ANNUAL REPORT 2006

Growing from Strength to Strength

安 裕 資 源 有 限 公 司

ANN JOO RESOURCES BERHAD (371152-U)

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at Bahamas 1 & 2, Level 12, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Friday, 22 June 2007 at 9.30 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2006 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of Directors' fees amounting to RM279,000 for the financial year ended 31 December 2006. **Resolution 2**

3. To declare a final dividend of 6.0 sen per share less 27% income tax in respect of the financial year ended 31 December 2006. **Resolution 3**

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

   a) Dato' Lim Kiam Lam; **Resolution 4**
   b) Mr Lim Kien Lip **Resolution 5**

5. To re-elect Datuk Kamarudin Bin Md Ali, being the Director retiring pursuant to Article 108 of the Company's Articles of Association. **Resolution 6**

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

   "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 7**

7. To appoint Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESS

8. To consider and if thought fit, to pass the following resolutions, with or without modifications as Ordinary Resolutions:-

8.1 **AUTHORITY TO ALLOT SHARES** **Resolution 9**

"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."

8.2 **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** **Resolution 10**

"THAT subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, 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 the fullest extent permitted by law, 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;

(ii) an amount not exceeding the Company's audited retained profits of RM126,601,671.00 and/or the share premium account of RM55,263,894.00 for the financial year ended 31 December 2006 be allocated by the Company for the purchase of own shares; 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 unconditionally and generally 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 (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

8.3 **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 the categories of 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 31 May 2007 ("Circular"):-

(i) LIM Group **Resolution 11**
(ii) MISI Group **Resolution 12**
(iii) Sanritsu Group **Resolution 13**
(iv) CHH Group **Resolution 14**
(v) SHH Group **Resolution 15**

PROVIDED ALWAYS that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;

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

(iii) 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

Notice of Annual General Meeting (cont'd)

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

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

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

8.4 **PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Resolution 16**

"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 as set out in Section 2.5 of Part B of the Circular:-

PROVIDED ALWAYS that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;

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

(iii)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

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

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

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

9. 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)
Company Secretary

31 May 2007

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 9
   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.

   b) Ordinary Resolution 10 to Ordinary Resolution 16
   Please refer to the Circular to Shareholders dated 31 May 2007 for further information.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT the Final Dividend of 6.0 sen per share less 27% income tax, in respect of the financial year ended 31 December 2006, if so approved at the Eleventh Annual General Meeting will be paid on 10 July 2007 to Depositors registered in the Record of Depositors at the close of business on 2 July 2007.

A Depositor shall qualify for entitlement only in respect of:-

a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 2 July 2007 in respect of ordinary transfers;

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Leong Oi Wah (MAICSA 7023802)
Company Secretary

Selangor Darul Ehsan
31 May 2007

Notice of Nomination of New Auditors

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

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

25 May 2007

The Board of Directors
Ann Joo Resources Berhad
Wisma Ann Joo, Lot 19391
Batu 8 ½, Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

Notice of Nomination of Messrs KPMG as Auditors

We, a member of Ann Joo Resources Berhad ("the Company") holding not less than 5% of the total voting shares of the Company, hereby giving notice, pursuant to Section 172(11) of the Companies Act, 1965 of our nomination of Messrs KPMG as Auditors of the Company in place of retiring auditors and of our intention to propose the following resolution as an ordinary resolution at the forthcoming Annual General Meeting of the Company:

"THAT Messrs KPMG, having consented to act be and are hereby appointed Auditors of the Company in place of the retiring auditors, Messrs Ong Boon Bah & Co and to hold office until the conclusion of the next annual general meeting and that the directors be authorized to determine their remuneration."

Yours faithfully
ANN JOO CORPORATION SDN. BHD.

Lim Seng Chee
Executive Chairman

Corporate Information

BOARD OF DIRECTORS

Lim Seng Qwee
Executive Chairman

Dato' Lim Kiam Lam
Group Managing Director

Lim Sin Seong
Executive Director

Lim Kien Lip
Executive Director

Dato' Lim Hong Thye
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

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

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

Dato' Lim Kiam Lam
Group Managing Director

COMPANY SECRETARY

Leong Oi Wah (MAICSA 7023802)

HEAD OFFICE & REGISTERED OFFICE

Wisma Ann Joo, Lot 19391
Batu 8½, Jalan Klang Lama
46000 Petaling Jaya
Telephone No: 03-7877 0028
Fax No: 03-7875 9354
Website: www.annjoo.com.my

PRINCIPAL BANKERS

CIMB Bank Berhad
Alliance Bank Malaysia Berhad
RHB Bank Berhad

AUDITORS

Ong Boon Bah & Co.

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

Profile of Directors

LIM SENG QWEE
Executive Chairman
68 years of age - Malaysian

He is also the Executive Chairman of Ann Joo Metal Sdn Bhd. He has more than 40 years experience in the steel trading business and has contributed significantly to the growth and development of the trading business. He also sits on the board of several private limited companies.

Appointed as Director of the Company on 11 September 1996 and from the position of

Deputy Executive Chairman, he was appointed as the Executive Chairman of the Company on 17 June 2003. He was also appointed to the Investment Committee in May 2003 as its Chairman.

Attended all the five Board Meetings held during the financial year. Father of Dato' Lim Hong Thye, an Executive Director of the Company. Brother of major shareholder, Mr Lim Seng Chee and Executive Director, Mr Lim Sin Seong, as well as uncle to the Group Managing Director, Dato' Lim Kiam Lam and Executive Director, Mr Lim Kien Lip. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Dato' Lim Kiam Lam
Group Managing Director
55 years of age - Malaysian

He is currently the Executive Chairman of Ann Joo Steel Berhad (formerly known as Malayawata Steel Berhad). He 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. He is the Adviser of the Selangor & Federal Territory Metal Dealers Association and the Malaysia Hardware, Machinery & Building Materials Dealer Association. He is also the Chairman of

the Commerce Committee of the Kuala Lumpur & Selangor Chinese Chamber of Commerce & Industry. Dato' Lim Kiam Lam also sits on the board of several private companies.

Appointed as Director of the Company on 11 September 1996 and as Group Managing Director on 12 September 1996. He serves as a member of the Audit Committee, Remuneration Committee and Investment Committee besides being the Chairman of Strategic Business Unit Management Committee of the Company. Current directorship in public company includes Ann Joo Steel Berhad (formerly known as Malayawata Steel Berhad).

Attended all the five Board Meetings held during the financial year. Son of major shareholder, Mr Lim Seng Chee and nephew of the Executive Chairman, Mr Lim Seng Qwee and Executive Director, Mr Lim Sin Seong. He is also brother to Mr Lim Kien Lip as well as cousin to Dato' Lim Hong Thye, both Executive Directors of the Company. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Lim Sin Seong
Executive Director
51 years of age – Malaysian

He is also the Managing Director of Ann Joo Metal Sdn Bhd. He has over 25 years of involvement in the steel trading business. His embracing of modern management approaches was instrumental in the transformation of the Group with adoption of modern logistic facilities and state-of-the-art computerised management system. He is currently the Head of Strategic Business Unit 1, the trading arm of

the Group. He also sits on the board of several private limited companies.

Appointed as Director of the Company on 11 September 1996. Besides being a member on Strategic Business Unit Management Committee of the Company, he is also a member of the Investment Committee since May 2003.

Attended all the five Board Meetings held during the financial year. Brother of major shareholder, Mr Lim Seng Chee and the Executive Chairman, Mr Lim Seng Qwee. Uncle to the Group Managing Director, Dato' Lim Kiam Lam as well as Executive Directors, Dato' Lim Hong Thye and Mr Lim Kien Lip. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Lim Kien Lip

Executive Director
45 years of age - Malaysian

He is also the Managing Director of Anshin Steel Industries Sdn Bhd ("ASI") and Ann Joo Trading Sdn Bhd. He joined the Ann Joo Group of Companies in 1987 and rose to the rank of General Manager/Executive Director of ASI in 1997 and by the year 2000, he was appointed as the Managing Director of ASI. He 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. He is currently the Head of Strategic Business Unit 2 involved in the manufacturing and trading activities of the Unit. He also sits on the board of several private limited companies.

Appointed as Director of the Company on 17 June 2003 and serves as a member on the Strategic Business Unit Management Committee of the Company. Current directorship in public company includes Ann Joo Steel Berhad (formerly known as Malayawata Steel Berhad).

Attended all the five Board Meetings held during the financial year. Son of major shareholder, Lim Seng Chee and nephew of the Executive Chairman, Mr Lim Seng Qwee and Executive Director, Mr Lim Sin Seong. Brother to the Group Managing Director, Dato' Lim Kiam Lam as well as cousin to Executive Director, Dato' Lim Hong Thye. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Dato' Lim Hong Thye

Executive Director
32 years of age – Malaysian

He joined the Company in August 2000 and was seconded to Malayawata Steel Berhad ("MYS") (now known as Ann Joo Steel Berhad) on 10 August 2000. He was then appointed as Executive Director of MYS on 15 January 2004 and with effect from 18 February 2004, became its President. Prior to that, he was with the Assurance & Advisory Service unit of Price Waterhouse and PriceWaterhouseCoopers. He holds a Bachelor of Commerce (Accounting and Finance) from The University of Melbourne, a

Chartered Accountant (CA) of The Malaysian Institute of Accountants (MIA) and a Certified Practising Accountant (CPA) of Australian Society of CPAs. He also sits on the board of several private limited companies. He is also a member of the Executive Committee of Malaysian Iron & Steel Industry Federation (MISIF).

Appointed as Director of the Company on 1 January 2003 and serves as a member on Strategic Business Unit Management Committee. He was also appointed as a member of the Investment Committee in May 2003. Current directorship in public company includes Ann Joo Steel Berhad (formerly known as Malayawata Steel Berhad).

Attended all the five Board Meetings held during the financial year. Son of the Executive Chairman, Mr Lim Seng Qwee and nephew of major shareholder, Mr Lim Seng Chee and Executive Director, Mr Lim Sin Seong as well as cousin to the Group Managing Director, Dato' Lim Kiam Lam and Executive Director, Mr Lim Kien Lip. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Dato' Ong Kim Hoay

Independent Non-Executive Director
73 years of age – Malaysian

Independent Non-Executive Director. He 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 Terquand Youngs & Co. (now known as Ernst & Young), a public accounting firm. He subsequently joined Malayan Banking Berhad ("Maybank") in 1970 and has held

various senior positions in Maybank before retiring as General Manager, Singapore Operations in 1992. He has also served on the Board of Directors of Maybank for several years.

Appointed as Director of the Company on 11 September 1996 and also serves as Chairman of its Audit Committee, Remuneration Committee and Nominating Committee, and is the Senior Independent Non-Executive Director of the Company. Current directorships in public companies include Atlan Holdings Berhad, Multivest Resources Berhad and Kimble Corporation Berhad.

Attended all the five Board Meetings held during the financial year. No family relationship with any Director and/or major shareholder of the Company. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Profile of Directors (cont'd)

Tan Sri Datuk A. Razak Bin Ramli
Independent Non-Executive Director
59 years of age – Malaysian

He holds a Bachelor of Arts (Hons) degree majoring in public administration in 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; Policy Relations Unit, MITI; ASEAN Economic Cooperation Unit of MITI. He was Chairman of APEC Senior Officials when Malaysia hosted APEC.

He was appointed as Director of the Company on 25 November 2004 and also serves as a member of the Audit Committee and Nominating Committee. Current directorship in public companies includes Lafarge Malayan Cement Bhd, Shangri-La Hotels (Malaysia) Berhad, Favelle-Favco Berhad, Hong Leong Islamic Bank Berhad and Transmile Group Berhad.

Attended all the five Board Meetings held during the financial year. No family relationship with any Director and/or major shareholder of the Company. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Datuk Kamarudin bin Md Ali
Independent Non-Executive Director
57 years of age – Malaysian

He 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. His last position was the Director of Management with the rank of Police Commissioner. He has had 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 was appointed as Director of the Company on 1 March 2007. He also holds directorship in ECM Libra Avenue Berhad.

No family relationship with any Director and/or major shareholder of the Company. No conflict of interest with the Company. No convictions for offences within the past 10 years.

Corporate Structure
as at 25 May 2007

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

SBU 1
- **100%** Ann Joo Metal Sdn Bhd (260316-P)
  - **100%** AJE Best-On Sdn Bhd (15952-A)

SBU 2
- **100%** Anshin Steel Industries Sdn Bhd (30543-K)
  - **100%** Anshin Casting Industries Sdn Bhd (117938-W)
- **100%** Ann Joo Trading Sdn Bhd (66487-W)
- **100%** Ann Joo (Sarawak) Sdn Bhd (174871-U)
  - **100%** Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd (106198-D)

SBU 3
- **60%** Anshin Steel Service Centre Sdn Bhd (164093-X)
- **59.12%** Anshin Precision Industries Sdn Bhd (188473-T)
  - **36%** S.A. Networks Technical Industries Sdn Bhd (353660-A)
- **57%** Anshin Steel Processor Sdn Bhd (487678-D)
- **100%** Saga Makmur Industri Sdn Bhd (406319-U)

85.27%* Ann Joo Steel Berhad (4405-M)
- **100%** Malayawata Marketing Sdn Bhd (10726-X)
- **100%** AJSB Properties Sdn Bhd (6558-H)
- **100%** Sachiew Palm Oil Mill Sdn Bhd (550618-A)
- **60%** Empresa (M) Sendirian Berhad (145959-H)

100% Ann Joo Distripark Sdn Bhd (211919-V)

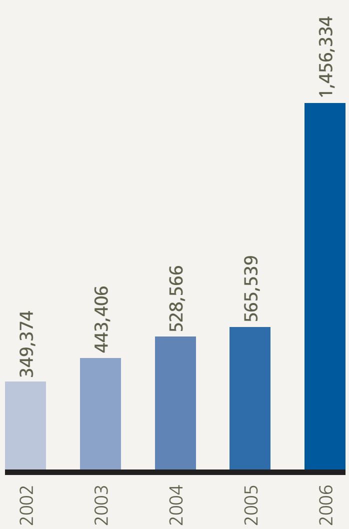
Subsidiary Company

Associated Company

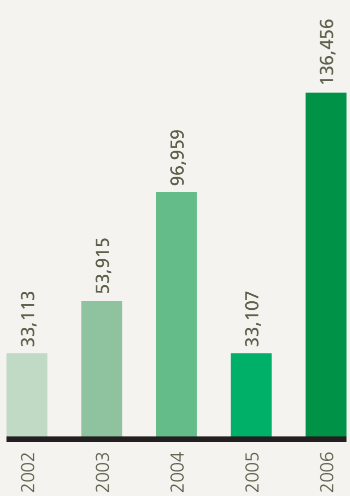
* *Shareholding as announced to Bursa Malaysia Securities Berhad on 25 May 2007.*

5 Years' Group Financial Highlights

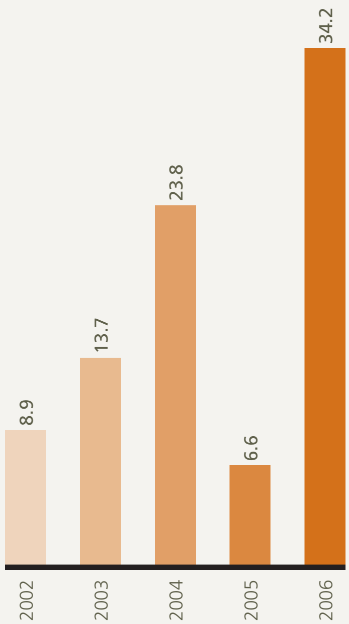
	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000
Revenue	349,374	443,406	528,566	565,539	1,456,334
Profit Before Taxation	33,113	53,915	96,959	33,107	136,456
Profit After Taxation	24,094	37,085	68,921	20,317	126,769
Profit Attributable to Equity Holders of the Company	22,386	34,955	63,199	17,691	102,551
Dividend Rate (%)	3.5	12.0	12.0	13.5	10.0
Net Dividend	6,353	24,433	22,896	26,547	24,444
Shareholders' Funds	373,933	423,923	486,630	483,241	635,710
Net Tangible Assets	329,895	382,801	447,952	450,027	633,583
Net Tangible Assets Per Share (sen)	131	144	169	165	188
Basic Earnings Per Share (sen)	8.9	13.7	23.8	6.6	34.2



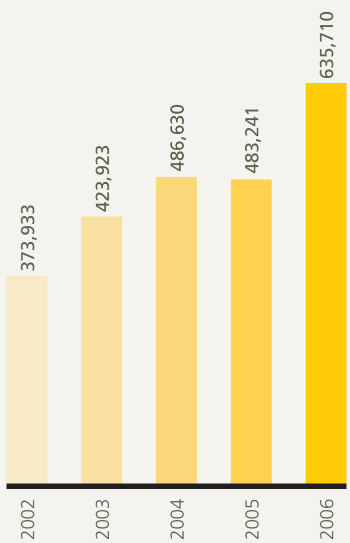
REVENUE
(RM'000)



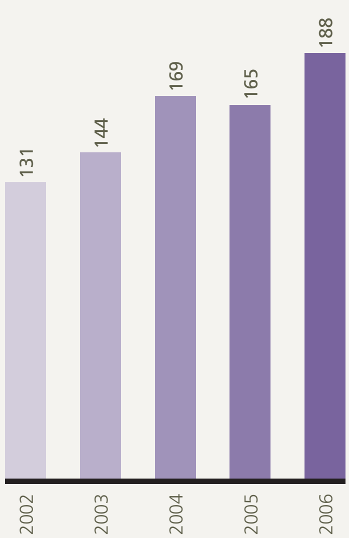
PROFIT BEFORE TAX
(RM'000)



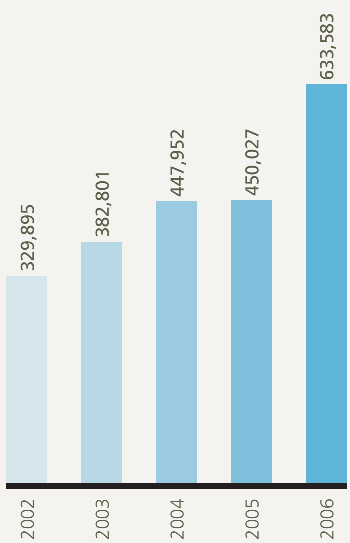
BASIC EARNINGS PER SHARE
(Sen)



SHAREHOLDERS' FUND
(RM'000)



NET TANGIBLE ASSETS PER SHARE
(Sen)



NET TANGIBLE ASSETS
(RM'000)

Chairman's Statement

The year 2006 was a momentous year of excellence for Ann Joo Resources Berhad in conjunction with our 10th Anniversary of listing on the Main Board of Bursa Malaysia and 60th Anniversary of our Group, beside the successful transformation of Ann Joo Steel Berhad (formerly known as Malayawata Steel Berhad) ("AJSB") as a 67.67% subsidiary company on 27 January 2006.

On behalf of the Board of Directors of Ann Joo Resources Berhad, I am privileged to present the Eleventh Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31st December 2006.

FINANCIAL HIGHLIGHTS

For the financial year under review, the Group profit before taxation recorded a historical high of RM136.5 million, representing a more than three-fold growth from RM33.1 million in the preceding financial year. The Group's revenue increased by 158% to RM1.5 billion surpassing the RM1.0 billion mark for the first time, on the back of higher sales volume and increased exports amidst improved business sentiment during the second half of the year. The Group's remarkable performance was also attributed to the incorporation of higher equity interest of AJSB's result as a subsidiary company in the current financial year coupled with enhanced productivity and firmer effective selling prices backed by higher regional and international steel prices.

OPERATIONS REVIEW

Manufacturing

The manufacturing units including that of the newly acquired subsidiary of AJSB having a slower start at the beginning of the year due to the less than satisfactory performance in the domestic construction sector, however with the continuous productivity improvement activities as well as cost control measures coupled with proactive management of its stock positions in the volatile steel and raw material markets both locally and internationally, AJSB managed to achieve a commendable results. Our other diversified manufacturing unit of steel service centres that serve the engineering fabrication, automotive, electrical and electronics sectors experienced a challenging year due to higher input factors of production and lower effective pricing due to intense competition.

Stockist / Trading

Despite the lukewarm business sentiment during the first half of the year, the stockist unit continued to contribute significantly to the Group's performance. The wide spectrum of high-grade steel material, which remained in shortages globally, was highly demanded by the engineering fabrication sectors for the oil & gas, palm oil milling and oleochemical industries.

CORPORATE DEVELOPMENT

On 12 April 2007, the Company served a Notice of Offer on the Board of Directors of AJSB informing it of the Company's intention to undertake a voluntary take-over offer for the remaining ordinary shares of RM1.00 each in AJSB ("AJSB Shares") not owned by the Company and person acting in concert with it for a cash consideration of RM3.10 per share ("Offer"). The Offer was officially extended to the shareholders of AJSB on the 3rd May 2007.

The acquisition of AJSB shares pursuant to the Offer will further increase the Company's equity interest in AJSB. The Company believes that by increasing its stake in AJSB and where possible taking AJSB private and owning the entire equity interest therein, the Company will have greater liberty in deciding on the strategic direction of the AJSB Group. This will enhance the ability of the Group to derive benefits from merging the operations of the enlarged Ann Joo Resources Group, with the operations of the AJSB Group. As at 25 May 2007, through market acquisition and the acceptance received, the Company has increased its shareholding to 85% from that of 68% prior to the Offer.

DIVIDEND

In view of the record profit achieved, the Board of Directors is pleased to recommend a final dividend of 6% less 27% income tax for the approval of shareholders at the forthcoming Eleventh Annual General Meeting scheduled on 22nd June 2007. This is in addition to the interim dividends of 6% (less income tax of 28%) and 4% (less income tax of 27%) paid in the last quarter of 2006 and the first quarter of 2007 respectively, bringing the total gross dividend declared in the financial year ended 31 December 2006 to 16%, the highest in the ten-year listing of Ann Joo Resources Berhad.

OUTLOOK FOR THE FUTURE

We will continue to pursue the Group expansion plan to be a fully integrated steel entity with established competitive advantage that ensures growth and long term success for all stakeholders. On the path to achieve its vision to be an effective and leading steel player regionally, we are working towards acquiring new technologies such as for hot metal making and charging to complement and enhance our existing steel making operations. The tested technology besides producing higher-grade steel and enhance productivity will also reduce energy consumption and is environmentally friendly.

The enhancement will enable the Group to fulfill the nation's requirements of high grade steel used in the various engineering applications. Steel products especially high-grade steel are among the essential ingredients for nation building towards becoming an industrialised state of Vision 2020 as contained in the Third Industrial Master Plan.

Going forward, the Board is optimistic that the Group will be able to maintain the good performance as demand for steel remains strong locally, regionally and internationally. Higher off take pursuant to the roll out of projects under the 9MP as well as the surge in steel demand in the United States, Middle East, China and India will augur well for the Group.

In view of the above factors, the Group with its experience and impeccable track record in the steel business together with the strong support from its large network of buyers and suppliers globally, is optimistic of rewarding shareholders with another profitable year.

SOCIAL RESPONSIBILITY

As a caring corporate citizen and beside celebrating our diamond jubilee, we contributed to the Lions Club of Kuala Lumpur City Centre for a fund raising campaign that raised RM0.3 million for various projects such as sponsoring dialysis machine to a dialysis centre, scholarship and activities in aids of the disabled besides raising a RM0.5 million Student Loan Fund for the needy students in one of the premier college in the country.

In the manufacturing subsidiaries of the Group, series of control measures have been implemented to preserve the environment through the effective control of dust and waste gas emission, water consumption, noise emission and waste material disposal to address the environmental aspects.

ACKNOWLEDGEMENT

The above would not be possible without the unwavering support from all quarters. I wish to extend my sincere thanks and appreciation to the Board, management and staff for their contribution to the Company and Group's performance. My appreciation is further extended to our shareholders, customers, suppliers, financiers and business associates for their continued support.

On behalf of the Board, I wish to record our sincere appreciation to En. Mohd. Alkaf Bin Mohd. Kahar who resigned from the Board on January 15, 2007. I would like to take this opportunity to express a warm welcome to Datuk Kamarudin Bin Md Ali who was appointed as an Independent Non-Executive Director of the Company on March 1, 2007 to lend his experience and expertise to the Group.

Lim Seng Qwee
Executive Chairman
25 May 2007

Corporate Governance Statement

The Board is pleased to provide the following statements which outline the main corporate governance practices that were in place throughout the financial year, unless otherwise stated.

PRINCIPLES STATEMENT

The following statement sets out how the Group has applied the principles in Part 1 of the Malaysian Code on Corporate Governance (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 is responsible for the overall corporate governance of the Group, including its strategic direction and overall well-being. Although it does not have a formal schedule of matters reserved to itself for decision, the Board is normally involved in matters concerning the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group.

Meetings
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 2006, the Board met on five occasions to deliberate and consider matters including the Group's financial results, major investments, strategic decisions and the business plan and direction of the Group.

All proceedings of the Board meetings are recorded and the minutes thereof are signed by the Chairman of the meeting.

Details of each Director's meeting attendance are as set out in the profile of the respective directors in pages 8 to 10 of this Annual Report.

Board Committees
The Board, which is the ultimate authority in decision-making for all significant matters, delegates certain responsibilities to Board Committees to enhance business and operational efficiency as well as efficacy. These committees are Audit Committee, Investment Committee, Nominating Committee and Remuneration Committee which consider particular issues and recommend proposed actions to the Board. .

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 full Board meeting.

Board Balance
As at the date of this statement, the Board consists of eight members, comprising three Independent Non-Executive Directors and five Executive Directors. A brief profile of each Director is presented in pages 8 to 10 of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). 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 who 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 Board has complied with paragraph 15.02 of the Listing Requirements, which requires that at least two Directors or one-third of the Board of the Company, whichever is the higher, are independent.

Corporate Governance Statement (cont'd)

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 Executive Directors. The Independent Non-Executive Directors contribute in areas such as policy and strategy and performance monitoring. 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 Mr Lim Seng Qwee as the Executive Chairman who ensures effectiveness of Board policies whilst Dato' Lim Kiam Lam, the Group Managing Director, leads the executive management and is 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 also appointed 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.

Supply of information

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full access to information. Every Director has also unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties in ensuring the effective functioning of the Board.

Prior to meetings of the Board and Board Committees, appropriate documents which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all Directors.

In furtherance of their duties, the Board can obtain independent professional advice on an ad-hoc basis, where necessary and under appropriate circumstances at the Group's expense.

Appointments to the Board

<u>Nominating Committee</u>

The Nominating Committee comprises of the following members who are exclusively Independent Non-Executive Directors:

- Dato' Ong Kim Hoay – Chairman
- Encik Mohd Alkaf Bin Mohd Kahar – Member (resigned on 15 January 2007)
- Tan Sri Datuk A. Razak Bin Ramli – Member

The Nominating Committee is empowered by the Board to bring to the Board recommendations on the appointment of new Directors and to review the Board structure, size and composition as well as those of Board Committees. The Committee met twice during the financial year.

Directors' training

The Board, through the Nominating Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director. There is no formal training or orientation programme for Directors. However, all Directors have attended and successfully completed the Mandatory Accreditation Programme and the Continuing Education Programme (CEP) within the timeframe stipulated in the Listing Requirements. As the CEP has been repealed by Bursa Securities with effect from 1 January 2005, the Board has assessed 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 Company organised a half-day in-house Directors' Corporate Training on 15 December 2006 on the course title "Iron Making Project" for the Directors to have a better insight on the process and prospects of iron-making. The said training was attended by all directors.

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 etc attended
Dato' Lim Hong Thye	The 4th China International Steel Congress
	World Scrap Metal Congress 2006
Tan Sri A. Razak bin Ramli	"Introducing Corporate Integrity Management System – An Integrated Approach In Managing Integrity"
	"Managing Organisational Change and Transitions"
	"Succession Planning For Success"
	"Regulation Of The Securities Market – Insider Trading, False Trading and Market Rigging"
	"Understanding The Role of Corporate Social Responsibility in Protecting Your Long-term Profits"
	"Understanding Financial and Accounting Reports In The New Reporting Regime and Corporate Governance"
Lim Sin Seong	Training and development programs on Business Management (on continuous basis)

The Board is also regularly updated by the Company Secretary on the latest update/amendments on the Bursa Securities Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

Re-election

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.

Directors over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

B. Directors' remuneration

Remuneration Committee

The Remuneration Committee comprises the following members who are mainly Non-Executive Directors:

- Dato' Ong Kim Hoay – Chairman
- Encik Mohd Alkaf Bin Mohd Kahar – Member *(resigned on 15 January 2007)*
- Dato' Lim Kiam Lam – Member
- Tan Sri Datuk A. Razak bin Ramli – Member *(appointed on 14 February 2007)*

The Committee met once during the financial year.

The Company pays its Directors an annual fee which is approved annually by the shareholders. 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 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.

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	2,525	359	1,274	516	230	4,904
Non-Executive Directors	-	129	36	-	-	165

Corporate Governance Statement (cont'd)

The remuneration paid/payable to Directors for the year ended 31 December 2006, is summarised as follows:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
RM0 to RM50,000	-	1
RM50,001 to RM100,000	-	2
RM650,001 to RM700,000	1	-
RM800,001 to RM850,000	2	-
RM1,000,001 to RM1,200,000	1	-
RM1,400,001 to RM1,500,000	1	-

C. Shareholders

The Company recognises the importance of communicating with its shareholders and does this 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 certain members of senior management, are present and available at the AGM to respond to questions raised at the meeting by shareholders.

In addition, the Company makes various announcements through Bursa Malaysia Securities Berhad, in particular, the timely release of its quarterly results within two months from the close of a particular 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. Members of the public can also obtain the full financial results and the Company's announcements from Bursa Malaysia Securities Berhad's website.

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 quarterly announcements of the results to shareholders and the Chairman's Statement in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Directors' responsibility statement is set out in page 21 of this Annual Report.

State of internal controls

The Directors recognise their ultimate responsibility for the Group's system of internal controls and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. The system, by its nature, can only provide reasonable but not absolute assurance against misstatement, fraud or loss.

The Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard the Group's interest. A statement of internal controls is set out in page 26 of the Annual Report.

Relationship with the Auditors

The relationship of the Audit Committee with the internal and external auditors is included in the Audit Committee's Report as detailed in pages 23 to 25 of this Annual Report.

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report in page 25 of this Annual Report.

COMPLIANCE STATEMENT

The Group has complied, throughout the financial year ended 31 December 2006, with the Best Practices of Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance except the following:

- Although the Nominating Committee has no formal guidelines for new appointments to the Board, it has been the Board's practice, prior to the formation of the Nominating Committee, to evaluate candidates for directorship only those with specific industry experience and professionals with expertise in accounting, banking and finance. The Nominating Committee is expected to continue with this practice;

- There are no formalised position descriptions which set forth the limits of Management's responsibilities such as the adoption of a Board Charter or Terms of Reference for the Board. This is because the Board views that the current Management Structure fulfils the objectives of the Board in directing and supervising the business affairs of the Group;

- There is minimal non-financial information furnished to the Board as the bulk of the information provided is financial-oriented in nature. The Board recognises that operational issues are managed and addressed by Executive Directors at the operating unit as well as strategic business unit levels. The Directors, therefore, adopt the view that such operational issues need not be re-addressed at Company level, as the Company is essentially an investment holding company. Nevertheless, the Board does receive such non-financial information in the discharge of their duties and responsibilities when necessary;

- There is no formal orientation and education programme for new recruits to the Board apart from the Mandatory Accreditation Programme that all Directors need to undergo. Nevertheless, the Nominating Committee recruits to the Board only individuals of sufficient calibre, knowledge and experience;

- The Board currently does not have an agreed procedure for Directors, whether as a full Board or in their individual capacity, in furtherance of their duties, to obtain independent professional advice at the Company's expense. The Board is of the view that the matter can be brought before the whole Board for deliberation and decision whenever a need for independent professional advice arises.

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.

Other Information

- **Share buybacks**

Details of shares re-purchased during the financial year ended 31 December 2006 are as follows:

Monthly Breakdown	No. of Shares Purchased And Retained As Treasury Shares	Cost^ (RM)	Lowest price (RM)	Highest price (RM)	Average Price (RM)
May 2006	1,837,000	2,148,456	1.09	1.23	1.17
June 2006	1,637,000	1,852,815	1.08	1.17	1.13
July 2006	3,949,000	4,444,215	1.07	1.14	1.12
August 2006	2,676,400	3,247,666	1.11	1.32	1.21
September 2006	428,400	572,669	1.29	1.38	1.34
October 2006	36,000	45,333	1.25	1.25	1.26
November 2006	170,200	230,122	1.32	1.38	1.35
	10,734,000	12,541,276			

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

As at end of the financial year:
- A total of 10,973,000 re-purchased shares are being held as treasury shares; and
- No shares have been cancelled

- **Options, Warrants or Convertible Securities**

During the financial year ended 31 December 2006, a total of 75,095,125 warrants were converted to 75,095,125 ordinary shares of RM1.00 each in the capital of the Company

During the financial year ended 31 December 2006, the Company has not issued any options, warrants or convertible securities.

- **American Depository Receipt (ADR) or Global Depository Receipt (GDR)**

The Company did not sponsor any ADR or GDR programme during the financial period under review.

- **Profit Guarantee**

The Company did not receive any profit guarantee for the financial period under review.

- **Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

- **Non-Audit Fees**

An amount of RM 1,312.50 was paid to the external auditors being professional fees paid in respect of certain application to some utility board for special concessionary by subsidiary companies.

- **Material Contracts**

Save as disclosed in pages 87 and 88 of this Annual Report, there were no material contracts subsisting as at or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interest of the Directors and major shareholders.

- **Revaluation Policy**

The revaluation policy of the Company is disclosed in Note 2(b) to the Financial Statements.

Audit Committee Report

Membership

The present members of the Committee are as follows:-

Dato' Ong Kim Hoay (Chairman)	-	Independent Non-Executive Director
Encik Mohd Alkaf Bin Mohd Kahar (resigned on 15.01.2007)	-	Independent Non-Executive Director
Tan Sri Datuk A. Razak Bin Ramli	-	Independent Non-Executive Director
Dato' Lim Kiam Lam	-	Group Managing Director

Terms of Reference

Constitution and Membership

1. The Audit Committee shall be appointed by the Board of Directors from amongst their number 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.

2. A majority of the Committee members must be 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 number 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.

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 and any employee 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.

Functions and Duties

9. 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;

Audit Committee Report (cont'd)

(c) with the external auditors, their audit report;

(d) the assistance given by the employees of the Company to the external auditors;

(e) the adequacy of the scope, functions and resources including the authority of internal audit;

(f) the internal audit programme, processes and the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate actions are taken on the recommendations of internal audit functions;

(g) the quarterly results and year end financial statements prior to the approval by 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 going concern assumption; and
- major judgmental areas.

(h) 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

(i) 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 of the external auditors, the audit fee and any question of resignation or dismissal;

(v) To recommend the nomination of a person or persons as external auditors;

(vi) To review any appraisal or assessment of the performance of members of the internal audit function;

(vii) To approve any appointment or termination of senior staff members of the internal audit function;

(viii) To be informed of the resignation of any internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning; and

(ix) To perform any other functions or duties as may be agreed to by the Committee and the Board.

Quorum and Attendance at Meetings

10. A quorum shall be two members and the majority of members present must be Independent Directors.

11. The Head of Finance, the Head of Internal Audit (where such a function exists) and a representative of the external auditors shall normally attend meetings. Other Board members and employees may attend meetings upon invitation of the Committee. However, at least once in a financial year, the Committee shall meet with the external auditors without executive board members present.

12. The external auditors may request a meeting.

13. The Secretary to the Committee shall be the Company Secretary.

Frequency of Meetings and Minutes

14. Meetings shall be held not less than four times in a financial year.

15. Minutes of each meeting shall be distributed to each member of the Board.

Meetings

During the financial year ended 31 December 2006 the Audit Committee convened a total of five meetings. The details of attendance of the Committee members are as follows:

	Members	Attendance
1.	Dato' Ong Kim Hoay	All five meetings
2.	Encik Mohd Alkaf Bin Mohd Kahar	Three out of the five meetings
3.	Tan Sri Datuk A. Razak Bin Ramli	All five meetings
4.	Dato' Lim Kiam Lam	All five meetings

The Group Financial Controller and Head of Internal Audit were present in all the meetings. Representative of the external auditors attended meetings where matters relating to the audit of the statutory accounts were discussed. The Company Secretary was the secretary at the Audit Committee meetings.

Summary of Activities

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 consideration of the findings and management's responses thereto.
- Review and discussion with the external auditors on the issues arising from the statutory audit and the audit report.
- Discussion of problems and reservations arising from external audit, and matters raised by the external auditors.
- Review of possible related party transactions and conflict of interest situations within the Group.

Internal Audit Function

The internal audit function is independent of the activities or operations of other operating units. The principal role of the function is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

Statement on Internal Control

Introduction

Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a group". The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the year and up to the date of this Annual Report.

Board Responsibility

The Board is ultimately responsible for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk and Control Processes

The Board confirms that there is a process for identifying, evaluating and managing significant risks faced by the Group, that has been in place throughout the year and up to the date of approval of the Annual Report and financial statements, and that this process is subject to periodic review by the Board.

The Group has in place an enterprise risk management framework and an internal audit function in providing the Board with much of the assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance systems.

The Group adopts a risk-based internal audit function with internal audit strategies and internal audit plans formulated based on the risk profiles of the Group established from the enterprise risk management framework. The internal audit strategies and plans are then reviewed and approved by the Audit Committee. The main focus of internal audit function is to provide an independent review of the risk identification procedures and the internal control procedures on key business activities of the Group. The internal audit findings are reported to the Audit Committee.

The Audit Committee reviews reports from internal audit and from management, before reporting and recommending to the Board in strengthening the risk management, internal control and governance systems. The Committee presents its findings to the Board on a yearly basis or earlier as appropriate. Where areas of improvement in the system are identified, the Board considers the recommendation made by the Audit Committee and the Management.

Besides, the Group Managing Director also reports to the Board on significant changes in the business and the external environment. The Board is provided with quarterly financial information including, among others, the monitoring of results against budget.

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Board and Management continue to take appropriate measures to strengthen the control environment of the Group.

Financial Statements

Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property management. The principal activities of its subsidiary companies are shown in Note 6 to the financial statements.

There have been no significant changes in the activities of the Company and of its subsidiary companies except for the acquisition of a subsidiary company during the financial year as disclosed in Note 6 and Note 29 to the financial statements.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the year	126,769	29,380
Attributable to:		
Equity holders of the Company	102,551	29,380
Minority interests	24,218	-
	126,769	29,380

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIVIDENDS

The Directors recommend a final dividend of 6.0 sen per share (less 27% income tax) in respect of the financial year ended 31 December 2006 amounting to RM14,782,435. The proposed final dividend is subject to the shareholders' approval in the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

The Company has paid the following interim dividends in respect of the financial year ended 31 December 2006:

	RM
First interim dividend of 6 sen per share (less 28% income tax)	14,588,844
Second interim dividend of 4 sen per share (less 27% income tax)	9,854,957
	24,443,801

DIRECTORS

The Directors who served since the date of the last report are:

Lim Seng Qwee
Dato' Lim Kiam Lam
Lim Sin Seong
Dato' Lim Hong Thye
Dato' Ong Kim Hoay
Lim Kien Lip
Tan Sri Datuk A. Razak bin Ramli
Mohd Alkaf bin Mohd Kahar *(Resigned on 15.1.07)*
Datuk Kamarudin bin Md Ali *(Appointed on 1.3.07)*

In accordance with Section 129(2) of the Companies Act 1965, Dato' Ong Kim Hoay retires, having attained the age of over 70 years. The Board recommends that Dato' Ong Kim Hoay be re-elected in accordance to Section 129(6) of the Companies Act, 1965.

In accordance with Article 101 of the Articles of Association of the Company, Mr Lim Kien Lip and Dato' Lim Kiam Lam retire and, being eligible, offer themselves for re-election.

In accordance with Article 108 of the Articles of Association of the Company, Datuk Kamarudin bin Md Ali retires and, being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of RM1.00 each			
	As at 01.01.06	Additions	Disposals	As at 31.12.06
Direct interest in shares				
Lim Seng Qwee	3,215,652	171,185	-	3,386,837
Dato' Lim Kiam Lam	591,000	662,500	-	1,253,500
Dato' Ong Kim Hoay	15,000	-	-	15,000
Mohd Alkaf bin Mohd Kahar	220,000	-	-	220,000
Lim Kien Lip	750,000	-	-	750,000
Indirect interest in shares				
Lim Seng Qwee	166,338,575	60,248,140	-	226,586,715
Dato' Lim Kiam Lam	166,338,575	60,248,140	-	226,586,715
Lim Sin Seong	166,338,575	60,248,140	-	226,586,715

Directors' Report (cont'd)

DIRECTORS' INTERESTS (cont'd)

	As at 01.01.06	Number of warrants Additions	Disposals/ Exercised	As at 31.12.06
Direct interest				
Lim Seng Qwee	171,185	-	171,185	-
Dato' Lim Kiam Lam	239,000	423,500	662,500	-
Dato' Ong Kim Hoay	5,000	-	5,000	-
Indirect interest				
Lim Seng Qwee	60,248,140	-	60,248,140	-
Dato' Lim Kiam Lam	60,248,140	-	60,248,140	-
Lim Sin Seong	60,248,140	-	60,248,140	-

Each 2001/2006 Warrant confers upon the registered shareholders the right to subscribe for one (1) new ordinary share of RM1.00 each in the Company at an exercise price of RM1.00 each at any time within a period of five (5) years expiring 26 July 2006.

The Directors' interest in shares in related companies are as follows:

	As at 01.01.06	Number of ordinary shares of RM1.00 each Additions	Disposals	As at 31.12.06
Ultimate holding company - ANN JOO CORPORATION SDN BHD				
Direct interest in shares				
Dato' Lim Kiam Lam	450,000	-	-	450,000
Indirect interest in shares				
Lim Seng Qwee	12,210,000	-	-	12,210,000
Dato' Lim Kiam Lam	14,340,000	-	-	14,340,000
Lim Sin Seong	3,000,000	-	-	3,000,000

By virtue of their interest in the ultimate holding company, Mr Lim Seng Qwee, Mr Lim Sin Seong and Dato' Lim Kiam Lam are also deemed to be interested in the shares of all the subsidiary companies to the extent that the ultimate holding company has an interest in those companies.

Other than as disclosed above, the Directors of the Company do not have any other interest in the shares in the Company or its related companies during the financial year.

SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 35 to the financial statements.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps:

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

(b) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records had been written down to an amount which they might be expected to realise.

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

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

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

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

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

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

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors:

(a) except as disclosed in the financial statements, the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) except as disclosed in the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Signed in accordance with a resolution of the Directors dated 27 April 2007.

LIM SENG QWEE
Executive Chairman

DATO' LIM KIAM LAM
Group Managing Director

Petaling Jaya

Statement by Directors

We, LIM SENG QWEE and DATO' LIM KIAM LAM, being two of the Directors of ANN JOO RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 34 to 86 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 27 April 2007.

LIM SENG QWEE
Director

DATO' LIM KIAM LAM
Director

Petaling Jaya

Statutory Declaration

We, DATO' LIM KIAM LAM and TAY KIM CHUAN, being the Director and Officer respectively, both primarily responsible for the financial management of ANN JOO RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 34 to 86 are, in our opinion, correct and we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed DATO' LIM KIAM LAM and TAY KIM CHUAN at Subang Jaya, in the state of Selangor on 27 April 2007.

DATO' LIM KIAM LAM

TAY KIM CHUAN

Before me

CHAN LAI SHEONG
B 163
Commissioner for Oaths
Subang Jaya
Selangor

ONG BOON BAH & CO
CHARTERED ACCOUNTANTS

Report of the Auditors
to the members of Ann Joo Resources Berhad

We have audited the financial statements set out on pages 34 to 86. These financial statements are the responsibility of the Company's Directors. Our responsibility is to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:

    (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

    (ii) the state of affairs of the Group and of the Company as at 31 December 2006 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of subsidiary companies of which we have not acted as auditors are shown in Note 6 to the financial statements. We have considered the financial statements of the subsidiary companies and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment under Subsection (3) of Section 174 of the Companies Act, 1965.

ONG BOON BAH & CO
AF: 0320
Chartered Accountants

WONG SOO THIAM
1315/12/08(J)
Partner of the Firm

Kuala Lumpur
27 April 2007

B-10-1, MEGAN AVENUE 1, 189 JALAN TUN RAZAK, 50400 KUALA LUMPUR
P.O. BOX 11077, 50734 KUALA LUMPUR
TEL: 03-21630292 FAX: 03-21630316

Balance Sheets
as at 31 December 2006

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	3	561,763	180,971	10,746	10,225
Biological assets	4	54,009	-	-	-
Rolls and moulds		5,732	-	-	-
Investment properties	5	13,870	-	-	-
Subsidiary companies	6	-	-	480,185	160,080
Associated companies	7	134	207,350	-	215,144
Investments	8	322	266	-	-
Intangible assets	9	2,127	3	-	-
		637,957	388,590	490,931	385,449
CURRENT ASSETS					
Inventories	10	572,842	187,934	-	-
Receivables	11	245,456	124,379	82,588	68,031
Tax recoverables		8,434	1,511	3,254	868
Short term deposits with licensed banks	12	15,374	6,650	-	-
Cash and bank balances		7,423	10,148	287	29
		849,529	330,622	86,129	68,928
CURRENT LIABILITIES					
Payables	13	109,767	36,808	30,757	2,927
Short term borrowings	14	415,743	157,035	11,360	-
Bank overdrafts	15	1,148	1,385	-	-
Tax liabilities		3,434	1,860	-	-
		530,092	197,088	42,117	2,927
NET CURRENT ASSETS		319,437	133,534	44,012	66,001
NON-CURRENT LIABILITIES					
Term loans	16	43,040	1,120	17,040	1,120
Provision for retirement benefits	17	10,074	2,027	384	346
Deferred tax liabilities	18	56,573	8,595	76	31
		109,687	11,742	17,500	1,497
		847,707	510,382	517,443	449,953
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	19	348,471	273,376	348,471	273,376
Treasury shares	20	(12,894)	(353)	(12,894)	(353)
Other reserves	21	49,776	70,457	55,264	55,264
Accumulated profits		250,357	139,761	126,602	121,666
		635,710	483,241	517,443	449,953
Minority interests		211,997	27,141	-	-
TOTAL EQUITY		847,707	510,382	517,443	449,953

The accompanying notes form an integral part of the financial statements.

Income Statements

for the financial year ended 31 December 2006

	Note	Group 2006 RM'000	Group 2005 RM'000 As restated	Company 2006 RM'000	Company 2005 RM'000 As restated
Revenue	22	1,456,334	565,539	47,362	56,694
Cost of sales		(1,276,549)	(499,859)	-	-
Gross profit		179,785	65,680	47,362	56,694
Other operating income		44,132	6,752	360	38
Distribution expenses		(12,349)	(8,751)	-	-
Administration expenses		(57,197)	(16,746)	(8,336)	(6,737)
Finance costs	23	(16,815)	(6,105)	(2,538)	(333)
Share of results of associated companies		(1,100)	(7,723)	-	-
Profit before tax	24	136,456	33,107	36,848	49,662
Tax expense	25	(9,687)	(12,790)	(7,468)	(13,148)
Profit for the year		126,769	20,317	29,380	36,514
Attributable to:					
Equity holders of the Company		102,551	17,691	29,380	36,514
Minority interests		24,218	2,626	-	-
Profit for the year		126,769	20,317	29,380	36,514
Earnings per share attributable to ordinary equity holders of the Company:					
- basic (sen)	26	34.20	6.6		
- diluted (sen)	26	-	6.0		

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2006

	Note	Share Capital RM'000	Non-Distributable Other Reserves RM'000	Distributable Treasury Shares RM'000	Distributable Accumulated Profits RM'000	Attributable to Equity Holders of the Company RM'000	Minority Interests RM'000	Total Equity RM'000
Balance at 1 January 2005		265,212	70,457	(324)	145,045	480,390	26,793	507,183
Share of realisation of revaluation reserve upon disposal of property, plant and equipment of an associated company		-	-	-	3,572	3,572	-	3,572
Net gain recognised directly in equity		-	-	-	3,572	3,572	-	3,572
Profit for the year		-	-	-	17,691	17,691	2,626	20,317
Total recognised income for the year		-	-	-	21,263	21,263	2,626	23,889
Shares issued	19	8,164	-	-	-	8,164	-	8,164
Share buybacks	20	-	-	(29)	-	(29)	-	(29)
Dividends	27	-	-	-	(26,547)	(26,547)	(2,278)	(28,825)
Balance at 31 December 2005		273,376	70,457	(353)	139,761	483,241	27,141	510,382

The accompanying notes form an integral part of the financial statements.

	Note		Non-Distributable	Distributable		Attributable to Equity Holders of the Company	Minority Interests	Total Equity
		Share Capital	Other Reserves	Treasury Shares	Accumulated Profits			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2006								
- As previously reported		273,376	70,457	(353)	139,761	483,241	27,141	510,382
- Effect of adopting FRS 3		-	(5,657)	-	5,657	-	-	-
- As restated		273,376	64,800	(353)	145,418	483,241	27,141	510,382
Reversal of deferred tax liability upon disposal of property, plant and equipment		-	5,928	-	-	5,928	-	5,928
Realisation of revaluation reserve upon disposal of property, plant and equipment		-	(21,171)	-	21,171	-	-	-
Revaluation surplus on land, buildings and investment properties								
- Gross		-	4,161	-	-	4,161	1,988	6,149
- Deferred tax liabilities		-	(598)	-	-	(598)	(188)	(786)
- Effect of change in income tax rate		-	493	-	-	493	235	728
- Effect of adopting FRS 140		-	(3,837)	-	3,837	-	-	-
Realisation of reserves upon disposal of a subsidiary company		-	-	-	2,125	2,125	1,014	3,139
Increase in shareholding of subsidiary companies		-	-	-	(301)	(301)	(326)	(627)
Net (loss)/gain recognised directly in equity		-	(15,024)	-	26,832	11,808	2,723	14,531
Profit for the year		-	-	-	102,551	102,551	24,218	126,769
Total recognised (expense)/income for the year		-	(15,024)	-	129,383	114,359	26,941	141,300
Acquisition of a subsidiary company		-	-	-	-	-	164,942	164,942
Shares issued	19	75,095	-	-	-	75,095	-	75,095
Share buybacks	20	-	-	(12,541)	-	(12,541)	-	(12,541)
Dividends	27	-	-	-	(24,444)	(24,444)	(7,027)	(31,471)
Balance at 31 December 2006		348,471	49,776	(12,894)	250,357	635,710	211,997	847,707

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

for the financial year ended 31 December 2006

	Note	Share capital RM'000	Non-Distributable Share premium RM'000	Distributable Treasury shares RM'000	Distributable Accumulated profits RM'000	Total equity RM'000
Balance at 1 January 2005		265,212	55,264	(324)	111,699	431,851
Share issued	19	8,164	-	-	-	8,164
Share buybacks	20	-	-	(29)	-	(29)
Profit for the year		-	-	-	36,514	36,514
Dividends	27	-	-	-	(26,547)	(26,547)
Balance at 31 December 2005		273,376	55,264	(353)	121,666	449,953
Shares issued	19	75,095	-	-	-	75,095
Share buybacks	20	-	-	(12,541)	-	(12,541)
Profit for the year		-	-	-	29,380	29,380
Dividends	27	-	-	-	(24,444)	(24,444)
Balance at 31 December 2006		348,471	55,264	(12,894)	126,602	517,443

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the financial year ended 31 December 2006

	Note	2006 RM'000	2005 RM'000 As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		136,456	33,107
Adjustments for non-cash items, interests and dividends	28(a)	26,831	22,436
Operating profit before working capital changes		163,287	55,543
Decrease/(Increase) in inventories		66,479	(12,212)
Increase in trade and other receivables		(77,846)	(18,160)
Increase in trade and other payables		8,288	3,243
(Decrease)/Increase in amount due to an associated company		(8,332)	3,867
Cash generated from operations		151,876	32,281
Tax paid		(20,121)	(18,320)
Retirement benefits paid		(1,735)	(46)
Interest received		1,415	937
Interest paid		(5,531)	(5,833)
Net cash inflow from operating activities		125,904	9,019
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		42,648	183
Purchase of property, plant and equipment		(14,392)	(7,692)
Purchase of biological assets		(21)	-
Purchase of rolls and moulds		(956)	-
Purchase of additional shares in a subsidiary company		(105)	-
Acquisition of a subsidiary company	29(a)	(106,755)	-
Purchase of additional shares in an associated company		-	(2,764)
Proceeds from disposal of investments		1,392	-
Development expenses paid		(389)	-
Dividend received from an associated company		-	4,084
Dividends received from quoted investments		1	2
Interest received		1,226	433
Net cash outflow from investing activities		(77,351)	(5,754)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		75,095	8,164
Net (repayment of)/proceeds from borrowings		(76,188)	12,915
Share buybacks		(12,816)	(29)
Interest paid		(11,284)	(272)
Dividends paid		(14,589)	(26,547)
Dividends paid to minority interests		(2,535)	(2,278)
Net cash outflow from financing activities		(42,317)	(8,047)
Net increase/(decrease) in cash and cash equivalents		6,236	(4,782)
Cash and cash equivalents at beginning of the financial year		15,413	20,195
Cash and cash equivalents at end of the financial year	28(b)	21,649	15,413

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

for the financial year ended 31 December 2006

	Note	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		36,848	49,662
Adjustments for non-cash items, interests and dividends	28(a)	(38,787)	(50,151)
Operating loss before working capital changes		(1,939)	(489)
Decrease/(Increase) in other receivables		252	(512)
Increase/(Decrease) in other payables		1,725	(157)
Cash generated from/(used in) operations		38	(1,158)
Retirement benefits paid		-	(25)
Tax refunded		-	974
Net cash inflow/(outflow) from operating activities		38	(209)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		39	-
Purchase of property, plant and equipment		(1,055)	(101)
Purchase of additional shares in a subsidiary company		(105)	-
Acquisition of a subsidiary company		(104,856)	-
Purchase of additional shares in an associated company		-	(2,764)
Advances to subsidiary companies		(5,369)	(4,926)
Repayment from an associated company		1	1
Dividend received from an associated company		-	4,084
Dividends received from subsidiary companies		22,327	33,577
Interest received		281	38
Net cash (outflow)/inflow from investing activities		(88,737)	29,909
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		75,095	8,164
Net proceeds from/(Repayment of) borrowing		27,280	(11,380)
Share buybacks		(12,541)	(29)
Advances from/(Repayment to) subsidiary companies		16,250	(66)
Interest paid		(2,538)	(333)
Dividends paid		(14,589)	(26,547)
Net cash inflow/(outflow) from financing activities		88,957	(30,191)
Net increase/(decrease) in cash and cash equivalents		258	(491)
Cash and cash equivalents at beginning of the financial year		29	520
Cash and cash equivalents at end of the financial year	28(b)	287	29

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2006

1. **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by Malaysian Accounting Standards Board. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for the financial periods beginning on or after 1 January 2006.

The new and revised FRSs adopted are:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The new and revised FRSs which are mandatory for the financial periods beginning on or after 1 January 2007 or later periods, but which the Group has not early adopted, are as follows:

- FRS 117 Leases (effective for accounting periods beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease payments. The Group will apply this standard from financial periods beginning on 1 January 2007.

- FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October 2006). This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial periods beginning on 1 January 2007.

- Amendment to FRS 119_{2004} Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures (effective for accounting periods beginning on or after 1 January 2007). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements. The Group will apply this amendment from financial periods beginning on 1 January 2007.

- FRS 6 Exploration for and Evaluation of Mineral Resources (effective for accounting periods beginning on or after 1 January 2007). FRS 6 is not relevant to the Group's operations as the Group does not carry out exploration for and evaluation of mineral resources.

- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.

Notes to the Financial Statements (cont'd)

31 December 2006

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

The adoption of the new and revised FRSs had resulted in the following changes:

(a) **FRS 3: Business Combinations**

Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Prior to 1 January 2006, negative goodwill was not amortised and was retained in statement of changes in equity. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identified assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in income statement. In accordance with transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM5,656,522 was derecognised with a corresponding increase in accumulated profits.

The revised accounting policy has been applied prospectively, the change has no impact on amounts reported for 2005 or prior periods.

(b) **FRS 101: Presentation of Financial Statements**

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosures, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 January 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively and certain comparative have been restated. These changes in presentation has no impact on the Group's financial statements.

(c) **FRS 140: Investment Property**

Prior to 1 January 2006, investment properties were stated at valuation. Revaluations were carried out at least once every five years and any revaluation increase is taken to equity as revaluation surplus. The investment properties were last revalued in March 2006. Upon the adoption of FRS 140, investment properties are now stated at fair value, representing open-market value determined by external valuers. Gain and losses arising from changes in the fair values of investment properties are recognised in income statement in the year in which they arise.

In accordance with the transitional provisions of FRS 140 Investment Property, this change in accounting policy is applied prospectively and the comparatives are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheets:

	RM'000
Decrease in revaluation reserve	(5,670)
Increase in accumulated profits	3,837
Increase in minority interest	1,833

2. **SIGNIFICANT ACCOUNTING POLICIES**

(a) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains and losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The subsidiary companies are consolidated based on the purchase method of accounting in accordance with FRS 3 – Business Combinations, except for Ann Joo Metal Sdn Bhd, Ann Joo (Sarawak) Sdn Bhd, Ann Joo Trading Sdn Bhd, Anshin Steel Industries Sdn Bhd and Saga Makmur Industri Sdn Bhd which are consolidated based on the merger method of accounting as allowed under paragraph 78.

The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair value, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

Under the merger method of accounting, the results of the subsidiary companies are combined throughout the current and previous years.

Minority interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the company sold.

(b) **Property, plant and equipment**

Property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements (cont'd)
31 December 2006

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

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

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Revaluations are performed approximately once every five years to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in income statement, in which case the increase is recognised in income statement to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has unlimited useful life and therefore is not depreciated. Leasehold land is amortised over the period of the leases ranging from 26 to 81 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis or production volume basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%	-	4%	
Plant, machinery, tools and equipments	3.33%	-	50%	/ production volume
Furniture, fittings and office equipment	3.33%	-	33.33%	
Motor vehicles	20%	-	25%	
Estate access road	5%			

Capital work-in-progress represents assets under construction are not depreciated as these assets are not available for use and are stated at cost. Cost comprises cost of plant and equipment and other direct costs incurred for the construction of the assets.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in income statement and the unutilised portion of the revaluation surplus is taken directly to retained earnings.

(c) **Biological assets**

Under FRS 101 Presentation of Financial Statements, plantation development expenditure previously included within property, plant and equipment, is presented as biological assets in a separate asset category on the balance sheet.

Plantation development expenditure is initially stated at cost. Plantation development expenditure is subsequently shown at fair value, based on periodic valuations by external independent valuers at intervals of at least once in every five years, less subsequent amortisation, depreciation and impairment losses.

Surpluses arising on revaluation (net of deferred taxation liability) are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Plantation development expenditure is amortised over a period of 25 years commencing from the financial year of maturity of the crop.

Residual values and useful lives of assets are reviewed and adjusted if appropriate, at each balance sheet date.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(d) **Rolls and moulds**

Rolls and moulds are stated at cost less amounts written off based on usage.

(e) **Investments properties**

Investment properties, comprising principally commercial building are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are now stated at fair value, representing open-market value as determined by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any significant difference in the nature, location or condition of the specific asset. Significant changes in fair values are recorded in the income statement.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in income statement in the year of the retirement or disposal.

(f) **Associated companies**

Associates are companies in which the Group has significant influence and that is neither a subsidiary companies nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Investments in associated companies are accounted for in the financial statements using the equity method of accounting. Under the equity method, investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interest that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

(g) **Investments**

In the Company's separate financial statements, investments in subsidiary, associated companies and other non-current investments are stated at cost less accumulated amortisation and impairment losses, where applicable. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

Notes to the Financial Statements (cont'd)
31 December 2006

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

(g) **Investments** (cont'd)

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities, are recognised in income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in income statement.

(h) **Intangible assets**

(i) **Research and development**

Research expenditure is recognised as an expense when incurred. Development costs incurred on projects are recognised as an asset when it is probable that the project is expected to generate future economic benefits and only if the cost can be measured reliably. Other development expenditures are recognised as an expense when incurred. Development costs previously recognised as an expenses are not recognised as an asset in the subsequent period.

Development costs that have been capitalised are amortised from the commencement of the commercial running of the project to which they relate on a straight line basis over the period of the expected benefits.

The useful lives or amortisation rates are over the period of the expected benefits which is dependant on the economic life of the respective projects concerned.

(ii) **Other intangible assets**

Other intangible assets comprise pre-commercial production expenses, is amortised on a straight-line basis over a period of ten years upon commencement of operation or commercial production. These expenses will be written off if future economic benefits relating to the intangible assets cannot be determined with reasonable certainty.

(i) **Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of raw materials, comprises the original cost purchase price plus costs incurred in bringing the inventories to their present locations and conditions. The cost of work-in-progress and finished goods comprises the cost of raw materials, direct labour, direct charges and a proportion of production overheads.

Inventories of properties are stated at lower of costs and net realisable value. Cost is determined on specific identification method.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(j) **Receivables**

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(k) **Payables**

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(l) **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(m) **Planting expenditure**

All planting expenditure including attributable borrowing costs up to the time of maturity is capitalised under plantation development expenditure. This expenditure will be amortised over its estimated useful life commencing from the financial year of maturity of the crop that is normally 3 years from planting. Subsequent expenditure incurred on planted areas is expensed off to the income statement.

(n) **Revenue recognition**

Revenue from sales of goods or services are recognised when the goods are delivered or upon performance of services.

Interest income and management fee income are recognised on an accrual basis.

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income is recognised when the right to receive payment is established.

(o) **Foreign currencies**

The financial statements are stated in Ringgit Malaysia.

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the transaction dates or at contracted rates where applicable. Monetary assets and liabilities in foreign currencies at the financial year end are translated into Ringgit Malaysia at the rates of exchange ruling at that date or at contracted rates, where applicable. All exchange differences arising therefrom are included in the income statement.

Forward foreign exchange contracts are not recognised in the financial statements on inception. The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

Notes to the Financial Statements (cont'd)
31 December 2006

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

(o) **Foreign currencies** (cont'd)

The principal closing rates used in the translation of foreign currency amounts are as follows:

Foreign currencies	2006 RM	2005 RM
1 USD	3.533	3.780
1 SGD	2.303	2.271
1 Euro	5.097	-
100 Japanese Yen	3.258	-

(p) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts, demand deposits and other short-term and highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.

(q) **Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

(r) **Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs incurred to finance plantation development expenditure that requires a substantial period of time to be ready for their commercial harvesting are capitalised. Capitalisation of borrowing costs will cease when the crops are ready for commercial harvesting. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(s) **Financial instruments**

Financial instruments carried on the balance sheet include cash and bank balances, deposits, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(t) **Impairment of assets**

The carrying amounts of assets, other than investment properties, inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(u) **Employee benefits**

(i) **Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined contribution plans**

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) **Defined benefit plan**

The Group operates a non-contributory and unfunded retirement benefit scheme for its eligible employees. The liability in respect of this defined benefit plan is the present value of the defined benefit obligations at the balance sheet date adjusted for actuarial gains/losses and past service costs. The Group determines the present value of the defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

The defined benefit obligations, calculated using the projected unit credit method, is determined by external independent actuaries. The method considers the estimated future cash outflows using the long term yield on fixed interest investments that have terms to maturity approximating the terms of the related liability.

Notes to the Financial Statements (cont'd)
31 December 2006

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

(iii) **Defined benefit plan** (cont'd)

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the income statement is determined by the corridor method in accordance with FRS 119_{2004} Employee Benefits and is charged or credited over the average remaining service lives of the related employees participating in the defined benefit plan.

Upon initial adoption of FRS 119_{2004} Employee Benefits, the increase in the defined benefit liability is recognised as an expense on a straight-line basis over 5 years in accordance with the transitional provision under the said Standard.

(v) **Segment reporting**

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

(w) **Use of estimates and judgement**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) **Key sources of estimation uncertainty**

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Impairment of property, plant and equipment

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the property, plant and equipment is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised are disclosed in Note 3.

- Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment are disclosed in Note 2(b). The carrying amount of the Group's property, plant and equipment as at 31 December 2006 was RM561,763,000 (2005: RM180,971,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) **Critical judgements made in applying accounting policies**

Management is of the opinion that the instances of the application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimation.

3. **PROPERTY, PLANT AND EQUIPMENT**

GROUP	Land, Buildings and Estate Access Road RM'000	Plant, Machinery, Tools and Equipment RM'000	Furniture, Fittings and Office Equipment RM'000	Motor Vehicles RM'000	Capital Work-in-progress RM'000	Total RM'000
COST/VALUATION						
At 1 January 2006	182,257	93,278	8,213	7,011	2,756	293,515
Additions	838	4,934	1,416	2,233	4,971	14,392
Acquisition of a subsidiary company	228,538	481,939	4,761	7,800	7,673	730,711
Disposals	(34,272)	(343)	(6)	(1,028)	-	(35,649)
Reversal	-	-	(5)	-	-	(5)
Written off	-	(3,099)	(548)	-	(2,129)	(5,776)
Reclassification	4,202	8,039	9	-	(12,250)	-
Revaluation						
- restatement	(15,735)	-	-	-	-	(15,735)
- credited to revaluation reserve	4,044	-	-	-	-	4,044
At 31 December 2006	369,872	584,748	13,840	16,016	1,021	985,497
Representing items at:						
Cost	6,944	584,748	13,840	16,016	1,021	622,569
Valuation	362,928	-	-	-	-	362,928
	369,872	584,748	13,840	16,016	1,021	985,497
ACCUMULATED DEPRECIATION						
At 1 January 2006	20,535	80,253	6,241	4,508	-	111,537
Charge for the financial year	4,979	22,924	1,144	1,854	-	30,901
Acquisition of a subsidiary company	15,101	278,953	2,223	6,111	-	302,388
Disposals	(2,972)	(338)	(4)	(842)	-	(4,156)
Reversal	-	-	(3)	-	-	(3)
Written off	-	(1,687)	(518)	-	-	(2,205)
Restatement on revaluation	(15,735)	-	-	-	-	(15,735)
At 31 December 2006	21,908	380,105	9,083	11,631	-	422,727
ACCUMULATED IMPAIRMENT LOSSES						
At 1 January 2006	1,007	-	-	-	-	1,007
At 31 December 2006	1,007	-	-	-	-	1,007
NET CARRYING AMOUNT						
At 31 December 2006	346,957	204,643	4,757	4,385	1,021	561,763
At 31 December 2005	160,715	13,025	1,972	2,503	2,756	180,971
Depreciation charge for the financial year ended 31 December 2005	2,226	3,907	824	1,049	-	8,006

Notes to the Financial Statements (cont'd)
31 December 2006

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

Analysis of land, buildings and estate access road are as follows:

	Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Estate access road RM'000	Total RM'000
COST/VALUATION						
At 1 January 2006	20,089	-	92,728	69,440	-	182,257
Addition	-	-	-	98	740	838
Acquisition of a subsidiary company	103,316	1,113	35,657	81,595	6,857	228,538
Disposals	-	-	(27,661)	(6,611)	-	(34,272)
Reclassification	-	-	-	4,202	-	4,202
Revaluation						
- restatement	-	(183)	(2,166)	(11,965)	(1,421)	(15,735)
- credited to revaluation reserve	1,504	193	912	1,435	-	4,044
At 31 December 2006	124,909	1,123	99,470	138,194	6,176	369,872
Representing items at:						
Cost	-	-	302	6,151	491	6,944
Valuation	124,909	1,123	99,168	132,043	5,685	362,928
	124,909	1,123	99,470	138,194	6,176	369,872
ACCUMULATED DEPRECIATION						
At 1 January 2006	-	-	7,197	13,338	-	20,535
Charge for the financial year	-	38	1,315	3,323	303	4,979
Acquisition of a subsidiary company	-	177	2,002	11,573	1,349	15,101
Disposals	-	-	(2,169)	(803)	-	(2,972)
Restatement on revaluation	-	(183)	(2,167)	(11,965)	(1,420)	(15,735)
At 31 December 2006	-	32	6,178	15,466	232	21,908
ACCUMULATED IMPAIRMENT LOSSES						
At 1 January 2006	43	-	964	-	-	1,007
At 31 December 2006	43	-	964	-	-	1,007
NET CARRYING AMOUNT						
At 31 December 2006	124,866	1,091	92,328	122,728	5,944	346,957
At 31 December 2005	20,046	-	84,567	56,102	-	160,715
Depreciation charge for the financial year ended 31 December 2005	-	-	1,052	1,174	-	2,226

COMPANY	Long term leasehold land RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
COST/VALUATION				
At 1 January 2006	10,766	1,273	1,383	13,422
Additions	-	567	488	1,055
Disposals	-	-	(146)	(146)
Written off	-	(17)	-	(17)
At 31 December 2006	10,766	1,823	1,725	14,314
Representing items at:				
Cost	302	1,823	1,725	3,850
Valuation	10,464	-	-	10,464
At 31 December 2006	10,766	1,823	1,725	14,314
ACCUMULATED DEPRECIATION				
At 1 January 2006	136	1,124	973	2,233
Charge for the financial year	109	118	307	534
Disposals	-	-	(146)	(146)
Written off	-	(17)	-	(17)
At 31 December 2006	245	1,225	1,134	2,604
ACCUMULATED IMPAIRMENT LOSSES				
At 1 January 2006	964	-	-	964
At 31 December 2006	964	-	-	964
NET CARRYING AMOUNT				
At 31 December 2006	9,557	598	591	10,746
At 31 December 2005	9,666	149	410	10,225
Depreciation charge for the financial year ended 31 December 2005	109	52	237	398

The titles of certain pieces of land and buildings of subsidiary companies have yet to be registered in their name.

The land, buildings and estate access road were revalued by the Directors on 31 December 2003 and 31 March 2006 based on valuation carried out by Mr. Paul Khong Poh Yew, a valuer (V0528) registered with the Board of Valuers, Appraisals and Estate Agents Malaysia and the Executive Director of Regroup Associates Sdn Bhd, a firm of property valuers based on open market basis.

The land and buildings if stated at cost less depreciation would amount to RM268.50 million (2005: RM88.05 million).

The Group has a total area planted with oil palm of approximately 4,700 hectares of which approximately 2,700 hectares are involved in a boundary dispute with a neighbouring estate. The parties involved have agreed to resolve this dispute amicably and negotiation is currently being carried out. The Directors are of the opinion, after consultation with the legal counsel, that there is a strong possibility that the issue can be amicably resolved with the third party. The Directors are unable to estimate the potential loss, if any, arising from the successful negotiations or otherwise at this point in time.

Notes to the Financial Statements (cont'd)
31 December 2006

4. BIOLOGICAL ASSETS

The details of Group's biological assets are as follows:

	GROUP 2006 RM'000
AT VALUATION	
Acquisition of a subsidiary company	64,602
Additions	21
Disposal of a subsidiary company	3,673
Revaluation restatement	(12,238)
At 31 December 2006	56,058
ACCUMULATED DEPRECIATION	
Acquisition of a subsidiary company	11,262
Charge for the financial period	2,491
Disposal of a subsidiary company	534
Revaluation restatement	(12,238)
At 31 December 2006	2,049
NET BOOK VALUE	
31 December 2006	54,009

Biological assets was revalued by the Directors in March 2006 based on valuations carried out by Mr. Paul Khong Poh Yew, a valuer (V0528) registered with the Board of Valuers, Appraisers and Estate Agents Malaysia and the Executive Director of Regroup Associates Sdn Bhd, to reflect the market values. The book values of biological assets was adjusted to reflect the revaluations and the resultant surplus (net of deferred taxation liability) was credited to revaluation reserves while the resultant loss was charged to the income statement. The accumulated depreciation at the date of revaluation was restated and eliminated against the gross carrying amount.

5. INVESTMENT PROPERTIES

The investment properties are all located in Malaysia and comprise:

	GROUP	
	2006 RM'000	2005 RM'000
At valuation:		
Shoplots	13,870	-

The investment properties were revalued by the Directors in March 2006 based on valuations carried out by Mr. Paul Khong Poh Yew, a valuer (V0528) registered with the Board of Valuers, Appraisers and Estate Agents Malaysia and the Executive Director of Regroup Associates Sdn Bhd, to reflect the market values. Valuations were based on current prices in an active market for all properties. The market value of the investment properties as at balance sheet date approximated the fair value.

A subsidiary company is still in the process of obtaining tax clearance from the Inland Revenue Board on the real property gains tax exemption as provided for under the RPGT (Exemption) (No. 2) Order 2003 for certain investment properties disposed to third parties.

6. **SUBSIDIARY COMPANIES**

	COMPANY 2006 RM'000	2005 RM'000
Quoted shares at cost	320,001	-
Unquoted shares at cost	163,103	162,999
Impairment losses	(2,919)	(2,919)
	480,185	160,080
Market value of quoted shares	241,464	-

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding In Equity 2006	2005	Principal Activities
AJE Best-On Sdn Bhd	Malaysia	#100%	#100%	Trading in hardware, steel and iron products and building and construction materials of all kinds
Ann Joo Metal Sdn Bhd	Malaysia	100%	100%	Trading, retailing, importing, exporting and supplying of all kinds of metal products
Ann Joo (Sarawak) Sdn Bhd*	Malaysia	100%	100%	Trading in hardware and steel materials
Ann Joo Trading Sdn Bhd	Malaysia	100%	100%	Trading, retailing and supplying of all kinds of building and construction materials
Anshin Casting Industries Sdn Bhd	Malaysia	#100%	#100%	Manufacturing and trading of cast iron products, sluice valves and other steel related products
Anshin Precision Industries Sdn Bhd*	Malaysia	59%	59%	Manufacturing and trading of precision press parts and related products
Anshin Steel Industries Sdn Bhd	Malaysia	100%	100%	Manufacturing, sales and distribution of steel and iron products and property management
Anshin Steel Service Centre Sdn Bhd	Malaysia	60%	60%	Steel service centre
Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd*	Malaysia	#100%	#100%	Trading of steel products
Saga Makmur Industri Sdn Bhd	Malaysia	100%	72%	Steel bar service centre and trading of steel related products
Ann Joo Distripark Sdn Bhd	Malaysia	100%	100%	Property management
Anshin Steel Processor Sdn Bhd *(formerly known as ACSAN Steel Service Centre Sdn Bhd)*	Malaysia	57%	57%	Steel service centre

Notes to the Financial Statements (cont'd)
31 December 2006

6. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding In Equity 2006	Holding In Equity 2005	Principal Activities
Ann Joo Steel Berhad *(formerly known as Malayawata Steel Berhad)**	Malaysia	67.77%	-	Steel mill
AJSB Properties Sdn Bhd *(formerly known as Malayawata Properties Sdn Bhd)**	Malaysia	#100%	-	Renting out of machinery and property investment holding
Malayawata Marketing Sdn Bhd*	Malaysia	#100%	-	Sales and marketing of steel related products
Empresa (M) Sendirian Berhad*	Malaysia	#60%	-	Cultivation of oil palm and sale of oil palm produce
Sachiew Palm Oil Mill Sdn Bhd*	Malaysia	#100%	-	Dormant

\# *Holding in equity by subsidiary companies.*
* *Financial statements of subsidiary companies as at 31 December 2006 not audited by Ong Boon Bah & Co.*

The investment in the quoted shares of a subsidiary company with a carrying amount of RM309.372 million has been pledged/placed for security for a credit facility granted to the Company.

7. ASSOCIATED COMPANIES

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Unquoted shares in Malaysia at cost	1,800	1,800	-	-
Impairment losses	(1,800)	(1,800)	-	-
	-	-	-	-
Quoted shares in Malaysia at cost	-	215,144	-	215,144
	-	215,144	-	215,144
Share of realisation of revaluation reserve upon disposal of property, plant and equipment	-	3,572	-	-
Share of accumulated profits/(losses)	134	(11,366)	-	-
	134	207,350	-	215,144
Market value of quoted shares	-	96,442	-	96,442

The associated companies are:

Name of Company	Country of Incorporation	Holding In Equity 2006	Holding In Equity 2005	Accounting Year End	Principal Activities
S.A. Networks Technical Industries Sdn Bhd *(formerly known as Daian Technical Industries Sdn Bhd)**	Malaysia	#36%	#36%	31 December	Manufacturing of die tooling
Ann Joo Steel Berhad *(formerly known as Malayawata Steel Berhad)**	Malaysia	-	32.99%	31 March	Steel mill

Holding in equity by a subsidiary company.
* *Financial statements of associated companies are not audited by Ong Boon Bah & Co.*

The summarised financial information of the associated companies are as follows:

	GROUP 2006 RM'000	GROUP 2005 RM'000
Assets and liabilities		
Current assets	751	498,824
Non-current assets	1,153	506,246
Total assets	1,904	1,005,070
Current liabilities	1,299	389,949
Non-current liabilities	-	119,297
Total liabilities	1,299	509,246
Results		
Revenue	2,148	970,309
Profit/(Loss) for the year	65	(16,419)

8. INVESTMENTS

	GROUP 2006 RM'000	GROUP 2005 RM'000
Club memberships at cost	179	179
Amortisation:		
Balance brought forward	(16)	(14)
Current year	(2)	(2)
Impairment losses	(12)	-
	149	163
Quoted shares and warrants in Malaysia at cost	386	46
Impairment losses	(190)	-
Written off	(26)	-
	170	46
Unquoted shares in Malaysia at cost	3	57
Total	322	266
Market value of quoted shares	203	22

Notes to the Financial Statements (cont'd)
31 December 2006

9. INTANGIBLE ASSETS

	GROUP 2006 RM'000	GROUP 2005 RM'000
Goodwill on consolidation	216	216
Accumulated amortisation	(216)	(215)
	-	1
Pre-commercial production expenses, at cost	75	75
Accumulated amortisation	(75)	(73)
	-	2
Development costs		
Acquisition of a subsidiary company	1,738	-
Addition	389	-
	2,127	-
Total	2,127	3

Development costs principally comprise expenditure on development costs on major projects where it is reasonably anticipated that the costs will be recovered through future commercial activity.

Amortisation of the development expenditure has yet to commence as the related economic benefits arising from the research and development activities have yet to be derived during the financial period ended 31 December 2006.

10. INVENTORIES

	GROUP 2006 RM'000	GROUP 2005 RM'000
At cost:		
Raw materials	201,322	38,170
Finished goods	275,646	147,563
Work-in-progress	62,473	577
Plantation nursery	201	-
	539,642	186,310
Consumables - at cost	33,899	559
Allowance for slow moving inventories	(1,764)	-
	32,135	559
Properties - at valuation	1,065	1,065
	572,842	187,934

The revalued properties if stated at cost would amount to RM1.16 million (2005: RM1.16 million).

11. RECEIVABLES

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Trade receivables	242,344	123,350	-	-
Allowance for doubtful debts	(20,951)	(9,612)	-	-
	221,393	113,738	-	-
Other receivables	823	2,584	9,465	1
Allowance for doubtful debts	(103)	(32)	-	-
	720	2,552	9,465	1
Deposits	2,898	2,679	20	19
Prepayments	11,256	2,219	307	588
Amount due from subsidiary companies	-	-	72,791	67,422
Amount due from an associated company	91	-	-	1
Amount due from related parties	9,098	3,191	5	-
	245,456	124,379	82,588	68,031

The Group's normal trade credit terms range from 14 days to 120 days.

Amount due from subsidiary companies which arose mainly from amount outstanding from the disposal of property, plant and equipment, payment made on behalf, inter-company advances are unsecured, interest free and are repayable on demand except for inter-company advances which bear interest at rate ranging from 2.92% to 4.17% (2005: 2.45% to 3.00%) per annum.

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

Amount due from related parties which arose from payment made on behalf and trade transactions are unsecured, interest free and are repayable on demand except for trade transactions which are subject to normal trade credit terms.

The currency exposure profile of the receivables (excluding prepayments) is as follows:

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Ringgit Malaysia	204,626	120,072	82,281	67,443
US Dollar	29,435	1,393	-	-
Singapore Dollar	139	695	-	-
	234,200	122,160	82,281	67,443

Notes to the Financial Statements (cont'd)

31 December 2006

11. **RECEIVABLES** (cont'd)

Related companies balances:

	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Amount due from subsidiary companies		
Ann Joo Metal Sdn Bhd	3,119	1,686
Ann Joo Trading Sdn Bhd	104	-
Ann Joo (Sarawak) Sdn Bhd	14	-
Anshin Casting Industries Sdn Bhd	28	-
Ann Joo Distripark Sdn Bhd	69,134	65,709
Saga Makmur Industri Sdn Bhd	58	27
Anshin Precision Industries Sdn Bhd	1	-
Anshin Steel Service Centre Sdn Bhd	42	-
Anshin Steel Processor Sdn Bhd *(formerly known as ACSAN Steel Service Centre Sdn Bhd)*	41	-
Ann Joo Steel Berhad *(formerly known as Malayawata Steel Berhad)*	250	-
	72,791	67,422

Related parties balances:

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Amount due from associated companies				
Ann Joo Steel Berhad *(formerly known as Malayawata Steel Berhad)*	-	-	-	1
S.A. Networks Technical Industries Sdn Bhd *(formerly known as Daian Technical Industries Sdn Bhd)*	91	-	-	-
	91	-	-	1

Amount due from related parties:

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Chuan Huat Hardware (Sdn) Berhad	1,682	1,361	-	-
Hitec Metal Sdn Bhd	336	187	-	-
Leong Chong Steel Sdn Bhd	592	545	-	-
Silveron Builders Sdn Bhd	1,115	958	-	-
Soon Hin Hardware Sdn Bhd	195	140	-	-
Ann Joo Land Sdn Bhd	5	-	5	-
Leong Chong Manufacturing Sdn Bhd	198	-	-	-
AJ-Eco Tech Sdn Bhd *(formerly known as Spectacular Nature Sdn Bhd)*	4,469	-	-	-
Choong & Co	506	-	-	-
	9,098	3,191	5	-

12. SHORT TERM DEPOSITS WITH LICENSED BANKS

Short term deposits of the Group carry effective interest rates range from 2.0% to 5.0% (2005: 1.3% to 3.0%) per annum and have maturity period range from 1 day to 41 days (2005: 4 days to 31 days).

13. PAYABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade payables	38,508	8,582	-	-
Other payables	26,926	2,088	10,476	460
Accruals	40,048	9,092	1,635	965
Deposits	1,282	6,962	894	-
Amount due to subsidiary companies	-	-	16,252	2
Amount due to associated companies	227	8,468	-	-
Amount due to related party	68	116	-	-
Provision for retirement benefits (Note 17)	2,708	1,500	1,500	1,500
	109,767	36,808	30,757	2,927

The normal trade terms granted to the Group range from payments in advance to 90 days.

Amount due to subsidiary companies which arose mainly from inter-company advances and payments made on behalf are unsecured, interest free and are repayable on demand except for inter-company advances which bear interest at rate of 3.1% (2005: 3.0% to 3.1%) per annum.

Amount due to associated companies which arose mainly from trade transactions are subject to normal trade credit terms.

The currency exposure profile of the payables is as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Ringgit Malaysia	108,019	36,235	30,757	2,927
US Dollar	1,480	-	-	-
Singapore Dollar	172	573	-	-
Euro	96	-	-	-
	109,767	36,808	30,757	2,927

Notes to the Financial Statements (cont'd)
31 December 2006

13. **PAYABLES** (cont'd)

Related companies balances:

	COMPANY	
	2006	2005
	RM'000	RM'000
Amount due to subsidiary companies		
Anshin Steel Industries Sdn Bhd	16,252	1
Anshin Precision Industries Sdn Bhd	-	1
	16,252	2

Related parties balances:

	GROUP	
	2006	2005
	RM'000	RM'000
Amount due to associated companies		
Ann Joo Steel Berhad *(formerly known as Malayawata Steel Berhad)*	-	8,265
S.A. Networks Technical Industries Sdn Bhd *(formerly known as Daian Technical Industries Sdn Bhd)*	227	203
	227	8,468

Amount due to related party:

	GROUP	
	2006	2005
	RM'000	RM'000
Teguh Cemerlang Logistics Sdn Bhd	68	116

14. **SHORT TERM BORROWINGS**

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Bills payable	345,383	154,435	-	-
Revolving credit	43,000	2,600	-	-
Term loans (Note 16)	16,000	-	-	-
	404,383	157,035	-	-
Secured:				
Term loan (Note 16)	11,360	-	11,360	-
	415,743	157,035	11,360	-

Short term borrowings bear interest at rates ranging from 2.90% to 7.25% (2005: 2.8% to 6.8%) per annum.

15. BANK OVERDRAFTS

	GROUP	
	2006	2005
	RM'000	RM'000
Unsecured	1,148	1,385

Bank overdrafts bear interest at rates ranging from 7.00% to 7.75% (2005: 6.5% to 7.0%) per annum.

16. TERM LOANS

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Term loans – unsecured	42,000	-	-	-
Portion repayable within one year and included under short term borrowings (Note 14)	(16,000)	-	-	-
	26,000	-	-	-
Term loan - secured	28,400	1,120	28,400	1,120
Portion repayable within one year and included under short term borrowings (Note 14)	(11,360)	-	(11,360)	-
	17,040	1,120	17,040	1,120
Total	43,040	1,120	17,040	1,120

The term loans are repayable over the following periods:

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Within one year	27,360	-	11,360	-
From one to two years	43,040	1,120	17,040	1,120
	70,400	1,120	28,400	1,120

The term loan is secured by the investment in the quoted shares of a subsidiary company.

Term loans bear interest at rates ranging from 3.95% to 4.90% (2005: 3.75% to 4.40%) per annum.

Notes to the Financial Statements (cont'd)

31 December 2006

17. PROVISION FOR RETIREMENT BENEFITS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At beginning of the financial year	3,527	3,238	1,846	1,806
Acquisition of a subsidiary company	8,904	-	-	-
Recognised in income statements	2,086	335	38	65
Amount paid during the financial year	(1,735)	(46)	-	(25)
At end of the financial year	12,782	3,527	1,884	1,846

Provision for retirement benefits are repayable over the following periods:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Within one year (Note 13)	2,708	1,500	1,500	1,500
More than one year	10,074	2,027	384	346
	12,782	3,527	1,884	1,846

Included in provision for retirement benefits are defined retirement benefits plan as follows:

Defined retirement benefits recognised in the balance sheet:

	GROUP 2006 RM'000
Present value of unfunded obligations	9,751
Unrecognised transitional liability	(803)
	8,948

The provision for defined retirement benefits charged to the income statement:

	GROUP 2006 RM'000
Current service cost	414
Interest cost	800
Amortisation of transitional liability:	
- current financial period	565
	1,779

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

	GROUP 2006 %
Discount rate	7.00

The retirement benefits scheme was valued by the Directors in December 2006 based on valuations carried out by an external independent professional actuary using the projected unit credit method.

18. **DEFERRED TAX LIABILITIES**

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At beginning of the financial year	8,595	8,515	31	-
Acquisition of a subsidiary company	63,256	-	-	-
Transfer from revaluation reserve	58	-	-	-
Reversal of deferred tax liability upon disposal of property, plant and equipment	(5,928)	-	-	-
Recognised in income statements (Note 25)	(9,408)	80	45	31
At end of the financial year	56,573	8,595	76	31

The components and movements of deferred tax liabilities during the financial year are as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At beginning of the financial year	8,595	8,515	31	-
Acquisition of a subsidiary company	63,256	-	-	-
Recognised in income statements	(9,408)	80	45	31
Recognised in equity statement	(5,870)	-	-	-
At end of the financial year	56,573	8,595	76	31

Deferred tax liabilities provided for in the financial statements:

Tax effects on revaluation of property, plant and equipments	4,990	5,928	-	-
Excess of capital allowances over depreciation	51,583	2,667	76	31
	56,573	8,595	76	31

Deferred tax assets have not been recognised in respect of the following items:

	GROUP	
	2006 RM'000	2005 RM'000
Unabsorbed capital allowances	21,797	2,185
Unutilised tax losses carried forward	38,793	2,560
Reinvestment allowances carried forward	79,707	-

The unutilised tax losses, unabsorbed capital allowances and reinvestment allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.

The unutilised tax losses, unabsorbed capital allowances and reinvestment allowances carried forward are subject to agreement by the tax authorities.

Notes to the Financial Statements (cont'd)
31 December 2006

19. SHARE CAPITAL

	GROUP AND COMPANY 2006 RM'000	2005 RM'000
Authorised:		
500,000,000 Ordinary shares of RM1.00 each	500,000	500,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At beginning of the financial year	273,376	265,212
75,095,125 (2005: 8,164,894) shares issued pursuant to exercise of warrants	75,095	8,164
At end of the financial year	348,471	273,376

As at 31 December 2005, there were 75,865,106 warrants with a right to subscribe for ordinary shares of the Company, on the basis of one new ordinary share for every one warrant held, at the subscription price of RM1.00 per ordinary share. These warrant holders may exercise their right at anytime within a period of five (5) years expiring 26 July 2006. A total of 75,095,125 warrants were exercised and the remaining 769,981 warrants had lapsed at the expiry date.

20. TREASURY SHARES

	GROUP AND COMPANY 2006 RM'000	2005 RM'000
At cost:		
At beginning of the financial year	(353)	(324)
Acquired during the financial year	(12,541)	(29)
At end of the financial year	(12,894)	(353)

The shareholders of the Company, by a resolution passed in a general meeting held on 15 June 2006, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company.

During the financial year, the Company repurchased 10,734,000 of its issued shares from the open market. The average price paid for the shares repurchased was RM1.168 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

There are no treasury shares cancelled or distributed as share dividends and/or re-issued during the financial year.

Of the total 348,471,519 (2005: 273,376,394) issued and fully paid ordinary shares as at 31 December 2006, 10,973,000 (2005: 239,000) are held as treasury shares by the Company. As at 31 December 2006, the number of outstanding ordinary shares in issue after the setoff is therefore 337,498,519 (2005: 273,137,394) ordinary shares of RM1.00 each.

21. OTHER RESERVES

	Non-distributable					
	Share Premium RM'000	Capital Reserve RM'000	Negative Goodwill RM'000	Revaluation Reserve RM'000	Merger Reserve RM'000	Total RM'000
GROUP						
Balance at 1 January 2005/2006						
- As previously reported	34,424	2,500	5,657	70,851	(42,975)	70,457
- Effect of adopting FRS 3	-	-	(5,657)	-	-	(5,657)
- As restated	34,424	2,500	-	70,851	(42,975)	64,800
Reversal of deferred tax liability upon disposal of property, plant and equipment	-	-	-	5,928	-	5,928
Realisation of revaluation reserve on disposal of property, plant and equipment	-	-	-	(21,171)	-	(21,171)
Revaluation surplus on land, buildings and investment properties						
- Gross	-	-	-	4,161	-	4,161
- Deferred tax liabilities	-	-	-	(598)	-	(598)
- Effect of change in income tax rate	-	-	-	493	-	493
- Effect of adopting FRS 140	-	-	-	(3,837)	-	(3,837)
Balance at 31 December 2006	34,424	2,500	-	55,827	(42,975)	49,776

	Non-Distributable Share Premium RM'000	Total RM'000
COMPANY		
Balance at 1 January 2005/2006	55,264	55,264
Balance at 31 December 2006	55,264	55,264

22. REVENUE

Revenue of the Group and of the Company consists of the following:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Sale of goods	1,453,272	561,487	-	-
Rental income	3,062	4,052	-	-
Dividend income	-	-	41,577	50,909
Management fee	-	-	5,785	5,785
	1,456,334	565,539	47,362	56,694

Notes to the Financial Statements (cont'd)

31 December 2006

23. FINANCE COSTS

	GROUP 2006 RM'000	GROUP 2005 RM'000 As restated	COMPANY 2006 RM'000	COMPANY 2005 RM'000 As restated
Interest expenses on:				
- subsidiary companies balances	-	-	(1)	(6)
- bank overdrafts	(51)	(82)	-	-
- bills payable	(10,158)	(3,217)	-	-
- revolving credit	(2,659)	(12)	-	-
- term loans	(3,318)	(327)	(2,537)	(327)
- others	(629)	(2,467)	-	-
	(16,815)	(6,105)	(2,538)	(333)

24. PROFIT BEFORE TAX

(a) Profit before tax is arrived at:

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
After charging:				
Auditors' remuneration				
- current year	174	68	13	12
- prior year	1	(1)	-	-
Allowance for doubtful debts	3,262	1,656	-	-
Allowance for slow moving inventories	1,575	-	-	-
Allowance for obsolete rolls and moulds	360	-	-	-
Amortisation of:				
- intangible assets	2	7	-	-
- investment in club memberships	2	2	-	-
- goodwill on consolidation	1	18	-	-
Depreciation of property, plant and equipment				
- current year	30,901	8,006	534	398
- reversal	(3)	-	-	-
Depreciation of biological assets	2,491	-	-	-
Impairment loss of investments in:				
- club memberships	12	-	-	-
- quoted shares in Malaysia	21	-	-	-
Management fee paid to:				
- an associated company	54	-	-	-
- a related party	228	184	-	-
Property, plant and equipment written off	3,571	140	-	-
Rolls and moulds written off	1,364	-	-	-
Quoted investment written off	26	-	-	-
Hire/Rental of equipment	646	46	-	-
Rental of premises paid to:				
- a subsidiary company	-	-	259	299
- others	1,784	212	-	-
Employee benefits costs (Note 24(b))	73,232	23,484	5,548	4,891

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
And crediting:				
Allowance for doubtful debts written back	150	111	-	-
Bad debts written back	55	16	-	-
Dividend income from:				
- an associated company	-	-	-	5,170
- subsidiary companies	-	-	41,577	45,739
- quoted investments	1	2	-	-
Gain on disposal of property, plant and equipment	11,155	57	39	-
Gain on foreign exchange - realised	2,315	652	-	-
Interest income from:				
- others	2,637	1,370	235	16
- a related party	4	-	-	-
- a subsidiary company	-	-	46	22
Management fee income from:				
- subsidiary companies	-	-	5,785	5,785
- a related party	-	4	-	-
Rental income from:				
- associated companies	237	2,275	-	-
- a related party	53	53	-	-
- others	2,772	1,724	-	-
Gain on disposal of investments	212	-	-	-
Negative goodwill arising from acquisition of a subsidiary company	22,541	-	-	-

(b) Employee benefits costs

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Salaries, wages and bonus	61,615	19,688	4,885	4,277
Defined contributions plan	6,387	2,120	574	514
Retirement benefits	306	335	38	65
Defined benefit plan	1,779	-	-	-
Other staff related expenses	3,145	1,341	51	35
	73,232	23,484	5,548	4,891

Included in employee benefits costs is directors' remuneration as follows:

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Fees	488	396	279	282
Salaries and other emoluments	3,903	2,506	1,512	1,343
Defined contributions plan	516	322	199	177
Retirement benefits	57	101	8	19
	4,964	3,325	1,998	1,821

The estimated monetary value of benefits provided to the Directors of the Group and of the Company by way of usage of the Group and of the Company's assets and the provision of other benefits amounted to RM167,000 (2005: RM116,000) and RM52,000 (2005: RM63,000) respectively.

Notes to the Financial Statements (cont'd)
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25. **TAX EXPENSE**

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000 As Restated	2006 RM'000	2005 RM'000
Current year	(17,557)	(12,378)	(7,423)	(13,117)
Prior years	63	(332)	-	-
Deferred tax liabilities (Note 18)	9,408	(80)	(45)	(31)
Real property gain tax	(1,601)	-	-	-
	(9,687)	(12,790)	(7,468)	(13,148)

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000 As Restated	2006 RM'000	2005 RM'000
Profit before tax	136,456	33,107	36,848	49,662
	%	%	%	%
Applicable statutory tax rate	(28)	(28)	(28)	(28)
Income not subject to tax	5	-	9	2
Expenses not deductible for tax purposes	(9)	(14)	(1)	-
Utilisation of tax losses and tax allowances	19	4	-	-
Prior years	-	(1)	-	-
Deferred tax liabilities	7	-	-	-
Real property gain tax	(1)	-	-	-
Average effective tax rate	(7)	(39)	(20)	(26)

The Company has an estimated accumulated tax exempt profits amounting to RM25.38 million (2005: RM21.79 million) available for the payment of tax exempt dividend.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend out of the accumulated profits as at 31 December 2006.

These amounts are subject to the agreement with the tax authority.

26. EARNINGS PER SHARE

Basic

The basic earnings per share is calculated by dividing the Group's profit for the year attributable to ordinary equity holders of the Company of RM102.55 million (2005: RM17.69 million) by the weighted average number of ordinary shares of the Company in issued during the financial year of 299.85 million (2005: 269.87 million).

Diluted

In 2006, the Company's warrants had expired and therefore there is no dilutive impact on earnings per share.

In 2005, fully diluted earnings per share is calculated by dividing the Group's profit for the year attributable to ordinary equity holders of the Company of RM17.69 million by the weighted average number of ordinary shares of 297.25 million and warrants that would have been exercised at that date.

27. DIVIDENDS

	GROUP AND COMPANY			
	2006		2005	
	Gross Dividend Per Share (Sen)	Amount of Dividend, Net of Tax RM'000	Gross Dividend Per Share (Sen)	Amount of Dividend, Net of Tax RM'000
Final dividend	-	-	6.0	11,798
Special dividend	-	-	4.0	7,866
First interim paid	6.0	14,589	3.5	6,883
Second interim dividend	4.0	9,855	-	-
		24,444		26,547

The Directors recommend a final dividend of 6.0 sen per share (less 27% income tax) in respect of the financial year ended 31 December 2006 amounting to RM14,782,435. The proposed final dividend is subject to the shareholders' approval in the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

The Company has paid the following interim dividends in respect of the financial year ended 31 December 2006:

	RM
First interim dividend of 6 sen per share (less 28% income tax)	14,588,844
Second interim dividend of 4 sen per share (less 27% income tax)	9,854,957
	24,443,801

Notes to the Financial Statements (cont'd)
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28. **CASH FLOW STATEMENTS**

(a) **Adjustments for non-cash items, interests and dividends**

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000 As Restated	2006 RM'000	2005 RM'000
Allowance for doubtful debts	3,262	1,656	-	-
Allowance for doubtful debts written back	(150)	(111)	-	-
Amortisation of goodwill on consolidation and intangible assets	3	25	-	-
Amortisation of investment in club memberships	2	2	-	-
Bad debts written back	(55)	(16)	-	-
Depreciation	33,389	8,006	534	398
Dividend income	(1)	(2)	(41,577)	(50,909)
Gain on disposal of property, plant and equipment	(11,155)	(57)	(39)	-
Allowance for obsolete rolls and moulds	360	-	-	-
Rolls and moulds written off	1,364	-	-	-
Gain on disposal of investments	(212)	-	-	-
Allowance for slow moving inventories	1,575	-	-	-
Impairment loss of investments in				
- club memberships	12	-	-	-
- quoted shares in Malaysia	21	-	-	-
Interest expenses	16,815	6,105	2,538	333
Interest income	(2,641)	(1,370)	(281)	(38)
Property, plant and equipment written off	3,571	140	-	-
Quoted investment written off	26	-	-	-
Retirement benefits	2,086	335	38	65
Share of results of associated companies	1,100	7,723	-	-
Negative goodwill arising from acquisition of a subsidiary company	(22,541)	-	-	-
	26,831	22,436	(38,787)	(50,151)

(b) **Cash and cash equivalents at end of the financial year**

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Bank overdrafts	(1,148)	(1,385)	-	-
Cash and bank balances	7,423	10,148	287	29
Short term deposits with licensed banks	15,374	6,650	-	-
	21,649	15,413	287	29

The currency exposure profile of the cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Ringgit Malaysia	18,364	14,745	287	29
US Dollar	3,277	163	-	-
Singapore Dollar	8	505	-	-
	21,649	15,413	287	29

29. ACQUISITION OF A SUBSIDIARY COMPANY

On 3 January 2006, the Board of AJR announced that the conditional Voluntary Offer has become a conditional mandatory offer ("Offer") as AJR's shareholding in Ann Joo Steel Berhad (formerly known as Malayawata Steel Berhad) ("AJSB") had exceeded 33%. Subsequently, on 13 January 2006, it was announced that the Offer had become unconditional as the holdings of Offer Shares by AJR, including the acceptances received pursuant to the Offer have exceeded 50% of the voting shares of AJSB and the Offer was extended up to 27 January 2006 ("Closing Date"). The total shareholdings of AJR in AJSB as at the Closing Date was 133,888,801 AJSB shares (after final verification of acceptances for the Offer). Together with the addition of 2,531,274 AJSB shares that AJR acquired from the open market, AJR holds 136,420,075 AJSB shares representing 67.67% of the total issued and paid-up share capital of AJSB.

(a) Details of net assets acquired at date of acquisition are as follows:

	GROUP 2006 RM'000
Property, plant and equipment	428,323
Biological assets	53,340
Rolls and moulds	6,501
Investment properties	11,765
Investments	1,297
Research and development	1,738
Inventories	452,961
Receivables	46,191
Tax recoverable	4,208
Cash and bank balances	185
Payables	(57,210)
Bank overdraft	(2,084)
Borrowings	(376,816)
Tax liabilities	(35)
Provision for retirement benefits	(8,904)
Deferred tax liabilities	(63,256)
Minority interests	(164,942)
Net assets acquired	333,262
Negative goodwill	(22,291)
Purchase consideration	310,971
Reclassification from an associated company	(206,115)
Cash and cash equivalents of subsidiary company acquired	1,899
Net cash flow from acquisition of a subsidiary company	106,755

There was no acquisition of subsidiary company during the last financial year.

Notes to the Financial Statements (cont'd)
31 December 2006

29. ACQUISITION OF A SUBSIDIARY COMPANY (cont'd)

(b) The effect of the acquisition of a subsidiary company on the financial results of the Group during the financial year is as follows:

	GROUP 2006 RM'000
Revenue	982,614
Cost of sales	(876,399)
Gross profit	106,215
Other operating income	4,576
Operating expenses	(40,353)
Finance costs	(8,709)
Share of result of associated company	(928)
Profit before tax	60,801
Tax expense	3,297
Profit after tax	64,098
Minority interests	(21,775)
Profit for the year	42,323

(c) The effect of the acquisition of a subsidiary company on the financial position of the Group at the end of the financial year is as follows:

	GROUP 2006 RM'000
Property, plant and equipment	410,640
Biological assets	54,009
Rolls and moulds	5,732
Investment properties	13,870
Investments	146
Research and development	2,127
Inventories	412,092
Receivables	92,581
Tax recoverable	4,725
Short term deposit with licensed banks	3,064
Cash and bank balances	3,974
Payables	(89,109)
Borrowings	(299,139)
Tax liabilities	(26)
Provision for retirement benefits	(8,948)
Deferred tax liabilities	(54,462)
Increase in Group's net assets	551,276

30. **SEGMENT ANALYSIS - GROUP**

Business segments:

(a) Iron and steel - Manufacture and trading of hardware, steel and iron products, building and construction materials of all kinds and operations of steel mill and steel services centre.

(b) Investment holding, property management, plantations and others.

The Directors are of the opinion that all inter-segment transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

2006

	Iron & Steel		Investment Holding, Property Management, Plantations		
	Trading RM'000	Manufacturing RM'000	and Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE					
External sales	382,097	1,050,154	24,083	-	1,456,334
Inter-segment sales	17,996	112,856	58,776	(189,628)	-
Total sales	400,093	1,163,010	82,859	(189,628)	1,456,334
RESULTS					
Segment results	36,633	83,657	8,899	-	129,189
Negative goodwill arising from acquisition of a subsidiary company					22,541
Finance costs					(16,815)
Interest income					2,641
Share of results of associated companies					(1,100)
Tax expense					(9,687)
Profit for the year					126,769
OTHER INFORMATION					
Segment assets	186,268	1,156,881	135,769	-	1,478,918
Investment in associated companies					134
Unallocated assets					8,434
Total assets					1,487,486
Segment liabilities	89,576	446,108	44,088	-	579,772
Unallocated liabilities					60,007
Total liabilities					639,779

Notes to the Financial Statements (cont'd)
31 December 2006

30. **SEGMENT ANALYSIS - GROUP** (cont'd)

2006 (cont'd)

	Trading RM'000	Iron & Steel Manufacturing RM'000	Investment Holding, Property Management, Plantations and Others RM'000	Eliminations RM'000	Consolidated RM'000
Capital expenditure	521	9,467	4,425	-	14,413
Depreciation	740	27,880	4,769	-	33,389
Amortisation of goodwill	1	-	-	-	1
Amortisation of investments	-	2	-	-	2
Amortisation of intangible assets	-	2	-	-	2
Non-cash expenses other than depreciation and amortisation	1,591	8,601	-	-	10,192

2005

	Trading RM'000	Iron & Steel Manufacturing RM'000	Investment Holding and Property Management RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE					
External sales	286,480	275,861	3,198	-	565,539
Inter-segment sales	6,694	18,244	60,083	(85,021)	-
Total sales	293,174	294,105	63,281	(85,021)	565,539
RESULTS					
Segment results	27,921	23,528	(5,884)	-	45,565
Finance costs					(6,105)
Interest income					1,370
Share of results of associated companies					(7,723)
Tax expense					(12,790)
Profit for the year					20,317

2005

	Trading RM'000	Iron & Steel Manufacturing RM'000	Investment Holding and Property Management RM'000	Eliminations RM'000	Consolidated RM'000
OTHER INFORMATION					
Segment assets	185,855	190,740	133,756	-	510,351
Investment in associated companies					207,350
Unallocated assets					1,511
Total assets					719,212
Segment liabilities	114,058	78,934	5,383	-	198,375
Unallocated liabilities					10,455
Total liabilities					208,830
Capital expenditure	942	3,894	2,856	-	7,692
Depreciation	740	5,133	2,133	-	8,006
Amortisation of goodwill	18	-	-	-	18
Amortisation of investments	-	2	-	-	2
Amortisation of intangible assets	-	7	-	-	7
Non-cash expenses other than depreciation and amortisation	1,363	433	-	-	1,796

No segment information by geographical area has been presented as the Group operates predominantly in Malaysia.

31. RELATED PARTY TRANSACTIONS

Related parties and relationship

The related parties of the Group and of the Company comprise the following:

(a) related companies being subsidiary companies of Ann Joo Resources Berhad.

(b) other related parties being companies in which Directors of the Company or Directors of the subsidiary companies have interest.

Notes to the Financial Statements (cont'd)
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31. RELATED PARTY TRANSACTIONS (cont'd)

	GROUP 2006 RM'000	GROUP 2005 RM'000
(a) Sale of goods		
Related parties:		
Hitec Metal Sdn Bhd	995	986
Leong Chong Steel Sdn Bhd	1,161	1,083
Leong Chong Manufacturing Sdn Bhd	134	-
Ann Joo Steel Berhad *(formerly known as Malayawata Steel Berhad)*	179	11,255
Chuan Huat Hardware (Sdn) Berhad	7,753	6,650
CHRB Utara Sdn Bhd	-	29
Teguh Cemerlang Logistics Sdn Bhd	-	25
Soon Hin Hardware Sdn Bhd	4,449	3,504
(b) Purchase of goods		
Related parties:		
S.A. Networks Technical Industries Sdn Bhd *(formerly known as Daian Technical Industries Sdn Bhd)*	1,801	2,404
Leong Chong Steel Sdn Bhd	33	15
Ann Joo Steel Berhad *(formerly known as Malayawata Steel Berhad)*	8,382	115,340
Marubeni-Itochu Steel Inc	10,345	16,876
Chuan Huat Hardware (Sdn) Berhad	21	-
Soon Hin Hardware Sdn Bhd	(9)	3,932
S.A. Network Trading Sdn Bhd	275	40
(c) Management fee received from		
Related party:		
Ann Joo Land Sdn Bhd	-	4
(d) Management fee paid to		
Related parties:		
Sanritsu Kogyo Co. Ltd	228	184
S.A. Networks Technical Industries Sdn Bhd *(formerly known as Daian Technical Industries Sdn Bhd)*	54	-
(e) Rental income		
Related parties:		
Ann Joo Land Sdn Bhd	53	53
Ann Joo Steel Berhad *(formerly known as Malayawata Steel Berhad)*	184	2,216
S.A. Networks Technical Industries Sdn Bhd *(formerly known as Daian Technical Industries Sdn Bhd)*	53	59

		GROUP 2006 RM'000	GROUP 2005 RM'000
(f)	**Purchase of property, plant and equipment and related maintenance services**		
	Related parties:		
	Abec Technology Sdn Bhd	14	-
	S.A. Networks Technical Industries Sdn Bhd *(formerly known as Daian Technical Industries Sdn Bhd)*	30	-
(g)	**Sales of property, plant and equipment**		
	Related parties:		
	AJ-Eco Tech Sdn Bhd *(formerly known as Spectacular Nature Sdn Bhd)*	4,325	-
	Teguh Cemerlang Logistics Sdn Bhd	-	40
(h)	**Storage and handling charges paid to**		
	Related party:		
	Teguh Cemerlang Logistics Sdn Bhd	819	292
(i)	**Interest income**		
	Related party:		
	Leong Chong Steel Sdn Bhd	4	-
(j)	**Retainer fees**		
	Related party:		
	Choong & Co	506	-

		COMPANY 2006 RM'000	COMPANY 2005 RM'000
(a)	**Management fee received from**		
	Subsidiary companies:		
	Ann Joo Distripark Sdn Bhd	4,200	4,200
	Ann Joo Metal Sdn Bhd	432	432
	Ann Joo Trading Sdn Bhd	138	138
	Ann Joo (Sarawak) Sdn Bhd	12	12
	Anshin Steel Industries Sdn Bhd	336	336
	Saga Makmur Industri Sdn Bhd	31	31
	Anshin Steel Service Centre Sdn Bhd	372	372
	Anshin Precision Industries Sdn Bhd	120	120
	Anshin Steel Processor Sdn Bhd *(formerly known as ACSAN Steel Service Centre Sdn Bhd)*	144	144

Notes to the Financial Statements (cont'd)
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31. **RELATED PARTY TRANSACTIONS** (cont'd)

	COMPANY 2006 RM'000	2005 RM'000
(b) **Dividend income**		
Subsidiary companies:		
Ann Joo (Sarawak) Sdn Bhd	-	783
Ann Joo Metal Sdn Bhd	-	25,520
Anshin Steel Industries Sdn Bhd	26,000	15,306
Anshin Precision Industries Sdn Bhd	890	356
Anshin Steel Service Centre Sdn Bhd	2,064	2,064
Anshin Steel Processor Sdn Bhd *(formerly known as ACSAN Steel Service Centre Sdn Bhd)*	1,710	1,710
Ann Joo Steel Berhad *(formerly known as Malayawata Steel Berhad)*	10,913	-
Related party:		
Ann Joo Steel Berhad (formerly known as Malayawata Steel Berhad)	-	5,170
(c) **Interest expenses**		
Subsidiary company:		
Anshin Steel Industries Sdn Bhd	1	6
(d) **Rental of premises**		
Subsidiary company:		
Ann Joo Distripark Sdn Bhd	259	299
(e) **Interest income received from**		
Subsidiary company:		
Ann Joo Metal Sdn Bhd	46	22
(f) **Purchase of property, plant and equipment from**		
Subsidiary company:		
Ann Joo Trading Sdn Bhd	2	-
Related party:		
Abec Technology Sdn Bhd	8	-
(g) **Disposal of property, plant and equipment to**		
Subsidiary company:		
Anshin Casting Industries Sdn Bhd	15	-

Hitec Metal Sdn Bhd represents the associated company of the ultimate holding company, Ann Joo Corporation Sdn Bhd.

Leong Chong Steel Sdn Bhd and Leong Chong Manufacturing Sdn Bhd are companies substantially owned by the son of Mr. Lim Seng Qwee who is a director of the Company.

Ann Joo Steel Berhad (formerly known as Malayawata Steel Berhad) ("AJSB") became a subsidiary company of Ann Joo Resources Berhad ("AJR") in the financial year 2006. AJSB was an associated company of AJR in the previous financial year.

S. A. Networks Technical Industries Sdn Bhd (formerly known as Daian Technical Industries Sdn Bhd) is an associated company of Ann Joo Resources Berhad.

Chuan Huat Hardware (Sdn) Berhad is a related company of Chuan Huat Hardware Holdings Sdn Bhd, a minority shareholder of a subsidiary company, Anshin Steel Processor Sdn Bhd (formerly known as ACSAN Steel Service Centre Sdn Bhd).

CHRB Utara Sdn Bhd is a subsidiary company of Chuan Huat Hardware (Sdn) Berhad.

Soon Hin Hardware Sdn Bhd is a subsidiary company of SHH Holdings Sdn Bhd, a minority shareholder of Anshin Steel Processor Sdn Bhd (formerly known as ACSAN Steel Service Centre Sdn Bhd).

Marubeni-Itochu Steel Inc is a minority shareholder of Anshin Steel Service Centre Sdn Bhd and Anshin Precision Industries Sdn Bhd.

Ann Joo Land Sdn Bhd and AJ-Eco Tech Sdn Bhd represent subsidiary companies of the ultimate holding company, Ann Joo Corporation Sdn Bhd.

Choong & Co is a firm that has a legal practitioner who sits in the Board of Directors of AJSB.

Sanritsu Kogyo Co. Ltd is a minority shareholder of a subsidiary company, Anshin Precision Industries Sdn Bhd.

S.A. Network Trading Sdn Bhd is a wholly owned subsidiary company of Sanritsu Kogyo Co. Ltd.

Teguh Cemerlang Logistics Sdn Bhd and Abec Technology Sdn Bhd are companies in which Mr Lim Sin Seong, a Director of Ann Joo Resources Berhad is also a Director and has financial interests.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are not more favourable to the related parties than those arranged with independent third parties.

Notes to the Financial Statements (cont'd)
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32. **CAPITAL COMMITMENT**

As at the end of the financial year, the Group has the following capital commitment:

	GROUP	
	2006 RM'000	2005 RM'000
Capital expenditure for property, plant and equipment		
- approved and contracted for	160	158
- approved but not contracted for	69,075	204
	69,235	362

33. **CONTINGENT LIABILITIES**

GROUP

(a) Pending litigations

A subsidiary company, Empresa (M) Sendirian Berhad, is a joint defendant in two legal suits brought by natives for alleged trespass of native customary rights areas included within the provisional lease area granted to the subsidiary company by the state government. Both cases are now pending before the courts. The Directors, after consultation with legal counsel, are unable to ascertain the extent of the liability at this point in time due to the acreage of claim is not spelt out; and the possible outcome of the case cannot be determined based on balance of probability method at this point in time as it would depend on both the documentary evidence and oral evidence to be adduced at trial. The Directors are unable to estimate the potential loss, if any, at this point in time.

(b) Unsecured corporate guarantees for banking facilities granted to a subsidiary company amounted to RM30,000 (2005: nil).

34. **SIGNIFICANT EVENTS**

(a) On 13 March 2006, Anshin Steel Industries Sdn Bhd, a wholly-owned subsidiary of Ann Joo Resources Berhad ("AJR") has completed the disposal of a piece of leasehold land together with buildings erected thereon to Toyota Auto Body (Malaysia) Sdn Bhd, a wholly-owned subsidiary of Toyota Auto Body Co., Ltd, for a total consideration of RM44.742 million.

(b) On 28 April 2006, Ann Joo Steel Berhad (formerly known as Malayawata Steel Berhad) ("AJSB") has disposed its entire 10% equity interest in Harimic (Malaysia) Sdn Bhd of 1,125,000 ordinary shares of RM1.00 each to a third party, for a cash consideration of RM1.366 million.

(c) On 21 August 2006, AJR had entered into a conditional Sale and Purchase Agreement with Advanced Pyrotech Sdn Bhd for the disposal of four pieces of leasehold lands for a total consideration of RM8.939 million. The disposal had been completed on 14 February 2007.

35. **SUBSEQUENT EVENTS**

(a) On 12 January 2007, Anshin Precision Industries Sdn Bhd ("API"), a subsidiary company of AJR has passed a resolution to reduce its issued and paid-up capital by reducing the par value of every issued and paid-up ordinary share of RM1.00 each to RM0.50 each resulting in the issued and paid-up capital of RM15,050,000 comprising 15,050,000 ordinary shares of RM1.00 each being reduced to RM7,525,000 comprising 15,050,000 ordinary shares of RM0.50 each ("Proposed Capital Reduction") and every two (2) ordinary shares of RM0.50 each in the Company de consolidated into one (1) ordinary share of RM1.00 each ("Consolidated API Shares") so that the issued and paid-up share capital of API shall amount to RM7,525,000 comprising 7,525,000 ordinary shares of RM1.00 each.

The consolidated API Shares after the Proposed Consolidation shall rank pari passu among each other.

(b) Subsequent to the financial year end, Saga Makmur Industri Sdn Bhd, a wholly-owned subsidiary of AJR had disposed machinery to a third party for a consideration of USD348,000.

(c) On 12 April 2007, AJR had served a notice of voluntary offer to acquire the remaining ordinary shares of Ann Joo Steel Berhad ("AJS shares"), which are not owned by AJR and person acting in concert with it for a cash consideration of RM3.10 per AJS share. As at 25 April 2007, being the last practical date for the inclusion in this report, an amount of RM30.35 million had been incurred to acquire a further 9,867,200 AJS shares in addition to the 41,000 shares acquired in January 2007, thereby increasing the Company shareholding in AJSB to 72.64% of the issued and paid up capital in AJSB.

36. **CORPORATE INFORMATION**

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

(b) The registered office and principal place of business of the Company are both located at Wisma Ann Joo, Lot 19391, Bt 8½, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan.

(c) The principal activities of the Company are investment holding and property management.

(d) The Directors regard Ann Joo Corporation Sdn Bhd, a company incorporated in Malaysia, as its ultimate holding company.

(e) The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 April 2007.

Notes to the Financial Statements (cont'd)

31 December 2006

37. **FINANCIAL INSTRUMENTS**

Financial risk management objective and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors for observation in the day-to-day operation for the controlling and management of the risk associated with the financing, investing and operating activities of the Group.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) **Foreign currency risk**

The Group is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). Exposures to foreign currency risks are monitored on an ongoing basis.

As at balance sheet date, the Company had entered into forward foreign currency contracts are as follows:

Hedged item	Maturity period	Contract amount	Hedged rate	Equivalent
Future purchases of consumables	Within 1 year	USD446,081	3.550	RM1,583,142
Future sales of goods	Within 1 year	USD43,000	3.548	RM152,564

(b) **Interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits. The Group's policy is to borrow principally on the floating rate basis. Investments in financial assets are short term in nature and are mostly placed as short term deposits with licensed financial institutions.

(c) **Credit risk**

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(d) **Market risk**

The Group has in place policies to manage its exposure to fluctuation in the prices of the key raw materials used in the operation through close monitoring and buying ahead in anticipation of significant price increase, where possible. For market risk arising from changes in equity prices, the Group manages disposal of its investment to optimise returns on realisation.

(e) **Liquidity and cash flow risks**

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

In addition, the Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings. Short-term flexibility is achieved through credit facilities and short-term borrowings.

Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company as at 31 December 2006 approximated their fair values except as set out below:

	GROUP	
	Carrying Amount RM'000	Fair Value RM'000
Financial assets		
Investments – quoted shares	170	203

No disclosure is made for unquoted shares because of the lack of market information and the assumptions used in valuation models to value these investments cannot be reasonably determined.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) Deposits, cash and bank balances

The carrying amounts of deposits, cash and bank balances approximate fair values due to the relatively short term maturity of these instruments.

(b) Trade and other receivables and payables

The carrying amounts of trade receivables and payables subject to normal trade credit terms approximate fair values. The carrying amounts of other receivables and payables are reasonable estimates of fair value because of their short maturity.

(c) Borrowings

The carrying amounts of short term borrowings approximates fair value because of the short maturity period. The fair value of long term borrowings is estimated based on the current rates available for borrowings with the same maturity profile.

(d) Amounts due from/to subsidiary/associated companies and related parties

The carrying amounts of amounts due from/to subsidiary/associated companies and related parties are reasonable estimates of fair value because of their short maturity.

Notes to the Financial Statements (cont'd)

31 December 2006

38. **COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the presentation requirements of newly adopted FRSs.

	GROUP		COMPANY	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
INCOME STATEMENTS				
Administration expenses	(16,746)	(16,267)	(6,737)	(6,730)
Finance costs	(6,105)	(6,584)	(333)	(340)
Share of results of associated companies	(7,723)	(9,887)	-	-
Tax expense	(12,790)	(10,626)	-	-
CASH FLOW STATEMENT				
Profit before tax	33,107	49,662	-	-
Share of results of associated companies	7,723	9,887	-	-

Recurrent Related Party Transactions

for the financial year ended 31 December 2006

Set out below are the breakdown of aggregate value of the recurrent related party transactions of a revenue or trading nature carried out by the Ann Joo Group in its normal course of business on an arm's length basis:

Related Parties	Transacting Party	Nature of Transaction	Actual (RM)
LIM Group	Ann Joo Group	Sale of steel related products; Provision of various services or treatment for steel related products; Charging of incidental cost to LIM Group	2,293,592
		Purchase of steel related products from LIM Group	32,879
		Lease of office space to LIM Group	53,400
		Provision of services and facilities to LIM Group	-
		Purchase of computer equipment and related maintenance services from LIM Group	13,990
		Rental and management fee payable to LIM Group for storage of steel related materials	818,841
		Trading of machine to LIM Group	4,325,369
		Purchase of Precious Slag Steel Balls and other steel related products from LIM Group	-
MISI Group	Ann Joo Group	Sale of steel related products and provision of cutting and bending services to MISI Group	5,125,044
		Purchase of steel related products from MISI Group	19,408,141
		Lease of office space and factory area to MISI Group	2,533,882
		Provision of services to MISI Group	539,034
		Rental paid to MISI Group for storage of steel coils	14,101
		Rental paid to Ann Joo Group for storage of steel related materials	-
		Acquisition of property, plant and equipment from MISI Group	140,000
Sanritsu Group	Ann Joo Group	Purchase of die tooling and payment for repair services of die tooling from Sanritsu Group	2,075,197
		Sub-Lease to Sanritsu Group of factory area	52,562
		Payment of technical and advisory support fee to Sanritsu Group	282,000
		Acquisition of property, plant and equipment from Sanritsu Group and payment of maintenance services related to such property, plant and equipment	30,000
CHH Group	Ann Joo Group	Sale of steel related products and provision of cutting and bending services to CHH Group and charging of incidental cost and expenses in relation thereto	7,752,759
		Purchase of steel related products from CHH Group	20,672

Recurrent Related Party Transactions (cont'd)

for the financial year ended 31 December 2006

Related Parties	Transacting Party	Nature of Transaction	Actual (RM)
SHH Group	Ann Joo Group	Sale of steel related products and provision of cutting and bending services to SHH Group and charging of incidental cost and expenses in relation thereto	4,448,689
		Purchase of steel related products from SHH Group	(8,822)
Tokyo Boeki Ltd	Ann Joo Group	Purchase of steel related products from Tokyo Boeki Ltd	-
MESB Group	Ann Joo Group	Sale of steel related products and provision of cutting and bending services to MESB Group and charging of incidental cost and expenses in relation thereto	-
		Purchase of steel related products from MESB Group	-
AJSB Group	Ann Joo Group	Sale of steel related products, material or substance used for steel making and for building and construction, vehicles, machineries and equipment to AJSB Group	17,015,136
		Purchase of steel related products from AJSB Group	196,348,526
		Provision of services to AJSB Group	-
		Purchase of material and substance used for steel/iron making and other related products from AJSB Group	16,276

Ann Joo Group Ann Joo Resources Berhad and its subsidiary companies

CHH Group Chuan Huat Hardware Holdings Sdn Bhd and its related corporations and their associated companies and persons connected

LIM Group Includes Ann Joo Corporation Sdn Bhd and its subsidiaries and associated companies, Lim Seng Chee & Sons Sdn Bhd, LSQ & Sons Sdn Bhd, Lim Sin Seong Sdn Bhd and Lim Seng Chee (Major Shareholders), Lim Seng Qwee, Dato' Lim Kiam Lam and Lim Sin Seong (Directors and Major Shareholders), Dato' Lim Hong Thye and Lim Kien Lip (Directors) and persons connected.

MESB Group Modular Equity Sdn Bhd and its related corporations and their associated companies and person connected

MISI Group Marubeni-Itochu Steel Inc. and its subsidiaries and associated companies and persons connected

AJSB Group Ann Joo Steel Berhad (formerly known as Malayawata Steel Berhad) and its subsidiaries and associated companies and persons connected

Sanritsu Group Sanritsu Kogyo Co., Ltd and its subsidiaries and associated companies and persons connected

SHH Group SHH Holdings Sdn Bhd and its related corporations and their associated companies and persons connected

Properties Owned

by Ann Joo Resources Berhad and its subsidiaries as at 31 December 2006

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
Lot 19391 Mukim and District of Petaling	Freehold	Commercial Land & Building	1.2965 hectares	Office and Warehouse	24	25,404	31-12-2003
Lot 1508 Mukim and District of Petaling	Freehold	Industrial Land & Building	0.658 hectares. / 3,790 sq.m	Office and Warehouse	4	8,150	31-12-2003
HS (D) 50441 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 25.03.2070)	Industrial Land & Building	4.150 hectares	Factory, Office and Store	15	34,556	31-12-2003
Lots 55-59 Section 4 Phase 2A Pulau Indah Industrial Park West Port	Leasehold (expiring on 24.02.2097)	Industrial Land	5.135 hectares	Vacant Land	-	9,557	31-12-2003
HS (D) 711 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 29.06.2076)	Industrial Land & Building	1.658 hectares	Factory and Office	16	15,095	31-12-2003
Lot 9 Persiaran Perusahaan Section 23 Shah Alam	Leasehold (expiring on 30.05.2098)	Industrial Land & Building	5.3255 hectares	Factory and Office	13	39,120	31-12-2003
Lot PT 3707 Mukim of Pasir Panjang Port Dickson	Freehold	Detached House	528 sq.m.	Staff Recreation	21	144	31-12-2003
Lot 2171 Section 66 Kuching	Leasehold (expiring on 04.02.2050)	Industrial Land & Building	4,059 sq.m.	Office and Warehouse	12	1,611	31-12-2003
Part of Lot 225 Mukim 1 Province Wellesley Central, Penang	Leasehold expiring on 30.6.2032	Industrial Land	11.126 acres	Vacant	-	1,090	31.3.2006
Parts of Lots 227 & 236 Mukim 1 Province Wellesley Central, Penang	Leasehold expiring on 30.6.2057	Industrial Land and Buildings & Structures	29.44 acres	Rolling Mill 1 Office buildings	35 to 40	13,561	31.3.2006
Lot 78, Prai Town Penang	Freehold	Industrial Land and Buildings	237.448 acres	Rolling Mill 2 Steel Making Plant Oxygen plant	1 to 37	148,683	31.3.2006
Lot 426, Mukim 5 Province Wellesley, South, Penang	Freehold	Industrial Land	15 acres	Vacant	-	2,300	31.3.2006
HSD 6641/95 Lot PT 33935 Town of Sungai Petani District of Kuala Muda Kedah Darul Aman	Freehold	Agriculture Land	9.733 acres	Vacant	-	2,300	31.3.2006
HSD 10450 Lot PT 68342 Town of Sungai Petani District of Kuala Muda Kedah Darul Aman	Freehold	Agriculture Land	6.138 acres	Vacant	-	1,500	31.3.2006

Properties Owned (cont'd)

by Ann Joo Resources Berhad and its subsidiaries as at 31 December 2006

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
Lot 911, Locality Of Padang Meha District of Kulim Kedah Darul Aman	Freehold	Industrial Land	8.755 acres	Vacant	-	1,525	31.3.2006
Lots 722, 724, 726, 728 & 730 Locality of Batu Puteh Pekan Sungai Kob District of Kulim Kedah Darul Aman	Freehold	Industrial Land	12.332 acres	Vacant	-	700	31.3.2006
Lots 936, 937 & 938 Mukim and District of Selama Perak Darul Ridzuan	Freehold	Agriculture and Industrial Land and Buildings & Structures	14.170 acres	Vacant	-	908	31.3.2006
Lots 1603 & 1604 Mukim of Jelai District of Jempol Negeri Sembilan Darul Khusus	Freehold	Industrial Land	9.831 acres	Vacant	-	440	31.3.2006
Lot 52 District of Bok Land Bahagian Miri, Sarawak	Leasehold expiring on 27.9.2087	Plantation Land	5,936 hectares	Oil Palm plantation	-	30,135	31.3.2006
Lot 52 District of Bok Land Bahagian Miri, Sarawak	Leasehold expiring on 27.9.2087	Buildings and Structures		Estate buildings and structures	1 to 7	4,234	Constructed during the period from 31.3.2000 to 31.12.2006
Sub-Total (value of properties held as property, plant and equipment)						341,013	
No. C-7-10 Type 12 Storey No. 7th Floor Building No. Block C Phase 1 Zone G Sri Alam Condominium Kelab Golf Sultan Abdul Aziz Shah	Leasehold (expiring on 14.02.2091)	Condominium	2,732 sq.ft.	Vacant	8	500	31-12-2003
No. F-12-04 Washington Tower Meadow Park 3 Jalan 1/130 Off Jalan Kelang Lama 58200 Kuala Lumpur	Freehold	Apartment	1,120 sq.ft.	Vacant	8	150	31-12-2003
No. 7-20, Tingkat 7 Building No. T1 Turf View Apartment Taman Kuda Emas Section 6 Serdang Jaya Selangor	Leasehold (expiring on 28.11.2092)	Apartment	946 sq.ft.	Vacant	9	125	31-12-2003

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
704 Block A, . Tiara Kelana Condo Jalan SS 7/19, Taman Sri Kelana, Kelana Jaya 47301 Petaling Jaya	Leasehold (expiring on 28.01.2092)	Apartment	1,725 sq.ft.	Vacant	11	290	31-12-2003
Sub-total (value of properties held as inventories)						1,065	
Lot 106006 Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan	Leasehold expiring on 12.1.2081	3-storey Shoplots	1,540 sq.ft.	Rental	20	260	31.3.2006
Lot 106007 Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan	Leasehold expiring on 12.1.2081	3-storey Shoplots	1,540 sq.ft.	Rental	20	260	31.3.2006
36, Jalan Pandan 3/2 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,050	31.3.2006
34, Jalan Pandan 3/2 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,050	31.3.2006
32, Jalan Pandan 3/2 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,050	31.3.2006
30, Jalan Pandan 3/2 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,025	31.3.2006
29, Jalan Pandan 3/3 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,050	31.3.2006
31, Jalan Pandan 3/3 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,025	31.3.2006
33, Jalan Pandan 3/3 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,025	31.3.2006

Properties Owned (cont'd)

by Ann Joo Resources Berhad and its subsidiaries as at 31 December 2006

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
35, Jalan Pandan 3/3 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,025	31.3.2006
37, Jalan Pandan 3/3 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,050	31.3.2006
39, Jalan Pandan 3/3 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,050	31.3.2006
41, Jalan Pandan 3/3 Pandan Jaya, Town of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,920 sq.ft.	Rental	19	1,050	31.3.2006
14, Jalan Pandan 3/2 Pandan Jaya, Town of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,760 sq.ft.	Rental	19	950	31.3.2006
11, Jalan Pandan 3/3 Pandan Jaya, Cheras Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold expiring on 5.5.2087	4-storey Shoplots	1,760 sq.ft.	Rental	19	950	31.3.2006
Sub-total (value of properties held as investment properties)						13,870	
Total (value of properties held as property, plant and equipment, inventories and investment properties)						**355,948**	

Statistical Report
as at 27 April 2007

ANALYSIS BY SIZE OF SHAREHOLDINGS

Authorised share capital	:	RM500,000,000
Issued and paid-up share capital	:	RM348,471,519
Class of shares	:	Ordinary shares of RM1 each
Voting rights	:	One vote per ordinary share held
No. of treasury shares held	:	11,539,300 ordinary shares of RM1 each

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
Less than 100	61	1.15	644	0.00
100 – 1,000	2,404	45.26	2,357,900	0.70
1,001 – 10,000	2,323	43.73	9,152,060	2.72
10,001 – 100,000	415	7.81	13,189,565	3.91
100,001 – less than 5% of issued shares	107	2.01	88,082,008	26.14
5% and above of issued shares	2	0.04	224,150,042	66.53
Total	5,312	100.00	336,932,219	100.00

LIST OF DIRECTORS' SHAREHOLDING

	No of shares			
Name of Directors	Direct Interest	%	Indirect Interest	%
Lim Seng Qwee	3,386,837	1.01	*226,586,715	67.25
Dato' Lim Kiam Lam	1,253,500	0.37	*226,586,715	67.25
Dato' Lim Hong Thye	-	-	-	-
Lim Sin Seong	-	-	*226,586,715	67.25
Lim Kien Lip	750,000	0.22	-	-
Dato' Ong Kim Hoay	15,000	#	-	-
Tan Sri Datuk A. Razak bin Ramli	-	-	-	-
Datuk Kamarudin bin Md Ali	-	-	-	-

*Note: * Deemed interest pursuant to Section 6(A) of the Companies Act, 1965.*
 # Negligible

DIRECTORS' INTEREST IN SHARES IN RELATED COMPANIES

		No of shares			
Related company	Director	Direct interest	%	Indirect interest	%
Ann Joo Steel Berhad *(formerly known as Malayawata Steel Berhad)*	Dato' Lim Kiam Lam	-	-	*146,425,575	72.71
	Lim Seng Qwee	-	-	*146,425,575	72.71
	Lim Sin Seong	-	-	*146,425,575	72.71
Ann Joo Corporation Sdn Bhd	Dato' Lim Kiam Lam	450,000	1.50	^14,340,000	47.80
	Lim Seng Qwee	-	-	#12,210,000	40.70
	Lim Sin Seong	-	-	@3,000,000	10.00

Note:
- * *Deemed interest through indirect substantial shareholding in Ann Joo Resources Berhad, in accordance with Section 6A of the Companies Act, 1965.*
- ^ *Deemed interest through substantial shareholding in Lim Seng Chee & Sons Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965.*
- # *Deemed interest through substantial shareholding in LSQ & Sons Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965*
- @ *Deemed interest through substantial shareholding in Lim Sin Seong Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965*

Statistical Report (cont'd)
as at 27 April 2007

SUBSTANTIAL SHAREHOLDERS

	No of shares			
Name	Direct Interest	%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	224,150,042	66.53	*2,436,673	0.72
Lim Seng Chee & Sons Sdn Bhd	-	-	*226,586,715	67.25
LSQ & Sons Sdn Bhd	-	-	*226,586,715	67.25
Lim Sin Seong Sdn Bhd	-	-	*226,586,715	67.25
Lim Seng Chee	3,613,000	1.07	*226,586,715	67.25
Lim Seng Qwee	3,386,837	1.01	*226,586,715	67.25
Lim Sin Seong	-	-	*226,586,715	67.25
Dato' Lim Kiam Lam	1,253,500	0.37	*226,586,715	67.25

*Note: * Deemed interest pursuant to Section 6(A) of the Companies Act, 1965.*

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No of Shares	% of Issued and and Paid-Up Share Capital
1.	Ann Joo Corporation Sdn Bhd	134,150,042	39.82
2.	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ann Joo Corporation Sdn Bhd*	90,000,000	26.71
3.	Cartaban Nominees (Asing) Sdn Bhd *State Street Australia Fund UAJB for Unifund*	13,919,300	4.13
4.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse*	9,945,800	2.95
5.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad*	5,000,000	1.48
6.	Lim Seng Chee	3,613,000	1.07
7.	Lim Seng Qwee	3,386,837	1.01
8.	United Hardware Holdings Sendirian Berhad	2,436,673	0.72
9.	Tan Poh Gek	1,514,700	0.45
10.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Fund*	1,502,000	0.45
11.	HLG Nominee (Asing) Sdn Bhd *Hong Leong Fund Management Sdn Bhd for Asia Fountain Investment Company Limited*	1,500,000	0.45
12.	Malaysian Assurance Alliance Berhad	1,500,000	0.45
13.	Lou Swee You	1,482,300	0.44
14.	Yang Pouy Soon	1,366,700	0.41
15.	Yong Chai Lee	1,273,576	0.38
16.	Lim Kiam Lam	1,253,500	0.37
17.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Chai Beng*	1,183,100	0.35
18.	Dato' Soo Lai Sing	1,150,000	0.34
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd *PHEIM Asset Management Sdn Bhd for Employees Provident Fund*	1,100,000	0.33
20.	AMMB Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for SBB Dana Al-Ihsan*	1,050,000	0.31
21.	Keng Poh Im	1,049,100	0.31
22.	Citigroup Nominees (Asing) Sdn Bhd *Citibank Singapore Global Window for Savers Malaysia Fund*	1,000,000	0.30
23.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK-UOB Equity Trust*	1,000,000	0.30
24.	Yeoh Chun Heng	1,000,000	0.30
25.	Universal Trustee (Malaysia) Berhad *SBB Dana Al-Ihsan 2*	995,000	0.30
26.	Yeoh Chun Heng	931,700	0.28
27.	M&A Nominee (Tempatan) Sdn Bhd *Titan Express Sdn Bhd*	930,200	0.28
28.	HLG Nominee (Tempatan) Sdn Bhd *Hong Leong Fund Management Sdn Bhd for Hong Leong Assurance Bhd*	800,000	0.24
29.	Mayban Nominees (Tempatan) Sdn Bhd *Mayban Life Assurance Berhad*	795,000	0.24
30.	Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad for Income Plus Fund*	784,600	0.23

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

Form of Proxy

No. of Ordinary Shares held:

I/We (Full name in block letters)

NRIC No.

of (Address)

Tel. No

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

(Full name in block letters)

of (Address)

or failing him / her (Full name in block letters)

of (Address)

or failing him / her, the CHAIRMAN OF THE MEETING as my /our proxy to vote for me / us and on my / our behalf at the Eleventh Annual General Meeting of the Company to be held at Bahamas 1 & 2, Level 12, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Friday, 22 June 2007 at 9.30 a.m. or at any adjournment thereof, and to vote as indicated below:-

Resolutions	For	Against
1. To receive the audited financial statements		
2. To approve the payment of Directors' fees		
3. To declare a final dividend of 6.0 sen per share		
4. To re-elect Dato' Lim Kiam Lam as Director		
5. To re-elect Lim Kien Lip as Director		
6. To re-elect Datuk Kamarudin bin Md Ali as Director		
7. To re-appoint Dato' Ong Kim Hoay as Director		
8. To appoint Auditors of the Company		
9. To authorise Directors to allot shares pursuant to Section 132D of the Companies Act, 1965		
10. To renew the authorisation to enable the Company to purchase its own shares		
To renew the existing Shareholders' mandate for recurrent related party transactions of a revenue or trading nature with the following related parties: - 11. (i) LIM Group		
12. (ii) MISI Group		
13. (iii) Sanritsu Group		
14. (iv) CHH Group		
15. (v) SHH Group		
To obtain new Shareholders' mandate for recurrent related party transactions of a revenue or trading nature with the following related parties: - 16. (vi) LIM Group		

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

Signed this ______ day of ________________2007

____
Signature / Common Seal

NOTES:-

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

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

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

4. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Share Registrar of the Company at Level 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.

Affix
Stamp
Here

SYMPHONY SHARE REGISTRARS SDN BHD
Level 26 Menara Multi Purpose, Capital Square
No 8 Jalan Munshi Abdullah
50100 Kuala Lumpur

ANN JOO RESOURCES BERHAD (371152-U)

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