



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 TWELVE MONTHS ENDED
31 DECEMBER 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 twelve months ended 31 December 2020

	3 months ended		12 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	539,423	603,706	1,891,199	2,221,435
Operating expenses	(524,124)	(650,159)	(1,953,075)	(2,388,311)
Other income	2,777	42,590	26,735	53,887
Finance costs	(8,227)	(12,126)	(39,153)	(48,990)
Share of results of associates	(4)	(4)	(11)	(3)
Profit/(Loss) before tax	9,845	(15,993)	(74,305)	(161,982)
Income tax (expense)/credit	(3,637)	35,516	(25,681)	72,122
Profit/(Loss) for the period	6,208	19,523	(99,986)	(89,860)
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	-	1	-	-
<u>Items that will be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences for foreign operations	(1,122)	(680)	(681)	(315)
Cash flow hedges	(763)	(226)	770	(3,193)
Other comprehensive income/(loss) for the period net of tax	(1,885)	(905)	89	(3,508)
Total comprehensive income/(loss) for the period	4,323	18,618	(99,897)	(93,368)
Profit/(loss) attributable to:				
Owners of the parent	6,208	19,523	(99,986)	(89,860)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	4,323	18,618	(99,897)	(93,368)
Earnings per share ("EPS") (sen):				
Basic EPS	1.15	3.63	(18.53)	(16.67)
Diluted/(Anti-diluted) EPS	1.09	3.22	(15.52)	(13.93)

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 December 2020**

	31.12.2020	31.12.2019
	RM'000	RM'000
		(audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	918,690	970,370
Investment properties	14,562	11,258
Intangible assets	7,513	7,513
Investment in associates	492	503
Other investments	1	1
Deferred tax assets	72,900	92,808
Right-of-use assets	8,708	8,920
Total Non-current Assets	1,022,866	1,091,373
Current Assets		
Inventories	731,903	872,231
Trade receivables	374,520	368,829
Other receivables, deposits and prepayments	30,235	37,336
Derivative assets	-	-
Current tax assets	9,003	9,697
Cash and bank balances	60,383	99,018
Assets classified as held for sale	-	20,438
Total Current Assets	1,206,044	1,407,549
TOTAL ASSETS	2,228,910	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	75,506	74,860
Retained earnings	480,644	580,630
Total Equity	1,105,294	1,204,634
Non-current Liabilities		
Loans and borrowings	291	638
Lease liabilities	7,856	7,823
RCPS - Liability component	42,776	42,434
Provision for retirement benefits	3,752	4,077
Deferred tax liabilities	14,501	14,713
Total Non-current Liabilities	69,176	69,685
Current Liabilities		
Loans and borrowings	917,551	1,068,895
Lease liabilities	1,281	1,377
Trade payables	103,459	111,470
Other payables, deposits and accruals	29,975	41,272
Derivative liabilities	1,084	297
Current tax liabilities	1,090	1,292
Total Current Liabilities	1,054,440	1,224,603
Total Liabilities	1,123,616	1,294,288
TOTAL EQUITY AND LIABILITIES	2,228,910	2,498,922
Net assets per share attributable to owners of the parent (RM)	2.05	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.

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**Unaudited Condensed Consolidated Statements of Changes in Equity
For the twelve months ended 31 December 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	-	-	-	-	(99,986)	(99,986)
Other comprehensive income for the period	-	-	89	-	-	89
Total comprehensive loss for the period	-	-	89	-	(99,986)	(99,897)
Share buybacks						-
Realisation of fair value reserves to retained earnings upon disposal of other investment	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-
Conversion of RCPS	-	-	-	-	-	-
Long Term Incentive Plan ("LTIP"):						
- Share-based payments expenses	-	-	557	-	-	557
At 31 December 2020	612,016	2,762	75,506	(65,634)	480,644	1,105,294
At 1 January 2019	612,016	2,762	75,940	(68,294)	702,825	1,325,249
Loss for the period	-	-	-	-	(89,860)	(89,860)
Other comprehensive loss for the period	-	-	(3,508)	-	-	(3,508)
Total comprehensive loss for the period	-	-	(3,508)	-	(89,860)	(93,368)
Share buybacks	-	-	-	-	-	-
Realisation of other equity reserves to retained earnings upon disposal of property, plant and equipment	-	-	12	-	(12)	-
Dividends to owners of the Company	-	-	-	-	(32,323)	(32,323)
Long Term Incentive Plan ("LTIP"):						
- Share-based payments expenses	-	-	5,076	-	-	5,076
- Share transferred	-	-	(2,660)	2,660	-	-
At 31 December 2019	612,016	2,762	74,860	(65,634)	580,630	1,204,634

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 twelve months ended 31 December 2020

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(74,305)	(161,982)
Adjustments for non-cash items	90,479	110,147
Operating profit/(loss) before working capital changes	16,174	(51,835)
Changes in working capital		
Net change in current assets	133,394	328,441
Net change in current liabilities	(19,236)	(165,230)
Interest received	3,475	7,815
Interest paid	(36,135)	(45,938)
Tax paid	(5,685)	(7,808)
Tax refunded	-	6,210
Retirement benefits paid	(723)	(797)
Net cash flows generated from operating activities	91,264	70,858
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	428	536
Proceeds from disposal of property, plant and equipment	36,170	89
Acquisition of intangible asset	-	(45)
Purchase of property, plant and equipment	(10,524)	(38,428)
Net cash flows generated from/(used in) investing activities	26,074	(37,819)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of bank borrowings	(151,221)	47,507
Net repayment of lease liabilities	(1,815)	(1,691)
Interest paid	(34)	(62)
Dividends paid to shareholders	-	(32,323)
Dividend paid to holders of RCPS	(2,198)	(2,198)
Withdrawal of fixed deposit pledged with licensed banks	9	-
Net cash flows (used in)/generated from financing activities	(155,259)	11,233
Net change in cash and cash equivalents	(37,921)	44,272
Effects of foreign exchanges rate changes	(705)	(659)
Cash and cash equivalents at beginning of year	99,009	55,396
Cash and cash equivalents at end of year	60,383	99,009

Cash and cash equivalents

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

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash and bank balances	60,383	99,018
Less: Restricted bank balances	-	(9)
	60,383	99,009

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 TWELVE MONTHS ENDED 31 DECEMBER 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 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 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
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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 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.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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 2021

Amendments to MFRS 4,
MFRS 7, MFRS 9, MFRS 16 and MFRS 139 Interest Rate Benchmark Reform – Phase 2

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 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 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.

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 twelve months ended 31 December 2020.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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 twelve months results ended 31 December 2020.

5 DEBT AND EQUITY SECURITIES

As at 31 December 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 31 December 2020.

6 DIVIDENDS PAID

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

	31.12.2020	31.12.2019
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
Second semi-annual RCPS dividend		
For the financial year ended	31 December 2020	31 December 2019
Approved and declared on	27 November 2020	27 November 2019
Date paid	30 December 2020	31 December 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



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2020

7 PROFIT/(LOSS) BEFORE TAX

	3 months ended 31.12.2020 RM'000	12 months ended 31.12.2020 RM'000
Profit/(Loss) before tax is arrived at after charging:		
(Reversal of)/Allowance for inventories written down	(277)	9,209
Depreciation and amortisation	15,443	58,503
Finance cost		
- Interest expenses	7,479	36,169
- RCPS unwinding of discount	637	2,540
- Lease liabilities	111	444
Foreign exchange loss/(gain)		
- Realised foreign exchange loss/(gain)	287	(651)
- Unrealised foreign exchange (gain)/loss	(203)	(188)
LTIP share-based payments expenses	(2,791)	557
Net impairment loss on receivables	489	606
Provision for impairment of PPE	663	663
Overhead cost for plant temporary shutdown	9,077	33,671
Property, plant and equipment written off	767	1,135
and after crediting:		
Gain on disposal of property, plant and equipment	8	15,539
Gain on disposal of investment properties	11	11
Gain on termination of lease	-	70
Interest income	656	3,903
Other income	1,367	4,136

8 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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 year 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.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2020

11 CAPITAL COMMITMENTS

The capital commitments as at 31 December 2020 were as follows:

	<u>RM'000</u>
(a) contracted but not provided for	1,423
(b) approved but not contracted for	<u>4,655</u>

12 REVIEW OF PERFORMANCE

	<u>3 months ended</u>		Changes (%)	<u>12 months ended</u>		Changes (%)
	31.12.2020 RM'000	31.12.2019 RM'000		31.12.2020 RM'000	31.12.2019 RM'000	
Revenue						
Manufacturing	395,455	468,740	(15.63)	1,355,617	1,612,022	(15.91)
Trading	264,601	272,066	(2.74)	963,024	1,164,409	(17.30)
Investment holding, property management and others	8,878	7,212	23.10	27,517	29,335	(6.20)
Adjustments and elimination	(129,511)	(144,312)	(10.26)	(454,959)	(584,331)	(22.14)
Group revenue	<u>539,423</u>	<u>603,706</u>	(10.65)	<u>1,891,199</u>	<u>2,221,435</u>	(14.87)
Segment results						
Manufacturing	1,480	3,697	(59.97)	(89,987)	(133,134)	(32.41)
Trading	13,887	5,476	>100.00	31,285	20,212	54.78
Investment holding, property management and others	7,402	(10,202)	(>100.00)	9,222	(4,130)	(>100.00)
Adjustments and elimination	(5,357)	(6,194)	(13.51)	(5,103)	(3,503)	45.68
	17,412	(7,223)	(>100.00)	(54,583)	(120,555)	(54.72)
Gain on disposal of plant, property and equipment	8	(841)	(>100.00)	15,539	(785)	(>100.00)
Finance costs	(8,227)	(12,126)	(32.15)	(39,153)	(48,990)	(20.08)
Interest income	656	4,201	(84.38)	3,903	8,351	(53.26)
Share of results of associates	(4)	(4)	-	(11)	(3)	>100.00
Profit/(Loss) before tax	<u>9,845</u>	<u>(15,993)</u>	(>100.00)	<u>(74,305)</u>	<u>(161,982)</u>	(54.13)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2020**12 REVIEW OF PERFORMANCE (CONTINUED)**

Lower revenue in fourth quarter of 2020 (“4Q2020”) as compared to the fourth quarter of 2019 (“4Q2019”) was mainly due to lower sales tonnage. Lower revenue in the financial year of 2020 (“FY2020”) as compared to the financial year of 2019 (“FY2019”) was mainly driven by: i) lower domestic sales tonnage for the full year, and ii) lower average selling prices during the first three quarters of the year. The soft market conditions were primarily due to the imposition of stringent movement restrictions both domestically and internationally to contain the Covid-19 pandemic. The impact was partly offset by significantly higher export tonnage given the recovery in selected regional markets such as China and the Philippines.

The improvement in the Group’s financial performance in 4Q2020 and FY2020 was mainly due to improved profit margin on the back of higher selling price in 4Q2020. The rise in international steel prices in 4Q2020 was underpinned by the rollout of economic stimulus worldwide. To some extent, domestic steel prices tracked this upward trend. The higher profit margin in 4Q2020 helped to mitigate the increase in overhead cost for plant shutdown of RM9.08 million in 4Q2020 and RM33.67 million in FY2020 (4Q2019: RM0.81 million and FY2019: RM7.44 million). Plant shutdown costs were due to mandatory business closure during the Movement Control Order period as well as the scheduled and unscheduled repair and maintenance activities.

13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended		Changes (%)
	31.12.2020	30.9.2020	
	RM'000	RM'000	
Revenue	539,423	560,212	(3.71)
Profit before tax	9,845	2,606	>100.00

Lower revenue in 4Q2020 compared to the third quarter of 2020 (“3Q2020”) was mainly due to lower export tonnage.

The improvement in profit before tax in 4Q2020 compared to 3Q2020 was mainly attributable to higher profit margin due to higher selling price of steel products coupled with an improved cost structure as a result of effective execution of the cost optimisation initiatives.

The PBT in 3Q2020 was mainly due to recognition of gain on disposal of office building of RM15.20 million and higher reversal of inventories written down of RM10.27 million in 3Q2020 versus RM0.28 million in 4Q2020.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2020

14 SEGMENTAL INFORMATION

14.1 Business Segments

The segmental revenue, results and assets for the twelve months ended 31 December 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	928,873	960,203	2,122	-	1,891,198
Inter-segment	426,744	2,821	25,395	(454,959)	1
	<u>1,355,617</u>	<u>963,024</u>	<u>27,517</u>	<u>(454,959)</u>	<u>1,891,199</u>
RESULTS					
Segment (loss)/profit	(89,987)	31,285	9,222	(5,103)	(54,583)
Gain on disposal of plant, property and equipment					15,539
Finance costs					(39,153)
Interest income					3,903
Share of associates' results					(11)
Loss before tax					<u>(74,305)</u>
Income tax expense					<u>(25,681)</u>
Loss for the period					<u>(99,986)</u>
Segment assets	<u>1,545,197</u>	<u>776,613</u>	<u>131,536</u>	<u>(224,436)</u>	<u>2,228,910</u>
Segment liabilities	<u>785,204</u>	<u>478,592</u>	<u>99,341</u>	<u>(239,521)</u>	<u>1,123,616</u>



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2020

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical Segments

The Group operates in two principal geographical areas – Malaysia (country of domicile) and Singapore.

In presenting information on the basis of geographical segments, segment revenue from external customers is based on revenue by location of operations.

	12 months ended 31.12.2020 RM'000
Revenue from external customers	
Malaysia	1,782,212
Singapore	<u>108,987</u>
Non-current assets	
Malaysia	947,331
Singapore	<u>2,634</u>

15 PROSPECTS

2021 is anticipated to be a challenging year for the steel industry. On the domestic front, the demand outlook remains uncertain given the impact of Covid-19 on the pace of construction activity. The Group will continue to focus on exports, in view of the expected continued demand from China and Southeast Asia markets. The construction boom in China, which is fundamentally supported by the government's efforts to pump prime the economy, should bolster demand in the medium term.

Ann Joo will strive to maximise its earnings potential for the year by proactively aligning its market strategies to capture the opportunities in export markets and focusing on productivity improvements as well as on cost optimisation initiatives.

16 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee for the financial year ended 31 December 2020.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2020

17 INCOME TAX EXPENSE/(CREDIT)

The income tax expense/(credit) comprises:

	3 months ended	12 months ended
	31.12.2020	31.12.2020
	RM'000	RM'000
Income tax		
Current period	1,678	6,039
Prior year	1	166
Deferred tax		
Current period	1,954	862
Prior year	4	18,614
	<u>3,637</u>	<u>25,681</u>

The Group's tax expense position for 4Q2020 was mainly due to non-deductible expenses incurred and non-recognition of deferred tax assets by certain subsidiary companies which arise from tax credit and business losses. In addition, the Group is subjected to tax despite making loss for FY2020, mainly due to reversal of deferred tax assets, in line with the change in tax law on the exemption of income tax for the value of increased exports.

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 December 2020 were as follows:

a) Group borrowings

	31.12.2020	31.12.2019
	RM'000	RM'000
<u>Secured</u>		
Short-term borrowings		
Obligations under finance leases	482	506
Long-term borrowings		
Obligations under finance leases	291	638
	<u>773</u>	<u>1,144</u>
<u>Unsecured</u>		
Short-term borrowings		
Bills payable	862,620	1,044,652
Revolving credit	10,000	-
Foreign currency trade loan	44,449	23,737
	<u>917,069</u>	<u>1,068,389</u>
	<u>917,842</u>	<u>1,069,533</u>



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19 GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)

The currency profile of bank borrowings was as follows:

	31.12.2020		31.12.2019	
	USD denomination (‘000)	RM equivalent (‘000)	USD denomination (‘000)	RM equivalent (‘000)
Unsecured				
Short-term borrowings				
Foreign currency trade loan	11,019	44,449	5,803	23,737

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	-	2,540
Less: Dividend paid	-	(2,198)
At the end of financial period end	87,936	45,538
Liability component		42,776
Equity component		2,762
		45,538

20 FINANCIAL INSTRUMENTS

The Group’s outstanding derivatives as at 31 December 2020 were as follows:

	Notional Value RM’000	Fair Value RM’000	Net Loss RM’000
Foreign Currency Forward Contracts:			
- Less than one year	79,835	78,751	1,084

There is no change to the Group’s financial risk management policies in managing these derivatives, its related accounting policies and the market risk associated with these derivatives since the last financial year.



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21 MATERIAL LITIGATIONS

21.1 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 was fixed on 7 August 2020 where the Defendants sought further direction and clarification on the filing of an expert valuation report, to which the court directed the Penang State to file its report by 30 November 2020 and Tenaga Nasional Berhad to file its report by 8 January 2021. Penang State has filed its valuation report with the exception of TNB where its valuation report has yet to be filed.

A case management fixed on 26 January 2021 for parties to update the status of filing the valuation report was vacated due to enforcement of Movement Control Order (MCO). The case management was later fixed on 26 February 2021. At the said case management, the Court directed for the Tenaga Nasional Berhad to file its expert report by 26 February 2021 and for AJSB to file its rebuttal report by 26 April 2021. Accordingly, Tenaga Nasional Berhad filed its expert report on 26 February 2021. A further case management has been fixed for 30 April 2021.

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



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21 MATERIAL LITIGATIONS (CONTINUED)

21.2 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 (“Amsteel’s Appeal”).

The Court of Appeal fixed the date for Case Management on 10 February 2021 for parties to update Court status of filing Common Chronology of Facts, Written Submission, Bundle of Authority and Executive Summary. The Court of Appeal later fixed for hearing of Amsteel’s Appeal for the discovery application on 17 February 2021.

On 17 February 2021, the Court of Appeal has adjourned the Hearing and re-fixed the Hearing of the Appeal on 30 September 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.

22 DIVIDEND

22.1 Ordinary shares

The Board of Directors does not recommend any dividend for the financial year ended 31 December 2020 (4Q2019: nil).

22.2 Redeemable Convertible Cumulative Preference Shares

On 27 November 2020, the Board of Directors approved and declared a second semi-annual dividend of 1.25 sen per Redeemable Convertible Cumulative Preference Share in respect of the financial year ended 31 December 2020. This dividend has been paid on 30 December 2020 to the Depositors registered in the Record of Depositors at the close of the business on 16 December 2020.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2020

23 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 twelve months ended 31 December 2020 as set out below:

		3 months ended 31.12.2020	12 months ended 31.12.2020
Total profit/(loss) attributable to owners of the Parent	(RM'000)	6,208	(99,986)
Weighted average number of ordinary shares in issue or issuable	('000)	539,593	539,593
Basic EPS	(sen)	1.15	(18.53)

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 twelve months ended 31 December 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 31.12.2020	12 months ended 31.12.2020
Total profit/(loss) attributable to owners of the Parent	(RM'000)	6,208	(99,986)
Effects on earnings upon conversion of RCPS	(RM'000)	637	2,540
	(RM'000)	6,845	(97,446)
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)	87,936	87,936
Weighted average number of ordinary shares in issue or issuable (Diluted)	('000)	627,529	627,529
Diluted/(Anti-diluted) EPS	(sen)	1.09	(15.52)



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24 STATUS OF AUDIT QUALIFICATION

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

25 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 March 2021.

By Order of the Board
Wong Youn Kim (MAICSA 7018778)
Lim Swee Foon (MAICSA 7064875)
Company Secretaries
22 March 2021
Selangor Darul Ehsan