www.annjoo.com.my

ANN JOO RESOURCES BERHAD (371152-U)

Wisma Ann Joo, Lot 19391, Batu 8 ½ , Jalan Klang Lama
46000 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel : +603 7877 0028
Fax : +603 7875 9354

ANNUAL REPORT 2007

安裕資源有限公司

ANN JOO RESOURCES BERHAD

(371152-U)

ANNUAL REPORT 2007

CONTENT

NOTICE

OF TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at **Bahamas 1 & 2, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan** on **Friday, 9 May 2008** at **10.00 a.m.** to transact the following business:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To approve the payment of Directors' fees amounting to RM472,500 for the financial year ended 31 December 2007. (Resolution 2)

3. To declare a final dividend of 8.0 sen per share less 26% income tax in respect of the financial year ended 31 December 2007. (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 Hong Thye; (Resolution 4)
   b) Mr Lim Sin Seong (Resolution 5)
   c) Tan Sri Datuk A. Razak bin Ramli; (Resolution 6)

5. To re-elect Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, being the Director retiring pursuant to Article 108 of the Company's Articles of Association. (Resolution 7)

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 8)

7. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2008 and to authorise the Directors to fix the Auditors' remuneration. (Resolution 9)

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

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed 10% of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 10)

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

"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 retained profits and/or the share premium account be allocated for the purchase of its own shares (as at 31 December 2007 the amount of the retained profits and/or the share premium account of the Company stood at RM68,236,000 and RM22,340,000 respectively); and

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

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

AND THAT authority be and is hereby given 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." (Resolution 11)

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 C of the Circular to Shareholders dated 17 April 2008:-

(i) LIM Group (Resolution 12)
(ii) MISI Group (Resolution 13)
(iii) Sanritsu Group (Resolution 14)
(iv) CHH Group (Resolution 15)
(v) SHH Group (Resolution 16)

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

("the Shareholders' Mandate")

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

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

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

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

whichever is earlier.

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

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

"THAT approval be and is hereby given for a new shareholders' mandate for the Company and/or its subsidiary companies to enter into additional recurrent related party transactions of a revenue or trading nature with CHH and SHH Group as set out in Section 2.5 of Part C of the Circular to the Shareholders dated 17 April 2008:-

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

("the Shareholders' Mandate")

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

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

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

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

whichever is earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." (Resolution 17)

9. To consider and if thought fit, to pass the following Special Resolution, with or without modifications: -

AMENDMENT TO THE ARTICLES OF ASSOCIATION

"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix II attached to the Circular to the Shareholders dated 17 April 2008 be and are hereby approved." (Special Resolution 1)

NOTICE
OF TWELFTH ANNUAL GENERAL MEETING

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

By Order of the Board

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

17 April 2008

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 10
   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 Resolutions 11 to 17 and Special Resolution 1
   Please refer to the Circular to Shareholders dated 17 April 2008 for further information.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT the Final Dividend of 8.0 sen per share less 26% income tax, in respect of the financial year ended 31 December 2007, if so approved at the Twelfth Annual General Meeting will be paid on 16 June 2008 to Depositors registered in the Record of Depositors at the close of business on 28 May 2008.

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 28 May 2008 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)
Soo Shiow Fang (MAICSA 7044946)
Company Secretaries

Selangor Darul Ehsan
17 April 2008

CORPORATE
INFORMATION

BOARD OF DIRECTORS

Lim Seng Qwee
Executive Chairman

Dato' Lim Kiam Lam
Managing Director

Dato' Lim Hong Thye
Executive Director

Lim Sin Seong
Executive Director

Lim Kien Lip
Executive Director

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

Dato' Ong Kim Hoay
Independent Non-Executive Director

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

Datuk Kamarudin Bin Md Ali
Independent Non-Executive Director

AUDIT COMMITTEE

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

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

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

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

NOMINATION COMMITTEE

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

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

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

REMUNERATION COMMITTEE

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

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

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

COMPANY SECRETARY

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

HEAD OFFICE & REGISTERED OFFICE

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

PRINCIPAL BANKERS

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

AUDITORS

KPMG
Wisma KPMG, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

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 68 years of age, Malaysian
Executive Chairman

Lim Seng Qwee was appointed as Director of the Company on 11 September 1996 and from the position of Deputy Executive Chairman, he was promoted to become the Executive Chairman of the Company on 17 June 2003.

He is one of the pioneers of the Group. He has more than 40 years experience in the steel trading business and has been serving the Group for more than 30 years. Throughout his years of services in the Group, he has contributed significantly to the growth and development of steel trading business as well as the Group by his active involvement and hands-on experience in the day-to-day-operations. He is also the Chairman of Ann Joo Metal Sdn. Bhd., a trading arm of the Group and he sits on the board of several private limited companies.

Lim Seng Qwee is the father of Dato' Lim Hong Thye, an Executive Director of the Company. He is also the brother of the major shareholder, Mr Lim Seng Chee and Executive Director, Mr Lim Sin Seong. He has no conflict of interest with the Company and no convictions for offences within the past 10 years.

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

Dato' Lim Kiam Lam was appointed as a Director of the Company on 11 September 1996 and as the Group Managing Director on 12 September 1996. He is the Chairman of Strategic Business Unit Management Committee of the Company and has over 30 years of hands-on experience in the steel business. During his tenure as a key member of the senior management, the Group's business has grown and expanded rapidly.

Dato' Lim is the 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 is the Executive Chairman of Ann Joo Steel Berhad and also sits on the board of several private companies.

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

Dato' Lim Hong Thye 33 years of age, Malaysian
Executive Director

Dato' Lim Hong Thye joined the Company in August 2000 and was seconded to Malayawata Steel Berhad ("MYS") (now known as Ann Joo Steel Berhad), a subsidiary of the Company, on 10 August 2000. He was then appointed as an Executive Director of MYS on 15 January 2004 and assumed the position of President with effect from 18 February 2004 until now. Dato' Lim Hong Thye was also appointed as an Executive Director of the Company on 1 January 2003 and serves as a member on Strategic Business Unit Management Committee. Prior to that, he was with the Assurance & Advisory Service unit of Price Waterhouse and PriceWaterhouseCoopers.

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

He was previously a member of the Executive Committee of Malaysian Iron & Steel Industry Federation (MISIF). Besides Ann Joo Steel Berhad, he also sits on the board of several private limited companies.

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

PROFILE
OF DIRECTORS

Lim Sin Seong 51 years of age, Malaysian
Executive Director

Lim Sin Seong was appointed as Director of the Company on 11 September 1996 and serves as a member on Strategic Business Unit Management Committee of the Company. 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 the Managing Director of Ann Joo Metal Sdn Bhd., the trading arm of the Group and he also sits on the board of several private limited companies.

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

Lim Kien Lip 46 years of age, Malaysian
Executive Director

Lim Kien Lip joined Ann Joo Group of Companies in 1987 and rose to the rank of General Manager/Executive Director of Anshin Steel Industries Sdn Bhd ("ASI") in 1997. He was appointed as the Managing Director of ASI in 2000 and subsequently as the Director of the Company on 17 June 2003. He also serves as a member on the Strategic Business Unit Management Committee of the Company.

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

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

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

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar 61 years of age, Malaysian
Independent Non-Executive Director

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

He was a former diplomat. He is presently the Chairman of Sino Hua-An International Berhad as well as Kian Joo Can Factory Berhad. He is also a director of Orix Leasing Malaysia Berhad, Syarikat Pendidikan Staffield Berhad and Global Gold Holdings Limited listed in Australia.

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

He is the eldest son of His Royal Highness Tuanku Ja'afar, the present Ruler of the State of Negeri Sembilan, Malaysia. He was Regent of the State of Negeri Sembilan from 1994 until April 1999.

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

PROFILE
OF DIRECTORS

Dato' Ong Kim Hoay 74 years of age – Malaysian
Independent Non-Executive Director

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

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

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

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

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

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

His current directorship in public companies includes Lafarge Malayan Cement Bhd, Shangri-La Hotels (Malaysia) Berhad, Favelle-Favco Berhad, Hong Leong Islamic Bank Berhad, Transmile Group Berhad, Hong Leong Tokio Marine Takaful Berhad and Ophir Holdings Berhad.

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

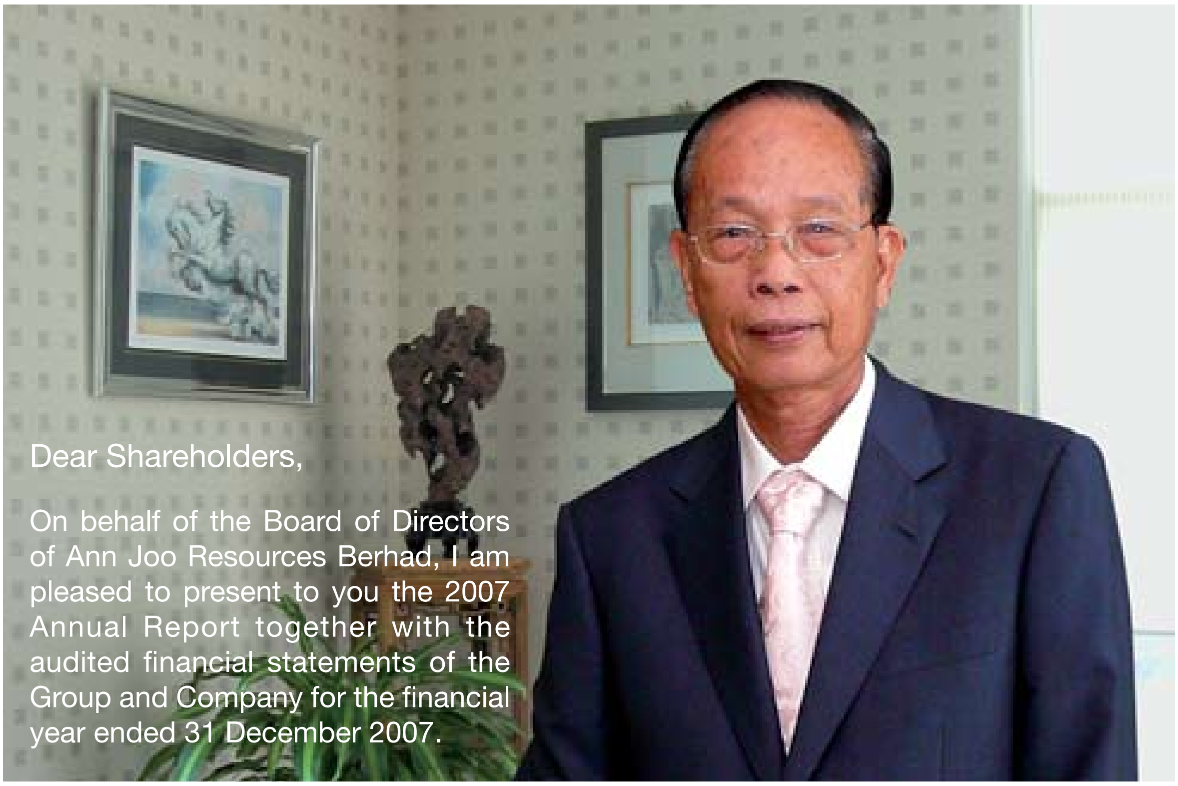
Datuk Kamarudin bin Md Ali 57 years of age – Malaysian
Independent Non-Executive Director

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

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. Before his retirement, his last position was as the Director of Management with the rank of Police Commissioner. He has over 30 years experiences specializing in Mechanical engineering with extensive knowledge and skills in Logistic and Finance Management, Manpower Development, Strategic Planning, Training and Development, Recruitment and Selection, Career Development and Crime Prevention gained through wide range of command posts and managerial capacities held during his tenure of office in the Royal Malaysia Police.

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

CHAIRMAN'S
STATEMENT



Dear Shareholders,

On behalf of the Board of Directors of Ann Joo Resources Berhad, I am pleased to present to you the 2007 Annual Report together with the audited financial statements of the Group and Company for the financial year ended 31 December 2007.

THE YEAR UNDER REVIEW

2007 saw a continuation of the positive trend with strong global economic growth rate of 5.2%. This was despite worldwide inflationary pressure spurred by persistently high crude oil prices, within the shadow of the US sub-prime mortgage crisis and US dollar depreciation. Remarkably, Malaysia's economy expanded at a commendable rate of 6.3% in 2007 compared to 5.9% in 2006. Malaysia managed to surpass the targeted 6% growth rate because of its robust domestic demand, driven by strong private consumption spending and investment activities.

In 2007, the world crude steel production reached 1.34 billion metric tonnes, an increase of 7.5% on 2006. This represents the highest level of crude steel output in history and it is the fifth consecutive year that world crude steel production grew by more than 7%. Regionally, all the ASEAN-6 countries, except Thailand, reported positive growth in steel consumption with an estimated total apparent steel consumption exceeding 40 million metric tonnes in 2007, which is a historical high as compared to 38 million metric tonnes in 2006.

The world largest steel producer, China continues to curb its exports through several policies changes with the latest being an increase in export duties from 15% to 25% for semi-finished products, and from 10% to 15% for finished steels effective 1 January 2008.

Malaysia being the only country that has the capability to export crude steel products, produced 6.12 million metric tonnes of crude steel registering a growth rate of 4.9% and an increased capacity utilization rate of 72% for the year of 2007.

CHAIRMAN'S
STATEMENT

GROUP PERFORMANCE

During the financial year under review, the Group registered higher revenue of RM 1.95 billion, representing an increase of 35% as compared to RM 1.44 billion in the preceding year. The Group's profit after tax climbed to another historical record high of RM 219.29 million, representing an increase of 73% as compared to the previous year's results. Correspondingly, the Group's profit attributable to equity holders marked another milestone of RM 192.45 million, an increase of 88% from 2006.

The Group's record breaking performance was mainly attributable to the strong international steel market and uptrend movement of world steel prices which resulted in higher export sales. Local demand for bars and wire rods has also moved but in a slower momentum with better selling prices transacted throughout the year.

OPERATIONS REVIEW

Steel Mill

AJR's manufacturing activities, through its 98%-owned subsidiary, Ann Joo Steel Berhad ("AJSB"), continued to expand with higher production of billets, deformed bars and wire rods.

During the year under review, AJSB recorded higher revenue of RM 1.43 billion against a revenue of RM 1.03 billion in the preceding year. AJSB's net profit was RM 167.66 million, representing an increase of 236% as compared to the previous year results.

Our steel mill division has been running the Electric-Arc-Furnace ("EAF") production at a pace of 750,000 metric tonnes which has well exceeded the annual rated production capacity of 680,000 metric tonnes. This quantum leap in productivity and efficiency was achieved by way of increasing the furnace available time and shortening the melting cycle.

In addition to the continuous productivity improvement activities, the steel mill performance was also boosted by higher international prices of steel products coupled with the Group's efforts in implementing its strategic procurement policy and effective inventory management.

AJSB has recently obtained product quality credentials from the United Kingdom Certification Authority for Reinforcing Steels ("CARES"), a Notified Certification Body and European Technical Approval Body issuing certificates and directives for construction steels such as reinforcing and pre-stressing steels, post-tensioning systems, structural steels and precast concrete products. With the CARES certification, our steel mill is able to supply its products to major companies operating in the construction supply chain in countries like the UK, Europe, Middle East and Far East in particular.

Stockist & Trading

Ann Joo Metal Sdn Bhd ("AJM") as one of Malaysia's leading steel stockists, retains its commanding presence as one of the country's top distributors of the most diverse range of high grade steel products. The stockist business generated better profit margins by our management taking positions on the timing differences between higher selling price against lower purchase value. The division has also benefited from the generally improved demand and tight supply condition.

The stockist and trading division however recorded lower revenue of RM 310.91 million in 2007 as compared to RM 400.09 million in 2006. This was mainly attributable to the Group's business strategy in line with the privatization of AJSB for business rationalization and synergies. AJM remained steady and generated a consistent revenue stream of RM 238.06 million, an increase from revenue of RM 236.97 million in 2006.

In fact, this business segment achieved higher profit results of RM 45.73 million in 2007 against RM 36.63 million in 2006. A significant contribution came from the stockist business of high grade steel products which continued to benefit from the robust international steel market.

The year also witnessed the incorporation of Ann Joo International Pte. Ltd. ("AJIPL"), a wholly-owned subsidiary, set up to facilitate the distribution and supply of all kinds of steel and other industrial hardware products internationally. AJIPL is expected to contribute positively to the future earnings of the Group.

Service Centre

The Group's technologically-advanced steel service centres continued to gain from their footprints in the business of slitting and shearing of steel coils into plates and sheets of various shapes, sizes and dimensions, as well as in the supply of precision pressed metal, metal stamped parts, pre-cut and pre-bend deformed bars.

CORPORATE DEVELOPMENT

During the year, the Group made a second voluntary take-over offer for the remaining ordinary shares of RM 1.00 each in AJSB not owned by the Company for a cash consideration of RM 3.10 per share. This acquisition has enhanced the ability of the Group to derive benefits from the merged operations with an enlarged Ann Joo Group. As at 31 December 2007, through market acquisition and the acceptance received, AJR has increased its shareholding in AJSB to 98.12% equity interest excluding treasury shares, represented by 197,594,827 ordinary shares of RM 1.00 each in AJSB from that of 68% prior to the take-over.

The Group is set to enter into a new era with the adoption of the latest technology in iron making with our Blast Furnace project. This project will be a key success factor for the Group and essential for tomorrow's steel industry. Most importantly, the project will enable us to manufacture higher grade steel products with competitive cost globally. The iron making plant will enable the Group to improve its production cost structure with substantial savings in electricity and higher production output, due to the shorter melting time. The iron making facility also provides flexibility in feed materials for the steel production between iron ore and scrap.

The overall earnings potential is expected to crystallise from 2009 onwards. To undertake the expansion, the Group formed a wholly-owned subsidiary, Ann Joo Integrated Steel Sdn Bhd on 25 May 2007.

CHAIRMAN'S
STATEMENT

CAPITAL AND FUNDING

The Company successfully completed the bonus issue of 174,235,759 new AJR shares on the basis of one bonus share for every two existing AJR shares resulting its total paid up capital being increased to 522,707,278 ordinary shares of RM 1.00 each; and the renounceable rights issue of 261,353,639 warrants on the basis of one warrant for every two AJR shares.

The issuance of the warrants raised funds for working capital requirements for the Group and provides an opportunity for the existing shareholders to further increase their equity with just a small initial outlay of cash. The exercise of the warrants during the five-year exercise period will allow the holders of the warrants to participate in the Group's expansion plan, and thus benefit from the future growth of the Group.

In line with the Group's effort to focus on its core business of manufacturing steel products and to divest our non-core business activities, the Group via its subsidiary, AJSB has on 14 November 2007 entered into a Share Sale Agreement with C.B. Industrial Product Holding Berhad together with other shareholders of Empresa (M) Sdn Bhd ("Empresa") for the disposal of AJSB's entire shareholdings in Empresa comprising of 9,000,000 ordinary shares of RM1.00 each for a cash consideration of RM30,374,391.00. Upon completion of the sale, Empresa will cease as a subsidiary of the Group.

OUTLOOK & PROSPECT

Global growth is projected at 4.9% for the year of 2008 with slower growth anticipated in the advanced economies, particularly with the US growth rate being lowered to 1.9%. In China, growth is also projected to lower from 11.3% to 10.8%, which should help to alleviate overheating concerns.

Nonetheless, world steel consumption is expected to increase by 6.8% in 2008 according to the International Iron and Steel Institute ("IISI"). IISI foresees the nations of Brazil, Russia, India and China ("BRIC") whose apparent steel consumption which has been increased by 13% in 2007, to add another 11% in 2008, rising to about 574 million metric tonnes. This will be another year where more than 70% of global growth will be focused in the BRIC group.

Despite the possible fallout from the widely projected slowdown in the US economy in 2008, the ASEAN-6 countries are not expected to be badly affected and should continue to see positive economic growth, albeit at a slower rate. The regional steel consumption is expected to maintain its growth path and continue to expand in 2008.

In Malaysia, the steel consumption is projected to grow further at a rate of 7% in 2008. Long products consumption should increase markedly. The trend indicates that export of steel products should also continue to grow in the future. In general, local demand on steel products is widely spread across the country while the supply side is constrained by the existing capacity utilization. Local steel consumption is expected to pick up with the roll-out of the mega projects under the Ninth Malaysia Plan. Business momentum is still poised to continue as the government has pledged investor friendly policies, in their quest for long term sustainable economic growth.

CHAIRMAN'S
STATEMENT

We will continue to enhance our competitiveness and our business performance, riding on the favourable international and regional markets. We are committed to further improve our productivity and efficiency with an aim at achieving our vision to be the most efficient steel mill in the world.

Barring unforeseen circumstances, the Group expects a much stronger performance towards achieving our vision, a challenging target set to be one of the world leading EAF operators for the year ahead.

DIVIDEND

With the record profit achievement, the Board is pleased to recommend a final dividend in respect of the financial year ended 31 December 2007 of 8% (less income tax of 26%) for the approval of shareholders at the forthcoming Twelfth Annual General Meeting. This is in addition to the interim dividends of 8% (less income tax of 27%) in the third quarter of 2007, bringing a total gross dividend declared in respect of the financial year ended 31 December 2007 to 16%.

APPRECIATION

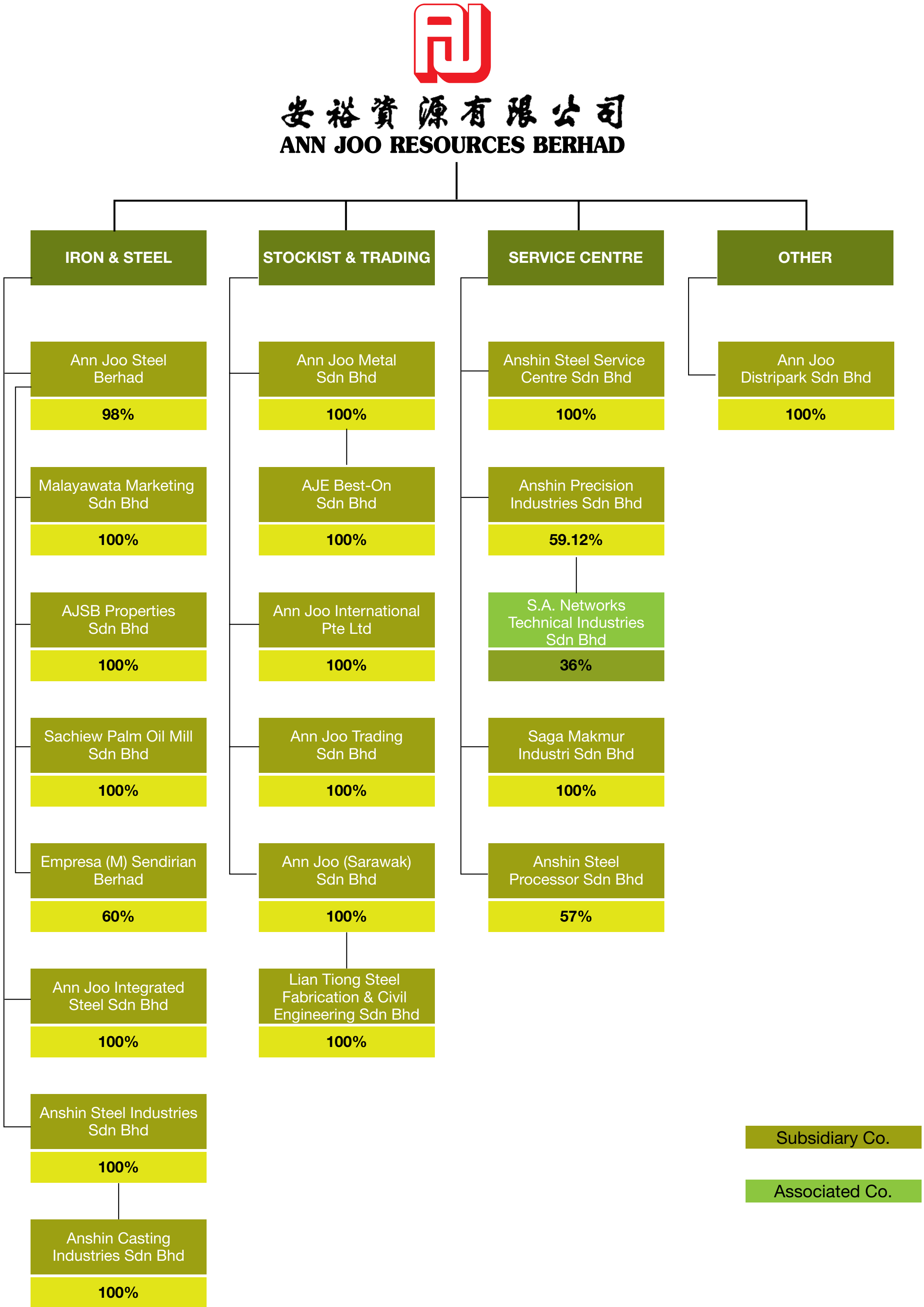
On behalf of the Board, I would like to extend our deepest appreciation to our valuable customers, business partners, shareholders, financiers and relevant authorities for their unwavering confidence and support to us. My appreciation is further extended to all of our dedicated management and staff who have worked untiringly in making 2007 not just another successful year but an awesome, recording breaking year.

I also welcome Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar to the Board. The Board has been further strengthened by his appointment as Independent Non-Executive Director and Chairman of the Audit Committee. Last but not least, my special thanks also go to the Board of Directors for their continued dedication and contribution to the betterment of the Company.

LIM SENG QWEE

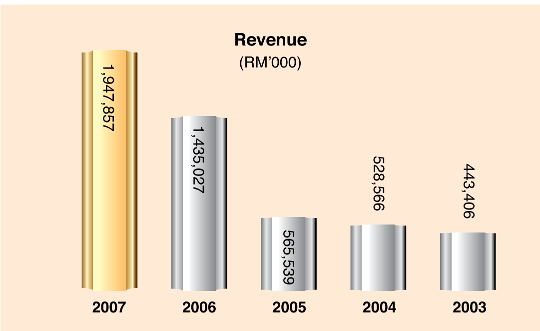
Executive Chairman
25 March 2008

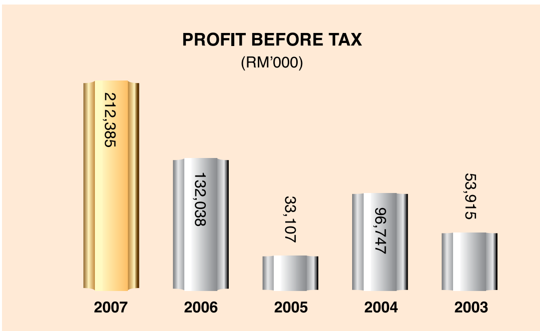
CORPORATE
STRUCTURE



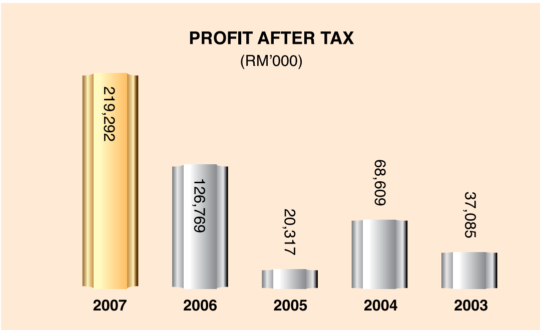
5 YEARS'
GROUP FINANCIAL HIGHLIGHTS

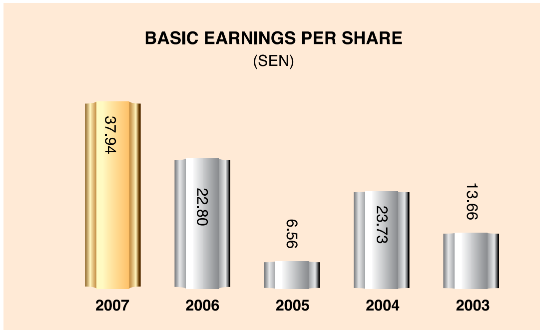
	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000
Continuing Operations					
Revenue	1,947,857	1,435,027	565,539	528,566	443,406
Profit Before Taxation	212,385	132,038	33,107	96,747	53,915
Profit After Taxation	219,292	126,769	20,317	68,609	37,085
Profit Attribute to Equity Holders of the Company	192,453	102,551	17,691	62,887	34,955
Shareholders' Funds	827,579	635,710	483,241	480,390	423,923
Net Assets	827,579	635,710	483,241	480,390	423,923
Net Assets per Share (sen)	159	188	177	181	160
Basic Earnings Per Share (sen)	37.94	22.80	6.56	23.73	13.66
Net Dividend (RM)	34,407	24,444	26,547	22,896	24,433
Dividend per share (sen)	14.0	10.0	13.5	12.0	12.0

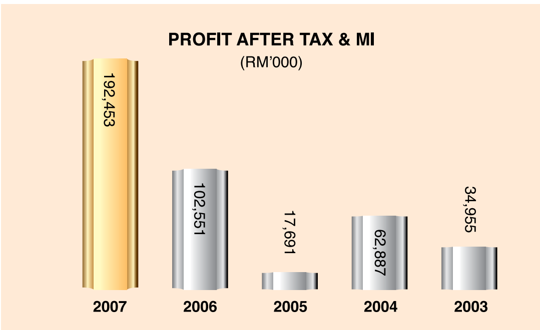


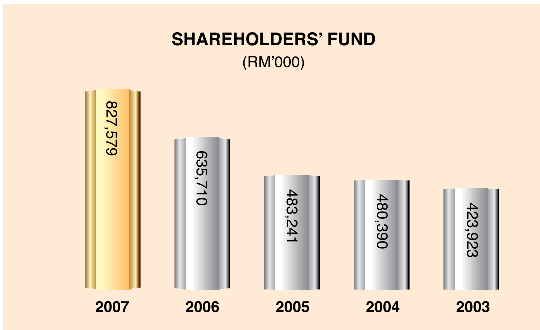


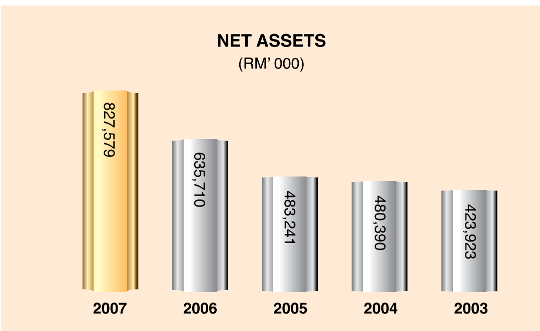
5 YEARS'
GROUP FINANCIAL HIGHLIGHTS

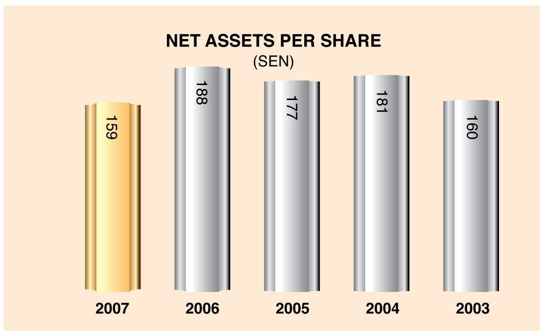












CORPORATE
GOVERNANCE STATEMENT

PRINCIPLES STATEMENT

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

The Board is pleased to provide the following statements which outline the main corporate governance practices that were in place throughout the financial year:-

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 2007, the Board met on nine (9) occasions to deliberate and consider matters including the Group's financial results, major investments, strategic decisions, 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.

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

	Total Meetings Attended	Percentage (%) of Attendance
Mr Lim Seng Qwee	9/9	100
Dato' Lim Kiam Lam	9/9	100
Dato' Lim Hong Thye	9/9	100
Mr Lim Sin Seong	9/9	100
Mr Lim Kien Lip	9/9	100
Dato' Ong Kim Hoay	9/9	100
Tan Sri Datuk A. Razak bin Ramli	8/9	89
Datuk Kamarudin bin Md. Ali (Appointed w.e.f. 1 March 2007)	8/8	100

CORPORATE
GOVERNANCE STATEMENT

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, Nomination 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 nine members, comprising of five Executive Directors and four Independent Non-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 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 also ensures that the independent non-executive Directors make up of at least one-third of the Board of the Company.

The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The executive Directors in particular are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The independent non-executive Directors bring objective and independent judgement to the decision making of the Board and provide a check and balance to the 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 the Executive Chairman, Mr Lim Seng Qwee, who ensures effectiveness of Board policies whilst Dato' Lim Kiam Lam, the Group Managing Director, leads the executive management and is also responsible for the day-to-day operations and implementation of Board policies and decisions. In line with the recommendation of the Code, the Board has identified Dato' Ong Kim Hoay as the senior independent non-executive Director to whom concerns of shareholders regarding the Company may be directed.

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

Supply of information

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full access to information. Every Director also has accessed 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 will obtain independent professional advice on an ad-hoc basis, where necessary and under appropriate circumstances at the Group's expense.

Appointments to the Board

Nomination Committee

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

- Tan Sri Datuk A. Razak Bin Ramli (Chairman)
  (Re-designated as the Chairman w.e.f. 19 February 2008)

- Dato' Ong Kim Hoay (Member)
  (Re-designated as a member w.e.f. 19 February 2008)

- Datuk Kamarudin bin Md Ali (Member)
  (Appointed w.e.f. 19 February 2008)

The Nomination 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 is responsible to assess the effectiveness of the Board as a whole, the Board committees and the contribution of each director.

There were four (4) meetings held during the financial year and were attended by all the members of the Committee.

Re-election of Directors

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

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

Directors' Training

Although there is no formal training or orientation programme for Directors, the Board always ensures that it recruits only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director to the Board.

All Directors have attended and completed the Mandatory Accreditation Programme and complied with the requirements of the Continuing Education Programme ("CEP") as prescribed under the Listing Requirements. From time to time, the Board will assess the training needs of the individual directors to ensure that the Board is equipped with necessary knowledge to enable them to discharge duties as directors.

On 21 November 2007, the Company organised a half-day in-house Directors' Corporate Training titled "Creative Take-Over Strategies and Tracking the Malaysia's Economic Development & Outlook" for the Directors to update on the regional development and domestic-driven economic growth.

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

Name of Director	**Title of the Training/Seminar Attended**
Dato' Ong Kim Hoay	Improving Board Directors' Performance, Leadership & Governance
Tan Sri A. Razak bin Ramli	Seminar on Anti-Money Laundering
	Global Islamic Finance Forum 2007
	World Islamic Economic Forum 2007
	Financial Reporting Standards 2 (Share Based Payment) & Financial Reporting Standards 3 (Business Combination)
	The Anatomy of Court Decisions: The 3 Factors Highlights of Recent Amendments to the Companies, Act, 1965
	21st Century Governance, Legal and Regulatory Challenges to the Malaysia Board: With Special Reference & Update on the Companies (Amendment) Act, 2007.
	3D Public Relations
	Audit Committee Forum – Meeting New Audit Committee Challenges
	Audit Committee Role & The Internal Audit Function
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 Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

B. DIRECTORS' REMUNERATION

Remuneration Committee

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

- Dato' Ong Kim Hoay (Chairman)
- Tan Sri Datuk A. Razak Bin Ramli (Member)
- Dato' Lim Kiam Lam (Member)
  (Resigned w.e.f. 19 February 2008)
- Datuk Kamarudin bin Md Ali (Member)
  (Appointed w.e.f. 19 February 2008)

The Committee met once during the financial year.

The Board as a whole determines the fees 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	2,766	426	1,154	488	180	5,014
Non-Executive Directors	–	173	67	–	–	240

The remuneration paid/payable to Directors for the financial year ended 31 December 2007, is summarised as follows:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
RM50,001 to RM100,000	–	3
RM550,001 to RM600,000	1	–
RM700,001 to RM800,000	2	–
RM1,000,001 to RM1,200,000	1	–
RM1,600,001 to RM1,800,000	1	–

C. COMMUNICATIONS WITH SHAREHOLDERS

The Company acknowledges 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 the senior management, are present and available at the AGM to respond to questions raised by shareholders.

In addition, the Company makes various announcements through Bursa Malaysia Securities Berhad, in particular, 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.

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

CORPORATE
GOVERNANCE STATEMENT

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.

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 any 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 30 of the Annual Report.

Relationship with the Auditors

The Company has established a transparent and formal relationship with the Group's internal and external auditors through the Audit Committee. The Audit Committee meets regularly or when needs arise with the internal and external auditors to discuss and review the audit findings of the Group. The external auditors will also meet at least twice in a financial year with the Audit Committee without executive board members present.

COMPLIANCE STATEMENT

The Group has complied, throughout the financial year ended 31 December 2007, with the Best Practices of Corporate Governance set out in Part 2 of Code except the following:

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

AUDIT
COMMITTEE REPORT

MEMBERSHIP

The present members of the Committee are as follows:-

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (Chairman)
Independent Non-Executive Director
(Appointed w.e.f. 19 February 2008)

Dato' Ong Kim Hoay (Member)
Independent Non-Executive Director
(Re-designated w.e.f. 19 February 2008)

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

Dato' Lim Kiam Lam (Member)
Group Managing Director
(Resigned w.e.f. 7 November 2007)

Datuk Kamarudin bin Md Ali (Member)
Independent Non-Executive Director
(Appointed w.e.f. 7 November 2007)

Following the revision made to the Malaysian Code on Corporate Governance ("Code"), Dato' Lim Kiam Lam has resigned as a member of the Audit Committee and Datuk Kamarudin bin Md. Ali was appointed in place thereof. The Company is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad as well as the Code on the composition of the Audit Committee.

TERMS OF REFERENCE

Constitution and Membership

1. The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of not less than three members and at least one member of the Committee:-

    i. must be a member of the Malaysian Institute of Accountants; or

    ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience and:-

        (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
        (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

    iii. fulfills such other requirements as prescribed or approved by the Exchange.

2. All members of the Committee must be Non-Executive Directors, with a majority of them being Independent Directors.

3. No alternate director is to be appointed as a member of the Committee.

4. The members of the Committee shall elect a Chairman from amongst their members who shall be an Independent Director.

5. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three years.

Authority

6. The Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from the external auditors, person(s) carrying out the internal audit function or activity and any employees and all employees are directed to co-operate with any request made by the Committee.

7. The Committee shall have the resources which are required to perform its duties.

8. The Committee is authorised to obtain independent professional or other advice if it considers necessary.

9. The Committee should be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions and Duties

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

    (i) To review the following and report the same to the Board of Directors:-

        (a) with the external auditors, the audit plan;

        (b) with the external auditors, their evaluation of the system of internal control;

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

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

        (e) the quarterly results and year end financial statements prior to the approval of the Board of Directors, focusing particularly on:-

            - changes in or implementation of accounting policies and practices;
            - significant and unusual events;
            - compliance with accounting standards and other legal requirements;
            - significant adjustments arising from the audit;
            - the on-going concern assumption; and
            - major judgmental areas.

        (f) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

        (g) the external auditors' management letter and management's response;

    (ii) To consider the major findings of internal investigations and management's response;

    (iii) To discuss problems and reservations arising from the audit and any matter the auditors may wish to discuss (in the absence of management where necessary);

    (iv) To consider the appointment or re-appointment of external auditors, the audit fee and any question of dismissal or resignation where explanations are provided.

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

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

(vii) To do the following in relation to the internal audit function:-

(a) review the adequacy of the scope, functions, competency and resources of the internal audit function, including the authority of the internal audit;

(b) review the internal audit programme, processes and the results of the internal audit programme, processes or investigations undertaken, and where necessary, ensure appropriate actions are taken on the recommendations of the internal audit function;

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

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

(e) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

Quorum and Attendance at Meetings

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

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

13. The external auditors may request a meeting.

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

Frequency of Meetings and Minutes

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

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

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

Meetings

During the financial year ended 31 December 2007, the Audit Committee held a total of five meetings. The details of attendance of the Committee members are as follows:-

	No. of Committee Meetings	
Name of Committee Member	**Held**	**Attended**
Dato' Ong Kim Hoay	5	5
Tan Sri Datuk A. Razak bin Ramli	5	5
Dato' Lim Kiam Lam *(resigned with effect from 7 November 2007)*	5	5

The Management and Head of Internal Audit were present in all the meetings. Representatives of the external auditors attended meetings where matters relating to the audit of the statutory accounts were discussed. The Company Secretary act as 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 related party transactions and possible 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 an on-going process for identifying, evaluating and managing significant risks faced by the Group, 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 Board is also briefed 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.

▪ SHARE BUYBACKS/RESOLD

(a) Details of shares purchased during the financial year ended 31 December 2007 are as follows:

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	^Cost (RM)	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)
March 2007	566,300	1,144,860	1.67	2.27	2.02
May 2007	52,000	194,131	3.30	3.86	3.73
August 2007	376,800	1,261,062	3.10	3.88	3.35
September 2007	434,000	1,446,703	3.30	4.08	3.33
December 2007	1,171,100	2,923,208	2.37	2.71	2.50
Total	2,600,200	6,969,964			

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

(b) A total of 12,402,100 treasury shares were resold on the market during the financial year. The details are as follows:-

Monthly Breakdown	No. of Shares Resold	Consideration (RM)	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)
November 2007	12,402,100	49,868,400	4.00	4.20	4.10

As at 31 December 2007:

- A total of 1,171,100 shares bought back are being held as treasury shares with none of the shares being cancelled or distributed during the financial year.

▪ OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 31 December 2007, the Company did not issue any options, warrants or convertible securities and as such, there were no options, warrants or convertible securities exercised during the financial year.

▪ 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 RM1,050.00 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 page 105 of this Annual Report, there were no material contracts other than those entered into in the ordinary course of business either still subsisting as at or entered into since the end of the previous financial year by the Company or its subsidiaries involving the interest of the Directors and major shareholders.

▪ REVALUATION POLICY

The revaluation policy of the Company is disclosed in Note 3.2 (Page 69) to the Financial Statements.

STATEMENT
OF CORPORATE SOCIAL RESPONSIBILITY

At Ann Joo, it is our policy to adopt a “win-win” approach and our Corporate Social Responsibility policy can be encapsulated in the words **“CARING FOR ALL”**.

We are committed to the betterment of our society, the welfare of our employees, the protection of our environment while delivering sustainable returns to our shareholders. In short, we must “give back” to our community at large and to recognize the various contributions from all quarters which have helped to place the Group in the successful position it is in today.

A glimpse of our policies / activities in these is as follow:-

COMMUNITY SERVICES

We take great pride in offering assistance to the needy in our community.

The Group believes that education is the cornerstone of a progressive society. We try to assist where we can. We contributed to the TAR College Loan Fund to assist deserving students and continue to aid the newly graduated students with career talks and job opportunities. We also made financial contributions for the construction of schools within the community.

Besides this, we also supported the government agencies and bodies such as the Royal Malaysian Police Force and the Bomba during their Open day with cash donations.

ENVIRONMENTAL RESPONSIBILITY

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

Our operational efficiency was recognized when Ann Joo Steel Berhad, a subsidiary of the Company became the first steel mill in Malaysia and in South East Asia to implement the Integrated Management System (IMS) together with the ISO 9001:2000 Quality Management System. Our efforts in managing the environmental control measures as well as the safety and health of the workforce were well rewarded with the international acclaimed certification of ISO 14001:1996 Environmental Management System and OHSAS 18001:1999 Occupational Safety & Health System.

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

STATEMENT
OF CORPORATE SOCIAL RESPONSIBILITY

EMPLOYEE WELFARE

Employees are our greatest asset. We care for the welfare of our employees with competitive benefits which are continuously benchmarked in line with market changes. The services of our loyal and dedicated employees are also recognized through a long service award programme. Our employees are provided with training and development programmes to enable them to reach their potential.

In addition to the above, our Company's aim is to move beyond mere compliance with legislation concerning employees such as the Occupational Safety and Health (OSH) legislation. The Group is certainly committed to improving our OSH performance, which shall benefit not only our Company, our employees but also our stakeholders and our community in the long run. The Group maintains an OSH management system which apart from ensuring compliance with OSH legislation and other requirements, identifies OSH hazards so that mechanisms can be implemented to protect our employees from and prevent work-related injuries, diseases and incidents. We promote and encourage the active participation of all our employees in OSH management through consultation, communication and awareness training thus engaging them personally in the creation of a safe and healthy working environment.

Indeed, our Group's policy is to provide a caring work place, recognise employees' contribution, further the employees' development with a fulfilling career within the Group so that employees will regard Ann Joo Group as a preferred employer of choice.

INVESTOR RELATIONS

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

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

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

Our corporate social responsibility is a continuous journey and today it is just one small step. Our Group will indeed strive to grow a business that embraces the well-being of the community, the environment and as well as our family of employees, all for the betterment of community.

ENVIRONMENT
MANAGEMENT SYSTEM

ENVIRONMENTAL ASPECTS AND THE CONTROL MEASURES IN ANN JOO STEEL BERHAD

Ann Joo Steel Berhad ("AJSB"), a subsidiary of AJR was certified to ISO 14001:1996 in 2004 and has upgraded to comply to ISO 14001:2004 since October 2005 and re-certified in January 2007 through consistently addressing issues pertaining to its environmental aspects.

In the manufacturing operations of AJSB, a series of control measures, as listed herein, 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.

Environmental Aspects	Environmental Control Measures
Dust Emission	Installation of a second state-of-the-art De-dusting System to improve on dust suction capability & reduce dust emission in the Steel Making plant.
Waste Gases Emission	Conversion of fuel usage from diesel/light fuel oil to natural gas in the production plants to minimize emission of waste gases.
Water Consumption	Installation of water treatment and re-circulation plants to recycle water and reduce water consumption.
Noise Emission	Installation of new compressors in Rolling Mill plants to reduce noise emission during operations.
Waste Material Disposal -Scrap & Skull-	Recycling and usage of internally generated steel scrap and skull waste material as feed material for the Steel Making plant.
Waste Material Disposal -Mill Scale-	Recycling of mill scale, a steel based waste material by exporting the mill scale as a feed material for industries manufacturing cement, sinter ore, etc.
Waste Material Disposal -Slag-	Slag which is an inert waste material is used for internal landfill, for laying of internal pathways. Slag can also be used as a feed material to produce atomized slag which is an abrasive material commonly used by engineering fabricators and shipbuilders as a blasting medium.

CORPORATE
CALENDAR

January 14	Formation of AJR Sports Club

AJR Sports Club was formed and an Annual General Meeting was held at Anshin Steel Industries Sdn. Bhd.'s canteen with the Committee members being elected.

February 27 February 28 March 3	Chinese New Year Open House Chinese New Year Dinner for Staff Chinese New Year Open House at Ann Joo Steel Berhad, Prai

It is customary for the Group to have an Open House for all its customers, friends and business associates during the Chinese New Year. About 1,000 people were invited to join us to celebrate the Chinese New Year at Wisma Ann Joo. An Open House was also organized by Ann Joo Steel Berhad at Prai for all its friends, staffs and business associates to celebrate the joyous occasion.

Management also took the opportunity to celebrate this special Chinese New Year event with our employees. A dinner was held in the evening and all the employees were entertained with Lion Dances and games.

June 22	Ann Joo Resources Bhd - Eleventh Annual General Meeting & Extraordinary General Meeting

On 22 June 2007, the Eleventh Annual General Meeting of the Company was held at Sunway Lagoon Resort Hotel to transact the resolutions tabled at the AGM.

An Extraordinary General Meeting was subsequently held to seek the shareholders' approval on the voluntary take-over offer by the Company through CIMB Investment Bank Berhad for the remaining ordinary shares of RM1.00 each in Ann Joo Steel Berhad ("AJSB") not owned by the Company and persons acting in concert with it, comprising 64,917,826 equity interest in AJSB as at 12 April 2007, for a cash consideration of RM3.10 per AJSB's share.

CORPORATE
CALENDAR

July 21 & 22	Team Synergy Training for Anshin Steel Industries Sdn Bhd – Team I
July 28 & 29	Team Synergy Training for Anshin Steel Industries Sdn Bhd – Team II
August 8 & 9	Team Synergy Training for Ann Joo Metal Sdn Bhd
August 11 & 12	Team Synergy Training for Anshin Casting Industries Sdn Bhd

We recognize our employees as our greatest assets.

As part of our continuous efforts to improve staff welfare and communication, Group HR Department organized a Team Synergy training for the workers at the Bayu Beach Resort in Port Dickson. It was a two-day training for the employees. The team enjoyed a relaxed weekend with their colleagues and participated in team building activities, team projects and also outdoor games.

September 2	AJR Sports Club Bowling Competition

Ann Joo encourages a balanced lifestyle - “work and play”. The Sports Club organized a Bowling competition at One Utama Shopping Centre. Various subsidiaries fielded their best teams and Ann Joo Steel Berhad came up as the Champion.

October 26	Ann Joo Steel Berhad - Prai Hari Raya Open House

Ann Joo Steel Berhad at Prai also had an Open House for all its Muslim staff, friends, and business associates in conjunction with the Hari Raya Puasa festivities. This helped to foster better relationship between the attendees.

CORPORATE
CALENDAR

October 27 & 28	Team Synergy Training – Anshin Steel Processor Sdn Bhd & Anshin Steel Service Centre Sdn Bhd

Not neglecting our other subsidiaries, another Team Synergy training was organized for Anshin Steel Processor Sdn Bhd's and Anshin Steel Service Centre Sdn Bhd's workers.

November 7	Ann Joo Resources Bhd ("AJR") - Extraordinary General Meeting

An Extraordinary General Meeting was held to seek the shareholders' approval on:

(1) Proposed increase in authorised share capital from the existing RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each in AJR to RM1,000,000,000 comprising 1,000,000,000 AJR shares by the creation of an additional 500,000,000 AJR shares.;

(2) Proposed bonus issue of up to 174,235,759 new AJR shares to be credited as fully paid-up on the basis of one (1) bonus share for every two (2) existing AJR shares held on an entitlement date; and

(3) Proposed renounceable rights issue of up to 261,353,639 new warrants on the basis of one (1) warrant for every two (2) existing AJR shares after the proposed bonus issue on an entitlement date.

November 13, 14 & 15	Tunku Abdul Rahman College Career Fair

A career fair was organized by Tunku Abdul Rahman College and Ann Joo Group was invited to give a talk to about three hundred students. The students, most of them being final year students, came to listen for the talk where they were briefed on our Group's profile, products and job opportunities within the Group.

We also put up a booth at the College where it was visited by YB Datuk Ong Tee Keat, who was there to launch the career fair.

CORPORATE
CALENDAR

November 10 **November 21**	Employment & Entrepreneurship Career Talk organized by Anxi Youth Plant Visit & Dialogue

The Anxi Youth invited us to participate in their Employment & Entrepreneurship Career Talk at the Novotel Hydro Majestic Kuala Lumpur Hotel. This talk was meant for those students who would be coming out from college to look for jobs. YB Datuk Seri Dr. Fong Chan Onn, Minister of HR was also there to launch the event. We were there to assist students and at the same time arranged a presentation on our Group and our job opportunities.

November 30	Staff Dinner – Cultural night

To recognize the concerted effort put forth by all the employees throughout the year, the Management also organized a dinner for all its employees at the Summit Hotel, USJ Subang Jaya. The night was known as “Cultural Night” and all the employees came in their ethnic costumes to paint the night with colours and designs. The night was well-received and it was entertained by the employees’ talented performances.

Relevant awards and certificates were given to staff as recognition for their dedication, achievement and loyalty to the Company. The loyal staff, who had put in the best for the last 20 years, were each presented with a gold pendant.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and property management whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	192,453	84,537
Minority interest	26,839	–
	219,292	84,537

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company has paid:

i) a second interim ordinary dividend of 4 sen less tax at 28% per ordinary share totalling RM9,854,957 in respect of the financial year ended 31 December 2006 on 11 January 2007;

ii) a final ordinary dividend of 6 sen less tax at 27% per ordinary share totalling RM14,755,354 in respect of the financial year ended 31 December 2006 on 10 July 2007; and

iii) a first interim ordinary dividend of 8 sen less tax at 27% per ordinary share totalling RM19,651,800 in respect of the financial year ended 31 December 2007 on 5 September 2007.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2007 is 8 sen less tax at 26% per ordinary share totalling RM30,874,942. 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 liability in the financial statements.

DIRECTORS OF THE COMPANY

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

Lim Seng Qwee
Dato' Lim Kiam Lam
Dato' Lim Hong Thye
Lim Sin Seong
Dato' Ong Kim Hoay
Lim Kien Lip
Tan Sri Datuk A. Razak bin Ramli
Datuk Kamarudin bin Md Ali
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (appointed w.e.f. 8.1.2008)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors (including the interest of the spouses or children of the Directors who themselves are not Directors of the Company) at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each				
	At 1.1.2007/ Effective date of Section 134(12)(c)	**Bought**	**Bonus issue**	**Sold**	**At 31.12.2007**
The Company					
Direct interest:					
Lim Seng Qwee	3,386,837	–	1,693,418	–	5,080,255
Dato' Lim Kiam Lam	1,253,500	595,000	924,250	–	2,772,750
Dato' Lim Hong Thye	–	839,600	419,800	–	1,259,400
Lim Sin Seong	–	500,000	250,000	–	750,000
Lim Kien Lip	750,000	250,000	–	(1,000,000)	–
Dato' Ong Kim Hoay	15,000	–	7,500	–	22,500
Indirect interest*:					
Lim Seng Qwee	227,349,715	–	113,045,517	(1,258,700)	339,136,532
Dato' Lim Kiam Lam	228,187,815	–	113,532,067	(1,123,700)	340,596,182
Lim Sin Seong	226,587,715	–	112,829,517	(928,700)	338,488,532
Lim Kien Lip	1,000,000	–	500,000	–	1,500,000

* By virtue of Section 6A(4)(c) and Section 134(12)(c) of the Companies Act 1965.

	Number of ordinary shares of RM1 each			
	At 1.1.2007	**Bought**	**Sold**	**At 31.12.2007**
Ultimate holding company - Ann Joo Corporation Sdn. Bhd.				
Direct interest:				
Dato' Lim Kiam Lam	450,000	300,000	–	750,000
Indirect interest:				
Lim Seng Qwee	12,210,000	8,140,000	–	20,350,000
Dato' Lim Kiam Lam	14,340,000	9,560,000	–	23,900,000
Lim Sin Seong	3,000,000	2,000,000	–	5,000,000

By virtue of Section 6A(4)(c) of the Companies Act 1965, Mr Lim Seng Qwee, Dato' Lim Kiam Lam and Mr Lim Sin Seong are also deemed interested in the shares of the Company and its subsidiaries during the financial year to the extent that the ultimate holding company has an interest.

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and legal fees paid to a firm in which a Director is a member.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

On 7 November 2007, the Company increased its authorised share capital from RM500,000,000 comprising 500,000,000 ordinary shares of RM1 each to RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1 each. Subsequently, the Company issued RM174,235,759 comprising 174,235,759 ordinary shares of RM1 each pursuant to a bonus issue on a basis of one for every two (2) ordinary shares held in the Company.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.

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 to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

iii) 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

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONTINUED)

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

Details of significant events are as disclosed in Note 36 to the financial statements respectively.

AUDITORS

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

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

Lim Seng Qwee

Dato' Lim Kiam Lam

Petaling Jaya,
Date: 24 March 2008

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 46 to 104 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards 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 at 31 December 2007 and of the results of their operations and cash flows for the year ended on that date.

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

Lim Seng Qwee

Dato' Lim Kiam Lam

Petaling Jaya,
Date: 24 March 2008

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Cheah Ban Seng, the officer primarily responsible for the financial management of Ann Joo Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 104 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 24 March 2008.

Cheah Ban Seng

Before me:

Commissioner for Oaths

REPORT OF THE AUDITORS
TO THE MEMBERS OF ANN JOO RESOURCES BERHAD

We have audited the financial statements set out on pages 46 to 104. The preparation of the financial statements is the responsibility of the Company's Directors. The financial statements of the Group and of the Company for the year ended 31 December 2006 were audited by another firm of chartered accountants whose report dated 27 April 2007 expressed an unmodified opinion.

It is our responsibility to form an independent opinion, based on our audit, on the 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 to 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 are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:

  i) the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows for the year ended on that date; and

  ii) 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

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries 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 required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Khaw Hock Hoe
Partner
Approval Number: 2229/04/08(J)

Kuala Lumpur,
24 March 2008

BALANCE SHEETS
AT 31 DECEMBER 2007

	Note	Group 2007 RM'000	Group 2006 RM'000 Restated	Company 2007 RM'000	Company 2006 RM'000 Restated
Assets					
Property, plant and equipment	3	412,834	468,344	1,166	1,189
Intangible assets	4	9,791	2,127	–	–
Biological assets	5	–	54,009	–	–
Rolls and moulds	3	6,635	5,732	–	–
Prepaid lease payments	6	52,840	93,419	–	9,557
Investment properties	7	16,624	13,870	1,689	–
Investments in subsidiaries	8	–	–	725,750	480,185
Investment in associate	9	356	134	–	–
Other investments	10	249	322	–	–
Deferred tax assets	11	117	–	–	–
Total non-current assets		499,446	637,957	728,605	490,931
Inventories	12	773,326	572,842	–	–
Receivables, deposits and prepayments	13	218,023	245,456	78,295	82,588
Tax recoverables		4,702	8,434	3,080	3,254
Cash and cash equivalents	14	92,940	22,797	269	287
Assets classified as held for sale	15	98,958	–	–	–
Total current assets		1,187,949	849,529	81,644	86,129
Total assets		1,687,395	1,487,486	810,249	577,060
Equity					
Share capital	16	522,707	348,471	522,707	348,471
Treasury shares	17	(2,923)	(12,894)	(2,923)	(12,894)
Other reserves	18	7,888	49,776	22,340	55,264
Retained profits	19	299,907	250,357	68,236	126,602
Total equity attributable to shareholders of the Company		827,579	635,710	610,360	517,443
Minority interest		44,433	211,997	–	–
Total equity		872,012	847,707	610,360	517,443
Liabilities					
Loans and borrowings	20	116,003	43,040	116,003	17,040
Provision for employee benefits	21	9,915	10,074	424	384
Deferred tax liabilities	11	40,623	56,573	–	76
Total non-current liabilities		166,541	109,687	116,427	17,500
Payables and accruals	22	111,967	109,767	9,060	30,757
Loans and borrowings	20	496,499	416,891	74,402	11,360
Tax liabilities		10,722	3,434	–	–
Liabilities classified as held for sale	15	29,654	–	–	–
Total current liabilities		648,842	530,092	83,462	42,117
Total liabilities		815,383	639,779	199,889	59,617
Total equity and liabilities		1,687,395	1,487,486	810,249	577,060

The notes on pages 52 to 104 are an integral part of these financial statements.

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Group 2007 RM'000	Group 2006 RM'000 Restated	Company 2007 RM'000	Company 2006 RM'000
Continuing Operations					
Revenue	23	1,947,857	1,435,027	125,991	47,362
Cost of sales		(1,612,406)	(1,264,189)	–	–
Gross profit		335,451	170,838	125,991	47,362
Other operating income		14,317	44,074	954	360
Distribution expenses		(15,308)	(12,137)	–	–
Administration expenses		(99,330)	(54,299)	(11,029)	(8,336)
Finance costs		(22,771)	(15,338)	(6,030)	(2,538)
Results from operating activities	24	212,359	133,138	109,886	36,848
Share of results of associated company		26	(1,100)	–	–
Profit before tax		212,385	132,038	109,886	36,848
Tax expense	26	(14,668)	(9,750)	(25,349)	(7,468)
Profit after tax from continuing operations		197,717	122,288	84,537	29,380
Discontinued Operations					
Profit from discontinued operations	27	21,575	4,481	–	–
Profit for the year		219,292	126,769	84,537	29,380
Attributable to:					
Shareholders of the Company		192,453	102,551	84,537	29,380
Minority interest		26,839	24,218	–	–
Profit for the year		219,292	126,769	84,537	29,380
Basic earnings per ordinary share from continuing operations (sen)	28	35.18	22.12		
Basic earnings per ordinary share from discontinued operations (sen)	28	2.76	0.68		

The notes on pages 52 to 104 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

		Attributable to shareholders of the Company						
		Non-distributable			Distributable			
Group	Note	Share capital RM'000	Other reserves RM'000	Treasury shares RM'000	Retained profits RM'000	Attributable to Equity Holders of the Company RM'000	Minority interests RM'000	Total equity RM'000
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	16	75,095	–	–	–	75,095	–	75,095
Share buybacks	17	–	–	(12,541)	–	(12,541)	–	(12,541)
Dividends	29	–	–	–	(24,444)	(24,444)	(7,027)	(31,471)
At 31 December 2006/ 1 January 2007		348,471	49,776	(12,894)	250,357	635,710	211,997	847,707

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

Group (continued)	Note	Share capital RM'000	Other reserves RM'000	Treasury shares RM'000	Retained profits RM'000	Attributable to Equity Holders of the Company RM'000	Minority interests RM'000	Total equity RM'000
		← Attributable to shareholders of the Company →						
		← Non-distributable →			Distributable			
At 31 December 2006/ 1 January 2007		**348,471**	**49,776**	**(12,894)**	**250,357**	**635,710**	**211,997**	**847,707**
Bonus issue	16	174,236	(65,740)	–	(108,496)	–	–	–
Disposal of treasury shares	17	–	32,816	16,941	–	49,757	–	49,757
Revaluation surplus of land, buildings & investment properties								
- Reversal of deferred tax liabilities on crystallisation of revaluation reserves		–	3,049	–	–	3,049	1,866	4,915
- Deferred Tax Liabilities	37	–	(12,013)	–	–	(12,013)	–	(12,013)
Net gains / (loss) recognised directly in equity		174,236	(41,889)	16,941	(108,496)	40,793	1,866	42,659
Profit for the year		–	–	–	192,453	192,453	26,839	219,292
Total recognised income/ (expense for the year		174,236	(41,889)	16,941	83,957	233,246	28,705	261,951
Share buybacks	17	–	–	(6,970)	–	(6,970)	–	(6,970)
Acquisition of subsidiary companies		–	–	–	–	–	(194,837)	(194,837)
Dividend to shareholders	29	–	–	–	(34,407)	(34,407)	(1,432)	(35,839)
As 31 December 2007		**522,707**	**7,888**	**(2,923)**	**299,907**	**827,579**	**44,433**	**872,012**
		Note 16	Note 18	Note 17	Note 19			

Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Retained profits RM'000**	**Total equity RM'000**
		← Non-distributable →			**Distributable**	
At 1 January 2006		273,376	55,264	(353)	121,666	449,953
Profit for the year		–	–	–	29,380	29,380
Shares issued		75,095	–	–	–	75,095
Share buybacks		–	–	(12,541)	–	(12,541)
Dividends	29	–	–	–	(24,444)	(24,444)
At 31 December 2006/ 1 January 2007		348,471	55,264	(12,894)	126,602	517,443
Profit for the year		–	–	–	84,537	84,537
Bonus issue		174,236	(65,740)	–	(108,496)	–
Share buybacks		–	–	(6,970)	–	(6,970)
Disposal of shares		–	32,816	16,941	–	49,757
Dividends	29	–	–	–	(34,407)	(34,407)
At 31 December 2007		522,707	22,340	(2,923)	68,236	610,360
		Note 16	Note 18	Note 17	Note 19	

The notes on pages 52 to 104 are an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from operating activities				
Profit before taxation				
- From continuing operations	212,385	132,038	109,886	36,848
- From discontinued operations	21,496	4,418	–	–
	233,881	136,456	109,886	36,848
Adjustments for:				
Amortisation of investment in club membership	1	2	–	–
Amortisation of biological assets	2,732	–	–	–
Amortisation of intangible assets	–	3	–	–
Amortisation of prepaid lease payments	1,289	1,182	26	109
Depreciation of property, plant and equipment	32,708	32,207	419	425
Dividend income	–	(1)	(119,136)	(41,577)
Gain on disposal of investments	–	(212)	–	–
Gain on disposal of prepaid lease payments	(489)	(7,600)	(489)	–
Gain on disposal of property, plant and equipment	(1,380)	(3,555)	(14)	(39)
Impairment of property, plant and equipment	26,381	–	–	–
Impairment of other investments	40	33		
Interest expense	23,968	16,815	6,030	2,538
Interest income	(2,789)	(2,641)	(312)	(281)
Investment written off	–	26	–	–
Loss on disposal of investment	28	–	–	–
Negative goodwill arising from acquisition of a subsidiary company	(1,051)	(22,541)	–	–
Property, plant and equipment written off	77	3,571	–	–
Retirement benefits	1,692	2,086	40	38
Rolls and moulds consumed	980	360	–	–
Rolls and moulds written off	–	1,364	–	–
Share of results of associate	(26)	1,100	–	–
Unrealised gain on foreign exchange	(1,740)	–	–	–
Operating profit/(loss) before changes in working capital	316,302	158,655	(3,550)	(1,939)
Changes in working capital:				
Inventories	(202,258)	68,054	–	–
Trade and other receivables	23,114	(74,789)	4,293	16,502
Trade and other payables	15,798	(44)	(11,842)	1,725
Cash generated from/(used in) operations	152,956	151,876	(11,099)	16,288
Taxes paid	(20,888)	(20,121)	(25,251)	–
Retirement benefits paid	(1,982)	(1,735)	–	–
Interest received	1,399	1,415	–	–
Interest paid	(17,672)	(5,531)	–	–
Net cash from/(used in) operating activities	113,813	125,904	(36,350)	16,288

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Acquisition of a subsidiary company	–	(106,755)	(245,565)	(104,856)
Acquisition of additional shares from minority interest	(200,968)	(105)	–	(105)
Development expenses paid	(482)	(389)		
Interest received	1,390	1,226	312	281
Proceeds from disposal of prepaid lease payments	8,331	33,092	8,331	–
Proceeds from disposal of property, plant and equipment	2,197	9,556	35	39
Proceeds from disposal of investments	46	1,392	–	–
Purchase of property, plant and equipment	(15,627)	(14,392)	(417)	(1,055)
Purchase of biological assets	–	(21)	–	–
Purchase of other investments	(42)	–	–	–
Purchase of rolls and moulds	(1,883)	(956)	–	–
Repayment from an associated company	–	–	–	1
Dividends received from quoted investments	–	1	–	–
Dividends received from subsidiary companies	–	–	119,136	22,327
Net cash used in investing activities	(207,038)	(77,351)	(118,168)	(88,737)
Cash flows from financing activities				
Proceeds from issuance of shares	–	75,095	–	75,095
Net proceeds from/(repayment of) borrowings	173,368	(76,188)	162,005	27,280
Share buybacks	(6,970)	(12,816)	(6,970)	(12,541)
Interest paid	(6,296)	(11,284)	(6,030)	(2,538)
Dividends paid to minority interests	(1,432)	(2,535)	–	–
Dividends paid to shareholders	(44,262)	(14,589)	(44,262)	(14,589)
Proceeds from sales of treasury shares	49,757	–	49,757	–
Net cash from/(used in) financing activities	164,165	(42,317)	154,500	72,707
Net increase/(decrease) in cash and cash equivalents	70,940	6,236	(18)	258
Cash and cash equivalents at 1 January	21,649	15,413	287	29
Cash and cash equivalents at 31 December	92,589	21,649	269	287

(i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

		Group		Company	
		2007	2006	2007	2006
	Note	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	14	64,050	15,374	–	–
Cash and bank balances	14	28,890	7,423	269	287
Bank overdraft	20	(351)	(1,148)	–	–
		92,589	21,649	269	287

The notes on pages 52 to 104 are an integral part of these financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

Ann Joo Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is as follows:

Registered office and principal place of business
Wisma Ann Joo
Lot 19391
8 ½ Miles
Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 December 2007 do not include any other entities.

The Company is principally engaged in investment holding and property management whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements.

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

The financial statements were approved by the Board of Directors on 24 March 2008.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The accounting policies adopted by the Company are consistent with those adopted in the previous year except for the adoption of FRS 117, Leases and FRS 124, Related party transactions. The effect of adopting FRS 117, Leases is shown in Note 38 to the financial statements.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning on or after the respective effective dates as stated below and that have not been applied in preparing these financial statements:

FRSs / Interpretations	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139, Financial Instruments: Recognition and Measurement	To be announced
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The Group and the Company plans to apply the rest of the above-mentioned FRSs and Interpretations for the annual period beginning 1 January 2008 except for FRS 139, Financial Instruments: Recognition and measurement which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of FRS 107, FRS 112, FRS 118, Amendment to FRS 121 and FRS 137 are not expected to have any material impact on the financial statements of the Group and the Company.

FRS 111, FRS 120, FRS 134, and the Interpretations listed above are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

1. **BASIS OF PREPARATION (CONTINUED)**

(b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities as explained in their respective accounting policy notes:

- Property, plant and equipment
- Disposal group held for sale
- Biological asset
- Investment property

(c) **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) **Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following note:

- Note 5 – valuation of biological assets
- Note 7 – valuation of investment properties

2. **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 39). The comparative consolidated income statement has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative period (see Note 27).

(a) **Basis of consolidation**

(i) ***Subsidiaries***

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting except for business combinations involving Ann Joo Metal Sdn. Bhd., Ann Joo (Sarawak) Sdn. Bhd., Ann Joo Trading Sdn. Bhd., Anshin Steel Industries Sdn. Bhd. and Saga Makmur Industri Sdn. Bhd. (certain business combinations prior to 1 January 2006) which are accounted for using the pooling-of-interests method of accounting.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within Group equity.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

(i) Recognition and measurement

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

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statements.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	25 - 50 years
• Plant, machinery, tools and equipment	2 – 30 years
• Furniture, fittings and office equipment	3 – 30 years
• Motor vehicles	4 – 5 years
• Estate access road	20 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS117, Leases. Such prepaid lease payments is amortised over the lease term.

Payments made under operating leases recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the 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 of the acquiree.

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

Goodwill are tested for impairment annually and whenever there is an indication that they may be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

(ii) 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 expense 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 financial period of the expected benefits.

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

(f) Biological assets

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 the 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 Company 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.

(g) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries and associates are stated at cost less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on an individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investments in equity securities

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

a) the recognition of an asset on the day it is received by the entity, and
b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(h) Investment properties

(i) Investment properties carried at fair value

Investments properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in the income statement.

(ii) Reclassification to investment property

When an item of inventory or property development is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in the income statement.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories or property development, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(iii) Determination of fair value

The Directors estimate the fair value of the Group and the Company's investment property without involvement of independent valuers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(k) Cash and cash equivalents

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

(l) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

(m) Impairment of assets

The carrying amounts of assets except for financial assets (other than investments in subsidiaries and associates), inventories, deferred tax assets, investment properties that are measured at fair value, disposal groups classified as held for sales are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill recoverable amount is estimated annually.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(n) Share capital

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(o) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(p) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

(ii) Defined benefit plans

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

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 1192004 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 1192004 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.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(s) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

(ii) Rental income

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

(iii) Dividend income

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

(t) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

(u) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(v) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business that is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statements is restated as if the operation had been discontinued from the start of the comparative period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. PROPERTY, PLANT AND EQUIPMENT

Group *Cost/Valuation*	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	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
At 1 January 2006	20,089	92,728	69,440	–	93,278	8,213	7,011	2,756	293,515
Effect of adopting FRS 117 (Note 6)	–	(92,728)	–	–	–	–	–	–	(92,728)
At 1 January 2006, restated	20,089	–	69,440	–	93,278	8,213	7,011	2,756	200,787
Additions	–	–	98	740	4,934	1,416	2,233	4,971	14,392
Acquisition of a subsidiary	103,316	–	81,595	6,857	481,939	4,761	7,800	7,673	693,941
Disposals	–	–	(6,611)	–	(343)	(6)	(1,028)	–	(7,988)
Reversal	–	–	–	–	–	(5)	–	–	(5)
Written off	–	–	–	–	(3,099)	(548)	–	(2,129)	(5,776)
Reclassification	–	–	4,202	–	8,039	9	–	(12,250)	–
Revaluation									
- restatement	–	–	(11,965)	(1,421)	–	–	–	–	(13,386)
- credited to revaluation reserve	1,504	–	1,435	–	–	–	–	–	2,939
At 31 December 2006/ 1 January 2007	124,909	–	138,194	6,176	584,748	13,840	16,016	1,021	884,904
Additions	–	–	317	637	3,462	1,051	310	9,850	15,627
Disposals	–	–	–	–	(3,493)	(42)	(1,503)	–	(5,038)
Written off	–	–	–	–	(5,634)	(407)	–	–	(6,041)
Transfer to assets held for sale (Note 15)	–	–	(4,469)	(6,813)	(563)	(517)	(2,812)	(284)	(15,458)
Reclassification	–	–	–	–	770	–	–	(770)	–
At 31 December 2007	124,909	–	134,042	–	579,290	13,925	12,011	9,817	873,994

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group *Accumulated depreciation and impairment losses*	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	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
At 1 January 2006:									
Accumulated depreciation	–	7,197	13,338	–	80,253	6,241	4,508	–	111,537
Accumulated impairment losses	43	964	–	–	–	–	–	–	1,007
	43	8,161	13,338	–	80,253	6,241	4,508	–	112,544
Effect of adopting FRS117 (Note 6)									
Accumulated depreciation	–	(7,197)	–	–	–	–	–	–	(7,197)
Accumulated impairment losses	–	(964)	–	–	–	–	–	–	(964)
At 1 January 2006, restated:									
Accumulated depreciation	–	–	13,338	–	80,253	6,241	4,508	–	104,340
Accumulated impairment losses	43	–	–	–	–	–	–	–	43
Depreciation for the year	–	–	3,323	303	22,924	1,144	1,854	–	29,548
Acquisition of a subsidiary	–	–	11,573	1,349	278,953	2,223	6,111	–	300,209
Disposals	–	–	(803)	–	(338)	(4)	(842)	–	(1,987)
Reversal	–	–	–	–	–	(3)	–	–	(3)
Written off	–	–	–	–	(1,687)	(518)	–	–	(2,205)
Restatement on revaluation	–	–	(11,965)	(1,420)	–	–	–	–	(13,385)
At 31 December 2006/ 1 January 2007:									
Accumulated depreciation	–	–	15,466	232	380,105	9,083	11,631	–	416,517
Accumulated impairment losses	43	–	–	–	–	–	–	–	43
	43	–	15,466	232	380,105	9,083	11,631	–	416,560

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group *Accumulated depreciation and impairment losses (continued)*	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	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
At 31 December 2006/ 1 January 2007:									
Accumulated depreciation	–	–	15,466	232	380,105	9,083	11,631	–	416,517
Accumulated impairment losses	43	–	–	–	–	–	–	–	43
	43	–	15,466	232	380,105	9,083	11,631	–	416,560
Depreciation for the year	–	–	5,135	341	24,253	1,285	1,694	–	32,708
Disposals	–	–	–	–	(2,962)	(28)	(1,231)	–	(4,221)
Written off	–	–	–	–	(5,609)	(355)	–	–	(5,964)
Transfer to assets held for sale (Note 15)	–	–	(551)	(573)	(247)	(444)	(2,489)	–	(4,304)
Impairment loss for the year	–	–	1,381	–	25,000	–	–	–	26,381
At 31 December 2007:									
Accumulated depreciation	–	–	20,050	–	395,540	9,541	9,605	–	434,736
Accumulated impairment losses	43	–	1,381	–	25,000	–	–	–	26,424
	43	–	21,431	–	420,540	9,541	9,605	–	461,160
Carrying amounts									
At 1 January 2006, restated	20,046	–	56,102	–	13,025	1,972	2,503	2,756	96,404
At 31 December 2006/ 1 January 2007	124,866	–	122,728	5,944	204,643	4,757	4,385	1,021	468,344
At 31 December 2007	124,866	–	112,611	–	158,750	4,384	2,406	9,817	412,834

NOTES TO THE
FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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
Effect of adopting FRS117 (Note 6)	(10,766)	–	–	(10,766)
At 1 January 2006, restated	–	1,273	1,383	2,656
Additions	–	567	488	1,055
Disposal	–	–	(146)	(146)
Written off	–	(17)	–	(17)
At 31 December 2006/1 January 2007	–	1,823	1,725	3,548
Additions	–	347	70	417
Disposal	–	(3)	(83)	(86)
Written off	–	(6)	–	(6)
At 31 December 2007	–	2,161	1,712	3,873
Accumulated depreciation and impairment losses				
At 1 January 2006				
Accumulated depreciation	136	1,124	973	2,233
Accumulated impairment losses	964	–	–	964
	1,100	1,124	973	3,197
Effect of adopting FRS117 (Note 6)	(1,100)	–	–	(1,100)
At 1 January 2006, restated	–	1,124	973	2,097
Depreciation for the year	–	118	307	425
Disposal	–	–	(146)	(146)
Written off	–	(17)	–	(17)
At 31 December 2006/1 January 2007	–	1,225	1,134	2,359
Depreciation for the year	–	203	216	419
Disposal	–	(1)	(64)	(65)
Written off	–	(6)	–	(6)
At 31 December 2007	–	1,421	1,286	2,707
Carrying amounts				
At 1 January 2006, restated	–	149	410	559
At 31 December 2006/1 January 2007	–	598	591	1,189
At 31 December 2007	–	740	426	1,166

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Impairment loss

Provision for impairment loss for property, plant and equipment of RM26.38 million has been recognised in year 2007 in respect of the dismantling of certain building and structure and plant in 2008 for the upgrading of a subsidiary, Ann Joo Steel Berhad's steel making plant and also to give way for the blast furnace project in another subsidiary, Ann Joo Integrated Steel Sdn. Bhd.

3.2 Revaluation

Revaluation of the land and buildings and estate access road are conducted at intervals of at least once in every five years. As disclosed in the previous financial year, land, buildings and estate excess road 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. The book values of land, buildings and estate access road were adjusted to reflect the revaluations and 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.

The carrying amounts of revalued land and buildings in respect of continuing operations for the financial year ended 31 December 2007 that would have been included in the financial statements had these assets been carried at cost less accumulated depreciation are as follows :

	Group	
	2007 RM'000	**2006 RM'000**
Freehold land	5,009	5,009
Buildings	7,068	13,948
Estate access road	–	5,419
	12,077	24,376

3.3 Rolls and moulds

	Group	
	2007 RM'000	**2006 RM'000**
At 1 January	5,732	–
Acquisition of a subsidiary	–	6,501
Additions	1,883	956
Consumed	(980)	(361)
Write-down	–	(1,364)
	6,635	5,732

4. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Total RM'000
Cost			
At 1 January 2006	216	–	216
Acquisition of a subsidiary	–	1,738	1,738
Addition	–	389	389
At 31 December 2006/1 January 2007	216	2,127	2,343
Acquisition of a subsidiary	7,182	–	7,182
Addition	–	482	482
At 31 December 2007	7,398	2,609	10,007
Amortisation			
At 1 January 2006	215	–	215
Amortisation for the year	1	–	1
At 31 December 2006/1 January 2007/ 31 December 2007	216	–	216
Carrying amounts			
At 1 January 2006	1	–	1
At 31 December 2006/1 January 2007	–	2,127	2,127
At 31 December 2007	7,182	2,609	9,791

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's investment in a subsidiary, Ann Joo Steel Berhad which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of Ann Joo Steel Berhad is based on its value in use. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and the projected cash flows were based on 3-year estimated operating results.

A discount rate of 4.5% was applied for the purpose of cash flow projection and discounting. The values assigned to the key assumptions represent management's assessment of future trends in the unit's industry which are based on both external sources and internal sources (historical data).

The carrying amount of the unit was determined to be lower than the recoverable amount and no impairment loss was recognised.

Development costs

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

Amortisation

Amortisation of development expenditure has yet to commence as the related economic benefits arising from research and development activities have yet to be derived during the financial year ended 31 December 2007.

5. BIOLOGICAL ASSETS - GROUP

Plantation development expenditure

	RM '000
At valuation	
At 1 January 2006	–
Acquisition of a subsidiary	64,602
Additions	21
Disposal of a subsidiary	3,673
Revaluation restatement	(12,238)
At 31 December 2006 / 1 January 2007	56,058
Transfer to assets held for sale (Note 15)	(56,058)
At 31 December 2007	–
Depreciation	
At 1 January 2006	–
Acquisition of a subsidiary	11,262
Charge for the financial period	2,491
Disposal of a subsidiary	534
Revaluation restatement	(12,238)
At 31 December 2006 / 1 January 2007	2,049
Charge for the year	2,732
Transfer to assets held for sale (Note 15)	(4,781)
At 31 December 2007	–
Carrying amounts	
At 31 December 2006/1 January 2007	54,009
At 31 December 2007	–

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 were 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.

6. PREPAID LEASE PAYMENTS

Group	Note	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost				
At 1 January 2006		–	–	–
Effect of adopting FRS117	3	909	91,819	92,728
At 1 January 2006, restated		909	91,819	92,728
Acquisition of a subsidiary		1,123	34,403	35,526
Disposals		–	(27,661)	(27,661)
At 31 December 2006/1 January 2007		2,032	98,561	100,593
Transfer to investment property	7	–	(2,079)	(2,079)
Transfer to assets held for sale	15	–	(30,416)	(30,416)
Disposals		–	(8,687)	(8,687)
At 31 December 2007		2,032	57,379	59,411
Amortisation				
At 1 January 2006		–	–	–
Effect of adopting FRS117	3	31	8,130	8,161
At 1 January 2006, restated		31	8,130	8,161
Amortisation for the year		52	1,130	1,182
Disposals		–	(2,169)	(2,169)
At 31 December 2006/1 January 2007		83	7,091	7,174
Amortisation for the year		63	1,226	1,289
Transfer to investment property	7	–	(390)	(390)
Transfer to assets held for sale	15	–	(657)	(657)
Disposals		–	(845)	(845)
At 31 December 2007		146	6,425	6,571
Carrying amounts				
At 1 January 2006, restated		878	83,689	84,567
At 31 December 2006 / 1 January 2007		1,949	91,470	93,419
At 31 December 2007		1,886	50,954	52,840

6. PREPAID LEASE PAYMENTS (CONTINUED)

Company	Unexpired period more than 50 years RM'000
Cost	
At 1 January 2006	–
Effect of adopting FRS117 (Note 3)	10,766
At 1 January 2006, restated / 31 December 2006 / 1 January 2007	10,766
Disposals	(8,687)
Transfer to investment property (Note 7)	(2,079)
At 31 December 2007	–
Amortisation	
At 1 January 2006	–
Effect of adopting FRS117 (Note 3)	1,100
At January 2006, restated	1,100
Amortisation for the year	109
At 31 December 2006 / 1 January 2007	1,209
Amortisation for the year	26
Disposals	(845)
Transfer to investment property (Note 7)	(390)
At 31 December 2007	–
Carrying amounts	
At 1 January 2006, restated	9,666
At 31 December 2006/1 January 2007	9,557
At 31 December 2007	–

7. INVESTMENT PROPERTIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	13,870	–	–	–
Acquisitions	–	13,870	–	–
Transfer from prepaid lease payments (Note 6)	1,689	–	1,689	–
Transfer from inventories (Note 12)	1,065	–	–	–
At 31 December	16,624	13,870	1,689	–
Included in the above are:				
Leasehold land with unexpired lease period of more than 50 years	1,689	–	1,689	–
Buildings	14,935	13,870	–	–
	16,624	13,870	1,689	–

Estimated fair value of investment properties amounting to RM13,870,000 last revalued in December 2007 was based on valuations carried out by Mr Paul Khong Poh Yew, a valuer (V0528) registered with the Board of Valuers, Appraisers and Estate Agents of 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. Estimated fair value of investment properties amounting to RM2,754,000 was determined based on comparison with recent sales/evidence of comparable properties. The market value of the investment properties as at balance sheet date approximated the fair value.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2007 RM'000	2006 RM'000
At cost:		
Quoted shares	–	320,001
Unquoted shares	728,669	163,103
Impairment losses	(2,919)	(2,919)
	725,750	480,185
Market value:		
Quoted shares in Malaysia	–	241,464

During the year, the Company's investment in a quoted subsidiary became de-listed from the Official List of Bursa Malaysia Securities Berhad as shown in Note 36 to the financial statements.

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2007 %	Effective ownership interest 2006 %
Ann Joo Distripark Sdn. Bhd.	Malaysia	Property management	100	100
Ann Joo Metal Sdn. Bhd.	Malaysia	Trading, retailing, importing, exporting and supplying of all kinds of metal products	100	100
and its subsidiary				
AJE Best-On Sdn. Bhd.	Malaysia	Trading in hardware steel and iron products and building and construction materials of all kinds	100	100
Ann Joo (Sarawak) Sdn. Bhd.	Malaysia	Trading in hardware and steel materials	100	100
and its subsidiary				
Lian Tiong Steel Fabrication & Civil Engineering Sdn. Bhd.	Malaysia	Trading of steel products	100	100
Ann Joo Trading Sdn. Bhd.	Malaysia	Trading, retailing and supplying of all kinds of building and construction materials	100	100
Anshin Steel Industries Sdn. Bhd.	Malaysia	Manufacturing, sales and distribution of steel and iron products and property management	100	100
and its subsidiary				
Anshin Casting Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of cast iron products, sluice valves and other steel related products	100	100
Anshin Steel Service Centre Sdn. Bhd.	Malaysia	Steel service centre	100	60
Anshin Precision Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of precision press parts and related products	59.12	59.12
Anshin Steel Processor Sdn. Bhd.	Malaysia	Steel service centre	57	57
Saga Makmur Industri Sdn. Bhd	Malaysia	Steel bar service centre and trading of steel related products	100	100
Ann Joo Steel Berhad	Malaysia	Steel mill	98.12	67.77
and its subsidiaries				
AJSB Properties Sdn. Bhd.	Malaysia	Renting out of machinery and property investment holding	100	100
Malayawata Marketing Sdn. Bhd.	Malaysia	Sales and marketing of steel related products	100	100
Empresa (M) Sendirian Berhad	Malaysia	Cultivation of oil palm and sale of oil palm produce	60	60
Sachiew Palm Oil Mill Sdn. Bhd.	Malaysia	Dormant	100	100
Ann Joo Integrated Steel Sdn. Bhd.	Malaysia	Dormant	100*	–
Ann Joo International Pte. Ltd.	Labuan Offshore	Dormant	100*	–

* Incorporated during the year

The investment in Ann Joo Steel Berhad with a carrying amount of RM309,372,000 has been pledged/placed for security for a credit facility granted to the Company.

9. INVESTMENT IN ASSOCIATE

	Group 2007 RM'000	Group 2006 RM'000
At cost:		
Unquoted shares	1,800	1,800
Impairment losses	(1,800)	(1,800)
	–	–
Share of post-acquisition reserves	356	134
	356	134

Summary of financial information on associates:

Group	Country incorporation	Effective ownership interest 2007 %	Revenues (100%) RM'000	Profit (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2007						
S.A. Networks Technical Industries Sdn. Bhd.	Malaysia	36	2,539	125	1,371	642
2006						
S.A. Networks Technical Industries Sdn. Bhd.	Malaysia	36	2,148	65	1,904	1,299

The investment in associate is held by one of its subsidiary companies, Anshin Precision Industries Sdn Bhd.

10. OTHER INVESTMENTS

	Group 2007 RM'000	Group 2006 RM'000
At cost:		
Unquoted shares in Malaysia, at cost	3	3
Quoted shares and warrants in Malaysia, at cost	402	360
Less: Impairment loss	(230)	(190)
	172	170
Club membership at cost	105	179
Less: Amortisation	(19)	(18)
Impairment loss	(12)	(12)
	74	149
	249	322
Details of disposed investments stated at cost are as follows:		
Proceeds from disposal	46	1,392
Carrying amount of investments disposed	74	1,180
(Loss)/Gain on disposal of investments	(28)	212

11. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2007	2006	2007	2006	2007	2006
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(44)	–	(52,097)	(65,460)	(52,141)	(65,460)
Employee benefit plans	34	–	9,020	2,416	9,054	2,416
Provisions	127	–	627	–	754	–
Increase in tax allowances	–	–	1,827	6,471	1,827	6,471
Tax assets/ (liabilities)	117	–	(40,623)	(56,573)	(40,506)	(56,573)
Company						
Property, plant and equipment	–	–	–	(76)	–	(76)

Movement in deferred tax liabilities during the year

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
At 1 January	56,573	8,595	76	31
Acquisition of a subsidiary (Note 35)	–	63,256	–	–
Recognised in income statement (Note 26)	(17,319)	(9,408)	(76)	45
Recognised in equity	7,098	(5,870)	–	–
Included in liabilities held for sales (Note 15)	(5,846)	–	–	–
	40,506	56,573	–	76

Unrecognised deferred tax assets

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

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(16,536)	21,797	(350)	–
Deductible temporary differences	2,308	–	1,924	–
Tax loss carry-forwards	36,825	38,793	–	–
Unabsorbed capital allowances	18,635	–	–	–
	41,232	60,590	1,574	–

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits there from.

The Group also has unabsorbed reinvestment allowance of NIL (2006 - RM79,707,000), subject to agreement of the Inland Revenue Board, to be utilised against future taxable profits.

12. INVENTORIES

	Group 2007 RM'000	Group 2006 RM'000
Raw materials	313,371	201,322
Work-in-progress	72,667	62,473
Finished goods	363,431	276,711
Plantation nursery	–	201
	749,469	540,707
Consumables	24,922	33,899
Allowance for slow moving inventories	–	(1,764)
	24,922	32,135
	774,391	572,842
Transfer to investment properties (Note 7)	(1,065)	–
	773,326	572,842

Included in inventories of the Group are goods in transit amounting to RM15,126,422 (2006: RM1,153,663).

The write-down of inventories to net realisable value amounted to RM7,800,000 (2006: RM1,575,466) is included in cost of sales.

13. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Current					
Trade					
Trade receivables		220,807	242,344	–	–
Less: Allowance for doubtful debts		(25,122)	(20,951)	–	–
		195,685	221,393	–	–
Non-trade					
Other receivables		2,425	720	2	9,465
Deposits		3,446	2,898	28	20
Prepayments		16,461	11,256	89	307
Amount due from an associate company	13.2	6	91	–	–
Amount due from subsidiaries	13.3	–	–	78,175	72,791
Amount due from related parties	13.4	–	9,098	–	5
		22,338	24,063	78,295	82,588
		218,023	245,456	78,295	82,588

Trade receivables of approximately RM18,000 (2006: NIL) had been written off against the allowance for doubtful debts during the year.

13. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

13.1 Analysis of foreign currency exposure for significant receivables

Significant receivables that are not in the functional currencies of the Group entities are as follows:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
US dollar	18,484	29,435	–	–
Singapore dollar	–	139	–	–

13.2 Amount due from an associate company

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

13.3 Amount due from subsidiaries

Amount due from subsidiaries 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 3.40% to 4.50% (2006 - 2.92% to 4.17%).

13.4 Amount due from related parties

Included in trade receivables of the Group is an amount of RM208,635 (2006: RM789,531) owing from a company in which the son of a director has financial interest.

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

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Deposits placed with licensed bank	64,050	15,374	–	–
Cash and bank balances	28,890	7,423	269	287
	92,940	22,797	269	287

15. DISPOSAL GROUP HELD FOR SALE

Ann Joo Steel Berhad had on 14 November 2007 entered into a Share Sale Agreement with CB Industrial Product Holding Berhad ("CBIPH") together with other shareholders of the subsidiary, Empresa (M) Sendirian Berhad ("Empresa"), for the disposal of the its entire shareholdings in Empresa comprising of 9,000,000 ordinary shares of RM1.00 each for a cash consideration of approximately RM30.37 million and the other shareholders entire shareholdings in Empresa comprising of 1,500,000 ordinary shares of RM1.00 each for a cash consideration of RM5.06 million.

15. DISPOSAL GROUP HELD FOR SALE (CONTINUED)

The agreement is pending completion at the date of this report. At 31 December 2007, the assets and liabilities of the disposal group are as follows:

	Note	Group 2007 RM'000
Assets classified as held for sale		
Property, plant and equipment	**15.1**	11,154
Prepaid lease payments	**15.2**	29,759
Biological assets	**15.3**	51,277
Inventories		709
Receivables, deposits and prepayments		5,894
Cash and bank balances		165
		98,958
Liabilities classified as held for sale		
Term loan	**15.4**	20,000
Payables and accruals		3,808
Deferred tax liabilities		5,846
		29,654

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

	Note	2007 RM'000
At cost	**3**	15,458
Accumulated depreciation	**3**	(4,304)
Carrying amount		11,154

As disclosed in previous financial years, 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 ("Disputed Land"). The parties involved, Empresa and Kina Juara Sdn. Bhd. ("KJSB") have agreed to resolve this dispute amicably.

On 17 December 2007, a sale and purchase agreement was signed between Empresa and KJSB where Empresa is acquiring land on which the Disputed Land is situated from KJSB for a purchase consideration of RM13,397,310. The acquisition by Empresa is pending completion at the date of this report.

15.2 Prepaid lease payments held for sale comprise the following:

	Note	2007 RM'000
At cost	**6**	30,416
Accumulated depreciation	**6**	(657)
Carrying amount		29,759

15. DISPOSAL GROUP HELD FOR SALE (CONTINUED)

15.3 Biological assets held for sale comprise the following:

	Note	2007 RM'000
At cost	5	56,058
Accumulated depreciation	5	(4,781)
Carrying amount		51,277

15.4 The term loans bear interest at rates ranging from 4.37% to 4.85% per annum.

16. SHARE CAPITAL

	Group and Company			
	Amount 2007 RM'000	Number of shares 2007 '000	Amount 2006 RM'000	Number of shares 2006 '000
Ordinary shares of RM1 each				
Authorised:				
At 1 January	500,000	500,000	500,000	500,000
Created during the year	500,000	500,000	–	–
At 31 December	1,000,000	1,000,000	500,000	500,000
Issued and fully paid:				
At 1 January	348,471	348,471	273,376	273,376
Issued during the year	174,236	174,236	75,095	75,095
At 31 December	522,707	522,707	348,471	348,471

On 9 November 2007, announcement was made of the Notice of book closure date for the Bonus Issue of up to 174,235,759 new ordinary shares of RM1.00 each in the Company ("AJR Share") to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing ordinary shares of RM1.00 each in the Company ("Bonus Issue"). The book closure date of the Bonus Issue was fixed on 10 December 2007 and was listed and quoted on the Main Board of Bursa Securities on 26 November 2007, being the market day immediately after the books closure date.

On 26 November 2007, announcement was made of the book closure date for the Renounceable Rights Issue of 261,353,639 new warrants in the Company ("Warrants"), on the basis of one (1) Warrant for every two (2) existing AJR Shares was fixed on 10 December 2007. The issue price and the exercise price of the Warrants had been fixed at RM0.15 per Warrant and RM2.50 for every new AJR Share respectively. The Renounceable Rights Issue of Warrants was announced duly completed with the listing and quotation of the Warrants on Bursa Securities on 16 January 2008.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17. TREASURY SHARES

	Group and Company	
	2007	2006
At cost	**RM'000**	**RM'000**
1 January	(12,894)	(353)
Acquired during the year	(6,970)	(12,541)
Sold during the year	16,941	–
At 31 December	(2,923)	(12,894)

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

During the financial year, the Company repurchased 2,600,200 (2006: 10,734,000) of its issued share capital from the open market on the Bursa Malaysia for RM7.0 million (2006: RM12.5 million). The average price paid for the shares repurchased was approximately RM2.50 (2006: RM1.68) per ordinary share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed under Section 67A of the Companies Act, 1965. The Company has the right to cancel these treasury shares, distribute these treasury shares as share dividends to the shareholders and/or resell these treasury shares on the Bursa Malaysia. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. During the financial year, the Company had also disposed of a total of 12,402,100 of its treasury shares in the market for approximately RM49.8 million. .

At the balance sheet date, the number of outstanding shares in issue after setting treasury shares off against equity is 521,536,178 (2006: 337,498,519).

18. OTHER RESERVES

Group	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
Balance at 1 January 2006	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
Reversal 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
- Deferred tax liabilities	–	–	–	(598)	–	(598)
- Effect of change in tax rate	–	–	–	493	–	493
- Effect of adopting FRS140	–	–	–	(3,837)	–	(3,837)
Balance at 31 December 2006/ 1 January 2007	34,424	2,500	–	55,827	(42,975)	49,776
Disposal of treasury shares	32,816	–	–	–	–	32,816
Bonus issue	(65,740)	–	–	–	–	(65,740)
Reclassification of other reserves (Note 37)	20,840	–	–	–	(20,840)	–
Adjustment to revaluation reserves (Note 37)						
- Deferred tax liablities	–	–	–	(12,013)	–	(12,013)
Reversal of deferred tax liabilities on crystalisation of revaluation reserves	–	–	–	3,049	–	3,049
Balance at 31 December 2007	22,340	2,500	–	46,863	(63,815)	7,888

18. OTHER RESERVES (CONTINUED)

Company	Non-distributable Share premium RM'000	Total RM'000
1 January 2006 / 31 December 2006 / 1 January 2007	55,264	55,264
Disposal of treasury shares	32,816	32,816
Bonus issue	(65,740)	(65,740)
Balance at 31 December 2007	22,340	22,340

19. RETAINED PROFITS

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank all of its retained profits as at 31 December 2007 if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

20. LOANS AND BORROWINGS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-current				
Unsecured term loans	–	26,000	–	–
Secured term loans	116,003	17,040	116,003	17,040
	116,003	43,040	116,003	17,040
Current				
Unsecured				
Bank overdraft	351	1,148	–	–
Bills payable (including Islamic acceptance bills)	358,246	345,383	–	–
Revolving credit	57,500	43,000	–	–
Term loans	6,000	16,000	–	–
Secured term loans	74,402	11,360	74,402	11,360
	496,499	416,891	74,402	11,360

20.1 Security

The term loan is secured by investment in the shares of a subsidiary company as disclosed in Note 8 to the financial statements.

20. LOANS AND BORROWINGS (CONTINUED)

20.2 Terms and debt repayment schedule

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
Group					
2007	2008 - 2010	196,405	80,402	116,003	–
2006	2007 - 2010	70,400	27,360	33,040	10,000
Company					
2007	2008 - 2010	190,405	74,402	116,003	–
2006	2007 - 2010	28,400	11,360	17,040	–

Term loan of one of the subsidiaries in the prior year was charged at a fixed interest rate of 5.64% per annum.

Other term loans of the Group and the Company are charged interest rates ranging from 4.37% to 4.85% (2006: 3.95% to 4.90%) per annum.

Bank overdrafts are charged interest rates ranging from 7.00% to 7.75% (2006: 7.00% to 7.75%)

Other borrowings are charged interest rates ranging from 3.76% to 6.38% (2006: 3.34% to 7.25%)

20.3 Significant covenants

The secured term loans are subject to the fulfilment of the following significant covenants:-

i) Maintain a minimum security cover of not less than two times (measured by the net tangible assets per share of shares in Ann Joo Steel Berhad pledged over the secured term loan) for certain loans; and

ii) Maintain a security margin of not more than one time (measured by the secured term loan over the market value of shares in Ann Joo Steel Berhad pledged).

21. PROVISION FOR EMPLOYEE BENEFITS

The movements during the year in the retirement benefits recognised in the balance sheet are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	12,782	3,527	1,884	1,846
Acquisition of a subsidiary company	-	8,904	–	–
Charge to the income statement	1,692	2,086	40	38
	14,474	14,517	1,924	1,884
Benefits paid	(1,982)	(1,735)	–	–
At 31 December	12,492	12,782	1,924	1,884

21. PROVISION FOR EMPLOYEE BENEFITS (CONTINUED)

The retirement benefits are payable as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current (Note 22)	2,577	2,708	1,500	1,500
Non-current	9,915	10,074	424	384
At 31 December	12,492	12,782	1,924	1,884

The retirement benefits recognised in the balance sheet are analysed as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Present value of unfunded obligations	12,646	13,585	1,924	1,884
Unrecognised transitional liability	(154)	(803)	–	–
	12,492	12,782	1,924	1,884

The provision for retirement benefits charged to the income statement is analysed as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current service costs and interest	1,076	1,624	40	38
Amortisation of transitional liability				
- current financial year	616	462	–	–
	1,692	2,086	40	38

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

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Discount rate	7.0	7.0	7.0	7.0

Movement in the present value of the defined benefit obligations

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Defined benefit obligations at 1 January	12,782	3,527	1,884	1,846
Benefits paid by the plan	(1,982)	(1,735)	–	–
Current service costs and interest	1,692	2,086	40	38
Acquisitions of a subsidiary company	–	8,904	–	–
Defined benefit obligations at 31 December	12,492	12,782	1,924	1,884

22. PAYABLES AND ACCRUALS

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Trade					
Trade payables		51,498	38,508	–	–
Amount due to an associated company	22.2	360	227	–	–
		51,858	38,735	-	-
Non-trade					
Other payables		2,723	26,926	138	10,476
Accrued expenses		51,483	40,048	2,386	1,635
Amount due to subsidiaries	22.3	–	–	5,035	16,252
Amount due to related parties	22.4	–	68	–	–
Provision for employee benefit	21	2,577	2,708	1,500	1,500
Deposits		3,326	1,282	1	894
		60,109	71,032	9,060	30,757
		111,967	109,767	9,060	30,757

22.1 Analysis of foreign currency exposure for significant payables

Significant payables that are not in the functional currencies of the Group entities are as follows:

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
US dollar	115	1,480	–	–
Singapore dollar	–	172	–	–
Euro	1	96	–	–

22.2 Amount due to an associated company

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

22.3 Amount due to subsidiaries

Amount due to subsidiaries 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 ranging from 3.40% to 4.50% (2006: 3.10) per annum.

22.4 Amount due to related parties

Included in trade payables of the Group are amounts of RM185,619 (2006: RM115,920) and RM41,106 (2006: NIL) owing from companies in which a director has financial interest and a company in which the son of a director has financial interest respectively.

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

23. REVENUE

Group	Continuing operations 2007 RM'000	Continuing operations 2006 RM'000	Discontinued operation (see note 27) 2007 RM'000	Discontinued operation (see note 27) 2006 RM'000	Consolidated 2007 RM'000	Consolidated 2006 RM'000
Sales	1,935,008	1,431,965	43,072	21,307	1,978,080	1,453,272
Rental income from investment property	12,849	3,062	–	–	12,849	3,062
	1,947,857	1,435,027	43,072	21,307	1,990,929	1,456,334
Company						
Dividend income	119,136	41,577	–	–	119,136	41,577
Management fees	6,855	5,785	–	–	6,855	5,785
	125,991	47,362	–	–	125,991	47,362

Included in the revenue of the Group are discounts, carriage outwards and sales commissions amounting to RM38,888,990 (2006: RM22,041,331).

24. OPERATING PROFIT

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts	5,903	3,268	–	–
Allowance for obsolete rolls and moulds	–	360	–	–
Amortisation of:				
- intangible assets	–	1	–	–
- investment in club memberships	1	2	–	–
- goodwill on consolidation	–	1	–	–
Auditors' remuneration				
- current year	179	174	25	13
- prior year	–	1	–	–
Depreciation on property, plant equipment				
- current year	32,708	29,548	419	425
Depreciation on prepaid lease payments	1,289	1,182	26	109
Depreciation of biological assets	2,732	2,491	–	–
Employee benefits costs	80,559	73,232	6,116	5,548
Interest expense				
- term loan	6,296	3,318	5,768	2,536
- bank overdraft	39	51	–	–
- bills payable	15,105	10,787	–	–
- revolving credit	2,528	2,659	–	–
Impairment loss of investments in				
- club memberships	–	12	–	–
- quoted shares in Malaysia	40	21	–	–
Loss on disposal of investments	28	–	–	–
Management fee paid to:				
- an associated company	72	54	–	–
- a related party	228	228	–	–
Property, plant and equipment				
- written off	77	3,571	–	–
- impairment loss	26,381			
Quoted investment written off	–	26	–	–
Rental of premises paid to:				
- a subsidiary company	–	–	261	259
- others	1,297	1,784		–
Rolls and moulds written off	–	1,364	–	–
Hire/Rental of equipment	524	646	–	–
Write-down of inventories	7,800	1,575	–	–

24. OPERATING PROFIT (CONTINUED)

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
and after crediting:				
Reversal of allowance for doubtful debts	1,235	150	–	–
Recovery of doubtful debts	479	55	–	–
Dividend income from:				
- subsidiaries	–	–	119,136	41,577
Gain on disposal of				
- property, plant and equipment	1,380	11,155	14	39
- prepaid lease payments	489	–	489	–
Gain on foreign exchange				
- realised	2,337	2,315	24	–
- unrealised	1,740	–	–	–
Gain on disposal of investments	–	212	–	–
Interest income from:				
- others	2,750	2,637	45	235
- a related party	39	4	–	–
- a subsidiary company	–	–	267	46
Management fee income from				
- subsidiary companies	–	–	6,855	5,785
Negative goodwill arising from acquisition of a subsidiary company	1,051	22,541	–	–
Rental income from:				
- associates	55	237	–	–
- a related party	53	53	–	–
- others	1,261	2,772	–	–
Employee benefits costs (including key management personnel):				
Salaries, wages and bonus	70,296	63,020	5,467	4,885
Defined contributions plan	7,384	6,387	583	574
Defined benefit plan	1,692	2,086	40	38
Others	1,187	1,739	26	51
	80,559	73,232	6,116	5,548

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

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Fees	812	896	473	279
Remuneration	5,955	5,587	1,416	1,512
Defined contributions plan	629	552	178	199
Defined benefit plan	53	87	17	8
Estimated monetary value of benefits-in-kind	399	276	31	80
Others	79	7	–	–
	7,927	7,405	2,115	2,078

25. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors				
- Fees	599	488	473	279
- Remuneration	3,987	3,835	1,416	1,512
- Contribution to EPF	488	516	178	199
Estimated monetary value of benefits-in-kind	180	230	31	52
	5,254	5,069	2,098	2,042

There are no key management personnel persons, other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

26. TAX EXPENSE

Recognised in the income statements

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax expense on continuing operations	14,668	9,750	25,349	7,468
Tax expense on discontinued operation (excluding gain on sale)	(79)	(63)	–	–
Total tax expense	14,589	9,687	25,349	7,468

Major components of tax expense include:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expense				
Malaysian - current year	32,576	19,158	25,623	7,423
- prior year	(668)	(63)	(198)	–
Total current tax	31,908	19,095	25,425	7,423
Deferred tax expense				
Origination and reversal of temporary differences	(10,931)	(9,408)	(1,021)	45
(Over)/Under provision of deferred tax liabilities in prior years	(6,388)	–	945	–
Total deferred tax (Note 11)	(17,319)	(9,408)	(76)	45
Total tax expense	14,589	9,687	25,349	7,468

26. TAX EXPENSE (CONTINUED)

Recognised in the income statements (continued)

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	219,292	126,769	84,537	29,380
Total tax expense	14,589	9,687	25,349	7,468
Profit excluding tax	233,881	136,456	109,886	36,848
Tax at Malaysian tax rate of 27% (2006 – 28%)	63,148	36,843	29,670	10,317
Effect of lower tax rate for certain subsidiaries*	(98)	(35)	–	–
Effect of change in tax rate**	(367)	–	–	–
Non-deductible expenses	2,941	13,646	662	467
Tax exempt income	(11)	–	(6,097)	(3,316)
Tax incentives	(38,567)	(11,289)	–	–
Effect of unrecognised deferred tax assets	(5,227)	(29,415)	425	–
Others (174)	–	(58)	–	
	21,645	9,750	24,602	7,468
Over provision of tax expense in prior year	(668)	(63)	(198)	–
(Over)/Under provision of deferred tax liabilities in prior year	(6,388)	–	945	–
	14,589	9,687	25,349	7,468

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

** With effect from year of assessment 2007, corporate tax rate is at 27%. The Malaysian Budget 2008 also announced the reduction of corporate tax rate to 26% with effect from year of assessment 2008 and to 25% with effect from year of assessment 2009 respectively. Consequently deferred tax assets and liabilities are measured using these tax rates.

27. DISCONTINUED OPERATION

Ann Joo Steel Berhad had on 14 November 2007 entered into a Share Sale Agreement with C. B. Industrial Product Holding Berhad ("CBIPH") together with other shareholders of the subsidiary, Empresa (M) Sendirian Berhad ("Empresa"), for the disposal of its entire shareholdings in Empresa comprising of 9,000,000 ordinary shares of RM1.00 each for a cash consideration of approximately RM30.37 million and other shareholders entire shareholdings in Empresa comprising of 1,500,000 ordinary shares of RM1.00 each for a cash consideration of RM5.06 million.

On 16 November 2007, a 10% deposit upon signing of the share sale agreement was received from CBIPH amounting to RM3.04 million. The agreement is pending completion at the date of this report. The segment was not classified as held for sale as at 31 December 2006 and the comparative consolidated income statement has been re-presented to show the discontinued operation separately from continuing operations.

27. DISCONTINUED OPERATION (CONTINUED)

Profit attributable to the discontinued operation was as follows:

Results of discontinued operation

	Group 2007 RM'000	Group 2006 RM'000
Revenue	43,072	21,307
Cost of sales	(15,511)	(12,360)
Other operating income	4	58
Distribution expenses	(432)	(212)
Administration expenses	(4,440)	(2,898)
Finance costs	(1,197)	(1,477)
Profit before tax	21,496	4,418
Tax expense	79	63
Profit for the year	21,575	4,481
Included in results from operating activities are:		
Auditors' remuneration	4	10
Depreciation of property, plant and equipment	894	621
Amortisation of prepaid lease payments	376	282
Amortisation of plantation development expenditure	2,766	2,074
Personnel expenses		
- Wages, salaries and bonus	3,085	2,430
- Contribution to Employees' Provident Fund	41	28
and credits:		
Interest income	–	54

Cash flows from discontinued operation

	2007 RM'000	2006 RM'000
Net cash from operating activities	11,161	5,736
Net cash used in investing activities	(1,107)	(803)
Net cash used in financing activities	(10,000)	(5,000)
Net cash from/(used in) discontinued operations	54	(67)

28. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

Group	Continuing operations RM'000	Discontinued operation RM'000	Total RM'000
2007			
Profit for the year attributable to shareholders	178,477	13,976	192,453
2006			
Profit for the year attributable to shareholders	99,501	3,050	102,551

Weighted average number of ordinary shares

	Group	
	2007 '000	**2006 '000**
Issued ordinary shares at 1 January	348,472	273,137
Effect of treasury shares held	(15,459)	(5,058)
Effect of ordinary shares issued during the year	–	31,768
Effect of bonus issue of 1 for every 2 ordinary share in 2007*	174,236	149,924
Weighted average number of ordinary shares at 31 December	507,249	449,771

* In compliance with FRS 133, Earnings Per Share, the weighted average number of shares has been adjusted to account for the bonus issue as if it had occurred at the beginning of 2006.

	Group	
	2007 Sen	**2006 Sen**
From continuing operations	35.18	22.12
From discontinued operation	2.76	0.68
	37.94	22.80

Diluted earnings per ordinary share

There is no potentially dilutive impact on the earnings per share of the Group as at 31 December 2007 and 31 December 2006.

29. DIVIDENDS

Dividends recognised in the current year by the Company are:

2007	**Sen per share (net of tax)**	**Total amount RM'000**	**Date of payment**
Final ordinary dividend 2006	4.38	14,755	10.07.2007
Interim ordinary dividend 2007	5.84	19,652	25.09.2007
Total amount		34,407	
2006			
First interim ordinary dividend 2006	4.32	14,589	10.10.2006
Second interim ordinary dividend 2006	2.92	9,855	11.01.2007
Total amount		24,444	

After the balance sheet date the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the shareholders.

	Sen per share (net of tax)	**Total amount RM'000**
Final ordinary dividend 2007	5.92	30,875

30. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

Business segments

The Group comprises the following main business segments:

- Iron and steel - Manufacturing and trading of hardware, steel and iron products, building and construction materials of all kinds and operations of steel mill and steel services centre

- Investment holding, property management, plantations and others

30. SEGMENTAL REPORTING (CONTINUED)

	Iron and steel Trading		Manufacturing		Investment holding, property management plantations and others		Eliminations		Consolidated	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000 Restated
Business segments										
Total external revenue	303,327	382,097	1,599,384	1,050,154	45,146	2,776	–	–	1,947,857	1,435,027
Inter-segment revenue	7,583	17,996	64,474	112,856	131,380	58,776	(203,437)	(189,628)	–	–
Total segment revenue	310,910	400,093	1,663,858	1,163,010	176,526	82,859	(203,437)	(189,628)	1,947,857	1,435,027
Segment result	45,730	36,633	197,013	83,657	(9,903)	3,004	(1,550)	–	231,290	123,294
Negative goodwill arising from acquisition of a subsidiary									1,051	22,541
Interest income									2,789	2,641
Finance costs									(22,771)	(15,338)
Results from operating activities									212,359	133,138
Share of results of associated company									26	(1,100)
Tax expense									(14,668)	(9,750)
Profit from discontinued operations									21,575	4,481
Profit for the year									219,292	126,769
Segment assets	233,221	186,268	1,324,538	1,156,881	126,061	135,769	(1,600)	–	1,682,220	1,478,918
Investment in associates									356	134
Unallocated assets									4,819	8,434
Total assets									1,687,395	1,487,486
Segment liabilities	113,048	89,576	455,500	446,108	195,490	44,088	–	–	764,038	579,772
Unallocated liabilities									51,345	60,007
Total liabilities									815,383	639,779
Capital expenditure	137	521	16,681	10,423	734	4,425	–	–	17,552	15,369
Depreciation and amortisation	659	741	32,957	27,884	1,627	4,769	1,487	–	36,730	33,394
Gain/(loss) on disposal of investments	–	212	(28)	–	–	–	–	–	(28)	212
Gain on disposal of prepaid lease payments	–	–	–	–	489	7,600	–	–	489	7,600
Gain on disposal of property, plant and equipment	–	–	(1,380)	(3,555)	–	–	–	–	(1,380)	(3,555)
Impairment	40	33	26,381	–	–	–	–	–	26,421	33
Property, plant and equipment written off	28	–	49	3,571	–	–	–	–	77	3,571
Negative goodwill arising from acquisition of a subsidiary	–	–	–	–	1,051	22,541	–	–	1,051	22,541
Retirement benefits	50	255	1,602	1,793	40	38	–	–	1,692	2,086
Non-cash expenses	1,740	–	(980)	(1,724)	26	(1,100)	–	–	786	(2,824)

31. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the Group's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

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.

Interest rate risk

The Group is exposed to interest rate risk from changes in interest rates primarily for debt obligation and short term deposit placements in the money market. The Group manages this risk through the use of fixed and floating rate debt instruments to generate a desired interest rate profile.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group **2007**	**Average effective interest rate %**	**Total RM'000**	**Less than 1 year RM'000**
Fixed rate instruments			
Deposits placed with licensed banks	2.20 – 3.40	64,050	64,050
Unsecured bills payable	3.56 – 3.88	(86,020)	(86,020)
Unsecured Islamic acceptance bills	3.79 – 3.80	(86,098)	(86,098)
Unsecured revolving credits	4.22	(57,500)	(57,500)
Unsecured term loans	5.64	(6,000)	(6,000)
		(171,568)	(171,568)

Group **2007**	**Average effective rate %**	**Total RM'000**	**Less 1 year RM'000**	**1 - 5 years RM'000**
Floating rate instruments				
Unsecured bills payable	3.83 – 6.38	(186,128)	(186,128)	–
Bank overdraft	7.25 – 7.75	(351)	(351)	–
Secured term loans	4.37 – 4.83	(190,405)	(74,402)	(116,003)
		(376,884)	(260,881)	(116,003)

31. FINANCIAL INSTRUMENTS (CONTINUED)

Effective interest rates and repricing analysis (continued)

Group **2006**	**Average effective rate %**	**Total RM'000**	**Less 1 year RM'000**	**1 - 5 years RM'000**
Fixed rate instruments				
Deposits	2.00 – 5.00	15,374	15,374	–
Unsecured bills payable	3.15 – 4.35	(200,072)	(200,072)	–
Unsecured Islamic acceptance bills	3.83 – 3.90	(67,916)	(67,916)	–
Unsecured revolving credit	4.30 – 4.66	(43,000)	(43,000)	–
Unsecured term loans	5.64	(12,000)	(6,000)	(6,000)
		(307,614)	(301,614)	(6,000)
2006				
Floating rate instruments				
Unsecured bills payable	2.97 – 7.25	(77,395)	(77,395)	–
Unsecured term loans	4.84 – 4.90	(30,000)	(30,000)	–
Bank overdraft	7.25 – 7.75	(1,148)	(1,148)	–
Secured term loans	3.95 – 4.90	(28,400)	(11,360)	(17,040)
		(136,943)	(119,903)	(17,040)
Company				
2007				
Floating rate instruments				
Secured term loans	4.37 – 4.83	(190,405)	(74,402)	(116,003)
2006				
Floating rate instruments				
Secured term loans	3.95 – 4.90	(28,400)	(11,360)	(17,040)

Liquidity and cash flow risk

Prudent liquidity risk management required the Group to maintain sufficient cash via internally generated cash flows and the availability of funding resources through an adequate amount of committed credit facilities. The Group also structures its short term borrowings and long term loans to fund working capital requirements and capital expenditure respectively.

Foreign currency risk

The Group is exposed to foreign currency exchange risk as a result of entering into sales and purchase transactions denominated in foreign currencies. The foreign currency transactions are mainly denominated in US Dollars. The Group enters into foreign currency forward contracts to hedge the exposure to specific risks relating to material foreign currency transactions.

31. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The carrying amounts of cash and cash equivalents, receivables, other payables and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

Ann Joo Steel Berhad provides financial guarantees to a financial institution for banking facility extended to a subsidiary. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiary defaulting on the credit lines is remote.

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

	2007		2006	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Quoted shares	160	338	170	203
Forward exchange contracts:				
Assets	–	435	–	–
Liabilities	–	–	–	16
Unsecured fixed rate term loans	–	–	12,000	11,975
Secured term loans	190,405	190,405	28,400	28,400

The foreign currency amounts to be paid and the contractual exchange rates of the Group's outstanding contacts are as follows:

Group	**Currency to be paid/received**	**Ringgit Malaysia equivalent**	**Average contractual rate**
2007			
Future sales of goods amounting to USD5,617,186	USD	19,002,152	1USD = MYR3.37
2006			
Future purchase of consumables amounting to USD446,081	USD	1,583,142	1 USD = MYR3.55

Estimation of fair values

The following summarises the methods used in determining the fair values of financial instruments reflected above.

Fair value of quoted shares is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

32. CAPITAL AND OTHER COMMITMENTS

	Group	
	2007 RM'000	**2006 RM'000**
Property, plant and equipment		
Continuing operations		
Contracted but not provided for	192,954	160
Approved expenditure but not contracted for	521,690	69,075
	714,644	69,235

33. CONTINGENCIES

Pending litigations

The Directors are of the opinion that provisions are not required in respect of these matters as it is not probable that a future outflow of economic benefits will be required or the amount is not capable of reliable measurement.

As disclosed in previous financial years, a subsidiary, Empresa (M) Sendirian Berhad ("Empresa"), 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 by the state government. Both cases are now pending before the courts. The Directors, after consultation with its legal counsel, are unable to ascertain the extent of the liability due to the acreage of claim is not spell out; and the possible outcome of the case cannot be determined based on balance of probability method at this point in time as the outcome 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 of time.

However, the Group will no longer be responsible for any claims or liabilities that may arise from the above-mentioned cases upon the completion of the disposal of its 60% equity interest in Empresa as stated under Note 27 and 36.

Others

i) Its subsidiary company, Ann Joo Steel Berhad has issued corporate guarantee to a financial institution for banking facility to a subsidiary up to the limit of RM20 million (2006: RM30 million) of which RM20 million (2006: RM30 million) have been utilised at balance sheet date.

   However, the Group will no longer be responsible for any claims or liabilities that may arise from the corporate guarantee upon the completion of the disposal of its 60% equity interest in Empresa as stated under Note 27 and 36.

ii) Its subsidiary company, Ann Joo Steel Berhad also provides financial support for its subsidiary to meet its obligations as and when they fall due.

34. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries (see Note 8), associates (see note 9), directors and key management personnel.

Key management personnel compensation is disclosed in Note 25.

34. RELATED PARTIES (CONTINUED)

The significant related party transactions are as follows:

Summary of related party transactions

	2007 RM'000	2006 RM'000
Group		
Related companies		
Interest income received	39	–
Management fees received	180	–
Purchase of consumables	112	–
Rental received	191	53
Sales of plant and equipment	–	4,325
Slag processing services	251	–
Companies in which a director has financial interest		
Storage and handling charges	995	819
Companies in which the son of a director has financial interest		
Sale of goods	901	1,295
Purchase of goods	495	33
An associate of the ultimate holding company		
Sale of goods	1,333	995
A firm that has a legal practitioner who sits in the Board of Directors of the Company		
Retainer fees	–	506

34. RELATED PARTIES (CONTINUED)

Summary of related party transactions (continued)

	2007 RM'000	2006 RM'000
Company		
Subsidiary companies		
Dividend income	119,136	41,577
Interest expense	267	1
Interest income	262	46
Management fees received	6,855	5,785
Rental expense	261	259

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 that those arranged with independent third parties.

The outstanding balances arising from the above transactions have been disclosed in Note 13 and 22 to the financial statements.

35. 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 ("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.

Further acquisition in the shares of AJSB in the financial year ended 31 December 2007 is stated under Note 36(a) to the financial statements.

35. ACQUISITION OF A SUBSIDIARY COMPANY (CONTINUED)

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 overdrafts	(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 current financial year.

36. SIGNIFICANT EVENTS

a) On 12 April 2007, the Company served the Notice on the Board of Ann Joo Steel Berhad ("AJSB") to acquire the then remaining 65,122,626 ordinary shares of RM1.00 each in AJSB ("AJSB Shares"), representing 32.31% of the total issued and paid-up capital of AJSB including treasury shares as at 30 March 2007, which were not owned by the Company and person acting in concert with it for cash consideration of RM3.10 per AJSB Share ("Offer").

   As the Company held more than 90% of the listed AJSB Shares as a result of the Offer, AJSB did not comply with the public shareholding spread requirements of Bursa Securities. The trading of AJSB Shares was suspended on 6 June 2007. Following that, Bursa Securities de-listed AJSB from the Official List of Bursa Securities on 26 June 2007.

   Following the voluntary general offer by the Company to acquire the remaining shares of AJSB, the Company held 98.12% equity interest excluding treasury shares in AJSB, representing 197,594,827 ordinary shares of RM1.00 each in AJSB as at 31 December 2007.

36. SIGNIFICANT EVENTS (CONTINUED)

b) Ann Joo Steel Berhad ("AJSB") had on 14 November 2007 entered into a Share Sale Agreement with CB Industrial Product Holding Berhad ("CBIPH") together with other shareholders of the subsidiary, Empresa (M) Sendirian Berhad ("Empresa"), for the disposal of AJSB's entire shareholdings in Empresa comprising of 9,000,000 ordinary shares of RM1.00 each for a cash consideration of approximately RM30.37 million and the other shareholders entire shareholdings in Empresa comprising of 1,500,000 ordinary shares of RM1.00 each for a cash consideration of RM5.06 million.

On 16 November 2007, a 10% deposit upon signing of the share sale agreement was received from CBIPH amounting to RM3.04 million. The agreement is pending completion at the date of this report.

37. RECLASSIFICATION OF RESERVES

(a) Under the pooling-of-interests method of accounting, the difference between the cost of acquisition and the nominal value of the shares acquired are taken to merger reserve. However, in accounting for the business combinations of certain subsidiaries under the pooling-of-interest method, the difference between the cost of acquisition and the nominal value of the shares acquired was set off against existing share premium of the Group. The reversal of this treatment resulted in the reclassification of share premium to merger reserve amounting to RM20,840,335.

(b) The Group have a revaluation surplus arising from the revaluation of certain land, buildings and investment properties prior to 2006. No deferred taxation have been recognised for these revaluation surplus. As the revaluation surplus was recognised prior to 2006, RM12,012,757 was reclassified from retained earnings to revaluation surplus to comply with the requirements of FRS 112, *Income tax*.

The reclassification of reserves above have not been applied retrospectively as they did not give rise to any changes in the financial statement line items and the impact is not material to the net assets of the Group.

38. CHANGES IN ACCOUNTING POLICIES

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2007.

The changes in accounting policies arising from the adoption of FRS 117, Leases is summarised below:

FRS 117, *Leases*

The Company had previously classified leasehold land as property, plant and equipment. On adoption of FRS 117, Leases, the Company treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117.67A.

Leasehold land of the Group and the Company amounting to RM93,419,000 and RM9,557,000 respectively in 2006 was reclassified from property, plant and equipment to prepaid lease payments to comply with the requirements of FRS 117, Leases.

39. COMPARATIVE FIGURES

The following comparative figures have been reclassified as a result of changes in accounting policies as stated in Note 27 and Note 38:

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Balance sheet				
Property, plant and equipment	468,344	561,763	1,189	10,746
Prepaid lease payments	93,419	–	9,557	–
Income statement				
Revenue	1,435,027	1,456,334		
Cost of sales	(1,264,189)	(1,276,549)		
Other operating income	44,074	44,132		
Distribution expenses	(12,137)	(12,349)		
Administration expenses	(54,299)	(57,197)		
Finance costs	15,338	16,815		
Tax expense	9,750	9,687		
Profit from discontinued operation	4,481	–		

RECURRENT
RELATED PARTY TRANSACTIONS

The breakdown of the aggregate value of the Recurrent Related Party Transactions during the financial year ended 31 December 2007 of a revenue or trading nature carried out by Ann Joo Group in its normal course of business on an arm's length basis is as follows:-

Related Parties	Transacting Party	Nature of Transaction	Actual (RM)
LIM Group	Ann Joo Group	▪ Sale of steel related products; ▪ Provision of various services or treatments for steel related products; ▪ Charging of incidental cost to LIM Group	2,070,004
		Purchase of steel related products from LIM Group	513,102
		Lease of office space to LIM Group	53,400
		Purchase of computer equipment and related maintenance services from LIM Group	7,868
		Rental and management fee payable to LIM Group for storage of steel related materials	1,002,169
		Trading of general engineering machines and charging of incidental cost and expenses in relation thereto	39,106
		Provision of slag treatment services and purchase of substance used for steel making by LIM Group	250,998
		Lease of land and building and usage of required operating activities by LIM Group	429,516
MISI Group	API/ASSC	Sale of steel related products and provision of cutting and bending services to MISI Group	4,295,362
		Purchase of steel related products from MISI Group	13,749,165
Sanritsu Group	API	Purchase of die tooling and payment for repair services of die tooling to Sanritsu Group	1,912,131
		Sub-Lease to Sanritsu Group of factory area	41,397
		Payment of technical and advisory support fee to Sanritsu Group	300,000
		Purchase of steel related products from Sanritsu Group	1,027,407
CHH Group	ASP	Sale of steel related products and provision of cutting and bending services to CHH Group and charging or reimbursement of incidental cost and expenses in relation thereto	6,577,659
SHH Group	ASP	Sale of steel related products and provision of cutting and bending services to SHH Group and charging or reimbursement of incidental cost and expenses in relation thereto	2,271,090
		Purchase of steel related products from SHH Group	351,651

Ann Joo Group	:	Ann Joo Resources Berhad and its subsidiary companies
API	:	Anshin Precision Industries Sdn Bhd, a 59.12%-owned subsidiary company of Ann Joo
ASP	:	Anshin Steel Processor Sdn Bhd, a 57%-owned subsidiary company of Ann Joo
ASSC	:	Anshin Steel Service Centre Sdn Bhd, a 60% owned subsidiary company of Ann Joo till 3 October 2007
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.
CHH Group	:	Chuan Huat Hardware Holdings Sdn Bhd and its related corporations, associated companies and persons connected
MISI Group	:	Marubeni-Itochu Steel Inc. and its related corporations, associated companies and persons connected
Sanritsu Group	:	Sanritsu Kogyo Co., Ltd. and its subsidiary companies, associated companies and persons connected
SHH Group	:	SHH and its related corporations, associated companies and persons connected

LIST
OF PROPERTIES OWNED

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	25	24,879	31.12.2003
Lot 1508 Mukim and District of Petaling	Freehold	Industrial Land & Building	0.658 hectares	Office and Warehouse	5	8,107	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	16	33,662	31.12.2003
H.S.D. 711 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 29.06.2076)	Industrial Land & Building	1.658 hectares	Factory and Office	17	14,469	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	14	38,166	31.12.2003
Lot PT 3707 Mukim of Pasir Panjang Port Dickson	Freehold	Detached House	528 sq.m.	Staff Recreation	22	142	31.12.2003
Lot 2171 Section 66 Kuching	Leasehold (expiring on 04.02.2050)	Industrial Land & Building	4,059 sq.m.	Office and Warehouse	13	1,554	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	–	1,047	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	36 to 41	13,138	31.3.2006
Lot 78, Prai Town Penang	Freehold	Industrial Land and Buildings	237.448 acres	Rolling Mill 2 Steel Making Plant Oxygen plant	2 to 38	145,484	31.3.2006
Lot 426 Mukim 5 Province Wellesley South, Penang	Freehold	Industrial Land	15 acres	Vacant	–	2,300	31.3.2006

LIST
OF PROPERTIES OWNED

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV (RM'000)	Date of Last Revaluation
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
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	–	904	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
Sub-Total (value of properties held as property, plant and equipment, prepaid lease payments)						290,317	
Lot 52 District of Bok Land Bahagian Miri Sarawak	Leasehold expiring on 27.9.2087	Plantation Land	5,936 hectares	Oil Palm plantation	–	29,759	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	2 to 8	3,918	Constructed during the period from 31.3.2000 to 31.12.2006
Sub-Total (value of properties held as assets classified as held for sales)						33,677	

LIST
OF PROPERTIES OWNED

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV (RM'000)	Date of Last Revaluation
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 Alam	Leasehold (expiring on 14.02.2091)	Condominium	2,732 sq.ft.	Vacant	9	500	31.12.2003
No. F-12-04 Washington Tower Medow Park 3 Jalan 1/130 Off Jalan Kelang Lama 58200 Kuala Lumpur	Freehold	Apartment	1,120 sq.ft.	Vacant	9	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	10	125	31.12.2003
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	12	290	31.12.2003
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	21	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	21	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	20	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	20	1,050	31.3.2006

LIST
OF PROPERTIES OWNED

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV (RM'000)	Date of Last Revaluation
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	20	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	20	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	20	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	20	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	20	1,025	31.3.2006
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	20	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	20	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	20	1,050	31.3.2006

LIST
OF PROPERTIES OWNED

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV (RM'000)	Date of Last Revaluation
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	20	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	20	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	20	950	31.3.2006
Lots 59 Section 4 Phase 2A Pulau Indah Industrial Park West Port	Leasehold (expiring on 24.02.2097)	Industrial Land	9,917 sq.m.	Vacant Land	–	1,689	31.12.2003
Sub-total (value of properties held as investment properties)						16,624	
Total (value of properties held as property, plant and equipment, prepaid lease payments, assets classified as held for sales and investment properties)						**340,618**	

STATISTICAL REPORT
AS AT 25 MARCH 2008

ANALYSIS BY SIZE OF SHAREHOLDINGS

Authorised share capital	:	RM1,000,000,000
Issued and paid-up share capital	:	RM522,707,278
Class of shares	:	Ordinary shares of RM1 each
Voting rights	:	One vote per ordinary share held
No. of treasury shares held	:	8,624,700 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	86	1.61	1,730	0.00
100 – 1,000	413	7.71	336,326	0.07
1,001 – 10,000	3,973	74.15	12,273,821	2.39
10,001 – 100,000	718	13.40	20,693,319	4.03
100,001 – less than 5% of issued shares	165	3.08	144,552,309	28.12
5% and above of issued shares	3	0.06	336,225,073	65.40
Total	**5,358**	**100.00**	**514,082,578**	**100.00**

LIST OF DIRECTORS' SHAREHOLDING AS AT 25 MARCH 2008

	No. of shares			
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Lim Seng Qwee	5,080,255	0.99	339,136,532§	65.97
Dato' Lim Kiam Lam	2,772,750	0.54	340,596,182§	66.25
Dato' Lim Hong Thye	1,259,400	0.24	–	–
Lim Sin Seong	750,000	0.15	338,488,532§	65.84
Lim Kien Lip	–	–	1,500,000§	0.29
Y.A.M Tunku Naquiyuddin Ibni Tuanku Ja'afar	–	–	–	–
Dato' Ong Kim Hoay	92,500	0.02	–	–
Tan Sri Datuk A. Razak bin Ramli	–	–	–	–
Datuk Kamarudin bin Md Ali	–	–	–	–

Note:
§ Deemed interest pursuant to Sections 6A and 134(12)(c) of the Companies Act, 1965.

DIRECTORS' INTEREST IN SHARES IN RELATED COMPANIES AS AT 25 MARCH 2008

		No of shares			
Related company	**Director**	**Direct Interest**	**%**	**Indirect Interest**	**%**
Ann Joo Corporation Sdn Bhd	Lim Seng Qwee	–	–	20,350,000#	40.70
	Dato' Lim Kiam Lam	750,000	1.50	23,900,000^	47.80
	Lim Sin Seong	–	–	5,000,000+	10.00

Notes:
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 Seng Chee & Sons Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965.
+ Deemed interest through substantial shareholding in Lim Sin Seong Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965

STATISTICAL REPORT
AS AT 25 MARCH 2008

SUBSTANTIAL SHAREHOLDERS AS AT 25 MARCH 2008

Name	No. of shares Direct Interest	%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	336,225,073	65.40	2,261,959*	0.44
Lim Seng Chee & Sons Sdn Bhd	–	–	338,487,032*	65.84
LSQ & Sons Sdn Bhd	–	–	338,487,032*	65.84
Lim Sin Seong Sdn Bhd	–	–	338,487,032*	65.84
Lim Seng Chee	5,915,100	1.15	338,487,032*	65.84
Lim Seng Qwee	5,080,255	0.99	338,487,032*	65.84
Dato' Lim Kiam Lam	2,772,750	0.54	338,487,032*	65.84
Lim Sin Seong	750,000	0.15	338,487,032*	65.84

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

THIRTY LARGEST SHAREHOLDERS AS AT 25 MARCH 2008

No.	Name of Shareholders	No of Shares	% of Issued and Paid-Up Share Capital
1.	Ann Joo Corporation Sdn Bhd	151,225,073	29.42
2.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ann Joo Corporation Sdn. Bhd.*	135,000,000	26.26
3.	Mayban Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ann Joo Corporation Sdn. Bhd. (414169837019)*	50,000,000	9.73
4.	Lembaga Tabung Haji	15,087,950	2.93
5.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for Credit Suisse (SG BR-TST-ASING)*	11,194,450	2.18
6.	Lim Seng Chee	5,915,100	1.15
7.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	5,124,500	1.00
8.	Lim Seng Qwee	5,080,255	0.99
9.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (PAR1)*	3,418,000	0.66
10.	HDM Nominees (Tempatan) Sdn. Bhd. *HDM Capital Sdn. Bhd. for Ooi Ah Teik*	3,375,000	0.66
11.	HDM Nominees (Tempatan) Sdn. Bhd. *HDM Capital Sdn. Bhd. for Tan Koo Ching*	3,375,000	0.66
12.	Mayban Nominees (Tempatan) Sdn. Bhd. *Mayban Trustees Berhad for Public Aggressive Growth Fund (N14011940110)*	3,000,000	0.58
13.	Dato' Lim Kiam Lam	2,772,750	0.54
14.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Islamic Sector Select Fund*	2,380,000	0.46
15.	United Hardware Holdings Sendirian Berhad	2,261,959	0.44
16.	Malaysian Assurance Alliance Berhad *As Beneficial Owner (Growth Fund)*	2,250,000	0.44
17.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Index Fund*	2,209,300	0.43
18.	Tan Poh Gek	2,182,050	0.42
19.	Yang Pouy Soon	2,164,800	0.42
20.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Islamic Balanced Fund*	2,053,900	0.40
21.	Yong Chai Lee	1,910,364	0.37
22.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Far-East Select Fund*	1,665,000	0.32
23.	Teoh Sod Bin	1,638,750	0.32
24.	HDM Nominees (Tempatan) Sdn. Bhd. *HDM Capital Sdn. Bhd. for Steadfast Harvest Sdn. Bhd.*	1,626,800	0.32
25.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Far-East Dividend Fund*	1,619,900	0.32
26.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Asia Ittikal Fund*	1,575,000	0.31
27.	Datin Keng Poh Im	1,573,650	0.31
28.	Universal Trustee (Malaysia) Berhad *CIMB-Principal Equity Fund*	1,538,900	0.30
29.	Law Shee Yuan	1,500,000	0.29
30.	HSBC Nominees (Asing) Sdn. Bhd. *BNY Brussels for CF Ruffer Pacific Fund*	1,500,000	0.29

STATISTICAL REPORT
AS AT 25 MARCH 2008

ANALYSIS BY SIZE OF WARRANT HOLDINGS

No. of Warrants in issue	:	261,353,639
Exercise Price of Warrants	:	RM2.50
Expiry Date of Warrants	:	10 January 2013
Voting Rights	:	One vote per warrant held

Size of Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrant Holding	% of Warrant Issued
Less than 100	18	0.63	950	0.00
100 – 1,000	837	29.31	683,487	0.26
1,001 – 10,000	1,501	52.56	5,772,812	2.19
10,001 – 100,000	392	13.73	11,479,300	4.39
100,001 – less than 5% of Issued Holdings	106	3.71	72,771,064	27.84
5% and above of Issued Holdings	2	0.07	170,696,026	65.31
Total	**2,856**	**100.00**	**261,353,639**	**100.00**

LIST OF DIRECTORS' WARRANT HOLDINGS AS AT 25 MARCH 2008

	No. of Warrants			
Name of Directors	Direct Interest	%	Indirect Interest	%
Lim Seng Qwee	2,540,127	0.97	172,152,155*	65.87
Dato' Lim Kiam Lam	1,386,375	0.53	172,881,580*	66.15
Dato' Lim Hong Thye	647,000	0.25	–	–
Lim Sin Seong	500,200	0.19	171,827,905*	65.75
Lim Kien Lip	–	–	753,300§	0.29
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	–	–	–	–
Dato' Ong Kim Hoay	11,300	#	–	–
Tan Sri Datuk A. Razak bin Ramli	–	–	–	–
Datuk Kamarudin bin Md Ali	–	–	–	–

Notes:
Negligible
* Deemed interest pursuant to Sections 6A and 134(12)(c) of the Companies Act, 1965.
§ Deemed interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

STATISTICAL REPORT
AS AT 25 MARCH 2008

THIRTY LARGEST WARRANT HOLDERS AS AT 25 MARCH 2008

No.	Name of Warrant Holders	No of Warrant Holding	% of Warrant Issued
1.	Ann Joo Corporation Sdn Bhd	103,196,026	39.49
2.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ann Joo Corporation Sdn. Bhd. (49171 CBD)*	67,500,000	25.83
3.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for Credit Suisse (SG BR-TST-ASING)*	5,868,675	2.25
4.	Lembaga Tabung Haji	4,401,975	1.68
5.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Far-East Dividend Fund*	3,492,500	1.34
6.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)*	2,972,700	1.14
7.	Lim Seng Chee	2,957,900	1.13
8.	Lim Seng Qwee	2,540,127	0.97
9.	Lim Kian Wat	2,527,500	0.97
10.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Amtrustees Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	2,237,200	0.86
11.	Mayban Nominees (Tempatan) Sdn. Bhd. *Mayban Trustees Berhad for Public Aggressive Growth Fund (N14011940110)*	2,000,000	0.77
12.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Far-East Select Fund*	1,810,000	0.69
13.	Mayban Nominees (Tempatan) Sdn. Bhd. *Mayban Trustees Berhad for Public Balanced Fund (N14011950210)*	1,740,000	0.67
14.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *PB Balanced Fund*	1,721,700	0.66
15.	HDM Nominees (Tempatan) Sdn. Bhd. *HDM Capital Sdn. Bhd. for Ooi Ah Teik*	1,687,500	0.65
16.	HDM Nominees (Tempatan) Sdn. Bhd. *HDM Capital Sdn. Bhd. for Tan Koo Ching*	1,687,500	0.65
17.	HDM Nominees (Tempatan) Sdn. Bhd. *HDM Capital Sdn. Bhd. for Effective Potential Sdn. Bhd. (N14011930270)*	1,687,500	0.65
18.	Mayban Nominees (Tempatan) Sdn. Bhd. *Mayban Trustees Berhad for Public Industry Fund*	1,657,000	0.63
19.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *PB Asia Equity Fund*	1,510,100	0.58
20.	Dato' Lim Kiam Lam	1,386,375	0.53
21.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Enhanced Bond Fund*	1,143,000	0.44
22.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *PB Growth Fund*	1,135,500	0.43
23.	United Hardware Holdings Sendirian Berhad	1,130,979	0.43
24.	Malaysian Assurance Alliance Berhad *As Beneficial Owner (Growth Fund)*	1,125,000	0.43
25.	Yong Chai Lee	969,900	0.37
26.	Teoh Sod Bin	825,300	0.32
27.	Datin Keng Poh Im	786,825	0.30
28.	Law Shee Yuan	752,300	0.29
29.	HSBC Nominees (Asing) Sdn. Bhd. *BNY Brussels for CF Ruffer Pacific Fund*	750,000	0.29
30.	Universal Trustee (Malaysia) Sdn. Bhd. *CIMB-Principal Equity Fund*	734,300	0.28

安裕資源有限公司
ANN JOO RESOURCES BERHAD
(Company No. 371152-U)
(Incorporated in Malaysia)

FORM OF PROXY

No. of Ordinary Shares held	

I/We .... NRIC No. ....
(Full name in block letters)

of ....
(Address)

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

.... of ....
(Full name in block letters) (Address)

....

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

of ....
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Bahamas 1 & 2, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Friday, 9 May 2008 at 10.00 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 8.0 sen per share		
4.	To re-elect Dato' Lim Hong Thye as Director		
5.	To re-elect Mr Lim Sin Seong as Director		
6.	To re-elect Tan Sri Datuk A. Razak bin Ramli as Director		
7.	To re-elect Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar as Director		
8.	To re-appoint Dato' Ong Kim Hoay as Director		
9.	To re-appoint Messrs KMPG as Auditors of the Company		
10.	To authorise Directors to allot shares pursuant to Section 132D of the Companies Act, 1965		
11.	To renew the authorisation to enable the Company to purchase its own shares		
12.	To renew the existing Shareholders' mandate for recurrent related party transactions of a revenue or trading nature with the following related parties: - (i) LIM Group		
13.	(ii) MISI Group		
14.	(iii) Sanritsu Group		
15.	(iv) CHH Group		
16.	(v) SHH Group		
17.	To obtain new Shareholders' mandate for recurrent related party transactions of a revenue or trading nature with LIM Group		
18.	To amend the Articles of Association		

Please indicate with a "√" in the appropriate space how you wish your votes to be casted. 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.

CDS account no.:-	
Telephone no. (during office hours):-	

Signed this .... day of 2008

....
Signature
Shareholder or 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.

Please fold here

Stamp

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

Please fold here