ANN JOO RESOURCES BERHAD (371152-U)

The Board of Directors of Ann Joo Resources Berhad is pleased to announce the unaudited results for the first financial quarter ended 31 March 2015

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the three months ended 31 March 2015

	3 months ended		3 months ended	
	31.03.2015	**31.03.2014**	**31.03.2015**	**31.03.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	520,645	686,067	520,645	686,067
Operating expenses	(500,652)	(663,064)	(500,652)	(663,064)
Other income	2,683	4,448	2,683	4,448
Finance costs	(15,181)	(13,782)	(15,181)	(13,782)
Investing results	(5)	(3)	(5)	(3)
Profit/(Loss) before taxation	7,490	13,666	7,490	13,666
Taxation	(2,164)	(1,148)	(2,164)	(1,148)
Profit/(Loss) for the period	5,326	12,518	5,326	12,518
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation differences for foreign operations	916	(60)	916	(60)
Change in fair value of available-for-sale financial assets	(1)	1	(1)	1
Available-for-sale financial assets - reclassified to profit or loss	-	-	-	-
Other comprehensive income/(loss) for the period, net of tax	915	(59)	915	(59)
Total comprehensive income/(loss) for the period	6,241	12,459	6,241	12,459
Profit/(Loss) attributable to:				
Owners of the parent	5,326	12,518	5,326	12,518
Non-controlling interests	-	-	-	-
Profit/(Loss) for the period	5,326	12,518	5,326	12,518
Total comprehensive income/(loss) attributable to:				
Owners of the parent	6,241	12,459	6,241	12,459
Non-controlling interests	-	-	-	-
Total comprehensive income/(loss) for the period	6,241	12,459	6,241	12,459
Earnings/(Loss) per share (sen):				
Basic	1.06	2.50	1.06	2.50
Diluted	1.06	2.50	1.06	2.50

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

ANN JOO RESOURCES BERHAD (371152-U)

Condensed Consolidated Statements of Financial Position
As at 31 March 2015

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,067,893	1,077,284
Prepaid lease payments	11,116	11,165
Investment properties	4,093	4,105
Investment in an associate	2	8
Other investments	28	29
Intangible assets	7,182	7,182
Deferred tax assets	66,660	67,445
	1,156,974	1,167,218
Current Assets		
Inventories	1,183,068	1,165,046
Receivables and prepayments	373,491	324,254
Derivative Assets	729	-
Current tax assets	2,667	3,302
Cash and cash equivalents	56,946	61,812
	1,616,901	1,554,414
TOTAL ASSETS	2,773,875	2,721,632
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	522,708	522,708
Treasury shares	(71,364)	(71,343)
Other Reserves	83,462	82,547
Retained earnings	534,907	529,581
Total equity attributable to owners of the parent	1,069,713	1,063,493
Non-controlling interests	-	-
Total Equity	1,069,713	1,063,493
Non-current Liabilities		
Loans and borrowings	220,000	220,000
Employee benefits	6,233	6,238
Deferred tax liabilities	15,089	15,084
	241,322	241,322
Current Liabilities		
Payables and accruals	209,486	231,400
Loans and borrowings	1,251,322	1,183,539
Current tax liabilities	2,032	1,878
	1,462,840	1,416,817
Total Liabilities	1,704,162	1,658,139
TOTAL EQUITY AND LIABILITIES	2,773,875	2,721,632
Net assets per share attributable to owners of the parent (RM)	2.14	2.12

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

ANN JOO RESOURCES BERHAD (371152-U)

Condensed Consolidated Statements of Cash Flows
For the three months ended 31 March 2015

	3 months ended	
	31.03.2015	**31.03.2014**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,490	13,666
Adjustments for non-cash items	34,386	39,429
Operating profit before working capital changes	41,876	53,095
Changes in working capital		
Net change in current assets	(71,050)	216,703
Net change in current liabilities	(24,069)	(4,861)
Interest received	540	275
Interest paid	(11,514)	(13,348)
Tax paid	(1,966)	(1,913)
Tax refunded	1,320	3,011
Retirement benefits paid	(185)	(189)
Net cash flows generated from/(used in) operating activities	(65,048)	252,773
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	1	0
Proceeds from disposal of property, plant and equipment	224	2,896
Purchase of property, plant and equipment	(2,355)	(4,008)
Net cash flows used in investing activities	(2,130)	(1,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	65,045	(227,774)
Share buybacks	(21)	(33)
Interest paid	(3,667)	(434)
Additional of fixed deposit pledged with licensed banks	(50)	-
Net cash flows (used in)/generated from financing activities	61,307	(228,241)
Net change in cash and cash equivalents	(5,871)	23,420
Effects of foreign exchanges rate changes	955	(425)
Cash and cash equivalents at beginning of year	57,018	47,025
Cash and cash equivalents at end of period	52,102	70,020

Cash and cash equivalents

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

	3 months ended	
	31.03.2015	**31.03.2014**
	RM'000	**RM'000**
Cash and bank balances	56,946	75,800
Pledged deposits	(4,844)	(5,780)
	52,102	70,020

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015

	<----Non-Distributable	---->		<---Distributable	--->			
	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	Total equity RM'000
At 1 January 2015	522,708	-	82,547	(71,343)	529,581	1,063,493	-	1,063,493
Foreign currency translation differences for foreign operation	-	-	916	-	-	916	-	916
Change in fair value of available-for-sale financial assets	-	-	(1)	-	-	(1)	-	(1)
Total other comprehensive loss for the period	-	-	915	-	-	915	-	915
Profit for the period	-	-	-	-	5,326	5,326	-	5,326
Total comprehensive income for the period	-	-	915	-	5,326	6,241	-	6,241
Share buybacks	-	-	-	(21)	-	(21)	-	(21)
Dividends to owners of the Company	-	-	-	-	-	-	-	-
At 31 March 2015	522,708	-	83,462	(71,364)	534,907	1,069,713	-	1,069,713
At 1 January 2014	522,708	-	82,007	(71,284)	515,764	1,049,195	-	1,049,195
Foreign currency translation differences for foreign operation	-	-	(60)	-	-	(60)	-	(60)
Change in fair value of available-for-sale financial assets	-	-	1	-	-	1	-	1
Total other comprehensive income for the period	-	-	(59)	-	-	(59)	-	(59)
Profit for the period	-	-	-	-	12,518	12,518	-	12,518
Total comprehensive income for the period	-	-	(59)	-	12,518	12,459	-	12,459
Share buybacks	-	-	-	(33)	-	(33)	-	(33)
Realisation of other equity reserves to retained earnings upon disposal of property, plant and equipment	-	-	(441)	-	441	-	-	-
At 31 March 2014	522,708	-	81,507	(71,317)	528,723	1,061,621	-	1,061,621

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 Berhad ("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 2014. 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 2014.

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 2014, except for the following new and revised Amendments to MFRSs and Issue Committee Interpretations ("IC Interpretation") which are applicable to its financial statements:

1.1 Adoption of Amendments to MFRSs and IC Interpretation

On 1 January 2015, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2015.

Amendments to MFRS 119: Defined Benefits Plans: Employee Contributions
Annual Improvements to MFRSs 2010 -2012 Cycle
Annual Improvements to MFRSs 2011 -2013 Cycle

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

1.2 MFRSs and Amendments to MFRSs issued but not yet effective

At the date of authorization of these interim financial statements, the following MFRSs and 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 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to MFRSs 2012 – 2014 Cycle	

Effective for financial periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)

Where applicable, 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 2015.

4 NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no major changes in estimates that have had any material effect on the current quarter results.

5 DEBT AND EQUITY SECURITIES

During the quarter under review, the Company repurchased 20,000 shares of its issued share capital from the open market at an average purchase price of RM1.06 per share. As at 31 March 2015, out of the total 522,708,178 issued and fully paid ordinary shares, 22,127,300 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 2015.

6 DIVIDENDS PAID

No dividend was paid during the quarter ended 31 March 2015.

7 SEGMENTAL INFORMATION

7.1 Business Segments

The segment revenue, segment results and segment assets for the period ended 31 March 2015 were as follows:-

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	339,830	180,297	519		
Inter-company transactions	150,300	54,258	8,301	(212,860)	
Total sales	490,130	234,555	8,820	(212,860)	520,645
RESULTS					
Segment results	15,531	3,520	3,083	1	22,135
Finance cost					(15,181)
Interest income					541
Investing results					(5)
Taxation					(2,164)
Profit for the period					5,326
ASSETS	2,498,363	638,082	1,051,396	(1,413,966)	2,773,875
LIABILITIES	1,694,921	472,861	35,402	(499,022)	1,704,162

7.2 Geographical Segments

	RM'000
Revenue from external customer	
Malaysia	504,334
Singapore	16,311
Non-current assets	
Malaysia	1,154,987
Singapore	1,987

8 PROFIT BEFORE TAX

	3 months ended 31.03.2015 RM'000
Profit before tax is arrived at after charging:	
Amortisation of prepaid lease payments	49
Depreciation of investment properties	12
Depreciation of property, plant and equipment	11,809
Interest expenses	15,181
Inventories written down to net realisable value	5,969
Allowance for diminution in value of raw materials	2,083
and after crediting:	
Bad debts recovered	1
Derivative gain	729
Foreign exchange gain/(loss):	
- realised	3,187
- unrealised	(10,270)
Gain on disposal of property, plant and equipment	187
Interest income	541

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

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 2015 were as follows:-

Commitments in respect of capital expenditure :

		RM'000
(a)	contracted but not provided for	12,161
(b)	approved but not contracted for	10,811

13 REVIEW OF PERFORMANCE

During the quarter under review, the Group recorded revenue of RM520.65 million, a decrease of RM165.42 million or 24% as compared to the revenue of RM686.07 million for the corresponding quarter of the preceding year. This was mainly due to lower sales tonnage coupled with depressed selling prices of various steel products. The Group posted a profit before tax ("PBT") of RM7.49 million for the current quarter as compared to a PBT of RM13.67 million for the corresponding quarter of the preceding year. Lower profitability was mainly attributable to 1) lower export tonnage, 2) inventories written down to net realisable value of RM5.97 million and 3) foreign exchange loss of RM7.08 million as a result of weakening in MYR against USD.

Manufacturing revenue decreased by RM170.05 million to RM339.83 million for the current quarter compared to RM509.88 million for the corresponding quarter of the preceding year. Lower revenue was mainly attributable to lower export tonnage and depressed selling prices. The division recorded segment profit of RM15.53 million for the current quarter against segment profit of RM14.46 million for the corresponding quarter of the preceding year. The improved profitability was mainly attributable to improved margin arising from lower material costs particularly iron ore prices as well as further productivity improvement, despite 1) lower export tonnage, 2) inventories written down to net realizable value of RM4.27 million and 3) foreign exchange loss of RM6.82 million as a result of weakening in MYR against USD.

Trading revenue increased by RM4.46 million to RM180.30 million for the current quarter compared to RM175.84 million for the corresponding quarter of the preceding year. Higher revenue was due to higher tonnage sold notwithstanding depressed selling prices. The division recorded a segment profit of RM3.52 million for the current quarter against segment profit of RM9.81 million for the correspondence quarter of the preceding year. Lower profitability was due to depressed selling price which had also resulted in inventory written down to net realisation value of RM1.70 million.

14 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group posted revenue of RM520.65 million in the current quarter, RM29.56 million higher than the revenue of RM491.09 million for the preceding quarter. Higher revenue was mainly due to higher sales tonnage notwithstanding depressed selling prices of various steel products. The Group registered a PBT of RM7.49 million for the current quarter as compared to a loss before tax ("LBT") of RM9.38 million for the preceding quarter. Higher profitability for the current quarter was mainly attributable to higher sales tonnage coupled with lower material costs against the recognition of one-off year-end adjustments for the preceding quarter.

15 PROSPECT

Global steel industry is still greatly affected by serious oversupply situation in China, where more than 100 million mt of steels are expected to be exported by China in 2015. High volatility in raw material prices further aggravated the challenges faced by the industry.

On the domestic front, demand for steel is expected to maintain its resilience underpinned by the recent rebound in oil prices and thereby providing a glimmer of hope for continued economic growth. However, the domestic industry is still daunted by the threat of the influx of artificially cheap Chinese steel products.

For the first quarter of 2015, the import of steel bars and wire rods from China, the main products manufactured by the Group, surged 226% and 102% year-on-year respectively. The influx of artificially cheap Chinese products is expected to be aggravated by a local steel producer whom has turned to become a main importer since last quarter of 2014.

Despite the challenging market conditions, the Group will continue to leverage on its synergies of vertical integration of iron and steel production to uphold its position as the cost leader of long steel products in this region. Given the continued challenging market outlook, the performance of the Group remains largely dependent on the government's policy in supporting the domestic industry against the mighty threat of dumping activities by China.

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 2015.

17 TAXATION

The tax expenses comprise of:-

	3 months ended 31.03.2015 RM'000
Income tax	
Current period	1,377
Deferred tax	
Current period	787
	2,164

The Group's effective tax rate for the quarter and year was higher compared to statutory tax rate of 25%, mainly due to expenses not deductible for tax purposes.

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 2015 were as follows:-

	RM'000
Short term borrowings :	
Secured	80,970
Unsecured	1,170,352
	1,251,322
Long term borrowing :	
Secured	220,000
Total borrowings	1,471,322

The Group's borrowings are denominated in Ringgit Malaysia, except for approximately RM213.97 million (USD57.73 million) of the above borrowings which are denominated in US Dollar.

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 2015 (1^{st} quarter 2014: 2 sen).

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 2015 as set out below:

		3 months ended 31.03.2015
Total profit attributable to owners of the parent	(RM'000)	5,326
Weighted average number of ordinary shares in issue or issuable	('000)	500,595
Basic earnings per share	(sen)	1.06

23 REALISED AND UNREALISED EARNINGS OR LOSSES DISCLOSURE

The retained earnings as at 31 March 2015 were analysed as follows:

	31.03.2015
	RM'000
Total retained earnings of the Company and its subsidiaries:	
Realised	669,464
Unrealised	57,063
	726,527
Total share of retained earnings from an associated company	
Realised	2
	726,529
Less: Consolidation adjustments	(191,622)
Total group retained earnings	534,907

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 27 May 2015.

By Order of the Board
Leong Oi Wah (MAICSA 7023802)
Mabel Tio Mei Peng (MAICSA 7009237)
Company Secretaries
27 May 2015
Selangor Darul Ehsan