



安 裕 資 源 有 限 公 司

**ANN JOO RESOURCES BERHAD**

(Registration No.:199501041948 (371152-U))

(Incorporated in Malaysia)

**ANN JOO RESOURCES BERHAD  
AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND THREE MONTHS ENDED  
31 MARCH 2020**



# ANN JOO RESOURCES BERHAD

(Registration No.:199501041948 (371152-U))  
(Incorporated in Malaysia)

## Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income For the three months ended 31 March 2020

	3 months ended		3 months ended	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	445,672	538,124	445,672	538,124
Operating expenses	(470,942)	(540,514)	(470,942)	(540,514)
Other income	1,396	3,541	1,396	3,541
Finance costs	(10,997)	(12,074)	(10,997)	(12,074)
Share of results of associates	(3)	1	(3)	1
Loss before tax	(34,874)	(10,922)	(34,874)	(10,922)
Income tax credit	4,316	4,324	4,316	4,324
<b>Loss for the period</b>	<b>(30,558)</b>	<b>(6,598)</b>	<b>(30,558)</b>	<b>(6,598)</b>
<b>Other comprehensive income/(loss)</b>				
<b><u>Item that will not be reclassified</u></b>				
<b><u>subsequently to profit or loss:</u></b>				
Net change in revaluation of financial investments at fair value through other comprehensive income	-	2	-	2
<b><u>Items that will be reclassified</u></b>				
<b><u>subsequently to profit or loss:</u></b>				
Foreign currency translation differences for foreign operations	1,665	(304)	1,665	(304)
Cash flow hedges	1,531	24	1,531	24
Other comprehensive income/(loss) for the period net of tax	3,196	(278)	3,196	(278)
<b>Total comprehensive loss for the period</b>	<b>(27,362)</b>	<b>(6,876)</b>	<b>(27,362)</b>	<b>(6,876)</b>
<b>Loss attributable to:</b>				
Owners of the parent	(30,558)	(6,598)	(30,558)	(6,598)
<b>Total comprehensive loss attributable to:</b>				
Owners of the parent	(27,362)	(6,876)	(27,362)	(6,876)
<b>Earnings per share ("EPS") (sen):</b>				
Basic EPS	(5.66)	(1.22)	(5.66)	(1.22)
Anti-diluted EPS	(4.77)	(0.95)	(4.77)	(0.95)

The unaudited 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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**Unaudited Condensed Consolidated Statements of Financial Position**  
**As at 31 March 2020**

	<b>31.3.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(audited)</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	956,810	970,370
Investment properties	11,231	11,258
Intangible assets	7,513	7,513
Investment in associates	500	503
Other investments	1	1
Deferred tax assets	97,031	92,808
Right-of-use assets	8,628	8,920
<b>Total Non-current Assets</b>	<b>1,081,714</b>	<b>1,091,373</b>
<b>Current Assets</b>		
Inventories	916,424	872,231
Trade receivables	376,475	368,829
Other receivables, deposits and prepayments	39,178	37,336
Current tax assets	10,222	9,697
Cash and bank balances	49,903	99,018
Assets classified as held for sale	20,438	20,438
<b>Total Current Assets</b>	<b>1,412,640</b>	<b>1,407,549</b>
<b>TOTAL ASSETS</b>	<b>2,494,354</b>	<b>2,498,922</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share Capital	612,016	612,016
Redeemable Convertible Cumulative Preference Share ("RCPS") - Equity component	2,762	2,762
Treasury shares	(65,634)	(65,634)
Other reserves	79,172	74,860
Retained earnings	550,072	580,630
<b>Total Equity</b>	<b>1,178,388</b>	<b>1,204,634</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	508	638
Lease liabilities	7,497	7,823
RCPS - Liability component	43,067	42,434
Provision for retirement benefits	3,817	4,077
Deferred tax liabilities	13,550	14,713
<b>Total Non-current Liabilities</b>	<b>68,439</b>	<b>69,685</b>
<b>Current Liabilities</b>		
Loans and borrowings	1,081,670	1,068,895
Lease liabilities	1,456	1,377
Trade payables	119,942	111,470
Other payables, deposits and accruals	43,151	41,272
Derivative liabilities	-	297
Current tax liabilities	1,308	1,292
<b>Total Current Liabilities</b>	<b>1,247,527</b>	<b>1,224,603</b>
<b>Total Liabilities</b>	<b>1,315,966</b>	<b>1,294,288</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,494,354</b>	<b>2,498,922</b>
Net assets per share attributable to owners of the parent (RM)	2.18	2.23

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**Unaudited Condensed Consolidated Statements of Changes in Equity**  
**For the three months ended 31 March 2020**

	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	
<b>At 1 January 2020</b>	612,016	2,762	74,860	(65,634)	580,630	1,204,634
Loss for the period	-	-	-	-	(30,558)	(30,558)
Other comprehensive income for the period	-	-	3,196	-	-	3,196
Total comprehensive loss for the period	-	-	3,196	-	(30,558)	(27,362)
Long Term Incentive Plan ("LTIP"): - Share-based payments expenses	-	-	1,116	-	-	1,116
<b>At 31 March 2020</b>	612,016	2,762	79,172	(65,634)	550,072	1,178,388
<b>At 1 January 2019</b>	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
<b>At 31 March 2019</b>	612,016	2,762	77,308	(68,294)	696,227	1,320,019

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**Unaudited Condensed Consolidated Statements of Cash Flows**  
**For the three months ended 31 March 2020**

	<b>3 months ended</b>	
	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(34,874)	(10,922)
Adjustments for non-cash items	33,357	19,567
Operating (loss)/profit before working capital changes	(1,517)	8,645
Changes in working capital		
Net change in current assets	(59,539)	38,262
Net change in current liabilities	10,777	(80,604)
Interest received	359	329
Interest paid	(10,247)	(11,206)
Tax paid	(1,615)	(2,097)
Tax refunded	-	141
Retirement benefits paid	(324)	(202)
Net cash flows used in operating activities	(62,106)	(46,732)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	103	126
Proceeds from disposal of property, plant and equipment	378	-
Purchase of property, plant and equipment	(350)	(5,414)
Net cash flows generated from/(used in) investing activities	131	(5,288)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of bank borrowings	11,944	53,428
Net repayment of lease liabilities	(246)	-
Interest paid	(117)	(128)
Net cash flows generated from financing activities	11,581	53,300
Net change in cash and cash equivalents	(50,394)	1,280
Effects of foreign exchanges rate changes	1,278	(358)
Cash and cash equivalents at beginning of period	99,010	55,396
Cash and cash equivalents at end of period	49,894	56,318

**Cash and cash equivalents**

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

	<b>3 months ended</b>	
	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	49,903	56,327
Less: Restricted bank balances	(9)	(9)
	49,894	56,318

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

### 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 2019. 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 2019.

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 2019, except for the following new MFRS and amendments to MFRS which are applicable to its financial statements:

#### 1.1 Adoption of amendments to MFRS

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 amendments to MFRS which are applicable for annual financial periods beginning on or after 1 January 2020.

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 And MFRS 108	Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendment to MFRS 16 Leases	COVID-19-Related Rent Concessions
Amendments to References to the Conceptual Framework in MFRS Standards IFRIC Agenda Decision on MFRS 123 Borrowing Costs	

The adoption of these amendments to MFRS 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.

#### 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 2021

MFRS 17	Insurance Contracts
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On 17 March 2020, the International Accounting Standards Board (“IASB”) had deferred the effective date of IFRS 7 to annual reporting periods beginning on or after 1 January 2023.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

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### 1 BASIS OF PREPARATION (CONTINUED)

#### 1.2 New MFRSs and Amendments to MFRSs issued but not yet effective (continued)

##### Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 3 Business Combinations	Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts—Cost of Fulfilling a Contract

Amendments to MFRSs contained in the document entitled “*Annual Improvements to MFRS Standards 2018–2020*”

##### Deferred to a date to be determined by MASB

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

### 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 2020.

### 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 2020.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

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### 5 DEBT AND EQUITY SECURITIES

As at 31 March 2020, out of total 559,911,414 issued paid ordinary shares, 20,318,900 shares were held as treasury shares at an average price of RM3.23 per share.

There were no issuances, cancellations, resale, repayment, repurchase or transfer of debt and equity securities during the quarter ended 31 March 2020.

### 6 DIVIDENDS PAID

There was no dividend paid during the quarter ended 31 March 2020 (1Q2019: nil).

### 7 LOSS BEFORE TAX

	<b>3 months ended 31.3.2020 RM'000</b>
<b>Loss before tax is arrived at after charging:</b>	
Allowance for inventories written down	7,430
Depreciation and amortisation	14,254
Finance cost	
- Interest expenses	10,260
- RCPS unwinding of discount	633
- Lease liabilities	104
Foreign exchange loss	
- Realised foreign exchange loss	201
- Unrealised foreign exchange loss	135
LTIP share-based payments expenses	1,116
Net impairment loss on receivables	148
Overhead cost for plant temporary shutdown	5,207
Property, plant and equipment written off	6
<b>and after crediting:</b>	
Interest income	462
Gain on disposal of property, plant and equipment	378

### 8 MATERIAL EVENTS SUBSEQUENT TO THE END OF PERIOD

The Government of Malaysia had on 18 March 2020, via a Federal Government Gazette, imposed a Movement Control Order (“MCO”) to contain the coronavirus (“Covid-19”) pandemic. The Group is in the process of assessing the financial impact for the current financial year in view of the ongoing developments both internationally and domestically remain highly uncertain and cannot be reasonably predicted during the quarter ended 31 March 2020.

Save as disclosed above, 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.



**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020**

**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 2020 were as follows:

	<b>RM'000</b>
(a) contracted but not provided for	3,578
(b) approved but not contracted for	5,490

**12 REVIEW OF PERFORMANCE**

	<b>3 months ended</b>		<b>Changes (%)</b>
	<b>31.3.2020 RM'000</b>	<b>31.3.2019 RM'000</b>	
<b>Revenue</b>			
Manufacturing	292,625	393,246	(25.59)
Trading	263,046	308,144	(14.64)
Investment holding, property management and others	5,768	7,654	(24.64)
Adjustments and elimination	(115,767)	(170,920)	(32.27)
Group revenue	<u>445,672</u>	<u>538,124</u>	(17.18)
<b>Segment (loss)/profit</b>			
Manufacturing	(29,826)	(11,198)	166.35
Trading	5,783	6,909	(16.30)
Investment holding, property management and others	(900)	2,235	(140.27)
Adjustments and elimination	607	2,750	(77.93)
	<u>(24,336)</u>	<u>696</u>	(3,596.55)
Finance costs	(10,997)	(12,074)	(8.92)
Interest income	462	455	1.54
Share of results of associates	(3)	1	(400.00)
Loss before tax	<u>(34,874)</u>	<u>(10,922)</u>	219.30



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

### 12 REVIEW OF PERFORMANCE (CONTINUED)

Lower revenue in the first quarter of 2020 (“1Q2020”) as compared to the corresponding quarter of 2019 (“1Q2019”) was mainly due to lower sales tonnage for both domestic and export markets as well as lower selling price of various steel products. This was also partly attributable to temporary business closures and global supply chain disruptions arising from the MCO domestically and lockdowns/disruptions across the world resulted from the Covid-19 pandemic.

Higher loss before tax in 1Q2020 as compared to 1Q2019 was mainly attributable to:-

- (i) Reasons as explained above,
- (ii) Allowance of inventories written down of RM7.43 million, and
- (iii) Overhead cost for plant temporary shutdown of RM5.21 million due to plant stoppage during the MCO period.

### 13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	<u>3 months ended</u>		<b>Changes (%)</b>
	<b>31.3.2020</b>	<b>31.12.2019</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	445,672	603,706	(26.18)
Loss before tax	(34,874)	(15,993)	118.06

Lower revenue in 1Q2020 as compared to fourth quarter of 2019 (“4Q2019”) was mainly due to lower sales tonnage for both domestic and export markets. This was also partly attributable to temporary business closures and the global supply chain disruptions arising from the MCO domestically and lockdowns/disruptions across the world resulted from the Covid-19 pandemic, as well as seasonal low during the 1Q2020.

Higher loss before tax in 1Q2020 as compared to 4Q2019 was mainly attributable to:-

- (i) Allowance of inventories written down of RM7.43 million in 1Q2020 as compared to reversal of inventories written down of RM52.40 million in 4Q2019,
- (ii) Other income arising from the reversal of accrual no longer required of RM37.99 million in 4Q2019, and
- (iii) Overhead cost for plant temporary shutdown of RM5.21 million due to plant stoppage during MCO period in 1Q2020.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

### 14 SEGMENTAL INFORMATION

#### 14.1 Business Segments

The segmental revenue, results and assets for the three months ended 31 March 2020 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
<b>REVENUE</b>					
External customers	182,968	262,108	596	-	445,672
Inter-segment	109,657	938	5,172	(115,767)	-
	<u>292,625</u>	<u>263,046</u>	<u>5,768</u>	<u>(115,767)</u>	<u>445,672</u>
<b>RESULTS</b>					
Segment					
(loss)/profit	(29,826)	5,783	(900)	607	(24,336)
Finance costs					(10,997)
Interest income					462
Share of associates' results					(3)
Income tax credit					<u>4,316</u>
Loss for the period					<u>(30,558)</u>
Segment assets	<u>1,805,415</u>	<u>883,406</u>	<u>140,373</u>	<u>(334,840)</u>	<u>2,494,354</u>
Segment liabilities	<u>913,541</u>	<u>647,375</u>	<u>108,670</u>	<u>(353,620)</u>	<u>1,315,966</u>

#### 14.2 Geographical Segments

	3 months ended 31.3.2020 RM'000
<b>Revenue from external customers</b>	
Malaysia	399,166
Singapore	<u>46,506</u>
<b>Non-current assets</b>	
Malaysia	982,071
Singapore	<u>2,611</u>



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## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020**

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### **15 PROSPECTS**

The Covid-19 pandemic is expected to remain as a cause to major disruptions to the global supply chains and dampen economic activity domestically and across the world.

The steel industry will be continuously affected by production stoppages, disrupted supply chains, and a sharp decline in steel demand in the second quarter of the year. Steel consumption is expected to improve gradually in the second half of the year in conjunction with the opening up of both domestic and overseas economies. However, the magnitude of this recovery remains uncertain.

Domestic steel demand continues to be affected by a low resumption rate of construction activity. The pace of recovery in steel demand will depend heavily on the Government's spending on infrastructure projects, which will have a significant multiplier effect on the country's economy.

To mitigate the impact of weak domestic demand, the Group is strengthening its strategy on the export markets, particularly China, where demand is boosted by fast-track infrastructure investments. This will be more visible in the second half of 2020 as China's planned new local government special bonds of RMB3.75 trillion are expected to further support its infrastructure development. However, construction activities in China are expected to be partly affected by seasonal weather conditions as the monsoon season in southern China and East Asia is typically from June till August.

Given the uncertain market conditions, the Group will continue its focus on cash flow management and cost down programs to remain resilient and responsive to market changes. The Group will readjust to appropriate strategy depending on future market direction both domestically and internationally.

### **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 2020.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

### 17 INCOME TAX CREDIT/(EXPENSE)

The income tax credit/(expenses) comprise:

	<b>3 months ended 31.3.2020 RM'000</b>
<b>Income tax</b>	
Current period	(1,144)
<b>Deferred tax</b>	
Current period	5,460
	<u>4,316</u>

The Group's tax credit position for the quarter ended 31 March 2020 was mainly due to recognition of tax incentives by subsidiary company.

### 18 STATUS OF CORPORATE PROPOSALS

On 7 October 2019, the Company entered into a Memorandum of Understanding (“MOU”) with Southern Steel Berhad (“SSB”) for the formation of a joint venture company (“JV Co”) in relation to their long product steel manufacturing businesses (“Proposal”), which entails the proposed sale by the Company and SSB of certain companies and/or business/assets to the JV Co.

On 27 May 2020, the Company and SSB mutually agreed to terminate the MOU due to uncertain market conditions caused by the Covid-19 pandemic.

Save for the Proposal disclosed above, there were no other corporate proposals announced but not completed as at 30 June 2020.

### 19 GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings and debts securities as at 31 March 2020 were as follows:

#### a) Group borrowings

	<b>31.3.2020 RM'000</b>
<b><u>Secured</u></b>	
<b>Short-term borrowings</b>	
Obligations under finance leases	511
<b>Long-term borrowings</b>	
Obligations under finance leases	508
	<u>1,019</u>
<b><u>Unsecured</u></b>	
<b>Short-term borrowings</b>	
Bill payables	1,038,973
Foreign currency trade loan	42,186
	<u>1,081,159</u>
	<u>1,082,178</u>



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

### 19 GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)

#### a) Group borrowings (continued)

The currency profile of bank borrowings was as follows:

	31.3.2020	
	USD denomination (‘000)	RM equivalent (‘000)
<b>Unsecured</b>		
<b>Short-term borrowings</b>		
Foreign currency trade loan	9,759	42,186

#### b) Debts securities - RCPS

	No of RCPS (‘000)	Amount RM’000
At the beginning of financial period	87,936	45,196
Add: Unwinding of discount charged to profit or loss	-	633
At the end of financial period	87,936	45,829
Liability component		43,067
Equity component		2,762
		45,829

### 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. AJSB had filed a suit against the Tenaga Nasional Berhad and 2 for trespass on the Land.

In the High Court, the Court had delivered its Decision in favour of AJSB. The Defendants had then filed Notice of Appeal to the Court of Appeal where the Court of Appeal had overturned the High Court decision.

Thereafter, AJSB had filed leave to appeal to Federal Court where it was allowed by the Federal Court. This appeal was heard on 3 December 2018.

On 31 July 2019, the Federal Court allowed AJSB’s appeal and ordered costs of RM80,000.00 (for Federal Court and Court of Appeal) to be paid by each set of Respondents to AJSB. The Federal Court also remitted the matter back to the Penang High Court for assessment of damages.



# **ANN JOO RESOURCES BERHAD**

(Registration No.:199501041948 (371152-U))

(Incorporated in Malaysia)

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020**

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### **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 4 October 2019, the Penang High Court gave directions for the exchange of affidavits pertaining to the assessment of damages. AJSB filed its expert valuation report, by way of affidavit, on 20 January 2020. The Defendants were required to file their expert report on 20 April 2020.

A case management has been fixed on 4 May 2020 for the Defendants to update the Court on the status of filing of their respective expert reports. On even date, the Defendants have updated Court that they have yet to file their respective expert report due to MCO. Hence, the Court have given further directions that the Defendants to file their respective expert report on 13 July 2020 and 17 August 2020 respectively, wherein AJSB to file its reply valuation reports on 23 October 2020.

A case management is now fixed on 22 July 2020 for parties to update the Court on the status of the valuation reports.

No hearing date has been fixed for the assessment of damages.

#### **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.

On 22 March 2019, the discovery application was heard whereby upon hearing both sides arguments the High Court had delivered its decision on 23 April 2019 wherein the High Court has dismissed Amsteel’s discovery application with costs of RM2,500.00.

On 10 May 2019, Amsteel filed Notice of Appeal against the High Court decision for their discovery application.

The hearing of the Appeal against the decision of the High Court on the Amsteel’s discovery application previously fixed on 5 February 2020 and 19 February 2020 is now adjourned pending discussion between Amsteel and AJSB on the scope of the requested documents. The matter is fixed for case management on 2 April 2020 for parties to update the Court of Appeal on the outcome of the discussion and/or to proceed with hearing on 17 April 2020.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

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### 20 MATERIAL LITIGATIONS (CONTINUED)

#### 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) (continued)

On 17 April 2020, the Court of Appeal has rescheduled the hearing to case management due to MCO which was announced by the Government of Malaysia on 18 March 2020. As such, this matter is now fixed for hearing on 17 September 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.

### 21 DIVIDEND

#### 21.1 Ordinary shares

The Board of Directors does not recommend any dividend in respect of the financial year ending 31 December 2020 (1Q2019: nil).

#### 21.2 Redeemable Convertible Cumulative Preference Shares

On 5 June 2020, 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 2020. This dividend will be paid on 15 July 2020 to the Depositors registered in the Record of Depositors at the close of the business on 24 June 2020 (1Q2019: 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 2020 as set out below:

		<b>3 months ended 31.3.2020</b>
Total loss attributable to owners of the Parent	(RM'000)	(30,558)
Weighted average number of ordinary shares in issue or issuable	('000)	<u>539,593</u>
Basic EPS	(sen)	<u>(5.66)</u>





# ANN JOO RESOURCES BERHAD

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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

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

#### 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 2020, 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.

		<b>3 months ended 31.3.2020</b>
Total loss attributable to owners of the Parent	(RM'000)	(30,558)
Effects on earnings upon conversion of RCPS	(RM'000)	<u>633</u>
	(RM'000)	<u>(29,925)</u>
Weighted average number of ordinary shares in issue or issuable	('000)	539,593
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>627,529</u>
Anti-diluted EPS	(sen)	<u>(4.77)</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 30 June 2020.

By Order of the Board  
Leong Oi Wah (MAICSA 7023802)  
Lim Swee Foon (MAICSA 7064875)  
Company Secretaries  
30 June 2020  
Selangor Darul Ehsan