin bin Md Ali (Member)

The Nomination Committee is responsible to recommend to the Board candidates for appointment as new Directors as well as Board Committees and to review the Board structure, size and composition. The Committee is also responsible to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including the Non-Executive Directors and Group Managing Director on annual basis.

Annually, the Nomination Committee will review the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board. The Company Secretary will table the evaluation forms to assess the effectiveness of the Board as a whole and the various Board Committees. On the evaluation of individual Directors' performance, the Nomination Committee agrees that a self-evaluation be done and the evaluation form will also be circulated to the Directors for completion. The Nomination Committee then evaluates the Board Committees based on the evaluation carried out. The Nomination Committee agrees that the Board Committees have carried out their functions as expected and on overall the Directors have attended to their responsibilities effectively. The proceedings of the assessment and evaluation of the members of the Board, including inquiries and suggestions are properly recorded and minuted by the Company Secretary.

As part of the process of nominating new candidates to fill the Board seats, the Nomination Committee will review the skills, knowledge, expertise, experience, professionalism and integrity of the proposed new nominees for appointment to the Board and in the case of nominees for the position of independent non-executive directors, to evaluate the nominees' ability to discharge such responsibilities/functions as expected from independent non-executive directors and thereupon recommend to the Board for approval. The newly appointed Directors will be briefed by the Executive Directors or Senior Management on the business operations, policy and procedures of the Group. The newly appointed Directors are also encouraged to visit the business operations or plants of the Group to familiarise themselves and to have a better understanding of the Group's business and operations.

Corporate Governance Statement



The Nomination Committee met once during the financial year ended 31 December 2008. At the meeting held, the Nomination Committee recommended to the Board the re-designation of Dato' Lim Kiam Lam from the position of Group Managing Director to Group Executive Chairman of the Company upon the retirement of Mr Lim Seng Qwee, and to appoint Dato' Lim Hong Thye to the position of the Group Managing Director to take over from Dato' Lim Kiam Lam. The Board approved the recommendation of Nomination Committee on the aforesaid re-designation.

The Nomination Committee had also reviewed the amended terms and reference of the Nomination Committee prior recommending to the Board for approval in accordance with the best practices in the Code. The Board approved the recommended amendments and the new terms of reference was adopted by the Nomination Committee thereupon.

Re-election of Directors

The Articles of Association provides that at least one-third of the Board, is subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire from office at least once in every three years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-election.

Also, a Director, who is over 70 years of age is required to submit himself for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

On yearly basis, the Nomination Committee is responsible for making recommendation to the Board for the re-election of the retiring Directors.

Directors' Training

The Board always believes that continuous training for Directors is essential to keep abreast with industrial sector issues, the current and future developments in the industry and global market, regulatory updates and management strategies to enhance the Board's skills and knowledge to enable them to discharge their duties effectively. The Directors are encouraged to attend various training programmes and seminars to constantly updating themselves on the changing environment within the business the Group operate, particularly in areas of regulatory compliance.

All Directors have attended and completed the Mandatory Accreditation Programme and complied with the requirements of the Continuing Education Programme ("CEP") as prescribed under the Listing Requirements, which was repealed by Bursa Malaysia Securities Berhad with effect from 1 January 2005. From time to time, the Board will assess the training needs of the individual Directors to ensure that the Board is equipped with necessary knowledge to enable them to discharge duties as Directors. The Board is also regularly updated by the Company Secretary on the latest update/amendments on the Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

On 23 October 2008, the Company organised a half-day in-house Directors' Corporate Training on the course title "Duties and Responsibilities of Directors arising from Amendment to the Companies Act, 1965" to update the Directors on the latest amendments to the Companies Act, 1965 and the implications to their duties and responsibilities.

In addition to the aforesaid in-house training, the following Directors have also attended the following training(s):

Name of Director	Title of the Training/Seminar Attended
Dato' Lim Hong Thye	"12th Asian Regional Conference" Conference: "Middle East Steel 2008 - Capitalise on the Region's Steel Boom" "5th China International Steel Congress"
Lim Sin Seong	Training and development programs on Business Management (on continuous basis)
Lim Kien Lip	"Emerging Markets Forum"
Tan Sri A. Razak bin Ramli	Training: "Compliance and Enforcement of Bursa Securities Listing Requirement – Updates and Case Study" Training: "Confirmation For "Directorship": Independent VS Executive" Training: "General Outlook On "Soft" Commodities and the Distortion of Funds on the Fundamentals of Supply and Demand" Training: "Importance of IT Security" Training: "Latest Development on Tax Audits and Tax Investigations"
Datuk Kamarudin bin Md Ali	Training: "Orientation and Briefing on Bank Negara Malaysia Guideline"



Corporate Governance Statement

B. DIRECTORS' REMUNERATION

Remuneration Committee

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

- Dato' Ong Kim Hoay (Chairman)
- Tan Sri Datuk A. Razak Bin Ramli (Member)
- Datuk Kamarudin bin Md Ali (Member)

The Remuneration Committee met twice during the financial year ended 31 December 2008.

The Remuneration Committee is responsible for recommending the framework of the Executive Directors' remuneration package as well as reviewing their scope of services. The policy adopted by the Remuneration Committee is to recommend such remuneration packages in order to attract, retain and motivate Directors in managing the business of the Group. The ultimate approval for the remuneration of the Executive Directors lies with the Board. The Remuneration Committee reviews annually the performance of the Executive Directors and makes recommendations to the Board on specific adjustments in remuneration and/or other emoluments that commensurate their contributions or performance for the year, which is competitive and is in tandem with the performance of the Company.

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

Details of the remuneration of the Directors of the Company, during the financial year, are as follows:-

	Salary RM'000	Fees RM'000	Bonus & Allowances RM'000	Statutory contribution RM'000	Benefit-in-kind RM'000	Total RM'000
Executive Directors	2,852	299	2,598	774	134	6,657
Non-Executive Directors	-	240	100	-	-	340

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

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM50,001 to RM100,000	-	4
RM550,001 to RM600,000	1	-
RM900,001 to RM950,000	1	-
RM1,250,001 to RM1,300,000	1	-
RM1,700,001 to RM1,750,000	1	-
RM2,195,001 to RM2,200,000	1	-

C. COMMUNICATIONS WITH SHAREHOLDERS

The Company acknowledges the importance of communicating with its shareholders and the information is communicated to them through the Annual Report, Annual General Meetings ("AGM"), Extraordinary General Meetings and public announcements.

The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders an overview of the Group's performance and operations. As the AGM is the main forum used by the Company to communicate with its shareholders, the Chairman normally encourages the shareholders to ask questions both about the resolutions being proposed and the Group's operations in general. The Board members, including the senior management, are present at the AGM to respond to questions raised by shareholders.

Corporate Governance Statement



In addition, the Company makes various announcements through Bursa Malaysia Securities Berhad, in particular, its quarterly results within two months from the close of the financial quarter. Summaries of the quarterly and the full year's results and copies of the full announcement are supplied to the shareholders and members of the public upon request. Analyst briefings are held following the announcements of the quarterly results to ensure fair dissemination to the public generally. Members of the public can also obtain the full financial results and the Company's announcements from Bursa Malaysia Securities Berhad's website.

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

D. ACCOUNTABILITY AND AUDIT

Financial reporting

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

State of Internal Controls

The Board acknowledges its ultimate responsibility to maintain sound systems of internal controls to safeguard shareholders investment and the Group's assets.

The Group's Statement on Internal Control is set out on page 27 of this Annual Report.

Relationship with the Auditors

The Group 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 up on several occasions with the Group's auditors including two occasions with the external auditors without the presence of the Executive Directors and management.

COMPLIANCE STATEMENT

The Board considers that the Group has complied with the best practices of the Code to the extent as set out in the Corporate Governance Statement. The Board is committed to continuously achieving a higher standard of Corporate Governance throughout the Group.

This statement was approved by the Board of Directors on 24 April 2009.



Statement of Directors' Responsibility for Preparing The Financial Statements

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

In preparing the financial statements, the Directors have:

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

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

Audit Committee Report



MEMBERSHIP

The present members of the Committee are as follows:-

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

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

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

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

The Audit Committee of the Company comprising of four (4) members, all of whom are Independent and Non-Executive Directors. All the Audit Committee members are able to read, analyse and understand the underlying rules and principles of financial statements and have effectively discharged their duties pursuant to the terms of reference of the Audit Committee. Dato' Ong Kim Hoay is a qualified Chartered Accountant and also a member of the Malaysian Institute of Accountants.

The authority and duties of the Audit Committee are clearly governed by the written Terms of Reference.

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 years.



Audit Committee Report

Authority

6. The Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from the external auditors, person(s) carrying out the internal audit function or activity and any employees and all employees are directed to co-operate with any request made by the Committee.
7. The Committee shall have the resources which are required to perform its duties.
8. The Committee is authorised to obtain independent professional or other advice if it considers necessary.
9. The Committee should be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions and Duties

10. The functions and duties of the Committee shall be:-

- (i) To review the following and report the same to the Board of Directors:-
 - (a) with the external auditors, the audit plan;
 - (b) with the external auditors, their evaluation of the system of internal control;
 - (c) with the external auditors, their audit report;
 - (d) the assistance given by the employees of the Company to the external auditors;
 - (e) the quarterly results and year end financial statements prior to the approval of the Board of Directors, focusing particularly on:-
 - changes in or implementation of accounting policies and practices;
 - significant and unusual events;
 - compliance with accounting standards and other legal requirements;
 - significant adjustments arising from the audit;
 - the on-going concern assumption; and
 - major judgmental areas.
 - (f) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
 - (g) the external auditors' management letter and management's response;
- (ii) To consider the major findings of internal investigations and management's response;
- (iii) To discuss problems and reservations arising from the audit and any matter the auditors may wish to discuss (in the absence of management where necessary);
- (iv) To consider the appointment or re-appointment of external auditors, the audit fee and any question of dismissal or resignation where explanations are provided.
- (v) To recommend the nomination of a person or persons as external auditors;
- (vi) To perform any other functions or duties as may be agreed to by the Committee and the Board;
- (vii) To do the following in relation to the internal audit function:-

Audit Committee Report



- (a) review the adequacy of the scope, functions, competency and resources of the internal audit function, including the authority of the internal audit;
- (b) review the internal audit programme, processes and the results of the internal audit programme, processes or investigations undertaken, and where necessary, ensure appropriate actions are taken on the recommendations of the internal audit function;
- (c) review any appraisal or assessment of the performance of members of the internal audit function;
- (d) approve any appointment or termination of senior staff members of the internal audit function; and
- (e) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

Quorum and Attendance at Meetings

- 11. A quorum shall be two members and the majority of members present must be Independent Directors.
- 12. The Head of Finance, the Head of Internal Audit and representative(s) of the external auditors shall normally attend meetings. Other Board members and employees may attend meetings upon invitation of the Committee. However, at least twice in a financial year, the Committee shall meet with the external auditors, without executive board members present.
- 13. The external auditors may request a meeting.
- 14. The Secretary to the Committee shall be the Company Secretary.

Frequency of Meetings and Minutes

- 15. Meetings shall be held not less than four times in a financial year.
- 16. Minutes of each meeting shall be distributed to each member of the Board.

(The Terms of Reference of the Audit Committee of the Company was amended on 18 February 2008 in line with the revision made to the Malaysian Code on Corporate Governance.)

Meetings

During the financial year ended 31 December 2008, the Audit Committee held a total of five meetings. The details of attendance of the Committee members are as follows:-

Name of Committee Member	No. of Committee Meetings	
	Held	Attended
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	4	4
Dato' Ong Kim Hoay	5	5
Tan Sri Datuk A. Razak bin Ramli	5	5
Datuk Kamarudin bin Md Ali	5	5

The Management and Head of Group Internal Audit were present at all the meetings. Representatives of the external auditors attended meetings where matters relating to the audit of the statutory accounts were discussed. As a best practice of corporate governance, the Committee had met with the external auditors twice, on 18 February 2008 and 27 November 2008, during the financial year ended 31 December 2008, without the presence of the Management including the executive board members.

The Company Secretary present at all the Audit Committee meetings and the deliberations, suggestions and the issues discussed at the meetings were correctly recorded and minuted.



Audit Committee Report

Summary of Activities of Audit Committee

The Audit Committee carried out its duties in accordance with its terms of reference during the year.

The main activities undertaken by the Committee were as follows:

- Review of the quarterly and annual financial statements of the Company and the Group prior to submission to the Board of Directors for consideration and approval.
- Review of the internal audit reports and considerations of the findings and management's responses thereto.
- Review and discuss with the external auditors on the nature and scope of the statutory audit and consider their proposed audit fee.
- Review and discuss with the external auditors on the issues arising from the statutory audit.
- Review of recurrent related party transactions and possible conflict of interest situations within the Group.
- Review of the adequacy and the relevance of the scope, functions, resources, internal audit plan and results arising from the internal audits.
- Review and deliberation on the Statement on Internal Control for inclusion into the Annual Report.

Internal Audit Function

The Group's Internal Audit function is an independent appraisal function established within the Group to provide independent and objective assurance that the current system of internal controls in place throughout the Group is sufficient to safeguard the Group's interest. It also assists to improve the effectiveness of risk management, control and governance process.

In order to maintain its independence, the Head of Group Internal Audit reports directly to the Audit Committee. Audits are conducted with impartiality, proficiency and due professional care.

The Group Internal Audit is responsible to bring a systematic and disciplined approach to evaluate, report and improve on the effectiveness of risk management, control and governance process. However, the existence of the Group Internal Audit Department does not relieve the Management of their responsibility for the proper execution and control of activities, including responsibility for the on-going monitoring, conduct review and improvement of internal controls and risk management in their respective areas.

Summary of Activities of Internal Audit

The main activities undertaken by the Group's Internal Audit function are primarily driven by the approved risk-based internal audit plan, and involve the following:

- Review and ascertain adequacy of controls in place to safeguard the Group's assets;
- Review of operations and plans to ascertain whether results are consistent with established objectives and goals and whether the operations are carried out as planned;
- Coordinate, facilitate and monitor the risk management exercise for various business units in the Group;
- Identify areas for improvement in operations and business processes of the Group and making recommendations to improve/enhance the existing internal control systems; and
- Conduct special reviews as requested by the Board and/or the Audit Committee.

During the year, a total of twenty (20) routine audits and nine (9) follow-up audits were carried out. Audit recommendations, management action plans to rectify the weaknesses and follow-up to actions taken arising from the audits were promptly reported to the Audit Committee. The total cost incurred for the Group Internal Audit function during the year was approximately RM302,000.

Statement on Internal Control



INTRODUCTION

The Malaysian Code on Corporate Governance (Revised 2007) stipulates that the Board of a listed issuer should 'maintain a sound system of internal controls to safeguard the shareholders' investment and Group's assets'. Pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, the Board is required to provide a statement of internal control, which outlines the nature and scope of the Group's internal control system during the year under review.

Board Responsibility

The Board acknowledges its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity through the process of constant review and monitoring. Because of the limitations that are inherent in any system of internal control, this system is designed to manage rather than to eliminate the risk of failure to achieve corporate objectives. Accordingly, this system can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk and Control Processes

The Board confirms that there is an on-going process for identifying, evaluating and directing significant risks faced by the Group, which is subject to periodic review by the Board.

The enterprise risk management framework is aimed to put in place adequate and effective risk management processes to manage risks in order to achieve business objectives and providing reasonable assurance to the Board, also the stakeholders on the Group's state of internal control and its ability to increase shareholders' value and confidence.

The Group adopts a risk based audit, which audit plan is based on the result from the risk assesment exercise. The audit plan is directed to focus on areas of high and significant risks critical to the Group's performance. The audit plan is tabled to the Audit Committee for review and approval.

Further, the Board reviews and approves the annual budget for the Group. The Board also reviews actual performance against budget on a quarterly basis, where explanations are provided for any variances noted.

The Board is committed towards operating a sound system of internal control and effective risk management practices throughout the Group. The Board is of the view that the risks faced by the Group are within the acceptable level of the business environment that it operates in and the system of internal control in place are adequate to safeguard interest of the Group.

The Board is also cognizant of the fact that the system of internal control and risk management practices must continuously evolve to support the type of the business and size of operations of the Group. Thus, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the existing system of internal controls.

The Board remains committed to ensure that appropriate remedial measures are taken to address any control weaknesses that may become evident and that every effort is put into place to further strengthen the internal control system to protect the interests of its shareholders.

Review of the Statement by External Auditors

As required by paragraph 15.24 of the Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report for the financial year under review. Their review was performed in accordance with Recommended Practice Guide 5: Guidance for Auditors on the Review of Directors' Statement on Internal Control issued by the Malaysian Institute of Accountants. From the review conducted, the external auditors have reported that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of the Group.



Statement of Corporate Social Responsibility

The Ann Joo Group has always been concerned with the Group's social responsibility to society. We have a Corporate Social Responsibility (CSR) Practice where we strongly pursue our belief of caring for and sharing with people, business associates and the community. We also recognize 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 recognizing in tandem that CSR is an important component of good business practice which benefits the Group, as well as society and the environment.

A glimpse of our policies / activities in these areas are as follows:-

COMMUNITY SERVICES

In carrying out its business activities, Ann Joo is mindful of its responsibilities as a corporate citizen. The Group continuously provides access to higher education to financially deserving students through our TARC-Ann Joo Group Student Loan Fund. Worthy students (based on merit), who come from such backgrounds, are awarded with a yearly loan fund to assist them in their tertiary education.

The Group also supports community and government agencies such as the police, bomba and some governmental sports clubs by contributing to fund raising and donation drives.

ENVIRONMENTAL RESPONSIBILITY

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

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

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

Statement of Corporate Social Responsibility



EMPLOYEE WELFARE

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

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

As employees are our greatest assets, the Group aims to attract, retain and motivate them and encourages their contribution and development. Appropriate career paths and internal recognition programmes are carried out and employees are provided with numerous learning and development opportunities to fulfill their potential. A variety of team synergy programme and motivational courses were conducted to enhance their capability and knowledge. These development opportunities are structured to align with our organizational objectives and to help employees in furthering their career aspirations.

INVESTOR RELATIONS

Our Group is committed to providing investors with accurate, useful and timely information about the Group, the steel industry outlook and business performance. The Group actively communicates with our stakeholders and the investor community at large.

The Group believes that regular clear and transparent communications with investors encourage a better appreciation of the Group's business and activities, reduces share price volatility and assists the investors in making well informed decisions.

Regular dialogue sessions with research analysts and investors are held to brief them on our Group's financial results and performance. In addition to the sessions, there are media releases and announcements to keep the public updated and to put our Group at the forefront of the investment community.

Last year, approximately 11 research houses covered Ann Joo Resources Berhad. In addition to one-on-one meetings, road shows, corporate luncheons and investor conferences, we received visits and calls from various analysts and fund managers interested in the Group's strategies and development. In total, the management of Ann Joo Resources Berhad met with more than a hundred fund managers and investors at road shows and corporate meetings in 2008, including in countries such as Singapore and Hong Kong.

Our corporate services responsibility is a continuous journey. Ann Joo will indeed strive to grow a business that embraces the well-being of the community, the environment, our stakeholders as well as our family of employees all for the betterment of society.



Environmental Management System

The Company as a caring and responsible corporate citizen is committed to ensure all its activities are performed without any adverse effect to the environment. Environmental and social responsibilities are intrinsically woven into the Group's operations. Concerted efforts are made to ensure that all activities undertaken are carried out in a safe and healthy environment and are in harmony with the environment and the community the Group serves in.

These efforts to seriously address issues pertaining to the environment are supported by the award of the ISO 14001:1996 certification in 2004 to Ann Joo Steel Berhad ("AJSB"), a subsidiary of the Company.

ENVIRONMENTAL ASPECTS AND THEIR CONTROL MEASURES IN ANN JOO STEEL BERHAD

AJSB was re-certified to ISO 14001:2004 in December 2007 with the commitment of continual improvement and conserving the natural resources.

With the environmental policy as an statement of the company intention and principles in relation to its overall environmental performance, a framework with objectives and targets for action as listed herein, have been implemented to mitigate environmental impacts, improve efficiency and reduce costs.

Environmental Aspects	Environmental Control Measures
Dust Emission	Installation of a second state-of-the-art De-dusting System to improve on dust suction capability and reduce dust emission in the Steel Making plant.
Energy Saving	Installation of scrap cleaning machine to screen scrap and reduce energy consumption and dust emission.
Waste Recycling	Reconditioning and reusing of rejected shafts, rolls and electrodes instead of disposal in the production plants to minimize wastage.
Waste Reprocessing	Atomizing steel slag from Electrical Arc Furnace to become Precious Slag Ball (PSB) which is an Eco-Friendly material commonly used by engineering fabricators and shipbuilders as a blasting medium.
Green Environment	Planting trees along the production plants and factory compound to reduce green house effects.

