



安裕資源有限公司

ANN JOO RESOURCES BERHAD (371152-U)

(Incorporated in Malaysia)

**ANN JOO RESOURCES BERHAD
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED
31 MARCH 2019**



**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the three months ended 31 March 2019**

| | 3 months ended | | 3 months ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31.3.2019 RM'000 | 31.3.2018 RM'000 | 31.3.2019 RM'000 | 31.3.2018 RM'000 |
| Revenue | 538,124 | 589,064 | 538,124 | 589,064 |
| Operating expenses | (540,514) | (504,068) | (540,514) | (504,068) |
| Other income | 3,541 | 5,913 | 3,541 | 5,913 |
| Finance costs | (12,074) | (8,190) | (12,074) | (8,190) |
| Share of results of associates | 1 | 2 | 1 | 2 |
| (Loss)/Profit before tax | (10,922) | 82,721 | (10,922) | 82,721 |
| Income tax credit/(expense) | 4,324 | (21,276) | 4,324 | (21,276) |
| (Loss)/Profit for the period | (6,598) | 61,445 | (6,598) | 61,445 |
| Other comprehensive (loss)/income | | | | |
| <u>Item that will not be reclassified</u> | | | | |
| <u>subsequently to profit or loss:</u> | | | | |
| Net change in revaluation of financial investments at fair value through other comprehensive income | 2 | (19) | 2 | (19) |
| <u>Items that will be reclassified</u> | | | | |
| <u>subsequently to profit or loss:</u> | | | | |
| Foreign currency translation differences for foreign operations | (304) | (1,021) | (304) | (1,021) |
| Cash flow hedges | 24 | (544) | 24 | (544) |
| Other comprehensive loss for the period net of tax | (278) | (1,584) | (278) | (1,584) |
| Total comprehensive (loss)/income for the period | (6,876) | 59,861 | (6,876) | 59,861 |
| (Loss)/Profit attributable to: | | | | |
| Owners of the parent | (6,598) | 61,445 | (6,598) | 61,445 |
| Total comprehensive (loss)/income attributable to: | | | | |
| Owners of the parent | (6,876) | 59,861 | (6,876) | 59,861 |
| Earnings per share ("EPS") (sen): | | | | |
| Basic EPS | (1.22) | 11.88 | (1.22) | 11.88 |
| Diluted EPS | (0.95) | 10.04 | (0.95) | 10.04 |

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 2018 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statements of Financial Position
As at 31 March 2019

| | 31.3.2019 | 31.12.2018 |
|---|------------------|-------------------|
| | RM'000 | RM'000 |
| | | (audited) |
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 995,055 | 1,000,582 |
| Prepaid lease payments | 9,841 | 9,889 |
| Investment properties | 3,874 | 3,916 |
| Intangible assets | 7,468 | 7,468 |
| Investment in associates | 507 | 506 |
| Other investments | 34 | 32 |
| Deferred tax assets | 28,544 | 19,424 |
| Right-of-use assets | 9,472 | - |
| Total Non-current Assets | 1,054,795 | 1,041,817 |
| Current Assets | | |
| Inventories | 1,090,040 | 1,085,366 |
| Trade receivables | 434,394 | 465,666 |
| Other receivables, deposits and prepayments | 63,761 | 70,430 |
| Current tax assets | 13,498 | 12,648 |
| Cash and bank balances | 56,327 | 55,405 |
| Total Current Assets | 1,658,020 | 1,689,515 |
| TOTAL ASSETS | 2,712,815 | 2,731,332 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Owners of the Parent | | |
| Share Capital | 612,016 | 612,016 |
| Redeemable Convertible Cumulative Preference Share ("RCPS") - Equity component | 2,762 | 2,762 |
| Treasury shares | (68,294) | (68,294) |
| Other reserves | 77,308 | 75,940 |
| Retained earnings | 696,227 | 702,825 |
| Total Equity | 1,320,019 | 1,325,249 |
| Non-current Liabilities | | |
| Loans and borrowings | 1,010 | 1,143 |
| Lease liabilities | 8,355 | - |
| RCPS - Liability component | 42,741 | 42,112 |
| Provision for retirement benefits | 4,336 | 4,563 |
| Deferred tax liabilities | 22,665 | 19,055 |
| Total Non-current Liabilities | 79,107 | 66,873 |
| Current Liabilities | | |
| Loans and borrowings | 1,074,394 | 1,020,883 |
| Lease liabilities | 1,177 | - |
| Trade payables | 156,536 | 225,245 |
| Other payables, deposits and accruals | 81,179 | 92,730 |
| Derivative liabilities | - | 32 |
| Current tax liabilities | 403 | 320 |
| Total Current Liabilities | 1,313,689 | 1,339,210 |
| Total Liabilities | 1,392,796 | 1,406,083 |
| TOTAL EQUITY AND LIABILITIES | 2,712,815 | 2,731,332 |
| Net assets per share attributable to owners of the parent (RM) | 2.45 | 2.46 |

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Changes in Equity****For the three months ended 31 March 2019**

| | ----- Non-distributable ----- | | | ----- Distributable ----- | | Total equity RM'000 |
|---|-------------------------------|-----------------------------------|--------------------------|---------------------------|-----------------------------|------------------------|
| | Share capital RM'000 | RCPS - Equity component RM'000 | Other reserves RM'000 | Treasury shares RM'000 | Retained earnings RM'000 | |
| At 1 January 2019 | 612,016 | 2,762 | 75,940 | (68,294) | 702,825 | 1,325,249 |
| Loss for the period | - | - | - | - | (6,598) | (6,598) |
| Other comprehensive loss for the period | - | - | (278) | - | - | (278) |
| Total comprehensive loss for the period | - | - | (278) | - | (6,598) | (6,876) |
| Long Term Incentive Plan ("LTIP"): - Share-based payments expenses | - | - | 1,646 | - | - | 1,646 |
| At 31 March 2019 | 612,016 | 2,762 | 77,308 | (68,294) | 696,227 | 1,320,019 |
| At 1 January 2018 | 573,163 | 3,440 | 69,793 | (74,156) | 655,099 | 1,227,339 |
| Profit for the period | - | - | - | - | 61,445 | 61,445 |
| Other comprehensive loss for the period | - | - | (1,584) | - | - | (1,584) |
| Total comprehensive income for the period | - | - | (1,584) | - | 61,445 | 59,861 |
| Conversion of RCPS | 13,904 | (243) | - | - | - | 13,661 |
| Long Term Incentive Plan ("LTIP"): - Share-based payments expenses | - | - | 2,656 | - | - | 2,656 |
| At 31 March 2018 | 587,067 | 3,197 | 70,865 | (74,156) | 716,544 | 1,303,517 |

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statements of Cash Flows
For the three months ended 31 March 2019

| | 3 months ended | |
|--|-----------------------|------------------|
| | 31.3.2019 | 31.3.2018 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before tax | (10,922) | 82,721 |
| Adjustments for non-cash items | 19,567 | 19,360 |
| Operating profit before working capital changes | 8,645 | 102,081 |
| Changes in working capital | | |
| Net change in current assets | 38,262 | (75,065) |
| Net change in current liabilities | (80,604) | 6,029 |
| Interest received | 455 | 307 |
| Interest paid | (11,206) | (7,466) |
| Tax paid | (2,097) | (3,135) |
| Tax refunded | 141 | 28 |
| Retirement benefits paid | (202) | (100) |
| Net cash flows (used in)/generated from operating activities | (46,606) | 22,679 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | - | 2 |
| Proceeds from disposal of property, plant and equipment | - | 36 |
| Purchase of property, plant and equipment | (5,414) | (7,249) |
| Net cash flows used in investing activities | (5,414) | (7,211) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net drawdown/(repayment) of bank borrowings | 53,428 | (36,200) |
| Proceeds from the conversion of RCPS | - | 10,041 |
| Interest paid | (128) | (21) |
| Net cash flows generated from/(used in) financing activities | 53,300 | (26,180) |
| Net change in cash and cash equivalents | 1,280 | (10,712) |
| Effects of foreign exchanges rate changes | (358) | (872) |
| Cash and cash equivalents at beginning of period | 55,396 | 56,520 |
| Cash and cash equivalents at end of period | 56,318 | 44,936 |

Cash and cash equivalents

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

| | 3 months ended | |
|--------------------------------|-----------------------|------------------|
| | 31.3.2019 | 31.3.2018 |
| | RM'000 | RM'000 |
| Cash and bank balances | 56,327 | 44,945 |
| Less: Restricted bank balances | (9) | (9) |
| | 56,318 | 44,936 |

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

1 BASIS OF PREPARATION

The condensed consolidated interim financial statements (“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 2018. 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 2018.

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 2018, except for the following new MFRS, amendments to MFRS, and Issues Committee Interpretation (“IC Interpretation”) which are applicable to its financial statements:

1.1 Adoption of new MFRS, amendments to MFRS, and IC Interpretation

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the Group and the Company adopted the following new MFRS, amendments to MFRS, and IC Interpretation which are applicable for annual financial periods beginning on or after 1 January 2019.

| | |
|---|--|
| MFRS 16 | Leases |
| Amendments to MFRS 9 | Prepayment Features with Negative Compensation |
| Amendments to MFRS 119 | Plan Amendment, Curtailment or Settlement |
| Amendments to MFRS 128 | Long-term Interests in Associates and Joint Ventures |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments |
| Annual Improvements to MFRS Standards 2015 – 2017 Cycle | |

The adoption of these new MFRS, amendments to MFRS and IC Interpretation did not result in significant changes in the accounting policies of the Group and of the Company and have no significant effect on the financial performance or position of the Group and of the Company except for the changes arising from the adoption of new MFRS 16 Leases as described below:-

MFRS 16 Leases

The Group and the Company have applied MFRS 16 retrospectively with the date of initial application of 1 January 2019. In accordance with the transitional provisions provided in MFRS 16, comparative information for 2019 was not restated. The Group recognises the right-of-use assets and lease liabilities as below:-



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

1 BASIS OF PREPARATION (CONTINUED)

1.1 Adoption of new MFRS, amendments to MFRS, and IC Interpretation (continued)

| Group | 31 December 2018 RM'000 | Changes RM'000 | 1 January 2019 RM'000 |
|--------------------------------|------------------------------------|---------------------------|----------------------------------|
| Non-current assets | | | |
| Right-of-use assets | - | 9,824 | 9,824 |
| Non-current liabilities | | | |
| Lease liabilities | - | 8,656 | 8,656 |
| Current liabilities | | | |
| Lease liabilities | - | 1,168 | 1,168 |
| Total lease liabilities | - | 9,824 | 9,824 |

1.2 New MFRSs and Amendments to MFRSs issued but not yet effective

At the date of authorisation of these interim financial statements, the following new 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 2020

Amendments to MFRS 3 Definition of a Business
Amendments to MFRS 101 Definition of Material
Amendments to MFRS 108 Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

Effective for financial periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

Deferred to a date to be determined by MASB

Amendments to MFRS 10 Sale or Contribution of Assets between an Investor and its
and MFRS 128 Associate or Joint Venture

The Group anticipates that the abovementioned new MFRS and amendments to MFRS will be adopted in the annual financial statements of the Group and of the Company when they become effective.

2 SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

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



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

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 2019.

4 NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no major changes in estimates that have had any material effect on the quarter results ended 31 March 2019.

5 DEBT AND EQUITY SECURITIES

As at 31 March 2019, out of total 559,911,414 issued paid ordinary shares, 21,190,900 shares were held as treasury shares at an average price of RM3.22 per share.

There were no issuances, cancellations, resale, repayment, repurchase or transfer of debt and equity securities during the quarter ended 31 March 2019.

6 DIVIDENDS PAID

There was no dividend paid during the quarter ended 31 March 2019 (1Q2018 : nil).

7 LOSS BEFORE TAX

| | 3 months ended 31.3.2019 RM'000 |
|--|--|
| Loss before tax is arrived at after charging: | |
| Depreciation and amortisation | 11,344 |
| Finance cost | |
| - Interest expenses | 11,334 |
| - RCPS unwinding of discount | 629 |
| - Lease liabilities unwinding of discount | 111 |
| and after crediting: | |
| Foreign exchange gain | |
| - Realised foreign exchange gain | 498 |
| - Unrealised foreign exchange (loss) | (230) |
| Interest income | 455 |
| Net reversal of inventories written down | 5,309 |
| Net reversal of impairment loss on receivables | 1,067 |



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

8 MATERIAL EVENTS SUBSEQUENT TO THE END OF 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.

9 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period under review.

10 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

11 CAPITAL COMMITMENTS

The capital commitments as at 31 March 2019 were as follows:

| | <u>RM'000</u> |
|-------------------------------------|---------------|
| (a) contracted but not provided for | 5,976 |
| (b) approved but not contracted for | <u>10,168</u> |



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

12 REVIEW OF PERFORMANCE

| | 3 months ended | | Changes (%) |
|---|-----------------------|------------------|------------------------|
| | 31.3.2019 | 31.3.2018 | |
| | RM'000 | RM'000 | |
| Revenue | | | |
| Manufacturing | 393,246 | 477,680 | (17.68) |
| Trading | 308,144 | 276,425 | 11.47 |
| Investment holding, property management and others | 7,654 | 7,792 | (1.77) |
| Adjustments and elimination | (170,920) | (172,833) | (1.11) |
| Group revenue | <u>538,124</u> | <u>589,064</u> | (8.65) |
| Segment (loss)/profit | | | |
| Manufacturing | (11,198) | 78,505 | (114.26) |
| Trading | 6,909 | 10,141 | (31.87) |
| Investment holding, property management and others | 2,235 | 1,914 | 16.77 |
| Adjustments and elimination | 2,750 | 40 | 6,775.00 |
| | 696 | 90,600 | (99.23) |
| Finance costs | (12,074) | (8,190) | 47.42 |
| Interest income | 455 | 309 | 47.25 |
| Share of results of associates | 1 | 2 | (50.00) |
| (Loss)/Profit before tax | <u>(10,922)</u> | <u>82,721</u> | (113.20) |

Lower revenue and the loss incurred in the first quarter of 2019 (“1Q2019”) as compared to the previous year correspondence quarter were mainly due to lower tonnage sold coupled with depressed selling price in domestic market despite higher export tonnage in 1Q2019.

13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

| | 3 months ended | | Changes (%) |
|--------------------------|-----------------------|-------------------|------------------------|
| | 31.3.2019 | 31.12.2018 | |
| | RM'000 | RM'000 | |
| Revenue | 538,124 | 675,725 | (20.36) |
| (Loss)/Profit before tax | <u>(10,922)</u> | <u>679</u> | (1,708.54) |

Lower revenue and the loss incurred in 1Q2019 as compared to fourth quarter of 2018 (“4Q2018”) were mainly due to lower sale tonnage coupled with depressed selling price arisen from the oversupply condition in the domestic market.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

14 SEGMENTAL INFORMATION

14.1 Business Segments

The segmental revenue, results and assets for the three months ended 31 March 2019 were as follows:

| | Manufacturing RM'000 | Trading RM'000 | Investment holding, property management and others RM'000 | Adjustments and elimination RM'000 | Total RM'000 |
|------------------------------|---------------------------------|---------------------------|--|---|-------------------------|
| REVENUE | | | | | |
| External customers | 231,493 | 306,076 | 555 | - | 538,124 |
| Inter-segment | 161,753 | 2,068 | 7,099 | (170,920) | - |
| | <u>393,246</u> | <u>308,144</u> | <u>7,654</u> | <u>(170,920)</u> | <u>538,124</u> |
| RESULTS | | | | | |
| Segment (loss)/profit | (11,198) | 6,909 | 2,235 | 2,750 | 696 |
| Finance costs | | | | | (12,074) |
| Interest income | | | | | 455 |
| Share of associates' results | | | | | 1 |
| Income tax credit | | | | | 4,324 |
| Loss for the period | | | | | <u>(6,598)</u> |
| Segment assets | <u>2,044,714</u> | <u>858,911</u> | <u>181,434</u> | <u>(372,244)</u> | <u>2,712,815</u> |
| Segment liabilities | <u>1,041,524</u> | <u>634,209</u> | <u>107,963</u> | <u>(390,900)</u> | <u>1,392,796</u> |

14.2 Geographical Segments

| | 3 months ended 31.3.2019 RM'000 |
|--|--|
| Revenue from external customers | |
| Malaysia | 511,817 |
| Singapore | <u>26,307</u> |
| Non-current assets | |
| Malaysia | 1,022,835 |
| Singapore | <u>3,382</u> |



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

15 PROSPECTS

The remaining period of 2019 is expected to remain extremely challenging, arising mainly by the United States of America-China trade war and severe domestic oversupply situation, although domestic sentiment has improved with the revival of selected mega infrastructure and large scale development projects, for example the East Coast Rail Link and Bandar Malaysia.

In the near term however, the Group expects a lower second quarter of 2019 due partly to seasonal factors that typically affecting construction activity, including the Ramadan month and Raya holiday.

The oversupply situation in the domestic industry is still a main concern as steel prices continue to be depressed by foreign-owned steel mills. The Group remains highly responsive to market changes and agile in sales mix to meet international demand and targets to increase export sales amidst lacklustre near-term domestic demand. The industry is constantly in proactive discussions with the relevant government authorities to resolve the current issues faced by the steel industry.

While steel prices have recovered after Chinese New Year, this has been driven largely by higher raw material and fuel prices. As such, the Group continues to place a strong emphasis on cost and operating efficiency as well as balance sheet management to proactively manage its debt and inventory levels. The Group is also undertaking selective measures to upgrade its production facilities including a mid-term relining exercise for its blast furnace in June 2019 to ensure a sustainable production efficiency of the furnace. The Group believes such measures will contribute to its competitive position once steel market recovers.

Taking into consideration the challenging industry dynamics, the Group's performance for the year is heavily dependent on the rectification pace of the domestic oversupply situation and steel price trends in both domestic and export markets. With infrastructure development projects as the key growth driver for the economy, the domestic industry is expected to see a gradual improvement in the remaining period of 2019.

16 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee for the financial period ended 31 March 2019.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

17 INCOME TAX CREDIT/(EXPENSE)

The income tax credit/(expenses) comprise:

| | 3 months ended 31.3.2019 RM'000 |
|---------------------|--|
| Income tax | |
| Current period | (1,193) |
| Deferred tax | |
| Current period | 5,517 |
| | <hr/> 4,324 |

The Group's tax credit position for the quarter ended 31 March 2019 was mainly due to availability of tax incentives for promotion of exports from a subsidiary company for the quarter ended 31 March 2019.

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 and debts securities as at 31 March 2019 were as follows:

a) Group borrowings

| | 31.3.2019 RM'000 |
|----------------------------------|-----------------------------|
| <u>Secured</u> | |
| Short-term borrowings | |
| Obligations under finance leases | 498 |
| Long-term borrowings | |
| Obligations under finance leases | 1,010 |
| | <hr/> 1,508 |
| <u>Unsecured</u> | |
| Short-term borrowings | |
| Bill payables | 1,034,926 |
| Foreign currency trade loan | 38,970 |
| | <hr/> 1,073,896 |
| | <hr/> 1,075,404 |



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

19 GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)

a) Group borrowings (continued)

The currency profile of bank borrowings was as follows:

| | 31.3.2019 | |
|------------------------------|--|-------------------------------------|
| | USD denomination (‘000) | RM equivalent (‘000) |
| <u>Unsecured</u> | | |
| Short-term borrowings | | |
| Foreign currency trade loan | 9,545 | 38,970 |

b) Debts securities - RCPS

| | No of RCPS (‘000) | Amount RM’000 |
|--|------------------------------|--------------------------|
| At the beginning of financial period | 87,936 | 44,874 |
| Add: Unwinding of discount charged to profit or loss | - | 629 |
| At the end of financial period | 87,936 | 45,503 |
| Liability component | | 42,741 |
| Equity component | | 2,762 |
| | | 45,503 |

20 MATERIAL LITIGATIONS

20.1 In the High Court of Malaya at Pulau Pinang Civil Suit No: 22-274-2010 Between Ann Joo Steel Berhad (“AJSB”) (Plaintiff) And Tenaga Nasional Berhad & 2 Others (Defendants)

AJSB, a wholly-owned subsidiary of Ann Joo Resources Berhad had filed a suit against the Defendants for trespass on Lot No. 78, Seberang Perai Tengah, Bandar Prai, Pulau Pinang (“the Land”) registered in the name of AJSB.

On 22 August 2016, the High Court had delivered a decision in favour of AJSB. The Defendants had filed Notices of Appeal against the High Court Decision. On 24 July 2017, the Court of Appeal overturned the High Court decision of which the Grounds of Judgment of the Court of Appeal was obtained on 21 September 2017.

AJSB had on 23 August 2017 filed its applications for leave to appeal to the Federal Court against the Court of Appeal’s Orders. On the date of hearing on 22 January 2018, the Federal Court has allowed AJSB’s application for leave to appeal and pursuant thereto, AJSB had filed the Notices of Appeal on 26 January 2018.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

20 MATERIAL LITIGATIONS (CONTINUED)

20.1 In the High Court of Malaya at Pulau Pinang Civil Suit No: 22-274-2010 Between Ann Joo Steel Berhad (“AJSB”) (Plaintiff) And Tenaga Nasional Berhad & 2 Others (Defendants) (continued)

On 3 December 2018, the Federal Court heard the appeal against the Court of Appeal Orders and reserved its decision thereafter. No date has been fixed for the Federal Court to deliver its decision.

The solicitors in-charge are of the opinion that there is an even chance of success in the appeal.

20.2 In the High Court of Malaya at Kuala Lumpur (Civil Division) Suit No. WA-22NCVC-303-06/2017 between Amsteel Mills Sdn Bhd (“Amsteel”) (Plaintiff) and Ann Joo Steel Berhad (“AJSB”) (Defendant)

On 21 June 2017, AJSB was served with a Writ and Statement of Claim from Amsteel for claims arising from alleged wrongful termination of Contract and its Addendum by AJSB.

Thereafter, Amsteel had filed two separate applications to amend the Statement of Claim, which was allowed by the Judge on 26 September 2017 and 30 August 2018 respectively, in view that AJSB did not oppose to the amendments as there were no material effect to the case.

On 1 October 2018, AJSB was served with a discovery application filed by Amsteel for documents relating to alleged revenue and/or profits made by AJSB pursuant to the alleged wrongful termination of Contract and its Addendum by AJSB. The discovery application was heard on 22 March 2019 whereby on 23 April 2019, the High Court Judge had dismissed the application with costs of RM2,500.00 to AJSB and Amsteel had since filed its appeal against the said decision and the appeal is fixed for first case management on 1 July 2019.

Meanwhile, the Trial dates for this matter have been fixed on 24 to 28 June 2019 and 13 to 16 January 2020.

No opinion could be formed by the solicitor in-charge as it is too early to determine what would be the likely outcome of the matter.

Save as disclosed above, there were no other material litigations against the Group as at the date of this report.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

21 DIVIDEND

21.1 Ordinary shares

The Board of Directors does not recommend any dividend in respect of the financial year ending 31 December 2019 (1Q2018: nil).

21.2 Redeemable Convertible Cumulative Preference Shares

On 28 May 2019, the Board of Directors approved and declared a first semi-annual dividend of 1.25 sen per Redeemable Convertible Cumulative Preference Share in respect of the financial year ending 31 December 2019. This dividend will be paid on 26 June 2019 to the Depositors registered in the Record of Depositors at the close of the business on 14 June 2019 (1Q2018: 1.25 sen).

22 EARNINGS PER SHARE (“EPS”)

a) Basic EPS

Basic EPS is calculated by dividing the loss 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 2019 as set out below:

| | | 3 months ended 31.3.2019 |
|---|----------|-------------------------------------|
| Total loss attributable to owners of the Parent | (RM'000) | (6,598) |
| Weighted average number of ordinary shares in issue or issuable | ('000) | <u>538,721</u> |
| Basic EPS | (sen) | <u>(1.22)</u> |

b) Diluted EPS

Diluted EPS is calculated by dividing the loss 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 and three months ended 31 March 2019, adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived based on the assumption that full conversion of the remaining RCPS in issue into ordinary shares as at reporting date.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

22 EARNINGS PER SHARE (“EPS”) (CONTINUED)

b) Diluted EPS (continued)

| | | 3 months ended 31.3.2019 |
|--|----------|-------------------------------------|
| Total loss attributable to owners of the Parent | (RM'000) | (6,598) |
| Effects on earnings upon conversion of RCPS | (RM'000) | <u>629</u> |
| | (RM'000) | <u>(5,969)</u> |
| | | |
| Weighted average number of ordinary shares in issue or issuable | ('000) | 538,721 |
| Effect of dilution from the full conversion of the remaining RCPS in issue | ('000) | <u>87,936</u> |
| Weighted average number of ordinary shares in issue or issuable (Diluted) | ('000) | <u>626,657</u> |
| | | |
| Diluted EPS | (sen) | <u>(0.95)</u> |

23 STATUS OF AUDIT QUALIFICATION

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

24 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 28 May 2019.

By Order of the Board
Leong Oi Wah (MAICSA 7023802)
Lim Swee Foon (MAICSA 7064875)
Company Secretaries
28 May 2019
Selangor Darul Ehsan