

The Board of Directors of Ann Joo Resources Berhad is pleased to announce the unaudited results for the first financial quarter ended 31 March 2013

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the three months ended 31 March 2013

	3 months ended		3 months ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	487,561	612,130	487,561	612,130
Operating expenses	(467,594)	(635,480)	(467,594)	(635,480)
Other income	965	26,555	965	26,555
Finance costs	(14,038)	(7,914)	(14,038)	(7,914)
Investing results	-	1	-	1
Profit/(Loss) before taxation	6,894	(4,708)	6,894	(4,708)
Taxation	2,834	3,929	2,834	3,929
Profit/(Loss) for the period	9,728	(779)	9,728	(779)
Other comprehensive loss				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation differences for foreign operations	(1)	(13)	(1)	(13)
Change in fair value of equity securities classified as available for sale	-	11	-	11
Other comprehensive loss for the period, net of tax	(1)	(2)	(1)	(2)
Total comprehensive income/(loss) for the period	9,727	(781)	9,727	(781)
Profit/(Loss) attributable to:				
Owners of the parent	9,728	(1,041)	9,728	(1,041)
Non-controlling interests	-	262	-	262
Profit/(Loss) for the period	9,728	(779)	9,728	(779)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	9,727	(1,043)	9,727	(1,043)
Non-controlling interests	-	262	-	262
Total comprehensive income/(loss) for the period	9,727	(781)	9,727	(781)
Earnings/(Loss) per share (sen):				
Basic	1.94	(0.21)	1.94	(0.21)
Diluted	1.94	(0.21)	1.94	(0.21)

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Financial Position
As at 31 March 2013

	As at 31.03.2013 RM'000	As at 31.12.2012 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,136,646	1,147,310
Prepaid lease payments	11,753	11,802
Investment properties	4,187	4,199
Other investments	253	253
Intangible assets	7,321	7,459
Deferred tax assets	52,613	47,475
	<u>1,212,773</u>	<u>1,218,498</u>
Current Assets		
Inventories	1,417,624	1,339,427
Receivables and prepayments, including derivatives	302,656	284,286
Current tax assets	5,506	11,107
Cash and cash equivalents	52,993	46,652
Assets classified as held for sale	-	16,356
	<u>1,778,779</u>	<u>1,697,828</u>
TOTAL ASSETS	<u>2,991,552</u>	<u>2,916,326</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	522,708	522,708
Treasury shares	(71,272)	(71,259)
Warrant Reserve	-	39,202
Other Reserves	80,843	80,844
Retained earnings	514,198	465,268
Total equity attributable to owners of the parent	<u>1,046,477</u>	<u>1,036,763</u>
Non-controlling interests	-	4,674
Total Equity	<u>1,046,477</u>	<u>1,041,437</u>
Non-current Liabilities		
Loans and borrowings	396,180	399,690
Employee benefits	7,592	7,404
Deferred tax liabilities	16,321	16,043
	<u>420,093</u>	<u>423,137</u>
Current Liabilities		
Payables and accruals	186,510	187,334
Loans and borrowings	1,337,234	1,259,700
Current tax liabilities	1,238	1,045
Liabilities classified as held for sale	-	3,673
	<u>1,524,982</u>	<u>1,451,752</u>
Total Liabilities	<u>1,945,075</u>	<u>1,874,889</u>
TOTAL EQUITY AND LIABILITIES	<u>2,991,552</u>	<u>2,916,326</u>
Net assets per share attributable to owners of the parent (RM)	<u>2.09</u>	<u>2.07</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Cash Flows
For the three months ended 31 March 2013

	3 months ended	
	31.03.2013	31.03.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	6,894	(4,708)
Adjustments for non-cash items	15,601	5,430
Operating profit before working capital changes	22,495	722
Changes in working capital		
Net change in current assets	(88,531)	20,038
Net change in current liabilities	285	4,001
Interest received	149	250
Interest paid	(13,659)	(7,376)
Tax paid	(2,675)	(5,836)
Tax refunded	6,484	-
Retirement benefits paid	(220)	(78)
Net cash flows from operating activities	(75,672)	11,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of subsidiary	2,290	-
Proceeds from disposal of property, plant and equipment	1	2
Purchase of property, plant and equipment	(2,203)	(20,026)
Net cash flows used in investing activities	88	(20,024)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	75,888	43,683
Share buybacks	(13)	(62)
Interest paid	(379)	(537)
Net cash flows (used in)/from financing activities	75,496	43,084
Net change in cash and cash equivalents	(88)	34,781
Effects of foreign exchanges rate changes	(99)	(153)
Cash and cash equivalents at beginning of the financial year	47,400	53,768
Cash and cash equivalents at end of the financial year	47,213	88,396

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise:

	3 months ended	
	31.03.2013	31.03.2012
	RM'000	RM'000
Cash and bank balances	52,993	94,869
Pledged deposits	(5,780)	(6,473)
	47,213	88,396

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

ANN JOO RESOURCES BERHAD (371152-U)

Condensed Consolidated Statements of Changes in Equity
For the three months ended 31 March 2013

	←-----Non-Distributable-----→			←-----Distributable-----→			Total equity RM'000	
	Share capital RM'000	Warrant reserve RM'000	Reserve attributable to capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Attributable to owners of the parent RM'000		Non-controlling interests RM'000
At 1 January 2013	522,708	39,202	80,844	(71,259)	465,268	1,036,763	4,674	1,041,437
Foreign currency translation differences for foreign operation	-	-	(1)	-	-	(1)	-	(1)
Transferred to retained profits upon expiry of Warrants 2008/2013	-	(39,202)	-	-	39,202	-	-	-
Change in fair value of equity securities classified as available for sale	-	-	-	-	-	-	-	-
Total other comprehensive income for the period	-	(39,202)	(1)	-	39,202	(1)	-	(1)
Profit for the period	-	-	-	-	9,728	9,728	-	9,728
Total comprehensive income for the period	-	(39,202)	(1)	-	48,930	9,727	-	9,727
Share buybacks	-	-	-	(13)	-	(13)	-	(13)
Impact on non-controlling interest arising on disposal of interest in subsidiary	-	-	-	-	-	-	(4,674)	(4,674)
At 31 March 2013	522,708	0	80,843	(71,272)	514,198	1,046,477	0	1,046,477
At 1 January 2012	522,708	39,202	82,766	(70,579)	500,110	1,074,207	4,059	1,078,266
Foreign currency translation differences for foreign operation	-	-	(13)	-	-	(13)	-	(13)
Change in fair value of equity securities classified as available for sale	-	-	11	-	-	11	-	11
Total other comprehensive loss for the period	-	-	(2)	-	-	(2)	-	(2)
Loss for the period	-	-	-	-	(1,041)	(1,041)	262	(779)
Total comprehensive loss for the period	-	-	(2)	-	(1,041)	(1,043)	262	(781)
Share buybacks	-	-	-	(62)	-	(62)	-	(62)
At 31 March 2012	522,708	39,202	82,764	(70,641)	499,069	1,073,102	4,321	1,077,423

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

ANN JOO RESOURCES BERHAD (371152-U)
(“AJR” or “THE COMPANY”)

EXPLANATORY NOTES

1. BASIS OF PREPARATION

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in audited financial statements for the financial year ended 31 December 2012, except for the following new and revised MFRSs, IC Interpretations and Amendments to MFRSs and IC Interpretation which are applicable to its financial statements:

1.1 Adoption of MFRSs, Amendments to MFRSs and IC Interpretation

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS – Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
Annual Improvements to IC Interpretations and MFRS 2009 – 2011 Cycle	

The adoption of the above pronouncements did not have any impact on the financial statements of the Group, except for the following:

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 Presentation of Items of Other Comprehensive Income change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified.

The adoption of this amendment affects presentation only and has no financial impact on the Group’s financial statements.

1.2 Amendments to MFRSs issued but not yet effective

At the date of authorization of these interim financial statements, the following Amendments to MFRSs were issued but not yet effective and have not been applied by the Group.

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015

Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosure
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The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application.

2. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

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

3. NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter ended 31 March 2013.

4. NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no major changes in estimates that had any material effect on the quarter ended 31 March 2013 results.

5. DEBT AND EQUITY SECURITIES

During the quarter under review, the Company repurchased 10,000 shares of its issued share capital from the open market at an average purchase price of RM1.26 per share. As at 31 March 2013, out of the total 522,708,178 issued and fully paid ordinary shares, 22,047,300 shares were held as treasury shares at an average purchase price of RM3.23 per share. The share buyback transactions were financed by internally generated funds.

Save as disclosed above, there were no issuances, cancellations, resale or repayments of debt and equity securities during the quarter ended 31 March 2013.

6. DIVIDENDS PAID

No dividend was paid during the quarter ended 31 March 2013.

7. SEGMENTAL INFORMATION

The segment revenue, segment results and segment assets for the financial period ended 31 March 2013 were as follows:-

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	317,257	169,886	418		
Inter-company transactions	183,718	62,700	8,212	(254,630)	
Total sales	<u>500,975</u>	<u>232,586</u>	<u>8,630</u>	<u>(254,630)</u>	<u>487,561</u>
RESULTS					
Segment results	6,472	8,792	8,756	(3,237)	20,783
Finance cost					(14,038)
Interest income					149
Taxation					2,834
Loss for the year					<u>9,728</u>
ASSETS					
	<u>2,443,754</u>	<u>671,318</u>	<u>1,033,264</u>	<u>(1,156,784)</u>	<u>2,991,552</u>
LIABILITIES					
	<u>1,679,448</u>	<u>518,560</u>	<u>42,573</u>	<u>(295,506)</u>	<u>1,945,075</u>

8. PROFIT BEFORE TAX

	3 months ended 31.03.2013 RM'000
Profit before tax is arrived at after charging:	
Amortisation of intangible assets	138
Amortisation of prepaid lease payments	49
Depreciation of investment properties	12
Depreciation of property, plant and equipment	12,089
Interest expenses	14,038
Loss on foreign exchange - realised	3,089
and after crediting:	
Bad debts recovered	25
Gain on disposal of property, plant and equipment	1
Gain on disposal of subsidiary	1,247
Gain on foreign exchange - unrealised	1,978
Interest income	149
Reversal of allowance for impairment losses of receivables	100
Reversal for inventories written down to net realisable value	7,521

9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

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

10. CHANGES IN THE COMPOSITION OF THE GROUP

On 5 December 2012, the Company had entered into a Sales and Purchase Agreement with Marubeni-Itochu Steel Inc. and Marubeni-Itochu Steel (Malaysia) Sdn Bhd to dispose of the Company's entire shareholding in Anshin Precision Industries Sdn Bhd ("API") comprising of 4,448,825 ordinary shares of RM1.00 each with a total consideration of RM8,897,650. The agreement was completed on 7 January 2013 and API ceased to be a subsidiary of the Company accordingly.

On 2 January 2013, the Company announced that its wholly-owned subsidiaries, Ann Joo (Sarawak) Sdn Bhd ("AJSarawak"), will be wound up by way of members' voluntary winding-up. AJSarawak which used to be in the business of selling hardware and steel materials has ceased operation since 2007. On 18 February 2013, the Company announced that Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd ("Lian Tiong"), a wholly-owned subsidiary of AJSarawak, will be wound up by way of members' voluntary winding-up. Lian Tiong used to be in the business of trading of steel products but has ceased operation since 2007.

Save as disclosed above, there were no significant changes in the composition of the Group during the financial period under review.

11. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

12. CAPITAL COMMITMENTS

The capital commitments as at 31 March 2013 were as follows:-

Commitments in respect of capital expenditure :

	<u>RM'000</u>
(a) contracted but not provided for	34,167
(b) approved but not contracted for	6,865

13. REVIEW OF PERFORMANCE

During the quarter under review, the Group recorded revenue of RM487.56 million, a decrease of RM124.57 million or 20% as compared to the revenue of RM612.13 million for the corresponding quarter of the preceding year. The decrease in revenue was mainly due to decrease in export tonnage as international demand continued to be affected by the concerns on China economic slowdown despite resilient domestic sales. The Group posted a profit before tax ("PBT") of RM6.89 million for the current quarter as compared to a loss before tax ("LBT") of RM4.71 million for the corresponding quarter of the preceding year. Higher profitability was mainly attributable to the improved cost structure and efficiency of the iron and steel production against the absorption of initial start-up cost of the blast furnace operation in the corresponding quarter of the preceding year.

Manufacturing revenue decreased by RM117.90 million to RM317.26 million for the current quarter compared RM435.16 million for the corresponding quarter of the preceding year. The decrease in revenue was mainly attributable to a decrease in export tonnage on the back of highly volatile market conditions. Nevertheless, the division recorded segment profit of RM6.47 million for the current quarter against segment loss of RM13.63 million for the corresponding quarter of the preceding year which was mainly attributable to continued improvement in cost structure arising from accelerated efficiency in the iron and steel production.

Trading revenue decreased by RM6.77 million to RM169.89 million for the current quarter compared to RM176.66 million for the corresponding quarter of the preceding year. The division recorded a lower segment profit of RM8.79 million for the current quarter compared to RM13.76 million for the corresponding quarter of the preceding year. The divisional performance was mainly affected by sluggish market demand and marginal decrease in steel prices.

14. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group posted revenue of RM487.56 million in the current quarter, RM91.33 million or 23% higher than the revenue of RM396.23 million for the preceding quarter. Higher revenue was mainly due to the improved steel prices and demand domestically. The Group registered a PBT of RM6.89 million for the current quarter compared to a PBT of RM18.08 million for the preceding quarter. Higher profitability for the preceding quarter was mainly attributable to the reversal of allowance for inventories written down to net realizable value of RM34.38 million.

15. PROSPECT

With the continuing weak global economic growth in particular the fear of slowdown in China's economy, the outlook for the global steel market remains highly volatile and uncertain. While domestic demand remains resilient supported by the spending on the construction activities and infrastructure projects under the Economic Transformation Program and Tenth Malaysia Plan as well as the investment in the oil and gas economic subsector, the rampant dumping activities will still continue to be a threat to the Group.

The Group aims to maximize the synergic effects of vertical integration of the iron and steel production by enhancing operational agility, effective material costs management and cost reduction activities. The commencement of regional business expansion activities undertaken by Trading Division is expected to expand its market share in project business from oil & gas, shipbuilding and pressure vessel industries in Southeast Asia region. Moving forward, the performance of the Group would be dependent on the successful implementation of the production cost reduction program and the effectiveness of the anti-dumping measures imposed by the government.

16. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee for the financial year ending 31 December 2013.

17. TAXATION

The tax expenses/ (income) comprise of:-

	3 months ended 31.03.2013 RM'000
Income tax	2,026
Deferred tax	<u>(4,860)</u>
	<u><u>(2,834)</u></u>

The Group's effective tax rate for the financial year was lower compared to statutory tax rate of 25%, mainly due to recognition of deferred tax assets arising from overprovision of tax liabilities in prior year.

18. STATUS OF CORPORATE PROPOSALS

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

19. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 March 2013 were as follows:-

	RM'000
Short term borrowings :	
Secured	94,040
Unsecured	<u>1,243,194</u>
	<u>1,337,234</u>
Long term borrowing :	
Secured	<u>396,180</u>
Total borrowings	<u><u>1,733,414</u></u>

The Group's borrowings are denominated in Ringgit Malaysia, except for approximately RM510.02 million (USD165.00 million) and RM0.50 million (EUR0.12 million) of the above borrowings which are denominated in US dollars and Euro respectively.

20. MATERIAL LITIGATION

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

21. DIVIDEND

The Board of Directors does not recommend any interim dividend in respect of the current quarter ended 31 March 2013 (1st quarter 2012: Nil).

22. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit attributable to owners of the parent for the period by the weighted average number of ordinary shares of the Company in issue during the quarter ended 31 March 2013 as set out below:

		<u>3 months ended 31.03.2013</u>
Total profit attributable to owners of the parent	(RM'000)	9,728
Weighted average number of ordinary shares in issue or issuable	('000)	500,667
Basic earnings per share	(sen)	<u>1.94</u>

23. REALISED AND UNREALISED EARNINGS OR LOSSES DISCLOSURE

The retained earnings as at 31 March 2013 were analysed as follows:

	<u>31.03.2013</u>	<u>31.12.2012</u>
	<u>RM'000</u>	<u>RM'000</u>
Total retained earnings of the Company and its subsidiaries:		
Realised	644,060	601,127
Unrealised	53,924	50,040
	<u>697,984</u>	<u>651,167</u>
Total share of retained earnings from an associated company		
Realised	-	(1,030)
Unrealised	-	(34)
	<u>697,984</u>	<u>650,103</u>
Less: Consolidation adjustments	<u>(183,786)</u>	<u>(184,835)</u>
Total group retained earnings	<u>514,198</u>	<u>465,268</u>

24. STATUS OF AUDIT QUALIFICATION

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

25. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 May 2013.

By Order of the Board
Leong Oi Wah (MAICSA 7023802)
Mabel Tio Mei Peng (MAICSA 7009237)
Company Secretaries
29 May 2013
Selangor Darul Ehsan

