



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 2021**



# 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 2021

	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	674,073	345,892	1,250,763	791,564
Operating expenses	(568,981)	(392,064)	(1,058,491)	(863,006)
Other income	2,242	4,927	4,418	6,323
Finance costs	(7,102)	(10,638)	(14,441)	(21,635)
Share of results of associates	(2)	-	(3)	(3)
Profit/(Loss) before tax	100,230	(51,883)	182,246	(86,757)
Income tax expense	(16,532)	(4,838)	(24,933)	(522)
<b>Profit/(Loss) for the period</b>	<b>83,698</b>	<b>(56,721)</b>	<b>157,313</b>	<b>(87,279)</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	-	-	-	-
<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	36	(183)	1,198	1,482
Cash flow hedges	-	-	467	1,531
Other comprehensive income/(loss) for the period net of tax	36	(183)	1,665	3,013
<b>Total comprehensive income/(loss) for the period</b>	<b>83,734</b>	<b>(56,904)</b>	<b>158,978</b>	<b>(84,266)</b>
<b>Profit/(loss) attributable to:</b>				
Owners of the parent	83,698	(56,721)	157,313	(87,279)
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the parent	83,734	(56,904)	158,978	(84,266)
<b>Earnings per share ("EPS") (sen):</b>				
Basic EPS	15.48	(10.51)	29.12	(16.17)
Diluted/(Anti-diluted) EPS	13.46	(8.94)	25.34	(13.71)

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

**Unaudited Condensed Consolidated Statements of Financial Position  
 As at 30 June 2021**

	<b>30.6.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(audited)</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	890,724	919,701
Investment properties	14,473	14,562
Intangible assets	7,513	7,513
Investment in associates	489	492
Other investments	1	1
Deferred tax assets	63,508	73,006
Right-of-use assets	8,457	8,708
<b>Total Non-current Assets</b>	<b>985,165</b>	<b>1,023,983</b>
<b>Current Assets</b>		
Inventories	849,719	733,486
Trade receivables	486,979	374,520
Other receivables, deposits and prepayments	36,254	30,235
Derivative assets	1,547	-
Current tax assets	7,973	9,003
Cash and bank balances	74,073	60,383
<b>Total Current Assets</b>	<b>1,456,545</b>	<b>1,207,627</b>
<b>TOTAL ASSETS</b>	<b>2,441,710</b>	<b>2,231,610</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share Capital	616,095	612,016
Redeemable Convertible Cumulative Preference Share ("RCPS") - Equity component	2,691	2,762
Treasury shares	(65,634)	(65,634)
Other reserves	78,908	75,798
Retained earnings	637,956	480,643
<b>Total Equity</b>	<b>1,270,016</b>	<b>1,105,585</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	94	291
Lease liabilities	7,188	7,856
RCPS - Liability component	41,911	42,776
Provision for retirement benefits	3,758	3,753
Deferred tax liabilities	14,897	14,312
<b>Total Non-current Liabilities</b>	<b>67,848</b>	<b>68,988</b>
<b>Current Liabilities</b>		
Loans and borrowings	927,981	917,551
Lease liabilities	1,438	1,281
Trade payables	117,650	105,041
Other payables, deposits and accruals	44,750	30,990
Derivative liabilities	-	1,084
Current tax liabilities	12,027	1,090
<b>Total Current Liabilities</b>	<b>1,103,846</b>	<b>1,057,037</b>
<b>Total Liabilities</b>	<b>1,171,694</b>	<b>1,126,025</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,441,710</b>	<b>2,231,610</b>
Net assets per share attributable to owners of the parent (RM)	2.34	2.05

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021**

	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 2021</b>	612,016	2,762	75,798	(65,634)	480,643	1,105,585
Profit for the period	-	-	-	-	157,313	157,313
Other comprehensive income for the period	-	-	1,665	-	-	1,665
Total comprehensive income for the period	-	-	1,665	-	157,313	158,978
Conversion of RCPS	4,079	(71)	-	-	-	4,008
Long Term Incentive Plan ("LTIP"): - Share-based payments expenses	-	-	1,445	-	-	1,445
<b>At 30 June 2021</b>	<b>616,095</b>	<b>2,691</b>	<b>78,908</b>	<b>(65,634)</b>	<b>637,956</b>	<b>1,270,016</b>
<b>At 1 January 2020</b>	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 income/(loss) for the period	-	-	3,013	-	(87,279)	(84,266)
Long Term Incentive Plan ("LTIP"): - Share-based payments expenses	-	-	2,232	-	-	2,232
<b>At 30 June 2020</b>	<b>612,016</b>	<b>2,762</b>	<b>80,105</b>	<b>(65,634)</b>	<b>493,351</b>	<b>1,122,600</b>

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 2020 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 2021**

	<b>6 months ended</b>	
	<b>30.6.2021</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	182,246	(86,757)
Adjustments for non-cash items	48,341	70,836
Operating profit/(loss) before working capital changes	230,587	(15,921)
Changes in working capital		
Net change in current assets	(239,070)	(21,874)
Net change in current liabilities	26,241	6,066
Interest received	1,795	1,529
Interest paid	(12,910)	(20,124)
Tax paid	(3,085)	(1,615)
Tax refunded	3	-
Retirement benefits paid	(175)	(406)
Net cash flows generated from/(used in) operating activities	3,386	(52,345)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	180	188
Proceeds from disposal of property, plant and equipment	25	336
Purchase of property, plant and equipment	(2,340)	(791)
Net cash flows used in investing activities	(2,135)	(267)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of bank borrowings	10,234	16,274
Net repayment of lease liabilities	(929)	(922)
Proceeds from the conversion of RCPS	2,946	-
Interest paid	(7)	(21)
Dividend paid to holders of RCPS	(1,071)	-
Net cash flows generated from financing activities	11,173	15,331
Net change in cash and cash equivalents	12,424	(37,281)
Effects of foreign exchanges rate changes	1,266	1,180
Cash and cash equivalents at beginning of period	60,383	99,010
Cash and cash equivalents at end of period	74,073	62,909

**Cash and cash equivalents**

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

	<b>6 months ended</b>	
	<b>30.6.2021</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	74,073	62,918
Less: Restricted bank balances	-	(9)
	74,073	62,909

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 SIX MONTHS ENDED 30 JUNE 2021

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### 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 2020. 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 2020.

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 2020, except for the following 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 2021**

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

##### **Early adoption: Effective for financial periods beginning on or after 1 April 2021**

Amendment to MFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021  
Leases (Amendment to MFRS 16 Leases)

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 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.



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

#### Effective for annual 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 annual financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendment to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)

#### Deferred to a date to be determined by the 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.



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## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021**

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### **3 NATURE AND AMOUNT OF UNUSUAL ITEMS**

The Malaysian Government (“the Government”) had, on 5 May 2021, announced the implementation of the Movement Control Order 3.0 (“MCO 3.0”) to contain the spread of the Covid-19 pandemic. On 28 May 2021, the Government imposed a total lockdown nationwide for a period of 14 days from 1 June 2021 to 14 June 2021. The total lockdown was subsequently extended under Phase 1 of the National Recovery Plan (“NRP”), which was unveiled on 15 June 2021. The NRP, which comprises four phases of an exit strategy, is intended to enable Malaysia recover from the Covid-19 pandemic. Throughout the total lockdown duration, all economic sectors are not allowed to operate with the exception of essential economic and service sectors.

The Group was only allowed to operate on a warm idle mode during the total lockdown period, as directed by the Government, as the iron and steel sector was not considered as an essential economic sector. As a result, the Group incurred overhead cost for plant shutdown of RM15.25 million during the mandatory business closure period in June 2021.

Save as disclosed above, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter and six months ended 30 June 2021.

### **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 2021.

### **5 DEBT AND EQUITY SECURITIES**

#### **5.1 Treasury shares**

As at 30 June 2021, out of total 562,177,589 issued paid ordinary shares, 20,318,900 shares were held as treasury shares at an average price of RM3.23 per share.

#### **5.2 Redeemable Convertible Cumulative Preference Shares (“RCPS”)**

During the quarter under review, 2,035,175 RCPS were converted into 2,035,175 ordinary shares of the Company. As a result, the issued ordinary share capital of the Company increased from 560,142,414 ordinary shares to 562,177,589 ordinary shares. The new ordinary shares issued rank *pari-passu* with the then existing ordinary shares of the Company.

Save as disclosed above, there were no issuances, cancellations, resale or repayment of debt and equity securities during the quarter ended 30 June 2021.





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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021

### 6 DIVIDENDS PAID

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

	<b>30.6.2021</b>	<b>30.6.2020</b>
<b>First semi-annual RCPS dividend</b>		
For the financial year ending/ended	31 December 2021	31 December 2020
Approved and declared on	28 May 2021	5 June 2020
Date paid	28 June 2021	15 July 2020
Number of RCPS on which dividends were paid ('000)	85,670	87,936
Dividend per share (single-tier)	1.25 sen	1.25 sen
Net dividend paid (RM'000)	1,071	1,099

### 7 PROFIT BEFORE TAX

	<b>3 months ended 30.6.2021 RM'000</b>	<b>6 months ended 30.6.2021 RM'000</b>
<b>Profit before tax is arrived at after charging:</b>		
Allowance for inventories written down	2,358	5,120
Depreciation and amortisation	14,823	29,657
Finance cost		
- Interest expenses	6,214	12,917
- RCPS unwinding of discount	632	1,268
- Lease Liability	139	256
LTIP share-based payments expenses	723	1,445
Provision for impairment of property, plant and equipment	-	1,210
Property, plant and equipment written off	-	1,308
Overhead cost for plant temporary shutdown	17,509	17,775
Net impairment loss/(reversal of impairment loss) on receivables	569	(946)
<b>and after crediting:</b>		
Interest income	855	1,975
Foreign exchange gain/(loss)		
- Realised	211	844
- Unrealised	182	(313)



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## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021**

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### **8 MATERIAL EVENTS SUBSEQUENT TO THE END OF CURRENT QUARTER**

Further to the movement restrictions imposed by the Government as disclosed in Note 3 above, the Government announced further relaxation of the NRP regulations, providing operating privileges for selected economic sectors beginning on 16 August 2021.

Following the relaxation of the NRP regulations, the Group resumed operations based on the percentage of operating capacity approved by the Government in accordance with the phase of the NRP implemented for the States in which they are located, as well as the complete vaccination rate of the workforce. The Group will closely monitor the ongoing development of the pandemic both internationally and domestically, and will continuously assess the impact on its operations, liquidity, financial position and operating results of the Group.

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.

### **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 30 June 2021 were as follows:

	<b>RM'000</b>
(a) contracted but not provided for	1,081
(b) approved but not contracted for	20,713



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021

### 12 REVIEW OF PERFORMANCE

	3 months ended		Changes (%)	6 months ended		Changes (%)
	30.6.2021 RM'000	30.6.2020 RM'000		30.6.2021 RM'000	30.6.2020 RM'000	
<b>Revenue</b>						
Manufacturing	532,864	251,112	>100.00	926,529	543,737	70.40
Trading	229,400	152,565	50.36	568,406	415,611	36.76
Investment holding, property management and others	6,850	6,639	3.18	13,701	12,407	10.43
Adjustments and elimination	(95,041)	(64,424)	(47.52)	(257,873)	(180,191)	(43.11)
<b>Group revenue</b>	<b>674,073</b>	<b>345,892</b>	<b>94.88</b>	<b>1,250,763</b>	<b>791,564</b>	<b>58.01</b>
<b>Segment results</b>						
Manufacturing	71,087	(48,923)	>100.00	124,522	(78,749)	>100.00
Trading	33,574	3,601	>100.00	68,252	9,384	>100.00
Investment holding, property management and others	931	2,925	(68.17)	2,101	2,025	3.75
Adjustments and elimination	887	(103)	>100.00	(160)	504	(>100.00)
	106,479	(42,500)	>100.00	194,715	(66,836)	>100.00
Finance costs	(7,102)	(10,638)	33.24	(14,441)	(21,635)	33.25
Interest income	855	1,255	(31.87)	1,975	1,717	15.03
Share of results of associates	(2)	-	-	(3)	(3)	-
<b>Profit/(Loss) before tax</b>	<b>100,230</b>	<b>(51,883)</b>	<b>&gt;100.00</b>	<b>182,246</b>	<b>(86,757)</b>	<b>&gt;100.00</b>

Higher revenue in the second quarter of 2021 (“2Q2021”) and first half of 2021 (“1H2021”) compared to the corresponding periods of the preceding year was mainly due to significantly higher selling price and export tonnage. The domestic market remained subdued, primarily due to mandatory business closures that have been enforced since June 2021 as part of the Government’s nationwide containment measures to curb the resurgence of Covid-19 cases.

Consequently, better financial performance in 2Q2021 was primarily attributed to higher sales and improved profit margins resulting from higher selling price, which were fundamentally driven by a robust recovery in China demand. Export prices remained significantly higher than the corresponding periods in the preceding year despite the price correction triggered by China’s efforts to cool the overheating commodity prices in mid-May 2021.



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### 13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	<u>3 months ended</u>		<b>Changes (%)</b>
	<b>30.6.2021 RM'000</b>	<b>31.3.2021 RM'000</b>	
Revenue	674,073	576,690	16.89
Profit before tax	100,230	82,016	22.21

Higher revenue in 2Q2021 compared to first quarter of 2021 (“1Q2021”) was mainly due to higher selling price of various steel products and higher export tonnage. However, it was partly offset by lower domestic sales tonnage as a result of mandatory business closures during the total lockdown period as part of the Government’s nationwide containment measures to curb the resurgence of Covid-19 cases.

Higher profit before tax in 2Q2021 as compared to 1Q2021 was mainly attributed to higher gross profit on improved sales, as explained above. This was despite the higher overhead cost for plant shutdown of RM17.51 million, which was incurred mainly during the nationwide mandatory business closure period in June 2021.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021

### 14 SEGMENTAL INFORMATION

#### 14.1 Business Segments

The segmental revenue, results and assets for the six months ended 30 June 2021 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	682,205	567,347	1,211	-	1,250,763
Inter-segment	244,324	1,059	12,490	(257,873)	-
	<u>926,529</u>	<u>568,406</u>	<u>13,701</u>	<u>(257,873)</u>	<u>1,250,763</u>
<b>RESULTS</b>					
Segment profit	124,522	68,252	2,101	(160)	194,715
Finance costs					(14,441)
Interest income					1,975
Share of associates' results					(3)
Profit before tax					<u>182,246</u>
Income tax expense					(24,933)
Profit for the period					<u>157,313</u>
Segment assets	<u>1,659,562</u>	<u>859,872</u>	<u>131,509</u>	<u>(209,233)</u>	<u>2,441,710</u>
Segment liabilities	<u>791,678</u>	<u>510,608</u>	<u>93,417</u>	<u>(224,009)</u>	<u>1,171,694</u>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021****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. Segment assets are based on the geographical location of the non-current assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	<b>6 months ended 30.6.2021 RM'000</b>
<b>Revenue from external customers</b>	
Malaysia	1,196,625
Singapore	<u>54,138</u>
<b>Non-current assets</b>	
Malaysia	919,110
Singapore	<u>2,546</u>

**15 PROSPECTS**

Excluding the short term demand fluctuations due to weather or seasonal factors and Covid-related movement controls in certain countries, global steel demand is expected to remain positive. This demand recovery is underpinned by ongoing fiscal stimulus worldwide, particularly an expected pick-up in construction activities in China in its September-October construction peak period. Countries other than China are also contributing to the global steel market's recovery. Additionally, the USD1.2 trillion Infrastructure Bill passed by the US Senate, should boost steel demand, particularly for long products.

Positively supporting the supply-demand dynamics in the international steel industry is China's efforts to lower steel production from its all-time high of 1.05 billion mt in 2020, as part of an overall plan to reduce carbon emissions.

Domestic demand however remains sluggish, owing to uncertainties and disruptions across many economic sectors caused by resurgence in the Covid-19 infections, as well as public funding constraints arising from uncertain political landscape. To alleviate challenges and impacts of the NRP implementation, the Group will continue to focus on exports, riding on the recovery of the global market.

The Group will also continue to focus on ongoing cost optimisation initiatives and operational efficiency, as well as prudent receivables and inventory management, in order to remain resilient and responsive to market changes.



# 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 2021

### 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 2021.

### 17 INCOME TAX EXPENSE

The income tax expense comprises:

	3 months ended 30.6.2021 RM'000	6 months ended 30.6.2021 RM'000
<b>Income tax</b>		
Current period	7,964	14,919
Prior year	-	80
<b>Deferred tax</b>	8,568	9,934
Current period	-	-
Prior year	16,532	24,933

The Group effective tax rate for 2Q2021 and 1H2021 was lower than the statutory rate, mainly due to realisation of previously unrecognised deferred tax assets by certain subsidiary companies, of which tax credits and business losses were not recognised in the prior year.

### 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 30 June 2021 were as follows:

#### a) Group borrowings

	30.6.2021 RM'000	30.6.2020 RM'000
<b><u>Secured</u></b>		
<b>Short-term borrowings</b>		
Obligations under finance leases	421	555
<b>Long-term borrowings</b>		
Obligations under finance leases	94	408
	515	963
<b><u>Unsecured</u></b>		
<b>Short-term borrowings</b>		
Bills payable	806,027	1,047,418
Foreign currency trade loan	121,533	37,947
	927,560	1,085,365
	928,075	1,086,328



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021

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

#### a) Group borrowings (continued)

The currency profile of bank borrowings was as follows:

	30.6.2021		30.6.2020	
	USD denomination (‘000)	RM equivalent (‘000)	USD denomination (‘000)	RM equivalent (‘000)
<b>Unsecured</b>				
<b>Short-term borrowings</b>				
Foreign currency trade loan	29,246	121,533	8,851	37,947

#### b) Debts securities – RCPS

	No of RCPS (‘000)	Amount RM‘000
At the beginning of financial period	87,936	45,538
Less: Converted during the period	(2,266)	(1,133)
Add: Unwinding of discount charged to profit or loss	-	1,268
Less: Dividend paid	-	(1,071)
At the end of financial period	85,670	44,602
Liability component		41,911
Equity component		2,691
		44,602

### 20 FINANCIAL INSTRUMENTS

The Group’s outstanding derivatives as at 30 June 2021 were as follows:

	Notional Value RM‘000	Fair Value RM‘000	Net Gain RM‘000
Foreign Currency Forward Contracts:			
- Less than one year	96,809	98,356	1,547

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.





**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021**

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**21 MATERIAL LITIGATIONS**

**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.

In the meantime, Amsteel proceeded to file a discovery application against AJSB on 1 October 2018.

A further Case Management is fixed on 1 October 2021 in the High Court to update Court on the outcome of the hearing in the Court of Appeal.

**In the Court of Appeal of Malaya Appeal No. W-02(IM)(NCVC)-890-05/2019 Amsteel (Appellant) v AJSB (Respondent)**

AJSB was served with a discovery application filed by Amsteel for discovery of 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 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”).

A Case Management for Amsteel’s Appeal was fixed on 10 February 2021 for parties to update Court on the status of filing Common Chronology of Facts, Written Submission, Bundle of Authority and Executive Summary.

The Court of Appeal has now fixed the hearing for Amsteel's 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.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021

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### 22 DIVIDEND

#### 22.1 Ordinary shares

On 26 August 2021, the Board of Directors approved and declared an interim single-tier dividend of 6 sen per ordinary share in respect of the financial year ending 31 December 2021. The dividend will be paid on 14 October 2021 to the depositors registered in the record of depositors at the close of business on 15 September 2021 (2Q2020: nil).

### 23 EARNINGS PER SHARE (“EPS”)

#### a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to owners of the parent for the period by the weighted average number of ordinary shares of the Company in issue during the quarter and six months ended 30 June 2021 as set out below:

		<b>3 months ended 30.6.2021</b>	<b>6 months ended 30.6.2021</b>
Total profit attributable to owners of the Parent	(RM'000)	83,698	157,313
Weighted average number of ordinary shares in issue or issuable	('000)	<u>540,751</u>	<u>540,194</u>
Basic EPS	(sen)	<u>15.48</u>	<u>29.12</u>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021****23 EARNINGS PER SHARE (“EPS”) (CONTINUED)****b) Diluted EPS**

Diluted EPS is calculated by dividing the profit attributable to owners of the parent for the period by the weighted average number of ordinary shares of the Company in issue during the quarter and six months ended 30 June 2021, 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</b>	<b>6 months ended</b>
		<b>30.6.2021</b>	<b>30.6.2021</b>
Total profit attributable to owners of the Parent	(RM'000)	83,698	157,313
Effects on earnings upon conversion of RCPS	(RM'000)	632	1,268
	(RM'000)	<u>84,330</u>	<u>158,581</u>
Weighted average number of ordinary shares in issue or issuable	('000)	540,751	540,194
Effect of dilution from the full conversion of the remaining RCPS in issue	('000)	85,670	85,670
Weighted average number of ordinary shares in issue or issuable (Diluted)	('000)	<u>626,421</u>	<u>625,864</u>
Diluted EPS	(sen)	<u>13.46</u>	<u>25.34</u>

**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 26 August 2021.

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