• SHARE BUYBACKS

As at 31 December 2008, a total of 20,011,300 re-purchased shares are being held as treasury shares with none of the shares being cancelled, resold or distributed during the financial year.

Details of shares re-purchased during the financial year ended 31 December 2008 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)
January 2008	2,749,500	8,580,293.17	3.00	3.22	3.12
February 2008	4,240,900	13,557,920.03	2.98	3.38	3.20
March 2008	593,300	1,757,963.03	2.87	3.16	2.96
April 2008	329,600	998,927.14	2.97	3.14	3.03
May 2008	19,000	73,876.05	3.86	3.86	3.89
June 2008	2,400,000	9,106,954.11	3.52	3.98	3.79
July 2008	3,641,200	12,803,253.46	3.38	3.76	3.52
August 2008	4,861,700	17,614,239.60	3.14	3.76	3.62
December 2008	5,000	6,098.82	1.21	1.21	1.22
Total	18,840,200	64,499,525.41			

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

• OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

On 16 January 2008, Renounceable Rights Issue of 261,353,639 new warrants was listed and quoted on Bursa Malaysia Securities Berhad. The warrants were issued on the basis of one (1) warrant for every two (2) existing AJR Shares. 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. No warrants were exercised during the financial year.

No options were granted to any person to take up unissued shares of the Company 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 RM41,400 was paid to the external auditors being professional fees paid in relation to:-
(a) corporate exercise on bonus issue of ordinary shares and rights issue of warrants.
(b) application to certain utility board for rebate by a subsidiary.
(c) proposed Selective Capital Repayment exercise under taken by a subsidiary.
(d) application for training grant by a subsidiary.

• MATERIAL CONTRACTS

Save as disclosed in page 109 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 3.1 Page 65 to the Financial Statements.

Corporate Calendar

JANUARY 15
SIGNING CEREMONY BETWEEN ANN JOO INTEGRATED STEEL SDN BHD AND TANGSHAN IRON & STEEL DESIGN & RESEARCH INSTITUTE

A signing ceremony was held for a contract between Tangshan Iron & Steel Design & Research Institute Co. Ltd. ("TISDR") and Ann Joo Integrated Steel Sdn. Bhd., a wholly owned subsidiary of Ann Joo Resources Berhad in Beijing, China. The ceremony was witnessed by H.E. Dato' Syed Norulzaman Syed Kamarulzaman, Malaysian Ambassador to China. The scope of the contract covers the design, supply, install, construct, supervise, train, test and commission of the Blast Furnace Complex, which comprises a blast furnace and auxiliaries, a sinter plant and a raw material yard next to the Ann Joo Group's steel mill at Prai Industrial Estate, Daerah Tengah, Penang for a contract sum of USD 57,848,928.80 which form part of the total estimated RM600 million cost of investment of Phase 1, Iron Making Project.

FEBRUARY 15
CHINESE NEW YEAR OPEN HOUSE AT WISMA ANN JOO, PJ

Traditionally, we have always been inviting our business associates and partners to our Chinese New Year Open House. There were about eight hundred guests attended the function. On the same day, all staffs were also joining the dinner to celebrate this auspicious occasion.

FEBRUARY 19
CHINESE NEW YEAR OPEN HOUSE AT ANN JOO STEEL BERHAD, PRAI

Ann Joo Steel Berhad also celebrated a grand Chinese New Year Open House at Prai. All business associates, business partners in Northern State and staffs were invited to attend this event. A buffet lunch was arranged at their Prai Plant from 12 noon to 4pm.

MARCH 1
TEAM SYNERGY TRAINING AT PORT DICKSON

Ann Joo Group would always consider staffs are their assets and it believed in motivating their staffs from time to time by organizing some motivational training. The executive staffs were invited to join a Team Synergy training at Port Dickson in March 2008. There were a lot of funs shared amongst young executives to experience the power of team spirit.


MARCH 24
BLAST FURNACE GROUND BREAKING CEREMONY

Our Group Managing Director, Dato' Lim Hong Thye officiated the ground breaking ceremony for the blast furnace project. The ceremony was witnessed by the project team and the contractors.

MAY 9
ANN JOO RESOURCES BERHAD TWELFTH ANNUAL GENERAL MEETING

Ann Joo Resources Berhad's Twelfth Annual General Meeting was held at the Sunway Lagoon Resort Hotel and was attended by the members of the Board, shareholders, press and staffs. Our Group Managing Director, Dato' Lim Hong Thye, took the opportunities to brief the shareholders on the Group's financial results and business achievements in the year 2007.



MAY 11 TO JULY 26
AUGUST 30 TO SEPTEMBER 23
TECHNICAL TRAINING FOR BLAST FURNACE OPERATION TEAM IN CHINA

On 11 May 2008, Ann Joo Integrated Steel Sdn Bhd sent 41 engineers to attend a three-month technical training at Tangshan Iron & Steel Design & Research Institute Co. Ltd. and Jiangyin Xincheng Special Steel Co. Ltd., in China. The scope of training covers the iron making processes including the blast furnace operations, sintering plant operations and raw material yard processes as well as practical session in Jiangyin Xincheng.

On 30 August 2008, the management sent another batch of 16 employees to attend a two-month practical training in Jiangyin Xincheng.

JUNE 30
RETIREMENT OF OUR FORMER CHAIRMAN, MR. LIM SENG QWEE

For 61 years since his arrival from China to Malaysia, our Ex-chairman, Mr. Lim Seng Qwee had assisted his father, the founder of Ann Joo Group to build the Group. His contribution towards the Group was much appreciated by the management and staff of Ann Joo Resources Berhad during his retirement gathering on 30th June 2008. He is confident to pass his baton to the younger generation and spend his golden years more often with his family.


Corporate Calendar

JULY 7
DONATION TO NEGERI SEMBILAN RUGBY UNION

In fulfilling our social responsibilities as a caring corporate citizen, Ann Joo supported the Negeri Sembilan Rugby Union by sponsoring a sum of RM20,000 for their 10th Anniversary of Negeri Sembilan Royal Seventh Rugby Tournament. The event was launched by Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, who is the Patron of Negeri Sembilan Rugby Union. The cheque presentation ceremony was held at the Kuala Lumpur Selangor Club and attended by our Group Executive Chairman, Dato' Lim Kiam Lam.

JULY 10
TRIBUTE TO FORMER CHAIRMAN, MR LIM SENG QWEE
APPOINTMENT OF NEW GROUP EXECUTIVE CHAIRMAN, DATO' LIM KIAM LAM & GROUP MANAGING DIRECTOR, DATO' LIM HONG THYE

The retirement of our Ex-Chairman, Mr. Lim Seng Qwee, was officially made known to all business associates and friends on 10th July 2008. A grand dinner was organized and a night of appreciation to him was held at the Sunway Lagoon Hotel Resort with about 800 guests attended.

In conjunction with this special celebration, it grace another auspicious event and that is the appointment of Dato' Lim Kiam Lam as the Group Executive Chairman and Dato' Lim Hong Thye as the Group Managing Director of the Ann Joo Group.

JULY 26
NEW OFFICE BUILDING, PRAI

Ann Joo acquired an office building to cope with enlarged workforces including additional production staffs, expatriates and professional workers that are recruited for the construction and operations of the blast furnace facilities. The 1st batch of staffs moved in the building on 26th July 2008 and the 2nd batch of staffs moved in on 9th August 2008.

AUGUST 11
ISO 9001 : 2000 AWARENESS TRAINING

Ann Joo is always ready to improve on the standard of work amongst the staffs. Besides motivational courses, we also ensure that the staffs are aware and understand the quality management systems requirement set by the respective subsidiary. Our guest speaker, Mr. William Ng from Moody International, was invited to conduct the ISO 9001: 2000 Awareness Training Program for 24 staffs so that they continue to uphold the standard set in their management system.

AUGUST 16
MOTIVATIONAL PROGRAMME HELD AT SELESA HOME, PAHANG

A motivational program was organized for Ann Joo staffs to meet their ISO compliance. About 50 staffs and facilitators were at the Selesa Home to go through a series of motivational activities, some of which were classroom base and some at outdoor. All the staffs were very motivated and appreciative especially some of the senior Ann Joo management staffs were with them throughout their training.

SEPTEMBER 16
SIGNING CEREMONY WITH AIR PRODUCTS MALAYSIA SDN BHD

On this date, Ann Joo Steel Berhad had signed an agreement with Air Products Malaysia Sdn Bhd to supply gaseous oxygen, gaseous nitrogen and liquid argon to facilitate the steel making process at our Blast Furnace Plant at Prai.

SEPTEMBER 24
ANN JOO STEEL BERHAD EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting of Ann Joo Steel Berhad was held at Dewan Putra Perdana 1, Putrajaya Shangri-La, Taman Putra Perdana, Presint 1, 62000 Putrajaya, Wilayah Persekutuan Putrajaya at 9.00 am in relation to the proposed selective capital repayment pursuant to Section 64 of the Companies Act, 1965. A special resolution of the Company has been passed to the effect that on the said reduction of capital taking effect, every one (1) ordinary share of RM1.00 each will be paid RM3.86 each credited as having been fully paid-up. Upon completion of the exercise, Ann Joo Steel Berhad will become a wholly owned subsidiary of Ann Joo Resources Berhad.

Corporate Calendar

OCTOBER 24
HARI RAYA OPEN HOUSE AT ANN JOO STEEL BERHAD, PRAI

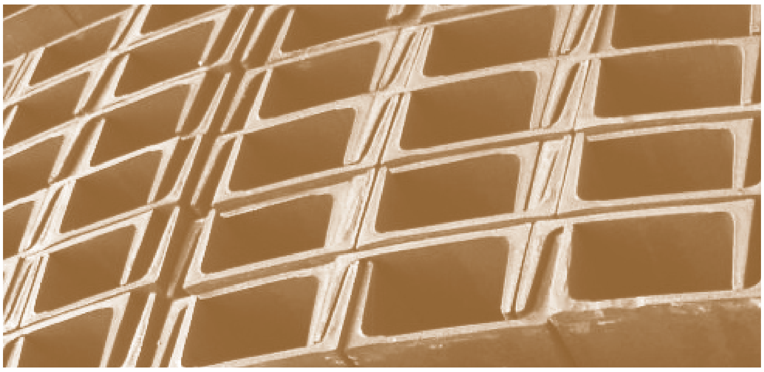
In conjunction with the Hari Raya celebration, Ann Joo is mindful of good working relationship with people around us. As such, Ann Joo Steel Berhad at Prai office took this opportunity to invite all staffs, business associates and counterparts to join us in a Muhibbah Open House during Hari Raya.

NOVEMBER 6 & 7
CAREER FAIR & FORUM AT TAR COLLEGE

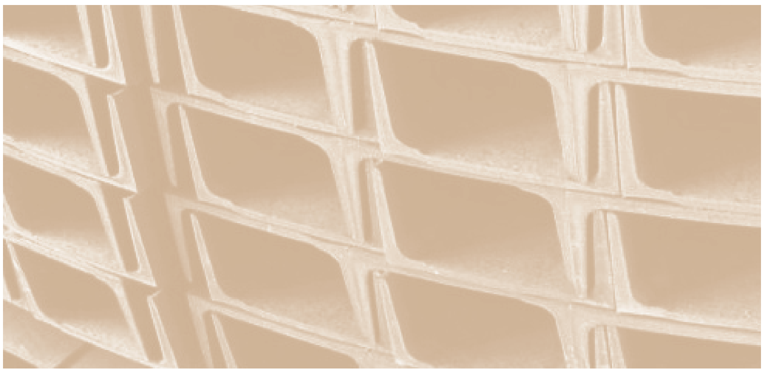
As part of our corporate social responsibilities, we continue to support TAR College in their career fair and forum. A booth was set up for students to come forward to understand our business activities and the career opportunities that we can offer to them. We were also invited to participate in an open forum and touched on the subject of Partners in Education & Training whereby TAR College is collaborating with overseas universities on twinning programs.

NOVEMBER 7, 8 & 9
MY CAREER, EDUCATION & ENTREPRENEUR FAIR HELD AT MID VALLEY

Besides the TAR College career fair that we use to participate, Ann Joo also registered with the Education & Entrepreneur Fair held at Mid Valley. We are constantly in search of good and potential candidates to fill up numerous positions within the group.



Financial Statements



Directors' report
for the year ended 31 December 2008

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 2008.

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 have been no significant changes in the nature of these activities during the financial year other than those attributed to the acquisition and disposal of subsidiaries.

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	139,398	58,898
Minority interest	9,382	-
	148,780	58,898

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial 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 final ordinary dividend of 8 sen less tax at 26% per ordinary share totalling RM30,405,350 in respect of the financial year ended 31 December 2007 on 16 June 2008; and

ii) a first interim ordinary dividend of 12 sen less tax at 26% per ordinary share totalling RM44,646,800 in respect of the financial year ended 31 December 2008 on 2 September 2008.

The Directors do not recommend any final ordinary dividend to be paid for the financial year under review.

Directors of the Company

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

Dato' Lim Kiam Lam
Dato' Lim Hong Thye
Lim Sin Seong
Lim Kien Lip
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
Dato' Ong Kim Hoay
Tan Sri Datuk A. Razak bin Ramli
Datuk Kamarudin bin Md Ali
Lim Seng Qwee (retired on 30 June 2008)

Directors' interests

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

	Number of ordinary shares of RM1 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
The Company				
Direct interest:				
Dato' Lim Kiam Lam	2,772,750	-	-	2,772,750
Dato' Lim Hong Thye	1,259,400	-	-	1,259,400
Lim Sin Seong	750,000	750,000	-	1,500,000
Dato' Ong Kim Hoay	22,500	110,000	-	132,500
Indirect interest*:				
Dato' Lim Kiam Lam	340,596,182	9,207,709	(2,261,959)	347,541,932
Lim Sin Seong	338,488,532	9,014,559	(2,261,959)	345,241,132
Lim Kien Lip	1,500,000	-	-	1,500,000

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

Ultimate holding company - Ann Joo Corporation Sdn. Bhd.				
Direct interest:				
Dato' Lim Kiam Lam	750,000	-	-	750,000
Indirect interest:*				
Dato' Lim Kiam Lam	23,900,000	-	-	23,900,000
Lim Sin Seong	5,000,000	-	-	5,000,000

	Number of warrants				
	At 1.1.2008	Granted/ Bought	Exercised	Sold/ Transferred	At 31.12.2008
The Company					
Direct interest:					
Dato' Lim Kiam Lam	-	1,533,375	-	-	1,533,375
Dato' Lim Hong Thye	-	647,000	-	-	647,000
Lim Sin Seong	-	500,200	-	-	500,200
Dato' Ong Kim Hoay	-	11,300	-	-	11,300
Indirect interest:*					
Dato' Lim Kiam Lam	-	180,337,134	-	(1,130,979)	179,206,155
Lim Sin Seong	-	178,209,784	-	(1,130,979)	177,078,805
Lim Kien Lip	-	752,300	-	-	752,300

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

Directors' interests (continued)

By virtue of Section 6A(4)(c) of the Companies Act 1965, 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 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

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 or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business.

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

Issue of shares

There were no changes in the 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 financial year except for the issuance of warrants as disclosed below.

Warrants

The Company had, on 16 January 2008, issued 261,353,639 warrants on the basis of one (1) warrant for every two (2) existing shares held by the shareholders of the Company at the issue price of RM0.15 per warrant. The details of the warrants are as follows:-

i) The warrants are constituted under the Deed Poll dated 30 November 2007 and each warrant entitles its registered holder to subscribe for one (1) new ordinary shares of RM1.00 each in the Company at the subscription price of RM2.50. The warrants may be exercised at any time commencing from 11 January 2008 but not later than 10 January 2013 (both dates inclusive).

ii) The new shares issued upon exercise of the warrants shall be fully paid up and shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that these new shares shall not be entitled to any dividends, rights, allotments and/or other distribution, if the entitlement date of which is prior to the date of the allotment of these new shares arising from the exercise of the warrants. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised.

iii) No warrants were converted into new ordinary shares during the financial year. As of the balance sheet date, the total number of warrants which remained unexercised amounted to 261,353,639 warrants. Any warrants which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

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.

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, except for the inventories write down of RM470.33 million as disclosed in Note 13 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 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 such events are as disclosed in Note 36 to the financial statements.

Directors' report
for the year ended 31 December 2008

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:

....

Dato' Lim Kiam Lam

....

Dato' Lim Hong Thye

Petaling Jaya,

Date: 24 April 2009

Balance sheets
at 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Assets					
Property, plant and equipment	3	709,849	412,834	3,398	1,166
Rolls and moulds	4	8,559	6,635	-	-
Intangible assets	5	9,673	9,791	-	-
Prepaid lease payments	6	60,366	52,840	-	-
Investment properties	7	7,356	16,624	1,870	1,689
Investments in subsidiaries	8	-	-	777,708	725,750
Investment in associate	9	506	356	-	-
Other investments	10	248	249	-	-
Deferred tax assets	11	18,038	117	-	-
Total non-current assets		814,595	499,446	782,976	728,605
Receivables, deposits and prepayments	12	143,295	218,023	105,926	78,295
Inventories	13	995,316	773,326	-	-
Current tax assets		69,269	4,702	4,481	3,080
Cash and cash equivalents	14	41,426	92,940	5,191	269
Assets classified as held for sale	15	11,190	98,958	-	-
Total current assets		1,260,496	1,187,949	115,598	81,644
Total assets		2,075,091	1,687,395	898,574	810,249
Equity					
Share capital	16	522,707	522,707	522,707	522,707
Treasury shares	17	(67,423)	(2,923)	(67,423)	(2,923)
Other reserves	18	54,899	7,888	61,543	22,340
Retained earnings	19	375,434	299,907	52,081	68,236
Total equity attributable to equity holders of the Company		885,617	827,579	568,908	610,360
Minority interest		29,899	44,433	-	-
Total equity		915,516	872,012	568,908	610,360
Liabilities					
Loans and borrowings	20	211,153	116,003	47,281	116,003
Provision for employee benefits	21	8,190	9,915	1,022	424
Deferred tax liabilities	11	14,619	40,623	-	-
Total non-current liabilities		233,962	166,541	48,303	116,427
Payables and accruals	22	97,464	111,967	212,641	9,060
Loans and borrowings	20	827,753	496,499	68,722	74,402
Current tax liabilities		396	10,722	-	-
Liabilities classified as held for sale	15	-	29,654	-	-
Total current liabilities		925,613	648,842	281,363	83,462
Total liabilities		1,159,575	815,383	329,666	199,889
Total equity and liabilities		2,075,091	1,687,395	898,574	810,249

The notes on pages 50 to 105 are an integral part of these financial statements.

Income statements
for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 restated	2008 RM'000	2007 RM'000
Continuing Operations					
Revenue	23	2,222,054	1,947,857	104,627	125,991
Cost of sales		(2,051,063)	(1,612,406)	-	-
Gross profit		170,991	335,451	104,627	125,991
Other operating income		13,699	11,528	301	642
Distribution expenses		(12,219)	(15,308)	-	-
Administration expenses		(45,158)	(99,330)	(16,604)	(11,029)
Results from operating activities		127,313	232,341	88,324	115,604
Interest income		2,800	2,789	326	312
Finance costs		(25,177)	(22,771)	(7,455)	(6,030)
Operating profit	24	104,936	212,359	81,195	109,886
Share of results of associated company		150	26	-	-
Profit before tax		105,086	212,385	81,195	109,886
Tax expense	26	29,264	(36,104)	(22,297)	(25,349)
Profit after tax from continuing operations		134,350	176,281	58,898	84,537
Discontinued Operations					
Profit from discontinued operation and gain of discontinued operation, net of tax	27	14,430	21,575	-	-
Profit for the year		148,780	197,856	58,898	84,537
Attributable to:					
Equity holders of the Company		139,398	177,926	58,898	84,537
Minority interest		9,382	19,930	-	-
Profit for the year		148,780	197,856	58,898	84,537
Basic earnings per ordinary share (sen):	28				
from continuing operations		25.58	32.32		
from discontinued operation		1.77	2.76		
		27.35	35.08		
Diluted earnings per ordinary share (sen):	28				
from continuing operations		19.22	32.32		
from discontinued operation		1.18	2.76		
		20.40	35.08		

The notes on pages 50 to 105 are an integral part of these financial statements.

Statements of changes in equity
for the year ended 31 December 2008

Group	Note	Attributable to equity holders of the Company						
		Non-distributable			Distributable			
		Share capital RM'000	Other reserves RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 January 2007		348,471	49,776	(12,894)	250,357	635,710	211,997	847,707
Effect of adopting revised FRS 112	38	-	-	-	14,527	14,527	6,909	21,436
		348,471	49,776	(12,894)	264,884	650,237	218,906	869,143
Revaluation of 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 (loss)/gains recognised directly in equity		-	(8,964)	-	-	(8,964)	1,866	(7,098)
Profit for the year		-	-	-	177,926	177,926	19,930	197,856
Total recognised income and expense for the year		-	(8,964)	-	177,926	168,962	21,796	190,758
Bonus issue	16	174,236	(65,740)	-	(108,496)	-	-	-
Disposal of treasury shares	17	-	32,816	16,941	-	49,757	-	49,757
Share buybacks	17	-	-	(6,970)	-	(6,970)	-	(6,970)
Acquisition of additional shares from minority interest		-	-	-	-	-	(194,837)	(194,837)
Dividends to shareholders	29	-	-	-	(34,407)	(34,407)	(1,432)	(35,839)
At 31 December 2007		522,707	7,888	(2,923)	299,907	827,579	44,433	872,012

The notes on pages 50 to 105 are an integral part of these financial statements.

Statements of changes in equity
for the year ended 31 December 2008

Group (continued)	Note	Share capital RM'000	Other reserves RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		Attributable to equity holders of the Company						
		Non-distributable			Distributable			
At 31 December 2007/1 January 2008		522,707	7,888	(2,923)	299,907	827,579	44,433	872,012
Revaluation of properties	3	-	22,805	-	-	22,805	-	22,805
Deferred tax liability		-	(3,946)	-	-	(3,946)	-	(3,946)
Realisation of revaluation reserves to retained earnings upon disposal of subsidiary		-	(11,182)	-	11,182	-	-	-
Reversal of minority interest upon disposal of subsidiary		-	-	-	-	-	(19,181)	(19,181)
Foreign exchange translation differences		-	131	-	-	131	-	131
Net gains recognised directly in equity		-	7,808	-	11,182	18,990	(19,181)	(191)
Profit for the year		-	-	-	139,398	139,398	9,382	148,780
Total recognised income and expense for the year		-	7,808	-	150,580	158,388	(9,799)	148,589
Warrants issued		-	39,203	-	-	39,203	-	39,203
Share buybacks	17	-	-	(64,500)	-	(64,500)	-	(64,500)
Acquisition of additional shares from minority interest		-	-	-	-	-	(2,472)	(2,472)
Dividends to shareholders	29	-	-	-	(75,053)	(75,053)	(2,263)	(77,316)
At 31 December 2008		522,707	54,899	(67,423)	375,434	885,617	29,899	915,516
		Note 16	Note 18	Note 17	Note 19			

The notes on pages 50 to 105 are an integral part of these financial statements.

Statements of changes in equity
for the year ended 31 December 2008

Company	Note	← Share capital RM'000	Non-distributable Share premium RM'000	Warrants reserve RM'000	→ Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2007		348,471	55,264	-	(12,894)	126,602	517,443
Bonus issue		174,236	(65,740)	-	-	(108,496)	-
Share buybacks		-	-	-	(6,970)	-	(6,970)
Disposal of shares		-	32,816	-	16,941	-	49,757
Profit for the year		-	-	-	-	84,537	84,537
Dividends to shareholders	29	-	-	-	-	(34,407)	(34,407)
At 31 December 2007/ 1 January 2008		522,707	22,340	-	(2,923)	68,236	610,360
Profit for the year		-	-	-	-	58,898	58,898
Warrant issue		-	-	39,203	-	-	39,203
Share buybacks		-	-	-	(64,500)	-	(64,500)
Dividends to shareholders	29	-	-	-	-	(75,053)	(75,053)
At 31 December 2008		522,707	22,340	39,203	(67,423)	52,081	568,908
		Note 16	Note 18	Note 18	Note 17		

The notes on pages 50 to105 are an integral part of these financial statements.

Cash flow statements
for the year ended 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000 restated	Company 2008 RM'000	Company 2007 RM'000
Cash flows from operating activities					
Profit before taxation					
- From continuing operations		105,086	212,385	81,195	109,886
- From discontinued operations		12,162	21,496	-	-
		117,248	233,881	81,195	109,886
Adjustments for:					
Amortisation of investment in club membership		1	1	-	-
Amortisation of biological assets		-	2,732	-	-
Amortisation of intangible assets	5	276	-	-	-
Amortisation of prepaid lease payments	6	874	1,289	-	26
Depreciation of property, plant and equipment	3	26,251	32,708	727	419
Dividend income		-	-	(91,874)	(119,136)
Gain on disposal of prepaid lease payments		-	(489)	-	(489)
Gain on disposal of property, plant and equipment		(2,474)	(1,380)	(117)	(14)
Impairment of property, plant and equipment		9	26,381	-	-
Impairment of other investments		-	40	-	-
Interest expense		25,177	23,968	7,455	6,030
Interest income		(2,800)	(2,789)	(326)	(312)
Change in fair value of investment properties	7	634	-	(181)	-
Loss on disposal of investment		-	28	-	-
Negative goodwill arising from acquisition of a subsidiary company		(3,380)	(1,051)	-	-
Property, plant and equipment written off	3	73	77	-	-
Retirement benefits		-	1,692	652	40
Reversal of inventory written down		(6,900)	-	-	-
Rolls and moulds consumed	4	928	980	-	-
Share of results of associate		(150)	(26)	-	-
Unrealised loss/(gain) on foreign exchange		3,675	(1,740)	-	-
Inventories write down		470,329	-	-	-
Operating profit/(loss) before changes in working capital		629,771	316,302	(2,469)	(3,550)
Changes in working capital:					
Inventories		(685,481)	(202,258)	-	-
Trade and other receivables		71,831	23,114	(27,631)	4,293
Trade and other payables		(2,273)	15,798	205,027	(11,842)
Cash generated from/(used in) operations		13,848	152,956	174,927	(11,099)
Taxes paid		(93,500)	(20,888)	130	(25,251)
Retirement benefits paid		(3,038)	(1,982)	(1,500)	-
Interest received		2,800	1,399	-	-
Interest paid		(17,722)	(17,672)	-	-
Net cash (used in) /from operating activities		(97,612)	113,813	173,557	(36,350)

The notes on pages 50 to 105 are an integral part of these financial statements.

Cash flow statements

for the year ended 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000 restated	Company 2008 RM'000	Company 2007 RM'000
Cash flows from investing activities					
Acquisition of additional shares from minority interest		(1,957)	(200,968)	(51,958)	(198,014)
Acquisition of a subsidiary	35	(11,505)	-	-	(47,551)
Development expenses paid	5	(158)	(482)	-	-
Interest received		-	1,390	326	312
Proceeds from disposal of prepaid lease payments		-	8,331	-	8,331
Proceeds from disposal of property, plant and equipment		3,758	2,197	117	35
Proceeds from disposal of investments		-	46	-	-
Proceeds from disposal of subsidiaries	35	30,061	-	-	-
Purchase of property, plant and equipment	3	(282,667)	(15,627)	(2,959)	(417)
Purchase of biological assets		(49)	-	-	-
Purchase of other investments		-	(42)	-	-
Purchase of rolls and moulds	4	(2,852)	(1,883)	-	-
Dividends received from subsidiary companies		-	-	68,046	119,136
Net cash (used in) /from investing activities		(265,369)	(207,038)	13,572	(118,168)
Cash flows from financing activities					
Net proceeds from/(repayment of) borrowings		421,027	173,368	(74,402)	162,005
Share buybacks	17	(64,500)	(6,970)	(64,500)	(6,970)
Interest paid		(7,455)	(6,296)	(7,455)	(6,030)
Dividends paid to minority interests		(2,263)	(1,432)	-	-
Dividends paid to shareholders		(75,053)	(44,262)	(75,053)	(44,262)
Proceeds from sales of treasury shares		-	49,757	-	49,757
Proceeds from issuance of warrants	18	39,203	-	39,203	-
Net cash from/(used in) financing activities		310,959	164,165	(182,207)	154,500
Net (decrease)/increase in cash and cash equivalents		(52,022)	70,940	4,922	(18)
Foreign exchange differences on cash held		131	-	-	-
Cash and cash equivalents at 1 January		92,589	21,649	269	287
Cash and cash equivalents at 31 December		40,698	92,589	5,191	269

(i) Cash and cash equivalents

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

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Deposits placed with licensed banks	14	26,242	64,050	5,030	-
Cash and bank balances	14	15,184	28,890	161	269
Bank overdraft	20	(728)	(351)	-	-
		40,698	92,589	5,191	269

The notes on pages 50 to 105 are an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2008

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 2008 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 2008 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 private limited liability company incorporated in Malaysia, as its ultimate holding company.

The financial statements were approved by the Board of Directors on 24 April 2009.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRS / Interpretations	Effective date
FRS 4, *Insurance Contracts*	1 January 2010
FRS 7, *Financial Instruments: Disclosures*	1 January 2010
FRS 8, *Operating Segment*	1 July 2009
FRS 139, *Financial Instruments: Recognition and Measurement*	1 January 2010
IC Interpretation 9, *Reassessment of Embedded Derivatives*	1 January 2010
IC Interpretation 10, *Interim Financial Reporting and Impairment*	1 January 2010

The Group and Company plan to apply the abovementioned FRSs/Interpretations from the annual period beginning 1 January 2010.

The impact of applying FRS 4, FRS 7 and 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 exemptions given in the respective FRSs. The initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and Company.

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
- Non-current assets held for sale
- Investment properties

(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 notes:

- Note 3 - Measurement of recoverable amounts of property, plant and equipment
- Note 7 - Valuation of investment properties
- Note 13 - Measurement of net realisable value of inventories

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).

(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.

(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 are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which 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 operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, 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.

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 operating income" or "administrative 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.

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.

2. Significant accounting policies (continued)

(d) Rolls and moulds

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

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assume 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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Group's or the Company'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.

(f) 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.

For business acquisition beginning from 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.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(i) Goodwill (continued)

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 statement.

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

(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.

(g) 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 Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

2. Significant accounting policies (continued)

(h) 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.

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.

(i) 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. Properties that are occupied by the companies in the Group are amounted for as owner-occupied rather than as investment properties.

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

(ii) Reclassification to/from investment property

When an item of property, plant and equiptment 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, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2. **Significant accounting policies (continued)**

(i) **Investment properties**

(iii) Determination of fair value

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.

(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) **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 . 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.

(l) **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 and pledged deposits.

(m) **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.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

2. Significant accounting policies (continued)

(n) 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 and disposal groups classified as held for sale 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, the recoverable amount is estimated usually at each reporting date.

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.

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.

(o) Equity instruments

All equity instruments are stated at cost on initial recognition and are not remeasured subsequently.

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.

2. **Significant accounting policies (continued)**

(p) 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.

(q) 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.

(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 and is charged or credited over the average remaining service lives of the related employees participating in the defined benefit plan.

The increase in the defined benefit liability is recognised as an expense on a straight-line basis over 5 years.

(r) 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.

2. Significant accounting policies (continued)

(r) Provisions (continued)

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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(s) 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.

(t) 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.

(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.

(iv) Management fee

Management fee is recognised when the services in relation to that have been performed.

(u) 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 except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

2. Significant accounting policies (continued)

(v) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements 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.

In the previous year, unutilised reinvestment allowance or investment tax allowance was recognised as a reduction of tax expense as and when it was utilised. Following the adoption of the revised FRS 112, a tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in the income statement as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised. This change in accounting policy is applied retrospectively and the effects are set out in Note 38.

(w) 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.

(x) 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.

(y) 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.

2. **Significant accounting policies (continued)**

(z) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

3. **Property, plant and equipment**

Group *Cost/Valuation*	**Freehold land RM'000**	**Buildings RM'000**	**Estate access road RM'000**	**Plant, machinery, tools, furniture, fittings and equipment RM'000**	**Motor vehicles RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
At 1 January 2007	124,909	138,194	6,176	598,588	16,016	1,021	884,904
Additions	-	317	637	4,513	310	9,850	15,627
Disposals	-	-	-	(3,535)	(1,503)	-	(5,038)
Written off	-	-	-	(6,041)	-	-	(6,041)
Transfer to assets held for sale (Note 15)	-	(4,469)	(6,813)	(1,080)	(2,812)	(284)	(15,458)
Reclassification	-	-	-	770	-	(770)	-
At 31 December 2007/ 1 January 2008	124,909	134,042	-	593,215	12,011	9,817	873,994
Additions	-	65	-	4,817	3,840	273,945	282,667
Acquisition of subsidiary (Note 35)	-	19,600	-	-	-	-	19,600
Disposals	(700)	-	-	(9,023)	(3,176)	-	(12,899)
Written off	-	-	-	(277)	(63)	-	(340)
Reclassification	-	7,490	-	5,253	-	(12,743)	-
Revaluation of property	7,019	15,786	-	-	-	-	22,805
Transfer to assets held for sale (Note 15)	(440)	-	-	-	-	-	(440)
At 31 December 2008	130,788	176,983	-	593,985	12,612	271,019	1,185,387

3. **Property, plant and equipment (continued)**

Group	Freehold land RM'000	Buildings RM'000	Estate access road RM'000	Plant machinery, tools, furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses							
At 1 January 2007							
Accumulated depreciation	-	15,466	232	389,188	11,631	-	416,517
Accumulated impairment losses	43	-	-	-	-	-	43
	43	15,466	232	389,188	11,631	-	416,560
Depreciation for the year	-	5,135	341	25,538	1,694	-	32,708
Disposals	-	-	-	(2,990)	(1,231)	-	(4,221)
Written off	-	-	-	(5,964)	-	-	(5,964)
Transfer to assets held for sale (Note 15)	-	(551)	(573)	(691)	(2,489)	-	(4,304)
Impairment loss for the year	-	1,381	-	25,000	-	-	26,381
At 31 December 2007/ 1 January 2008:							
Accumulated depreciation	-	20,050	-	405,081	9,605	-	434,736
Accumulated impairment losses	43	1,381	-	25,000	-	-	26,424
	43	21,431	-	430,081	9,605	-	461,160
Depreciation for the year	-	3,446	-	21,286	1,519	-	26,251
Disposals	-	-	-	(8,646)	(2,969)	-	(11,615)
Written off	-	-	-	(242)	(25)	-	(267)
Impairment loss for the year	-	9	-	-	-	-	9
At 31 December 2008:							
Accumulated depreciation	-	23,496	-	417,479	8,130	-	449,105
Accumulated impairment losses	43	1,390	-	25,000	-	-	26,433
	43	24,886	-	442,479	8,130	-	475,538
Carrying amounts							
At 1 January 2007	124,866	122,728	5,944	209,400	4,385	1,021	468,344
At 31 December 2007/ 1 January 2008	124,866	112,611	-	163,134	2,406	9,817	412,834
At 31 December 2008	130,745	152,097	-	151,506	4,482	271,019	709,849

3. **Property, plant and equipment (continued)**

Company	Furniture fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2007	1,823	1,725	3,548
Additions	347	70	417
Disposal	(3)	(83)	(86)
Written off	(6)	-	(6)
At 31 December 2007/1 January 2008	2,161	1,712	3,873
Additions	171	2,788	2,959
Disposal	(5)	(655)	(660)
At 31 December 2008	2,327	3,845	6,172
Accumulated depreciation			
At 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 January 2008	1,421	1,286	2,707
Depreciation for the year	237	490	727
Disposal	(5)	(655)	(660)
At 31 December 2008	1,653	1,121	2,774
Carrying amounts			
At 1 January 2007	598	591	1,189
At 31 December 2007/1 January 2008	740	426	1,166
At 31 December 2008	674	2,724	3,398

3.1 Revaluation

Revaluation of the land and buildings are conducted at intervals of at least once in every five years. Land and buildings were revalued by the Directors in December 2008 based on valuations carried out by Mr. Paul Khong Poh Yew, a valuer (V/528) 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 and buildings 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 2008 that would have been included in the financial statements had these assets been carried at cost less accumulated depreciation are as follows :

	Group	
	2008 RM'000	2007 RM'000
Freehold land	27,065	5,009
Buildings	69,121	7,068
	96,186	12,077

3. **Property, plant and equipment (continued)**

3.2 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 buildings and structure and plant in 2009 for the upgrading of the Ann Joo Steel Berhad's steel making plant and also to give way for the blast furnace project in a related company, Ann Joo Integrated Steel Sdn. Bhd..

As at 31 December 2008, the carrying amount of plant and equipment were evaluated for impairment. The recoverable amount of the plant and equipment is estimated based on value in use calculations. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and the projected cash flows were prepared based on the financial budgets and projections approved by management covering a five year period and the following key assumptions:

- The sales quantity and selling price of saleable products, purchase price of raw materials and the production of the Group in preparing the projected cash flows were determined based on past business performance and management's expectations on market development.
- The existing banking facilities will be rolled over and there is no withdrawal of existing facilities by the banks. The bankers will provide continuous support to enable the Group to fulfill its obligation as and when they fall due.
- A weighted average cost of capital of 9.0% has been applied to the cash flow projections.

The values assigned to the key assumptions represent management's assessment of future trends as well as historical data in the industry which are based on both external and internal sources. In particular, the assessment is sensitive towards the fluctuation in world steel prices which impact the selling prices of the saleable products.

Premised on the above, the carrying amount of plant and equipment was determined to be lower than the recoverable amount and no impairment loss was recognised.

4. **Rolls and moulds**

	Group	
	2008	**2007**
	RM'000	**RM'000**
At 1 January	6,635	5,732
Additions	2,852	1,883
Consumed	(928)	(980)
	8,559	6,635

5. Intangible assets

Group	Goodwill RM'000	Development costs RM'000	Total RM'000
Cost			
At 1 January 2007	216	2,127	2,343
Acquisition of a subsidiary	7,182	-	7,182
Addition	-	482	482
At 1 January 2007/31 December 2007/ 1 January 2008	7,398	2,609	10,007
Addition	-	158	158
At 31 December 2008	7,398	2,767	10,165
Amortisation			
At 1 January 2007/31 December 2007/ 1 January 2008	216	-	216
Amortisation for the year	-	276	276
At 31 December 2008	216	276	492
Carrying amounts			
At 1 January 2007	-	2,127	2,127
At 31 December 2007/1 January 2008	7,182	2,609	9,791
At 31 December 2008	7,182	2,491	9,673

Impairment testing for cash-generating unit containing goodwill

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

The recoverable amount of Ann Joo Steel Berhad was based on its value in use calculation. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and the projected cash flows were prepared based on financial budgets and projections approved by management covering a five year period and the following key assumptions:

- The sales quantity and selling price of saleable products, purchase price of raw materials and the production of the subsidiary, Ann Joo Steel Berhad in preparing the projected cash flows were determined based on past business performance and management's expectations on market development

- The existing banking facilities will be rolled over and there is no withdrawal of existing facilities by the banks. The bankers will provide continuous support to enable the Group to fulfill its obligation as and when they fall due.

- A weighted average cost of capital of 9.0% has been applied to the cash flow projections.

The values assigned to the key assumptions represent management's assessment of future trends as well as historical data in the industry which are based on both external and internal sources. In particular, the assessment is sensitive towards the fluctuation in world steel prices which impact the selling prices of the saleable products.

Premised on the above, the carrying amount of the Group's investment in a subsidiary, Ann Joo Steel Berhad was determined to be lower than the recoverable amount and no impairment loss was recognised.

5. Intangible assets (continued)

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.

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 2007		2,032	98,561	100,593
Transfer to investment properties	7	-	(2,079)	(2,079)
Transfer to assets held for sale	15	-	(30,416)	(30,416)
Disposals		-	(8,687)	(8,687)
At 31 December 2007/1 January 2008		2,032	57,379	59,411
Acquisition of subsidiary	35	-	8,400	8,400
At 31 December 2008		2,032	65,779	67,811
Amortisation				
At 1 January 2007		83	7,091	7,174
Amortisation for the year		63	1,226	1,289
Transfer to investment properties	7	-	(390)	(390)
Transfer to assets held for sale	15	-	(657)	(657)
Disposals		-	(845)	(845)
At 31 December 2007/1 January 2008		146	6,425	6,571
Amortisation for the year		63	811	874
At 31 December 2008		209	7,236	7,445
Carrying amounts				
At 1 January 2007		1,949	91,470	93,419
At 31 December 2007/1 January 2008		1,886	50,954	52,840
At 31 December 2008		1,823	58,543	60,366

6. Prepaid lease payments (continued)

Company	Unexpired period more than 50 years RM'000
Cost	
At 1 January 2007	10,766
Disposals	(8,687)
Transfer to investment properties (Note 7)	(2,079)
At 31 December 2007/1 January 2008/31 December 2008	-
Amortisation	
At 1 January 2007	1,209
Amortisation for the year	26
Disposals	(845)
Transfer to investment properties (Note 7)	(390)
At 31 December 2007/1 January 2008/31 December 2008	-
Carrying amounts	
At 1 January 2007	9,557
At 31 December 2007/1 January 2008	-
At 31 December 2008	-

7. Investment properties

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	16,624	13,870	1,689	-
Acquisitions	2,116	-	-	-
Change in fair value	(634)	-	181	-
Transfer from prepaid lease payments (Note 6)	-	1,689	-	1,689
Transfer to assets classified as held for sale (Note 15)	(10,750)	-	-	-
Transfer from inventories (Note 13)	-	1,065	-	-
At 31 December	7,356	16,624	1,870	1,689
Included in the above are:				
Freehold land	600	-	-	-
Leasehold land with unexpired lease period of more than 50 years	3,386	1,689	1,870	1,689
Buildings	3,370	14,935	-	-
	7,356	16,624	1,870	1,689

Estimated fair value of investment properties amounting to RM5,240,000 last revalued in December 2008 was based on valuations carried out by Mr Paul Khong Poh Yew, a valuer (V/528) 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. Investment properties amounting to RM2,116,195 are determined based on market values estimated by the Directors without involvement of independent valuers. The market values of the investment properties as at balance sheet date approximated their fair values.

8. Investments in subsidiaries

	Company 2008 RM'000	Company 2007 RM'000
At cost:		
Unquoted shares	780,627	728,669
Impairment losses	(2,919)	(2,919)
	777,708	725,750

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2008 %	Effective ownership interest 2007 %
#Ann Joo Management Services Sdn Bhd (Formerly known as 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	100	100

8. Investments in subsidiaries (continued)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2008 %	Effective ownership interest 2007 %
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	100
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	62	57
Saga Makmur Industri Sdn. Bhd.	Malaysia	Trading of steel related products	100	100
Ann Joo Steel Berhad	Malaysia	Steel mill	98.19	98.12
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
#Sachiew Palm Oil Mill Sdn. Bhd.	Malaysia	Dormant	100	100
#AJSB Land Sdn. Bhd. (formerly known as Nanometric Technology Sdn. Bhd.)	Malaysia	Investment holding	100	-
Ann Joo Integrated Steel Sdn. Bhd.	Malaysia	Dormant	100	100
*Ann Joo International Pte. Ltd	Labuan Offshore	Trading, retailing, importing, exporting and supplying all kinds of steel products	100	100

8. Investments in subsidiaries (continued)

\# Company not audited by KPMG

* This subsidiary is consolidated based on unaudited financial statements. The financial statements are not required to be audited in the country of incorporation.

The investment in Ann Joo Steel Berhad with a carrying amount of RM509,845,583 (2007: RM309,372,000) has been pledged/placed for security for a credit facility granted to the Company as disclosed in Note 20 to the financial statements.

9. Investment in associate

	Group	
	2008	**2007**
	RM'000	**RM'000**
At cost:		
Unquoted shares	1,800	1,800
Impairment losses	(1,800)	(1,800)
	-	-
Share of post-acquisition reserves	506	356
	506	356

Summary of financial information on associates:

Group

	Country incorporation	Effective ownership interest	Total Revenues (100%)	Total Profit (100%)	Total assets (100%)	Total liabilities (100%)
2008		**%**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
S.A. Networks Technical Industries Sdn. Bhd.	Malaysia	36	5,043	703	3,377	1,945
2007						
S.A. Networks Technical Industries Sdn. Bhd.	Malaysia	36	2,539	125	1,371	642

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

10. Other investments

	Group 2008 RM'000	Group 2007 RM'000
At cost:		
Unquoted shares in Malaysia	3	3
Quoted shares and warrants in Malaysia	402	402
Less: Impairment loss	(230)	(230)
	172	172
Club membership	105	105
Less: Amortisation	(20)	(19)
Impairment loss	(12)	(12)
	73	74
	248	249
Market value:		
Quoted shares and warrants in Malaysia	103	338
Details of disposed investments stated at cost are as follows:		
Proceeds from disposal	-	46
Carrying amount of investments disposed	-	74
Loss on disposal of investments	-	(28)

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	
	2008	2007	2008	2007	2008	2007
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(40,422)	(44)	(14,908)	(52,097)	(55,330)	(52,141)
Employee benefit plans	12	34	-	9,020	12	9,054
Provisions	7,744	127	289	627	8,033	754
Increase in tax allowances	48,593	-	-	1,827	48,593	1,827
Tax losses carried forward	2,027	-	-	-	2,027	-
Unutilised capital allowances	84	-	-	-	84	-
Tax assets/(liabilities)	18,038	117	(14,619)	(40,623)	3,419	(40,506)

Movement in deferred tax (assets)/liabilities during the year

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000 restated	RM'000	RM'000
At 1 January	40,506	56,573	-	76
Effect of adoption of revised FRS112	-	(21,436)	-	-
Recognised in income statement (Note 26)	(47,890)	4,117	-	(76)
Recognised in equity	3,946	7,098	-	-
Included in liabilities held for sales (Note 27)	19	(5,846)	-	-
	(3,419)	40,506	-	-

11. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant and equipment	(120)	(16,536)	(120)	(350)
Deductible temporary differences	866	2,308	866	1,924
Tax loss carry-forwards	1,442	36,825	-	-
Unabsorbed capital allowances	-	18,635	-	-
	2,188	41,232	746	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.

12. Receivables, deposits and prepayments

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade					
Trade receivables		140,880	220,807	-	-
Less: Allowance for doubtful debts		(19,706)	(25,122)	-	-
		121,174	195,685	-	-
Non-trade					
Other receivables		4,364	2,425	8	2
Deposits		1,001	3,446	30	28
Prepayments		16,708	16,461	120	89
Amount due from an associate company	12.2	48	6	-	-
Amount due from subsidiaries	12.3	-	-	105,768	78,176
		22,121	22,338	105,926	78,295
		143,295	218,023	105,926	78,295

Trade receivables of approximately RM4,462,128 (2007 - RM18,000) had been written off against the allowance for doubtful debts during the year.

12.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
US Dollar	11,990	18,484	-	-
Singapore Dollar	657	-	-	-

12. Receivables, deposits and prepayments (continued)

12.2 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.

12.3 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 rate 3% (2007 - 3.40% to 4.50%).

12.4 Amount due from related parties

Included in trade receivables of the Group is an amount of RM201,205 (2007 - RM208,635) owing from a company in which the brother 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.

13. Inventories

	Group	
	2008 RM'000	2007 RM'000
Raw materials	301,572	313,371
Work-in-progress	177,337	72,667
Manufactured inventories	480,328	363,431
	959,237	749,469
Consumable stores and refactories	36,079	24,922
	995,316	774,391
Transfer to investment properties (Note 7)	-	(1,065)
	995,316	773,326

Included in inventories of the Group are goods in transit amounting to RM3,212,758 (2007 - RM15,126,422).

The write-down of inventories to net realisable value ("NRV") amounted to RM470,328,707 (2007 - RM7,800,000) is included in cost of sales. Reversal of RM6,900,000 (2007 - RM Nil) of inventories has been recorded in other operating income during the financial year.

The NRV was estimated based on Director's best estimate and are based on the following assumptions:-

(i) NRV for raw material and work-in-progress is mainly using replacement cost of the raw material and work in progress.

(ii) NRV for manufactured inventories is based on selling price of the product as at 31 December 2008 less the estimated cost necessary to make the sale.

14. Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed bank	26,242	64,050	5,030	-
Cash and bank balances	15,184	28,890	161	269
	41,426	92,940	5,191	269

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. 10% deposits of RM3.04 million was received in last financial year. The remaining balance of 90% of consideration amounting to RM27.3 million was received in year 2008. The agreement was completed on 14 July 2008.

		Group	
	Note	2008	2007
		RM'000	RM'000
Assets classified as held for sale			
Property, plant and equipment	a	440	11,154
Prepaid lease payments	b	-	29,759
Biological assets	c	-	51,277
Investment properties (Note 7)	d	10,750	-
Receivables, deposits and prepayments		-	5,894
Inventories		-	709
Cash and bank balances		-	165
		11,190	98,958
Liabilities classified as held for sale			
Term loans, unsecured	e	-	20,000
Deferred tax liabilities		-	5,846
Payables and accruals		-	3,808
		-	29,654

15. Disposal group held for sale

Note a

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

	Note	Group 2008 RM'000	Group 2007 RM'000
At 1 January		11,154	-
Transfer from properties, plant and equipment			
Cost	3	440	15,458
Accumulated depreciation	3	-	(4,304)
		440	11,154
Additions		650	-
Disposal of a subsidiary	35	(11,804)	-
At 31 December		440	11,154

On 20 Oct 2008, Ann Joo Steel Berhad entered into a Sale and Purchase Agreement ("SPA") for the disposal of a freehold land, for a total consideration amounting to RM440,000. A deposit of RM44,000 was received and the SPA was completed subsequent to year end.

Note b

Prepaid lease payments held for sale comprise the following:

	Note	2008 RM'000	2007 RM'000
At 1 January		29,759	-
Transfer from prepaid lease payment			
Cost	6	-	30,416
Accumulated amortisation	6	-	(657)
		-	29,759
Disposal of a subsidiary	35	(29,759)	-
At 31 December		-	29,759

Note c

Biological assets held for sale comprise the following:

	Note	2008 RM'000	2007 RM'000
At 1 January		51,277	-
Transfer from biological assets			
Cost	6	-	56,058
Accumulated depreciation	6	-	(4,781)
		-	51,277
Additions		49	-
Disposal of a subsidiary	35	(51,326)	-
At 31 December		-	51,277

15. Disposal group held for sale

Note d

As at 31 December 2008, a 10% deposits amounting to RM1.1 million of the total sales proceeds of RM10.75 million was received in respect of the impending sale upon signing of Sale and Purchase Agreement of 11 units of leasehold shoplots which are expected to be finalised in 2009.

Note e

The term loans bears interest at rates ranging from 4.57% to 4.85% per annum.

16. Share capital

	Group and Company			
	Amount 2008 RM'000	Number of shares 2008 '000	Amount 2007 RM'000	Number of shares 2007 '000
Ordinary shares of RM1 each				
Authorised:				
At 1 January	1,000,000	1,000,000	500,000	500,000
Created during the year	-	-	500,000	500,000
At 31 December	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At 1 January	522,707	522,707	348,471	348,471
Issued during the year	-	-	174,236	174,236
At 31 December	522,707	522,707	522,707	522,707

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.

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.

17. Treasury shares

	Group and Company	
At cost	2008 RM'000	2007 RM'000
1 January	(2,923)	(12,894)
Acquired during the year	(64,500)	(6,970)
Sold during the year	-	16,941
At 31 December	(67,423)	(2,923)

The shareholders of the Company, by an ordinary resolution passed in the annual general meeting held on 9 May 2008, 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.

17. Treasury shares (continued)

During the financial year, the Company repurchased 18,840,200 (2007 - 2,600,200) of its issued share capital from the open market on the Bursa Malaysia for RM64.5 million (2007 - RM7.0 million). The average price paid for the shares repurchased was approximately RM3.42 (2007 - RM2.50) 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 not disposed any of its treasury shares in the market.

At the balance sheet date, the number of outstanding shares in issue after setting treasury shares off against equity is 502,695,978 (2007 - 521,536,178).

18. Other reserves

	← Non-distributable →						
Group	**Share premium RM'000**	**Capital reserve RM'000**	**Warrants reserve RM'000**	**Revaluation reserve RM'000**	**Merger reserve RM'000**	**Foreign exchange reserve RM'000**	**Total RM'000**
Balance at 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 crystallisation of revaluation reserves	-	-	-	3,049	-	-	3,049
Balance at 31 December 2007 / 1 January 2008	22,340	2,500	-	46,863	(63,815)	-	7,888
Issuance of warrants		-	39,203	-	-	-	39,203
Revaluation surplus of properties - net of deferred tax liability	-	-	-	18,859	- -	-	18,859
Realisation of revaluation reserves to retained earnings upon disposal of subsidiary	-	-	-	(11,182)	-	-	(11,182)
Foreign exchange translation differences	-	-	-	-	-	131	131
Balance at 31 December 2008	22,340	2,500	39,203	54,540	(63,815)	131	54,899

18. Other reserves (continued)

	Company 2008 RM'000	Company 2007 RM'000
Other reserves comprise:-		
Share premium	22,340	22,340
Warrants reserve	39,203	-
	61,543	22,340

Warrants reserve

Warrants reserve is pertaining to the issuance of 261,353,639 warrants on the basis of one (1) warrant for every two (2) existing shares held by the shareholders of the Company at the issue price of RM0.15 per warrant on 16 January 2008. The details of the warrants are as follows:-

i) The warrants are constituted under the Deed Poll dated 16 January 2008 and each warrant entitles its registered holder to subscribe for one (1) new ordinary shares of RM1.00 each in the Company at the subscription price of RM2.50. The warrants may be exercised at any time commencing from 16 January 2008 but not later than 16 January 2013 (both dates inclusive).

ii) The new shares issued upon exercise of the warrants shall be fully paid up and shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that these new shares shall not be entitled to any dividends, rights, allotments and/or other distribution, if the entitlement date of which is prior to the date of the allotment of these new shares arising from the exercise of the warrants. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised.

iii) No warrants were converted into new ordinary shares during the financial year. As of the balance sheet date, the total number of warrants which remained unexercised amounted to 261,353,639 warrants. Any warrants which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

19. Retained earnings

Subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2008 if paid out as dividends.

The Finance Act 2007 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 2008 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 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Non-current				
Unsecured term loans	163,872	-	-	-
Secured term loans	47,281	116,003	47,281	116,003
	211,153	116,003	47,281	116,003
Current				
Unsecured				
Bank overdraft	728	351	-	-
Bills payable (including Islamic acceptance bills)	680,105	358,246	-	-
Revolving credit	50,000	57,500	-	-
Term loans	28,198	6,000	-	-
Secured term loans	68,722	74,402	68,722	74,402
	827,753	496,499	68,722	74,402

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.

20.2 Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2008					
Unsecured term loans	2009 - 2010	192,070	28,198	163,872	-
Secured term loans	2009 - 2010	116,003	68,722	47,281	-
Bank overdraft	2009	728	728	-	-
Bills payables	2009	680,105	680,105	-	-
Revolving credit	2009	50,000	50,000	-	-
		1,038,906	827,753	211,153	-
2007					
Unsecured term loans	2008	6,000	6,000	-	
Secured term loans	2008 - 2010	190,405	74,402	74,402	41,601
Bank overdraft	2008	351	351	-	-
Bills payables	2008	358,246	358,246	-	-
Revolving credit	2008	57,500	57,500	-	-
		612,502	496,499	74,402	41,601
Company					
2008					
Secured term loans	2009 - 2010	116,003	68,722	47,281	-
2007					
Secured term loans	2008 - 2010	190,405	74,402	74,402	41,601

20. Loans and borrowings (continued)

20.2 Terms and debt repayment schedule (continued)

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

Term loan of one of the subsidiaries is subject to a bullet payment in year 2010 which bear interest at 1.5% per annum above the cost of fund.

Other term loans of the Group and the Company are charged interest rates ranging from 4.22% to 4.56% (2007 - 4.37% to 4.85%) per annum.

Bank overdrafts are charged interest rates ranging from 7.00% to 7.75% (2007 - 7.00% to 7.75%).

Other borrowings are charged interest rates ranging from 2.61% to 7.25% (2007 - 3.76% to 6.38%).

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	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	12,492	12,782	1,924	1,884
Charge to the income statement	-	1,692	652	40
	12,492	14,474	2,576	1,924
Benefits paid	(3,038)	(1,982)	(1,500)	-
At 31 December	9,454	12,492	1,076	1,924

The retirement benefits are payable as follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current (Note 22)	1,264	2,577	54	1,500
Non-current	8,190	9,915	1,022	424
At 31 December	9,454	12,492	1,076	1,924

21. Provision for employee benefits

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Present value of unfunded obligations	9,454	12,646	1,076	1,924
Unrecognised transitional liability	-	(154)	-	-
	9,454	12,492	1,076	1,924

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current service costs and interest	(154)	1,076	652	40
Amortisation of transitional liability				
- current financial year	154	616	-	-
	-	1,692	652	40

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

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
Discount rate	7.0	7.0	7.0	7.0

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

Movement in the present value of the defined benefit obligations

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Defined benefit obligations at 1 January	12,492	12,782	1,924	1,884
Benefits paid by the plan	(3,038)	(1,982)	(1,500)	-
Current service costs and interest	-	1,692	652	40
Defined benefit obligations at 31 December	9,454	12,492	1,076	1,924

22. Payables and accruals

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Trade					
Trade payables		37,087	51,498	-	-
Amount due to an associated company	22.2	648	360	-	-
		37,735	51,858	-	-
Non-trade					
Other payables		13,030	2,723	411	138
Accrued expenses		43,555	51,483	3,183	2,386
Amount due to subsidiaries	22.3	-	-	208,992	5,035
Provision for employee benefit	21	1,264	2,577	54	1,500
Deposits		1,880	3,326	1	1
		59,729	60,109	212,641	9,060
		97,464	111,967	212,641	9,060

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 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
US Dollar	33,740	115	-	-
Euro	99	1	-	-

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 rate at 3% (2007 - 3.10) per annum.

22.4 Amount due to related parties

Included in trade payables of the Group are amounts of RM167,570 (2007 - RM185,619) and RM5,425 (2007 - RM41,106) owing from companies in which a director has financial interest and a company in which the brother 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 2008 RM'000	Continuing operations 2007 RM'000	Discontinued operation (see Note 27) 2008 RM'000	Discontinued operation (see Note 27) 2007 RM'000	Consolidated 2008 RM'000	Consolidated 2007 RM'000
Sales	2,219,499	1,944,798	22,711	43,072	2,242,210	1,987,870
Rental income from investment property	2,555	3,059	-	-	2,555	3,059
	2,222,054	1,947,857	22,711	43,072	2,244,765	1,990,929
Company						
Dividend income	91,874	119,136	-	-	91,874	119,136
Management fees	12,753	6,855	-	-	12,753	6,855
	104,627	125,991	-	-	104,627	125,991

Included in the revenue of the Group are discounts, carriage outwards and sales commissions amounting to RM305,459,672 (2007 - RM38,888,990).

24. Operating profit

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts	2,777	5,903	-	-
Amortisation of:				
- intangible assets	276	-	-	-
- investment in club memberships	1	1	-	-
Amortisation of prepaid lease payments	874	1,289	-	26
Amortisation of biological assets	-	2,732	-	-
Auditors' remuneration				
- statutory audit				
- current year	178	179	40	25
- other auditors	16	-	-	-
- other services	18	-	-	-
Depreciation on property, plant equipment				
- current year	26,251	32,708	727	419
Employee benefits costs	72,429	80,559	12,631	6,116
Interest expense				
- term loan	7,645	6,296	7,455	5,768
- bank overdraft	18	39	-	-
- bills payable	16,932	15,105	-	-
- revolving credit	582	2,528	-	-
- inter-company	-	-	-	262
Impairment loss of investments in				
- quoted shares in Malaysia	-	40	-	-
Loss on disposal of investments	-	28	-	-

24. Operating profit (continued)

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating profit is arrived at after charging: (continued)				
Management fee paid to:				
- an associated company	72	72	-	-
- a related party	228	228	-	-
Property, plant and equipment				
- written off	73	77	-	-
- impairment loss	9	26,381	-	-
Rental of premises paid to:				
- a subsidiary company	-	-	261	261
- others	4,678	1,297	10	-
Hire/Rental of equipment	573	524	-	-
Inventories write down	470,329	7,800	-	-
Changes in fair value of investment properties	815	-	-	-
Loss on unrealised foreign exchange	3,675	-	-	-

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
and after crediting:				
Reversal of allowance for doubtful debts	3,731	1,714	-	-
Reversal of inventory written down	6,900	-	-	-
Dividend income from:				
- subsidiaries	-	-	91,874	119,136
Gain on disposal of				
- property, plant and equipment	2,474	1,380	117	14
- prepaid lease payments	-	489	-	489
Gain on foreign exchange				
- realised	3,083	2,337	-	24
- unrealised	-	1,740	-	-
Interest income from:				
- others	2,800	2,750	229	45
- a related party	-	39	-	-
- a subsidiary company	-	-	97	267
Management fee income from				
- subsidiary companies	-	-	12,753	6,855
Negative goodwill arising from acquisition of a subsidiary company	3,380	1,051	-	-
Rental income from:				
- associates	73	55	-	-
- a related party	-	53	-	-
- others	2,482	12,741	-	-
Changes in fair value of investment properties	181	-	181	-

24. Operating profit (continued)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Employee benefits costs				
(including key management personnel):				
Salaries, wages and bonus	64,981	70,296	10,669	5,467
Defined contributions plan	5,761	7,384	1,272	583
Defined benefit plan	-	1,692	652	40
Others	1,687	1,187	38	26
	72,429	80,559	12,631	6,116

25. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- Fees	958	812	510	473
- Remuneration	5,084	5,955	3,730	1,416
- Contribution to EPF	545	629	497	178
Estimated monetary value of benefits-in-kind	107	399	19	31
Others	1	79	1	-
	6,695	7,874	4,757	2,098

Key management personnel are defined as those persons, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel are Executive Directors of the Company and the Subsidiary Companies.

26. Tax expense

Recognised in the income statements

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000 restated	RM'000	RM'000
Tax expense on continuing operations	(29,264)	36,104	22,297	25,349
Tax expense on discontinued operation (excluding gain on sale)(Note 27)	(19)	(79)	-	-
Total tax expense	(29,283)	36,025	22,297	25,349

Major components of tax expense include:

Current tax expense				
Malaysian - current year	18,098	32,576	21,994	25,623
- prior year	509	(668)	303	(198)
Total current tax	18,607	31,908	22,297	25,425

26. Tax expense (continued)

Recognised in the income statements (continued)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000 restated	RM'000	RM'000
Deferred tax expense				
Origination and reversal of temporary differences	(18,614)	10,505	-	(1,021)
(Over)/Under provision of deferred tax liabilities in prior years	(29,276)	(6,388)	-	945
Total deferred tax (Note 11)	(47,890)	4,117	-	(76)
Total tax expense	(29,283)	36,025	22,297	25,349
Profit for the year	148,780	219,292	58,896	84,537
Total tax expense	(29,283)	14,589	22,297	25,349
Profit excluding tax	119,497	233,881	81,193	109,886
Tax at Malaysian tax rate of 26% (2007 – 27%)	31,069	63,148	21,110	29,670
Effect of lower tax rate for certain subsidiaries*	(1,061)	(98)	-	-
Effect of change in tax rate**	917	(367)	-	-
Non-deductible expenses	4,366	2,941	1,149	662
Tax exempt income	(1,604)	(11)	(58)	(6,097)
Tax incentives	(32,882)	(17,131)	-	-
Effect of unrecognised deferred tax assets	(707)	(5,227)	(207)	425
Others	(614)	(174)	-	(58)
	(516)	43,081	21,994	24,602
Over/(Under) provision of tax expense in prior year	509	(668)	303	(198)
(Over)/Under provision of deferred tax liabilities in prior year	(29,276)	(6,388)	-	945
	(29,283)	36,025	22,297	25,349

* 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.

** The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

27. Discontinued operation

As disclosed in the previous financial year, 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 Company'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 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. 10% deposit of RM3.04 million was received in the last financial year.

The remaining balance of 90% of consideration amounting to RM27.3 million was received in year 2008. The agreement was completed on 14 July 2008.

Profit attributable to the above discontinued operation are as follows :

Results of discontinued operation

	Note	Financial period from 1.1.2008 to 31.5.2008 RM'000	2007 RM'000
Revenue		22,711	43,072
Operating expenses		(10,207)	(20,383)
Other operating income		12	4
Profit from operations		12,516	22,693
Finance costs		(354)	(1,197)
Profit before tax		12,162	21,496
Tax expense	26	19	79
Result from operating activities, net of tax		12,181	21,575
Gain on disposal of a subsidiary (Note 35)		2,249	-
Profit for the period/year		14,430	21,575

Cash flows from discontinued operation

Net cash from operating activities		6,934	11,160
Net cash used in investing activities		(714)	(1,106)
Net cash used in financing activities		(6,156)	(10,000)
Net cash from discontinued operation		64	54

27. Discontinued operation (continued)

Included in the results of operating activities are :

	2008 RM'000	2007 RM'000
Auditors' remuneration		
- statutory audit		
- KPMG	-	4
- other auditors	2	-
Depreciation - property, plant and equipment	-	894
- prepaid lease payments	-	376
Amortisation of biological assets	-	2,732
Personnel expenses (including Director remuneration)		
- wages, salaries and bonus	1,545	3,515
- contribution to employees' provident fund	60	90

and crediting :

	2008 RM'000	2007 RM'000
Gain on disposal of equipment	10	-

28. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2008 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
2008			
Profit for the year attributable to shareholders	130,394	9,004	139,398
2007 - Restated			
Profit for the year attributable to shareholders	163,950	13,976	177,926

Weighted average number of ordinary shares

	Group 2008 '000	Group 2007 '000
Issued ordinary shares at 1 January	522,707	348,472
Effect of treasury shares held	(13,018)	(15,459)
Effect of bonus issue of 1 for every 2 ordinary share in 2008*	-	174,236
Weighted average number of ordinary shares at 31 December	509,689	507,249

28. Earnings per ordinary share (continued)

Basic earnings per ordinary share

	Group 2008 Sen	Group 2007 Sen Restated
From continuing operations	25.58	32.32
From discontinued operation	1.77	2.76
	27.35	35.08

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2008 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Group 2008	Continuing operations RM'000	Discontinued operation RM'000	Total RM'000
Profit for the year attributable to ordinary shareholders	130,394	9,004	139,398
Interest income on warrants exercised, net of tax	16,414	-	16,414
Profit attributable to ordinary shareholders (diluted)	146,808	9,004	155,812

Weighted average number of ordinary shares diluted

	Group 2008
Weighted average number of ordinary shares at 31 December	522,707
Effect of exercise of warrants	241,195
Weighted average number of ordinary shares (diluted) at 31 December	763,902

Diluted earnings per ordinary share

	Group 2008 Sen
From continuing operations	19.22
From discontinued operation	1.18
	20.40

2007

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

29. Dividends

Dividends recognised in the current year by the Company are:

2008	Sen per share (net of tax)	Total amount RM'000	Date of payment
Final ordinary dividend 2007	5.92	30,406	16.06.2008
Interim ordinary dividend 2008	8.88	44,647	02.09.2008
Total amount		75,053	

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	

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)**

2008	**Iron and steel Manufacturing RM'000**	**Iron and steel Trading RM'000**	**Investment holding, property management and others RM'000**	**Plantation Discontinued operations RM'000**	**Eliminations RM'000**	**Consolidated RM'000**	**Less: Plantation Discontinued operations RM'000**	**Continuing operations RM'000**
Business segments								
Total external revenue	1,430,038	789,551	2,465	22,711	-	2,244,765	(22,711)	2,222,054
Inter-segment revenue	437,816	13,282	109,240	-	(560,338)	-	-	-
Total segment revenue	1,867,854	802,833	111,705	22,711	(560,338)	2,244,765	(22,711)	2,222,054
Segment result	91,931	49,950	(17,948)	12,516	-	136,449	(12,516)	123,933
Negative goodwill arising from acquisition of a subsidiary						3,380	-	3,380
Interest income						2,800	-	2,800
Finance costs						(25,531)	354	(25,177)
Results from operating activities						117,098	(12,162)	104,936
Share of results of associated company						150	-	150
Tax expense						29,283	(19)	29,264
Gain on sale of discontinued operation, net of tax						2,249	(2,249)	-
Profit for the year						148,780	(14,430)	134,350

30. Segmental reporting (continued)

2007	Iron and steel Manufacturing RM'000	Iron and steel Trading RM'000	Investment holding, property management and others RM'000	Plantation Discontinued operations RM'000	Eliminations RM'000	Consolidated RM'000 restated	Less: Plantation Discontinued operations RM'000	Continuing operations RM'000 restated
Business segments								
Total external revenue	1,451,438	493,360	3,059	43,072	-	1,990,929	(43,072)	1,947,857
Inter-segment revenue	260,305	18,155	131,380	-	(409,840)	-	-	-
Total segment revenue	1,711,743	511,515	134,439	43,072	(409,840)	1,990,929	(43,072)	1,947,857
Segment result	192,074	50,669	(11,453)	22,693	-	253,983	(22,693)	231,290
Negative goodwill arising from acquisition of a subsidiary						1,051	-	1,051
Interest income						2,789	-	2,789
Finance costs						(23,968)	1,197	(22,771)
Results from operating activities						233,855	(21,496)	212,359
Share of results of associated company						26	-	26
Tax expense						(36,025)	(79)	(36,104)
Profit for the year						197,856	(21,575)	176,281

30. Segmental reporting (continued)

2008	Iron and steel Manufacturing RM'000	Iron and steel Trading RM'000	Investment holding, property management and others RM'000	Plantation Discontinued operations RM'000	Eliminations RM'000	Consolidated RM'000	Less: Plantation Discontinued operations RM'000	Continuing operations RM'000
Segment assets	1,781,843	282,183	947,058	-	(1,050,048)	1,961,036	-	1,961,036
Investment in associates						506	-	506
Unallocated assets						113,549	-	113,549
Total assets						2,075,091	-	2,075,091
Segment liabilities	138,906	33,730	230,031	-	(297,013)	105,654	-	105,654
Unallocated liabilities						1,053,921	-	1,053,921
Total liabilities						1,159,575	-	1,159,575
Capital expenditure	277,520	790	4,357	-	-	282,667	-	282,667
Depreciation and amortisation	24,220	592	2,590	-	-	27,402	-	27,402
Gain on disposal of property, plant and equipment	2,146	211	117	-	-	2,474	-	2,474
Impairment	-	9	-	-	-	9	-	9
Property, plant and equipment written off	62	11	-	-	-	73	-	73
Negative goodwill arising from acquisition of a subsidiary	2,866	-	514	-	-	3,380	-	3,380
Retirement benefits	904	(1,556)	652	-	-	-	-	-
Non-cash expenses	928	3,675	(150)	-	-	4,453	-	4,453

30. Segmental reporting (continued)

2007	Iron and steel Manufacturing RM'000	Trading RM'000	Investment holding, property management plantations and others RM'000	Plantation Discontinued operations RM'000	Eliminations RM'000	Consolidated RM'000	Less: Plantation Discontinued operations RM'000	Continuing operations RM'000
Segment assets	1,243,895	313,864	126,061	98,958	(1,600)	1,781,178	98,958	1,682,220
Investment in associates						356	-	356
Unallocated assets						4,819	-	4,819
Total assets						1,786,353	98,958	1,687,395
Segment liabilities	440,459	128,089	195,490	29,654	-	793,692	29,654	764,038
Unallocated liabilities						51,345	-	51,345
Total liabilities						845,037	29,654	815,383
Capital expenditure	16,666	152	734	-	-	17,552	-	17,552
Depreciation and amortisation	32,955	661	1,627	4,002	1,487	40,732	4,002	36,730
Loss on disposal of investments	28	-	-	-	-	28	-	28
Gain on disposal of prepaid lease payments	-	-	489	-	-	489	-	489
Gain on disposal of property, plant and equipment	(368)	(1,012)	-	-	-	(1,380)	-	(1,380)
Impairment	26,381	40	-	-	-	26,421	-	26,421
Property, plant and equipment written off	14	63	-	-	-	77	-	77
Negative goodwill arising from acquisition of a subsidiary	-	-	1,051	-	-	1,051	-	1,051
Retirement benefits	1,602	50	40	-		1,692	-	1,692
Non-cash expenses	(980)	1,740	26	-	-	786	-	786

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 **2008**	**Average effective interest rate %**	**Total RM'000**	**Less than 1 year RM'000**	**1 - 2 years RM'000**
Fixed rate instruments				
Deposits placed with licensed banks	0.15 - 3.50	26,242	26,242	-
Unsecured bills payable	3.75 - 4.35	(449,187)	(449,187)	-
Unsecured revolving credits	4.42 - 5.35	(50,000)	(50,000)	-
Unsecured term loans	2.95 - 5.40	(192,070)	(28,198)	(163,872)
		(665,015)	(501,143)	(163,872)

Group **2008**	**Average effective rate %**	**Total RM'000**	**Less than 1 year RM'000**
Floating rate instruments			
Unsecured bills payable	2.61 - 7.25	(207,666)	(207,666)
Bank overdraft	7.00 - 7.75	(728)	(728)
Secured term loans	4.23 - 4.87	(116,003)	(116,003)
Foreign currency trade finance	3.46 - 4.00	(23,252)	(23,252)
		(347,649)	(347,649)

31. Financial instruments

Group	Average effective rate %	Total RM'000	Less than 1 year RM'000
2007			
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)
2007			
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)	(190,405)
		(376,884)	(376,884)
Company			
2008			
Floating rate instruments			
Secured term loans	4.23 - 4.87	(116,003)	(116,003)
2007			
Floating rate instruments			
Secured term loans	4.37 - 4.83	(190,405)	(190,405)

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

Recognised financial instruments

The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowings, approximate their 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.

	2008		2007	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Quoted shares	172	103	160	338
Forward exchange contracts:				
Assets	-	-	-	435
Liabilities	-	727	-	-
Secured term loans	47,281	47,281	116,003	116,003
Unsecured term loans	163,872	163,872	-	-

Unrecognised financial instruments

Foreign currency forward contracts

Foreign currency forward contracts are entered into by the Group in currencies other than its functional currency to hedge against fluctuations in foreign currency exchange rates on specific transactions.

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

Hedged item	**Currency to be received**	**Currency to be paid**	**Ringgit Malaysia equivalent**	**Average contractual rate**
2008				
Future purchase of goods :				
EURO119,700	-	EURO	544,898	1EURO = RM 4.55
USD9,727,889	-	USD	35,072,669	1USD = RM3.61
JPY6,912,000	-	JPY	248,590	100JPY = RM3.60
2007				
Future sale of goods :				
USD5,617,186	USD	-	19,002,152	1 USD = RM3.38

31. Financial instruments (continued)

As at the balance sheet date, the net unrecognised gain on open contracts that hedge anticipated future foreign currency purchase/sales amounted to RM1,247,859 (2007 : NIL) whilst the unrecognised gain on open contracts that hedge anticipated future foreign currency sales amounted to RM NIL (2007:RM435,196).

The fair value of the outstanding forward contracts of the Group as at the balance sheet date was a unfavourable net position of RM1,247,859 (2007 : favourable net position of RM435,196).

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	
	2008	**2007**
	RM'000	**RM'000**
Property, plant and equipment		
Continuing operations		
Contracted but not provided for	240,710	192,954
Approved expenditure but not contracted for	230,652	521,690
	471,362	714,644

33. Contingencies

Its subsidiary company, Ann Joo Steel Berhad has issued a corporate guarantee to a financial institution for banking facility to a subsidiary as follows:-

	Group	
	2008	**2007**
	RM'000	**RM'000**
Amount of corporate guarantees given to licensed banks for credit facilities granted to a subsidiary	-	20,000
Amount of credit facilities granted to a:		
- Subsidiary	2,000	-
- Related company	10,000	-
	12,000	20,000

The amount of credit facilities utilised as at balance sheet date was RM9,874,000.

The amount of corporate guarantees utilised as at balance sheet date was RM Nil (2007 - RM20,000,000).

34. Related parties

Identity of related parties

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

Key management personnel are defined as those persons, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel are Director of the Company.

The Group has a related party relationship with its subsidiaries (see Note 8), associates (see Note 9), directors, key management personnel and companies in which the directors/directors' family have substantial financial interests.

The significant related party transactions are as follows:

Summary of related party transactions

	2008 RM'000	2007 RM'000
Group		
Related companies		
Interest income received		39
Management fees received	360	180
Purchase of consumables	7,314	112
Rental received	276	191
Slag processing services	526	251
Management fees paid	228	-
Sales of goods	17,210	-
Companies in which a director has financial interest		
Storage and handling charges	956	995
Companies in which the brother of a director has financial interest		
Sale of goods	1,431	901
Purchase of goods	53	495
Interest income	12	-
An associate of the ultimate holding company		
Sale of goods	114	1,333
Purchase of goods	3,610	-
Management fees charges	72	-
Rental income	73	-
Company		
Subsidiary companies		
Dividend income	91,874	119,136
Interest expense	-	267
Interest income	97	262
Management fees received	12,753	6,855
Rental expense	261	261

34. Related parties

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 12 and 22 to the financial statements.

35. Acquisition of a subsidiary company

35.1 Acquisition of a subsidiary

On 25 April 2008, Ann Joo Steel Berhad acquired 100% of the issued and paid-up capital of AJSB Land Sdn. Bhd. (formerly known as Nanometric Technology Sdn. Bhd.) for a total cash consideration of RM11.54 million. The Company is involved in investment holding activity. In the six months to 31 December 2008 the subsidiary contributed a loss of RM418,000. If the acquisition had occurred on 1 January 2008, management estimates that consolidated profit for the year would have been reduced by RM1.05 million. The acquisition is accounted for using the purchase method of accounting.

The acquisition had the following effect on the Group' assets and liabilities on 1 July 2008 acquisition date:

	Pre - acquisition carrying amounts RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	18,784	816	19,600
Prepaid lease payment	8,050	350	8,400
Receivables, deposits and prepayments	38	-	38
Cash and cash equivalents	34	-	34
Payables and accruals	(13,668)	-	(13,668)
Net identifiable assets	13,238	1,166	14,404
Negative goodwill on acquisition			(2,865)
Consideration paid, satisfied in cash			11,539
Cash acquired			(34)
Net cash outflow			11,505

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

35. Acquisition of a subsidiary company (continued)

35.2 Disposal of a subsidiary

As disclosed in Note 27, Ann Joo Steel Berhad disposed of Empresa (M) Sendirian Berhad for a total cash consideration of RM30.37 million.

The fair value of assets disposed and liabilities relieved are as follows :

	Note	RM'000
Property, plant and equipment	15 a	11,804
Prepaid lease payment	15 b	29,759
Biological assets	15 c	51,326
		92,889
Current assets		
Receivables, deposits and prepayments		6,228
Inventories		771
Cash and cash equivalents		228
		7,227
Current liabilities		
Payables and accruals		(32,068)
Term loans deferred tax liabilities		(15,000)
Deferred tax liabilities		(5,827)
		(52,895)
Net assets		47,221
Minority interest		(19,181)
Gain on disposal of a subsidiary (Note 27)		2,249
Consideration received, satisfied in cash		30,289
Less : Cash and bank balances		(228)
Net cash inflow		30,061

36. Significant events

During the financial year,

i) Ann Joo Steel Berhad ("AJSB") entered into a share Sale Agreement ("the Agreement") to acquire the entire shareholding in AJSB Land Sdn. Bhd. (formerly known as Nanometric Technology Sdn. Bhd.) comprising of 2,000,002 ordinary shares of RM1.00 each for a cash consideration of RM11.54 million.

ii) As disclosed in Note 27, Ann Joo Steel Berhad has completed the disposal of its investment in Empresa (M) Sendirian Berhad.

iii) Based on the Circular to Shareholders in relation to the Proposed Selective Capital Repayment (PSCR) Exercise pursuant to Section 64 of the Companies Act 1965 that was held on 24 September 2008, the shareholders of AJSB approved the PSCR which will result in a reduction of RM3,643,663 from the AJSB's issued and paid-up capital. This reduction is by way of the cancellation of 3,643,663 Company's shares held by shareholders other than the Company. Once all the other relevant approval and administrative procedures as outlined in the Circular are obtained and completed, the PSCR will reduce AJSB's issued and paid-up capital from RM201,378,901 to RM197,735,238. The Other Shareholders as outlined in the Circular is entitled to receive a capital repayment comprising a cash amount of RM3.86 per share. The total cash repayment amounting to RM14,064,539 will be funded by AJSB via internally generated funds.

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 revaluation reserve to deferred tax liabilities to comply with the requirements of FRS 112, Income tax.

The reclassification of reserves above which have been made in the previous financial year and 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. Change 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 2008.

The changes in accounting policies arising from the adoption of the revised FRS 112 Income Taxes are summarised below :

Under the change in accounting policy, in the previous year, unutilised reinvestment allowance was recognised as a reduction of tax expense in the income statement as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised. This change in accounting policy is applied retrospectively and the effects are as follows :

38. Change in accounting policies (continued)

	Group 2007 RM'000
Income statements for the year ended 31 December	
Profit for the year, as previously stated	219,292
Over recognition of deferred tax liabilities	(21,436)
Profit for the year, as restated	197,856

39. Comparative figure

(i) The following comparative figures have been reclassified as a result of changes in accounting policies as stated in Note 38 :

	Group	
	As restated RM'000	As previously reported RM'000
Statements of changes in equity		
Retained earnings at 1 January 2007	264,884	250,357
Income statements for the year ended 31 December 2007		
Profit for the year	197,856	219,292

(ii) The following comparative figures have been reclassified to conform with current year presentation.

	Group	
	As restated RM'000	As previously reported RM'000
Income statements for the year ended 31 December 2007		
Other operating income	11,528	14,317
Results from operating activities	232,341	212,359
Interest income	2,789	-

	Company	
	As restated RM'000	As previously reported RM'000
Cash flow statements for the year ended 31 December 2007		
Cash flows from investing activities		
- Acquisition of additional shares from minority interest	198,014	245,565
- Acquisition of subsidiary	47,551	-

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 43 to 105 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their performance and cash flows for the year then ended.

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

....
Dato' Lim Kiam Lam

....
Dato' Lim Hong Thye

Petaling Jaya,

Date: 24 April 2009

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 43 to 105 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 April 2009

....
Cheah Ban Seng

Before me:

Commissioner for Oaths

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

Report on the Financial Statements

We have audited the financial statements of Ann Joo Resources Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 105.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries (of which we have acted as auditors) have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Mok Wan Kong
Approval Number: 2877/12/10(J)
Chartered Accountant

Petaling Jaya,

Date: 24 April 2009

Recurrent Related Party Transactions

The breakdown of the aggregate value of the Recurrent Related Party Transactions during the financial year ended 31 December 2008 of a revenue or trading nature carried out by Ann Joo Group in its normal course of business on an arm's length basis is as follows:-

Transacting Parties	Related Parties	Nature of Transaction	Actual RM
Ann Joo Group	LIM Group	• Sale of steel or steel related products; • Provision of various services or treatment for steel or steel related products ; and • Charging of incidental cost and expenses in relation thereto on LIM Group.	4,701,910
		• Purchase of steel related products, vehicles, machineries, equipment and substance used for steel making and for building and construction from LIM Group.	52,538
		• Lease of office space to LIM Group.	53,400
		• Provision of management services and facilities to LIM Group.	360,000
		• Purchase of computer equipment and related maintenance services from LIM Group.	13,384
		• Rental, storage and handling charges payable to LIM Group for storage of steel related materials.	955,786
		• Purchase of Precious Slag Steel Balls and other steel related products from LIM Group.	173,795
		• Provision of slag treatment services by LIM Group and purchase of substance used for steel making from LIM Group	526,505
		• Construction of building structures, plant and machinery provided by LIM Group.	-
		• Lease of land and building and charges for usage of material required for operating activities to LIM Group.	553,481
API	MISI Group	• Purchase of steel related products from MISI Group.	5,837,262
API	Sanritsu Group	• Purchase and repair services of die tooling from Sanritsu Group.	2,224,259
		• Sub-lease to Sanritsu Group of factory area.	73,296
		• Payment of technical and advisory support fee to Sanritsu Group.	300,000
		• Purchase of steel related products from Sanritsu Group	2,861,583
ASP	CHH Group	• 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.	5,861,652
		• Purchase of steel related products from CHH Group	-
ASP	SHH Group	• 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.	8,088,910
		• Purchase of steel related products from SHH Group	-

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 62%-owned subsidiary company of Ann Joo
LIM Group	:	Includes Ann Joo Corporation Sdn Bhd and its subsidiaries and associated companies, Lim Seng Chee & Sons Sdn Bhd, LSQ & Sons Sdn Bhd, Lim Sin Seong Sdn Bhd, Lim Seng Chee and Lim Seng Qwee (major shareholders), Dato' Lim Kiam Lam and Lim Sin Seong (Directors and major shareholders), Dato' Lim Hong Thye and Lim Kien Lip (Directors) and persons connected.
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 Holdings Sdn Bhd and its related corporations, associated companies and persons connected

Properties Owned

by Ann Joo Resources Berhad and its subsidiaries as at 31 December 2008

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	Commersial Land & Building	1.2965 hectares	Office and Warehouse	26	30,040	31-12-2008
Lot 1508 Mukim and District of Petaling	Freehold	Industrial Land & Building	0.658 hectares	Office and Warehouse	6	12,100	31-12-2008
HS(D) 50441 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 25.03.2070)	Industrial Land & Building	4.150 hectares	Factory, Office and Store	17	37,148	31-12-2008
HS(D) 156463, Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 29.06.2076)	Industrial Land & Building	1.658 hectares	Factory and Office	18	16,949	31-12-2008
HS(D) 132496, Lot 9 Persiaran Perusahaan Section 23 Shah Alam	Leasehold (expiring on 30.05.2098)	Industrial Land & Building	5.3255 hectares	Factory and Office	15	44,101	31-12-2008
Lot PT 3707 Mukim of Pasir Panjang Port Dickson	Freehold	Detached House	528 sq.m.	Staff Recreation	23	130	31-12-2008
Lot 2171 Section 66 Kuching	Leasehold (expiring on 04.02.2050)	Industrial Land & Building	4,059 sq.m.	Office and Warehouse	14	1,519	31-12-2003
Part of Lot 225 Mukim 1 Province Wellesley Central, Penang	Leasehold (expiring on 30.06.2032)	Industrial Land	11.126 acres	Vacant	-	1,004	31-3-2006
Parts of Lots 227 & 236, Mukim 1 Province Wellesley Central, Penang	Leasehold (expiring on 30.06.2057)	Industrial Land and Buildings & Structures	29.44 acres	Rolling Mill 1 Office buildings	37 to 42	12,716	31-3-2006
Lot 78, Prai Town Penang	Freehold	Industrial Land and Buildings	237.448 acres	Rolling Mill 2 Steel Making Plant Oxygen plant	3 to 39	151,303	31-3-2006

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
Lot 426, Mukim 5 Province Wellesley South, Penang	Freehold	Industrial Land	15 acres	Vacant	-	2,300	31-3-2006
HSD 6641/95 Lot PT 33935 Town of Sungai Petani District of Kuala Muda Kedah Darul Aman	Freehold	Agriculture Land	9.733 acres	Vacant	-	2,300	31-3-2006
HSD 10450 Lot PT 68342 Town of Sungai Petani District of Kuala Muda Kedah Darul Aman	Freehold	Agriculture Land	6.138 acres	Vacant	-	1,500	31-3-2006
Lot 911, Locality Of Padang Meha District of Kulim Kedah Darul Aman	Freehold	Industrial Land	8.755 acres	Vacant	-	1,525	31-03-2006
Lots 936, 937 & 938 Mukim and District of Selama Perak Darul Ridzuan	Freehold	Agriculture and Industrial Land and Buildings & Structures	14.170 acres	Vacant	-	902	31-03-2006
Lot PT 3226 Mukim 01 Seberang Prai Tengah Penang	Leasehold (expiring on 05.02.2051)	Commercial Land & Building	5.243 acres	Office	18	27,671	18.01.2008
Sub-Total (value of properties held as property, plant and equipment & prepaid lease payment)						343,208	
No. C-7-10 Type 12 Storey No. 7th Floor Building No. Block C Phase 1 Zone G Sri Alam Condominium Kelab Golf Sultan Abdul Aziz Shah	Leasehold (expiring on 14.02.2091)	Condominium	2,732 sq.ft.	Vacant	10	500	31-12-2008
Lot 37255, No. 7-12-1 Meadow Park 3 (Washington Tower) Jalan 1/130 Off Jalan Kelang Lama 58200 Kuala Lumpur	Freehold	Apartment	1,120 sq.ft.	Vacant	10	150	31-12-2008

Properties Owned (cont'd)

by Ann Joo Resources Berhad and its subsidiaries as at 31 December 2008

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
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	11	125	31-12-2008
704 Block A Tiara Kelana Condo. Jalan SS 7/19 Taman Sri Kelana Kelana Jaya 47301 Petaling Jaya	Leasehold (expiring on 28.01.2092)	Apartment	1,725 sq.ft.	Vacant	13	275	31-12-2008
Lot 106006 Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan	Leasehold (expiring on 12.1.2081)	3-storey Shoplots	1,540 sq.ft.	Rental	22	260	31-12-2008
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	22	260	31-12-2008
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	-	1,870	31-12-2008
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	21	900	31-12-2008
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	21	900	31.12.2008
Lot 4553, 4561, 4562 and 4563 Mukim Ulu Muar District of Kuala Pilah Negeri Sembilan Darul Khusus	Freehold	Agriculture Land	20.006 acres	Vacant	-	600	14-03-2008

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
Lot 9041 Kampung Tengah 42000 Telok Gong Selangor Darul Ehsan	Leasehold (expiring on 27.11.2067)	Industrial Land	2.212 acres	Rental	-	1,516	14-03-2008
Sub-total (value of properties held as investment properties)						7,356	
Lots 1603 & 1604 Mukim of Jelai District of Jempol Negeri Sembilan Darul Khusus	Freehold	Industrial Land	9.831 acres	Vacant	-	440	31-03-2006
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	21	975	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	21	975	31.3.2006
32, Jalan Pandan 3/2 Pandan Jaya, Mukim of Ampang 55100 Selangor Darul Ehsan	Leasehold (expiring on 5.5.2087)	4-storey Shoplots	1,920 sq.ft.	Rental	21	975	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	21	975	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	21	975	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	21	975	31.3.2006

Properties Owned (cont'd)

by Ann Joo Resources Berhad and its subsidiaries as at 31 December 2008

Location	Tenure	Description	Area	Existing Use	Approximate Age of Building (No. of Years)	NBV RM'000	Date of Last Revaluation
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	21	1,000	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	21	975	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	21	975	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	21	975	31.3.2006
41, Jalan Pandan 3/3 Pandan Jaya, Town of Ampang 55100 Selangor Darul Ehsan	Leasehold (expiring on 5.5.2087)	4-storey Shoplots	1,920 sq.ft.	Rental	21	975	31.3.2006
Sub-total (value of properties held as disposal group held for sales)						11,190	
Total (value of properties held as property, plant and equipment, prepaid lease payments, investment properties and assets classifiedas held for sales)						361,754	

Statistical Report
as at 31 March 2009

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	:	20,011,300 ordinary shares of RM1 each

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
Less than 100	89	1.32	1,895	0.00
100 – 1,000	698	10.36	597,673	0.12
1,001 – 10,000	4,920	73.00	17,262,054	3.43
10,001 – 100,000	889	13.19	26,637,908	5.30
100,001 – less than 5% of issued shares	141	2.09	116,851,375	23.24
5% and above of issued shares	3	0.04	341,345,073	67.90
Total	6,740	100.00	502,695,978	100.00

LIST OF DIRECTORS' SHAREHOLDING AS AT 31 MARCH 2009

Name of Directors	No. of shares			
	Direct Interest	%	Indirect Interest	%
Dato' Lim Kiam Lam	2,772,750	0.55	347,541,932§	69.14
Dato' Lim Hong Thye	1,259,400	0.25	-	-
Lim Sin Seong	1,500,000	0.30	345,241,132§	68.68
Lim Kien Lip	-	-	1,500,000§	0.30
Y.A.M Tunku Naquiyuddin Ibni Tuanku Ja'afar	-	-	-	-
Dato' Ong Kim Hoay	132,500	0.03	-	-
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 31 MARCH 2009

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

Notes:

^ 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 (cont'd)

as at 31 March 2009

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2009

Name	No. of shares			
	Direct Interest	%	Indirect Interest	%
Ann Joo Corporation Sdn Bhd	345,191,132	68.67	-	-
Lim Seng Chee & Sons Sdn Bhd	-	-	345,191,132*	68.67
LSQ & Sons Sdn Bhd	-	-	345,191,132*	68.67
Lim Sin Seong Sdn Bhd	-	-	345,191,132*	68.67
Lim Seng Chee	5,915,100	1.18	345,191,132*	68.67
Lim Seng Qwee	5,080,255	1.01	345,191,132*	68.67
Dato' Lim Kiam Lam	2,772,750	0.55	345,191,132*	68.67
Lim Sin Seong	1,500,000	0.30	345,191,132*	68.67

Note:

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

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2009

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
1.	Ann Joo Corporation Sdn. Bhd.	156,345,073	31.10
2.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ann Joo Corporation Sdn. Bhd. (49171 CBD)*	135,000,000	26.86
3.	Mayban Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ann Joo Corporation Sdn. Bhd. (414169837019)*	50,000,000	9.95
4.	Lembaga Tabung Haji	16,837,850	3.35
5.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for Credit Suisse (SG BR-TST-ASING)*	11,194,450	2.23
6.	Lim Seng Chee	5,915,100	1.18
7.	Lim Seng Qwee	5,080,255	1.01
8.	Ann Joo Corporation Sdn. Bhd.	3,846,059	0.77
9.	HDM Nominees (Tempatan) Sdn. Bhd. *HDM Capital Sdn. Bhd. for Tan Koo Ching*	3,375,000	0.67
10.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (PAR1)*	3,100,600	0.62
11.	Dato' Lim Kiam Lam	2,772,750	0.55
12.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	2,445,200	0.49

No.	Name of Shareholders	No. of Shares	% of Issued and Paid-Up Share Capital
13.	Malaysian Assurance Alliance Berhad *As Beneficial Owner (Growth Fund)*	2,250,000	0.45
14.	Lou Swee You	2,227,400	0.44
15.	Tan Poh Gek	2,142,050	0.43
16.	Yong Chai Lee	2,105,364	0.42
17.	Yang Pouy Soon	2,104,800	0.42
18.	Mayban Nominees (Tempatan) Sdn. Bhd. *Mayban Trustees Berhad for Public Aggressive Growth Fund (N14011940110)*	1,655,000	0.33
19.	Teoh Sod Bin	1,650,050	0.33
20.	Datin Keng Poh Im	1,573,650	0.31
21.	Law Shee Yuan	1,500,000	0.30
22.	HSBC Nominees (Asing) Sdn. Bhd. *BNY Brussels for CF Ruffer Pacific Fund*	1,500,000	0.30
23.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Sin Seong*	1,500,000	0.30
24.	Dato' Lim Hong Thye	1,259,400	0.25
25.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Islamic Optimal Growth Fund*	1,200,000	0.24
26.	Citigroup Nominees (Asing) Sdn. Bhd. *CBNY for DFA Emerging Markets Fund*	1,178,400	0.23
27.	Phua Sin Mo	1,125,000	0.22
28.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Islamic Balanced Fund*	1,057,700	0.21
29.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Islamic Sector Select Fund*	1,046,700	0.21
30.	Citigroup Nominees (Asing) Sdn. Bhd. *CBNY for DFA Emerging Markets Small Cap Series*	981,750	0.20

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as at 31 March 2009

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	26	0.98	1,275	0.00
100 – 1,000	744	28.03	626,751	0.24
1,001 – 10,000	1,285	48.42	5,082,598	1.94
10,001 – 100,000	489	18.43	15,621,350	5.98
100,001 – less than 5% of Issued Holdings	108	4.07	64,075,639	24.52
5% and above of Issued Holdings	2	0.08	175,946,026	67.32
Total	2,654	100.0	261,353,639	100.0

LIST OF DIRECTORS' WARRANT HOLDINGS AS AT 31 MARCH 2009

Name of Directors	No. of Warrants			
	Direct Interest	%	Indirect Interest	%
Dato' Lim Kiam Lam	1,533,375	0.59	178,141,580*	68.16
Dato' Lim Hong Thye	647,000	0.25	-	-
Lim Sin Seong	500,200	0.19	177,077,905*	67.75
Lim Kien Lip	-	-	752,300§	0.29
Y.A.M Tunku Naquiyuddin Ibni Tuanku Ja'afar	-	-	-	-
Dato' Ong Kim Hoay	11,300	0.00#	-	-
Tan Sri Datuk A. Razak bin Ramli	-	-	-	-
Datuk Kamarudin bin Md Ali	-	-	-	-

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

THIRTY LARGEST WARRANT HOLDERS AS AT 31 MARCH 2009

No.	Name of Warrant Holders	No. of Warrant Holding	% of Warrant Issued
1.	Ann Joo Corporation Sdn. Bhd.	108,446,026	41.49
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.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Far-East Dividend Fund*	4,224,100	1.62

No.	Name of Warrant Holders	No. of Warrant Holding	% of Warrant Issued
5.	Lembaga Tabung Haji	4,010,475	1.53
6.	Lim Seng Chee	2,957,900	1.13
7.	Lim Kian Wat	2,547,500	0.97
8.	Lim Seng Qwee	2,540,127	0.97
9.	Mayban Nominees (Tempatan) Sdn. Bhd. *Mayban Trustees Berhad for Public Industry Fund (N14011930270)*	1,813,800	0.69
10.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Enhanced Bond Fund*	1,806,100	0.69
11.	Mayban Nominees (Tempatan) Sdn. Bhd. *Mayban Trustees Berhad for Public Aggressive Growth Fund (N14011940110)*	1,686,200	0.65
12.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	1,666,100	0.64
13.	Mayban Nominees (Tempatan) Sdn. Bhd. *Mayban Trustees Berhad for Public Balanced Fund (N14011950210)*	1,590,900	0.61
14.	Dato' Lim Kiam Lam	1,386,375	0.53
15.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)*	1,372,200	0.53
16.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *PB Balanced Fund*	1,154,100	0.44
17.	Ann Joo Corporation Sdn. Bhd.	1,130,979	0.43
18.	Yong Chai Lee	1,052,682	0.40
19.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)*	1,030,000	0.39
20.	Malaysian Assurance Alliance Berhad *As Benefial Owner (Growth Fund)*	975,000	0.37
21.	Teoh Sod Bin	825,300	0.32
22.	Datin Keng Poh Im	786,825	0.30
23.	Law Shee Yuan	752,300	0.29
24.	HSBC Nominees (Asing) Sdn. Bhd. *BNY Brussels for CF Ruffer Pacific Fund*	750,000	0.29

Statistical Report (cont'd)
as at 31 March 2009

No.	Name of Warrant Holders	No. of Warrant Holding	% of Warrant Issued
25.	BHLB Trustee Berhad *PB Euro Pacific Equity Fund*	683,000	0.26
26.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Far-East Select Fund*	662,900	0.25
27.	Dato' Lim Hong Thye	647,000	0.25
28.	Phua Sin Mo	562,500	0.22
29.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Singular Asia Flexible Fund (5758-401)*	544,600	0.21
30.	Mayban Nominees (Tempatan) Sdn. Bhd. *Hadrons Capital Sdn. Bhd. for Koay Kang Chuwan (240239)*	513,083	0.20

安 裕 資 源 有 限 公 司

ANN JOO RESOURCES BERHAD (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 Thirteenth 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 **Tuesday, 26 May 2009** 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 re-elect Dato' Lim Kiam Lam as Director		
4.	To re-elect Datuk Kamarudin bin Md Ali as Director		
5.	To re-appoint Messrs KPMG as Auditors of the Company		
6.	To re-appoint Dato' Ong Kim Hoay as Director		
7.	To authorise Directors to allot shares pursuant to Section 132D of the Companies Act, 1965		
8.	To renew the authorisation to enable the Company to purchase its own shares		
	To renew the existing Shareholders' mandate for recurrent related party transactions of a revenue or trading nature with the following related parties: -		
9.	(i) LIM Group		
10.	(ii) MISI Group		
11.	(iii) CHH Group		
12.	(iv) SHH Group		
13.	To obtain new Shareholders' mandate for recurrent related party transactions of a revenue or trading nature with LIM Group and SANH Group.		

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 ____________ 2009

____
Signature of
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.

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AFFIX
STAMP
HERE

SYMPHONY SHARE REGISTRARS SDN BHD

Level 26, Menara Multi-Purpose, Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur

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www.annjoo.com.my

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