



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 SIX MONTHS ENDED
30 JUNE 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 six months ended 30 June 2020

	3 months ended		6 months ended	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Revenue	345,892	574,320	791,564	1,112,444
Operating expenses	(392,064)	(617,059)	(863,006)	(1,157,573)
Other income	4,927	2,654	6,323	6,195
Finance costs	(10,638)	(12,666)	(21,635)	(24,740)
Share of results of associates	-	1	(3)	2
Loss before tax	(51,883)	(52,750)	(86,757)	(63,672)
Income tax (expense)/credit	(4,838)	14,999	(522)	19,323
Loss for the period	(56,721)	(37,751)	(87,279)	(44,349)
Other comprehensive income/(loss)				
<u>Item that will not be reclassified subsequently to profit or loss:</u>				
Net change in revaluation of financial investments at fair value through other comprehensive income	-	-	-	2
<u>Items that will be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences for foreign operations	(183)	307	1,482	3
Cash flow hedges	-	(1,722)	1,531	(1,698)
Other comprehensive income/(loss) for the period net of tax	(183)	(1,415)	3,013	(1,693)
Total comprehensive loss for the period	(56,904)	(39,166)	(84,266)	(46,042)
Loss attributable to:				
Owners of the parent	(56,721)	(37,751)	(87,279)	(44,349)
Total comprehensive loss attributable to:				
Owners of the parent	(56,904)	(39,166)	(84,266)	(46,042)
Earnings per share ("EPS") (sen):				
Basic EPS	(10.51)	(7.01)	(16.17)	(8.23)
Anti-diluted EPS	(8.94)	(5.92)	(13.71)	(6.88)

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 30 June 2020

	30.6.2020	31.12.2019
	RM'000	RM'000
		(audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	942,974	970,370
Investment properties	11,208	11,258
Intangible assets	7,513	7,513
Investment in associates	500	503
Other investments	1	1
Deferred tax assets	94,545	92,808
Right-of-use assets	9,471	8,920
Total Non-current Assets	1,066,212	1,091,373
Current Assets		
Inventories	878,445	872,231
Trade receivables	373,734	368,829
Other receivables, deposits and prepayments	30,050	37,336
Current tax assets	9,400	9,697
Cash and bank balances	62,918	99,018
Assets classified as held for sale	20,438	20,438
Total Current Assets	1,374,985	1,407,549
TOTAL ASSETS	2,441,197	2,498,922
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	(65,634)	(65,634)
Other reserves	80,105	74,860
Retained earnings	493,351	580,630
Total Equity	1,122,600	1,204,634
Non-current Liabilities		
Loans and borrowings	408	638
Lease liabilities	8,561	7,823
RCPS - Liability component	43,702	42,434
Provision for retirement benefits	3,737	4,077
Deferred tax liabilities	14,892	14,713
Total Non-current Liabilities	71,300	69,685
Current Liabilities		
Loans and borrowings	1,085,920	1,068,895
Lease liabilities	1,264	1,377
Trade payables	124,743	111,470
Other payables, deposits and accruals	33,879	41,272
Derivative liabilities	-	297
Current tax liabilities	1,491	1,292
Total Current Liabilities	1,247,297	1,224,603
Total Liabilities	1,318,597	1,294,288
TOTAL EQUITY AND LIABILITIES	2,441,197	2,498,922
Net assets per share attributable to owners of the parent (RM)	2.08	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 six months ended 30 June 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	
At 1 January 2020	612,016	2,762	74,860	(65,634)	580,630	1,204,634
Loss for the period	-	-	-	-	(87,279)	(87,279)
Other comprehensive income for the period	-	-	3,013	-	-	3,013
Total comprehensive loss for the period	-	-	3,013	-	(87,279)	(84,266)
Long Term Incentive Plan ("LTIP"): - Share-based payments expenses	-	-	2,232	-	-	2,232
At 30 June 2020	612,016	2,762	80,105	(65,634)	493,351	1,122,600
At 1 January 2019	612,016	2,762	75,940	(68,294)	702,825	1,325,249
Loss for the period	-	-	-	-	(44,349)	(44,349)
Other comprehensive loss for the period	-	-	(1,693)	-	-	(1,693)
Total comprehensive loss for the period	-	-	(1,693)	-	(44,349)	(46,042)
Dividends to owners of the Company	-	-	-	-	(32,323)	(32,323)
Long Term Incentive Plan ("LTIP"): - Share-based payments expenses	-	-	3,290	-	-	3,290
- Share transferred	-	-	(1,334)	1,334	-	-
At 30 June 2019	612,016	2,762	76,203	(66,960)	626,153	1,250,174

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 six months ended 30 June 2020

	6 months ended	
	30.6.2020	30.6.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(86,757)	(63,672)
Adjustments for non-cash items	70,836	61,753
Operating loss before working capital changes	(15,921)	(1,919)
Changes in working capital		
Net change in current assets	(21,874)	134,273
Net change in current liabilities	6,066	(108,354)
Interest received	1,529	1,115
Interest paid	(20,124)	(22,990)
Tax paid	(1,615)	(4,122)
Tax refunded	-	141
Retirement benefits paid	(406)	(362)
Net cash flows used in operating activities	(52,345)	(2,218)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	188	289
Proceeds from disposal of property, plant and equipment	336	24
Purchase of property, plant and equipment	(791)	(20,319)
Net cash flows used in investing activities	(267)	(20,006)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	16,274	51,492
Net repayment of lease liabilities	(922)	-
Interest paid	(21)	(263)
Dividends paid to shareholders	-	(32,323)
Dividend paid to holders of RCPS	-	(1,099)
Net cash flows generated from financing activities	15,331	17,807
Net change in cash and cash equivalents	(37,281)	(4,417)
Effects of foreign exchanges rate changes	1,180	73
Cash and cash equivalents at beginning of period	99,010	55,396
Cash and cash equivalents at end of period	62,909	51,052

Cash and cash equivalents

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

	6 months ended	
	30.6.2020	30.6.2019
	RM'000	RM'000
Cash and bank balances	62,918	51,061
Less: Restricted bank balances	(9)	(9)
	62,909	51,052

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.



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 SIX MONTHS ENDED 30 JUNE 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 and amendments to MFRSs which are applicable to its financial statements:

1.1 Adoption of amendments or amendment 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 amendments to MFRS as follows:

Effective for 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 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform
Amendments to References to the Conceptual Framework in MFRS Standards	

Early adoption: Effective for financial periods beginning on or after 1 June 2020

Amendment to MFRS 16 Leases	Covid-19-Related Rent Concessions
--------------------------------	-----------------------------------

The Group has elected early adoption of amendments to MFRS 16 and applied the practical expedient not to assess whether a rent concession that meet conditions as spelled out under the amendment is a lease modification.

The adoption of these amendments or amendment 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.



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 SIX MONTHS ENDED 30 JUNE 2020

1 BASIS OF PREPARATION (CONTINUED)

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 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts—Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018–2020	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

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
------------------------------------	---

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 and six months ended 30 June 2020.



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 SIX MONTHS ENDED 30 JUNE 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 and six months results ended 30 June 2020.

5 DEBT AND EQUITY SECURITIES

As at 30 June 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 or repurchase of debt and equity securities during the quarter ended 30 June 2020.

6 DIVIDENDS PAID

The following dividends were paid during the current and previous corresponding financial year ending:

	30.6.2020	30.6.2019
Second interim dividend		
For the financial year ended	-	31 December 2018
Approved and declared on	-	26 February 2019
Date paid	-	24 May 2019
Number of ordinary shares on which dividends were paid ('000)	-	538,721
Interim dividend per share (single-tier)	-	6 sen
Net dividend paid (RM'000)	-	32,323
First semi-annual RCPS dividend		
For the financial year ending/ended	31 December 2020	31 December 2019
Approved and declared on	5 June 2020	28 May 2019
Date paid	15 July 2020	26 June 2019
Number of RCPS on which dividends were paid ('000)	87,936	87,936
Dividend per share (single-tier)	1.25 sen	1.25 sen
Net dividend paid (RM'000)	1,099	1,099



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 SIX MONTHS ENDED 30 JUNE 2020

7 PROFIT BEFORE TAX

	3 months ended 30.6.2020 RM'000	6 months ended 30.6.2020 RM'000
Loss before tax is arrived at after charging:		
Allowance for inventories written down	12,325	19,755
Depreciation and amortisation	14,496	28,750
Finance cost		
- Interest expenses	9,885	20,145
- RCPS unwinding of discount	635	1,268
- Lease liabilities	118	222
LTIP share-based payments expenses	1,116	2,232
Net impairment loss on receivables	384	532
Overhead cost for mandatory plant shutdown	12,834	18,041
Property, plant and equipment written off	346	352
and after crediting:		
(Loss)/Gain on disposal of property, plant and equipment	(47)	331
Gain on termination of lease	70	70
Foreign exchange gain		
- Realised foreign exchange gain	1,273	1,072
- Unrealised foreign exchange gain	636	501
Interest income	1,255	1,717

8 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.

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.



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 SIX MONTHS ENDED 30 JUNE 2020

11 CAPITAL COMMITMENTS

The capital commitments as at 30 June 2020 were as follows:

	<u>RM'000</u>
(a) contracted but not provided for	1,423
(b) approved but not contracted for	<u>4,628</u>

12 REVIEW OF PERFORMANCE

	<u>3 months ended</u>		Changes (%)	<u>6 months ended</u>		Changes (%)
	<u>30.6.2020</u>	<u>30.6.2019</u>		<u>30.6.2020</u>	<u>30.6.2019</u>	
	RM'000	RM'000		RM'000	RM'000	
Revenue						
Manufacturing	251,112	429,542	(41.54)	543,737	822,788	(33.92)
Trading	152,565	285,541	(46.57)	415,611	593,685	(29.99)
Investment holding, property management and others	6,639	7,655	(13.27)	12,407	15,309	(18.96)
Adjustments and elimination	(64,424)	(148,418)	(56.59)	(180,191)	(319,338)	(43.57)
Group revenue	<u>345,892</u>	<u>574,320</u>	<u>(39.77)</u>	<u>791,564</u>	<u>1,112,444</u>	<u>(28.84)</u>
Segment results						
Manufacturing	(48,923)	(41,354)	18.30	(78,749)	(52,552)	49.85
Trading	3,601	3,483	3.39	9,384	10,392	(9.70)
Investment holding, property management and others	2,925	2,376	23.11	2,025	4,611	(56.08)
Adjustments and elimination	(103)	(5,539)	(98.14)	504	(2,789)	(118.07)
	(42,500)	(41,034)	3.57	(66,836)	(40,338)	65.69
Finance costs	(10,638)	(12,666)	(16.01)	(21,635)	(24,740)	(12.55)
Interest income	1,255	949	32.24	1,717	1,404	22.29
Share of results of associates	-	1	(100.00)	(3)	2	(250.00)
Loss before tax	<u>(51,883)</u>	<u>(52,750)</u>	<u>(1.64)</u>	<u>(86,757)</u>	<u>(63,672)</u>	<u>36.26</u>



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 SIX MONTHS ENDED 30 JUNE 2020

12 REVIEW OF PERFORMANCE (CONTINUED)

Lower revenue in the second quarter of 2020 (“2Q2020”) and first half of 2020 (“1H2020”) as compared to the corresponding periods of the preceding year were mainly due to significant lower domestic sales tonnage and lower selling prices of various steel products. Lower domestic volume and prices were attributable to the sharp decline in domestic demand as a result of mandatory business closures during the Movement Control Order (“MCO”) period and low resumption rate of construction activity during the Conditional Movement Control Order (“CMCO”) and Recovery Movement Control Order (“RMCO”) periods. Export tonnage increased year-on-year during 2Q2020 but this was insufficient to mitigate the decline in domestic sales.

Higher loss in 1H2020 as compared to the first half of 2019 was mainly due to the reasons as explained above and the overhead cost for mandatory plant shutdown of RM12.83 million for 2Q2020 and RM18.04 million for 1H2020 respectively, arising from plant stoppage during the MCO period.

13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended		Changes (%)
	30.6.2020 RM'000	31.3.2020 RM'000	
Revenue	345,892	445,672	(22.39)
Loss before tax	(51,883)	(34,874)	48.77

Lower revenue in 2Q2020 as compared to first quarter of 2020 (“1Q2020”) was mainly due to significant lower domestic tonnage sold despite higher export sales. This was attributable to the sharp decline in domestic demand as a result of mandatory business closures during the MCO period and low resumption rate of construction activity during the CMCO and RMCO periods.

Higher loss before tax in 2Q2020 as compared to 1Q2020 was mainly attributable to:

- Higher allowance of inventories written down of RM12.32 million in 2Q2020 as compared to RM7.43 million in 1Q2020, and
- Higher overhead cost for mandatory plant shutdown of RM12.83 million due to approximately one-month plant stoppage during MCO period in 2Q2020 as compared to RM5.21 million for a 14-day plant stoppage in 1Q2020.



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 SIX MONTHS ENDED 30 JUNE 2020

14 SEGMENTAL INFORMATION

14.1 Business Segments

The segmental revenue, results and assets for the six months ended 30 June 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
REVENUE					
External customers	376,253	414,208	1,103	-	791,564
Inter-segment	167,484	1,403	11,304	(180,191)	-
	<u>543,737</u>	<u>415,611</u>	<u>12,407</u>	<u>(180,191)</u>	<u>791,564</u>
RESULTS					
Segment profit/(loss)	(78,749)	9,384	2,025	504	(66,836)
Finance costs					(21,635)
Interest income					1,717
Share of associates' results					(3)
Income tax credit					(522)
Loss for the period					<u>(87,279)</u>
Segment assets	<u>1,752,820</u>	<u>842,601</u>	<u>137,899</u>	<u>(292,123)</u>	<u>2,441,197</u>
Segment liabilities	<u>919,958</u>	<u>601,364</u>	<u>108,616</u>	<u>(311,341)</u>	<u>1,318,597</u>

14.2 Geographical Segments

	6 months ended 30.6.2020 RM'000
Revenue from external customers	
Malaysia	725,314
Singapore	<u>66,250</u>
Non-current assets	
Malaysia	968,424
Singapore	<u>3,242</u>



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 SIX MONTHS ENDED 30 JUNE 2020

15 PROSPECTS

Steel market sentiment has shown initial signs of improvement. This is in tandem with a gradual economic recovery amidst the rollout of stimulus packages in China with its huge infrastructure projects. Consequently, international billet price surged by approximately 15% since end of May 2020. Steel demand from China's construction industry is expected to rapidly increase in the coming peak autumn demand season, providing a further upward momentum to the long steel segment.

Domestic steel demand however remains lacklustre as construction activities continue to be disrupted by various domestic factors, including insufficient manpower at constructions sites. The domestic demand is expected to rebound from the current low base when the construction projects pick up.

To mitigate the impact of weak domestic demand currently, the Group will continue to focus on exports, particularly to China. The Group also remains focused on cash flow management and cost down programs to remain resilient and responsive to market changes. The Group will continue to refine its strategies depending on the future direction of the markets, 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 30 June 2020.

17 INCOME TAX (EXPENSE)/CREDIT

The income tax (expense)/credit comprises:

	3 months ended	6 months ended
	30.6.2020	30.6.2020
	RM'000	RM'000
Income tax		
Current period	(1,012)	(2,156)
Deferred tax		
Current period	(3,826)	1,634
	<u>(4,838)</u>	<u>(522)</u>

The Group's tax expense position for the quarter ended 30 June 2020 was mainly due to non-recognition of deferred tax assets by certain subsidiary companies for the quarter and six months ended 30 June 2020.



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 SIX MONTHS ENDED 30 JUNE 2020

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 as the Proposal disclosed above, 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 30 June 2020 were as follows:

a) Group borrowings

	30.6.2020 RM’000	30.6.2019 RM’000
<u>Secured</u>		
Short-term borrowings		
Obligations under finance leases	555	494
Long-term borrowings		
Obligations under finance leases	408	894
	963	1,388
<u>Unsecured</u>		
Short-term borrowings		
Bills payable	1,047,418	1,029,492
Foreign currency trade loan	37,947	42,639
	1,085,365	1,072,131
	1,086,328	1,073,519

The currency profile of bank borrowings was as follows:

	30.6.2020		30.6.2019	
	USD denomination (’000)	RM equivalent (’000)	USD denomination (’000)	RM equivalent (’000)
<u>Unsecured</u>				
Short-term borrowings				
Foreign currency trade loan	8,851	37,947	10,318	42,639
	8,851		42,639	

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020**19 GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)****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	-	1,268
At the end of financial period end	<u>87,936</u>	<u>46,464</u>
Liability component		43,702
Equity component		<u>2,762</u>
		<u>46,464</u>

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, Penang State and third defendant.

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.

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.

A case management has been fixed on 7 August 2020 where the Defendants were seeking further direction and clarification on the filing of expert valuation report, to which the court has given the direction for the Penang State to file its report by 30 November 2020 and Tenaga Nasional Berhad to file its report by 8 January 2021.

The next case management was fixed on 26 January 2021 for AJSB to inform the court if it intends to reply to the Defendants’ reports.

No hearing date has been fixed for the 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 SIX MONTHS ENDED 30 JUNE 2020

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)

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.

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.

On 16 July 2020, the Court of Appeal had issued a letter vacating the hearing which was fixed on 17 September 2020 and be replaced with a case management fixed on 19 August 2020.

On 19 August 2020, the Court of Appeal had given further direction that the case management is fixed on 10 February 2021 for parties to update the Court of Appeal on the filing of Common Chronology of Facts, Written Submission, Bundle of Authority and Executive Summary while the hearing date for the appeal is fixed on 17 February 2021.

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.



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 SIX MONTHS ENDED 30 JUNE 2020

21 DIVIDEND

Ordinary shares

The Board of Directors does not recommend any dividend in respect of the financial year ending 31 December 2020 (2Q2019: nil).

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 and six months ended 30 June 2020 as set out below:

		3 months ended 30.6.2020	6 months ended 30.6.2020
Total loss attributable to owners of the Parent	(RM'000)	(56,721)	(87,279)
Weighted average number of ordinary shares in issue or issuable	('000)	539,593	539,593
Basic EPS	(sen)	<u>(10.51)</u>	<u>(16.17)</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 six months ended 30 June 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.

		3 months ended 30.6.2020	6 months ended 30.6.2020
Total loss attributable to owners of the Parent	(RM'000)	(56,721)	(87,279)
Effects on earnings upon conversion of RCPS	(RM'000)	635	1,268
	(RM'000)	<u>(56,086)</u>	<u>(86,011)</u>
Weighted average number of ordinary shares in issue or issuable	('000)	539,593	539,593
Effect of dilution from the full conversion of the remaining RCPS in issue	('000)	<u>87,936</u>	<u>87,936</u>
Weighted average number of ordinary shares in issue or issuable (Diluted)	('000)	<u>627,529</u>	<u>627,529</u>
Anti-diluted EPS	(sen)	<u>(8.94)</u>	<u>(13.71)</u>



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 SIX MONTHS ENDED 30 JUNE 2020

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 27 August 2020.

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