



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 NINE MONTHS ENDED
30 SEPTEMBER 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 nine months ended 30 September 2021**

	3 months ended		9 months ended	
	30.9.2021 RM'000	30.9.2020 RM'000	30.9.2021 RM'000	30.9.2020 RM'000
Revenue	405,691	560,212	1,656,454	1,351,776
Operating expenses	(341,073)	(565,946)	(1,399,564)	(1,428,952)
Other income	5,489	17,635	9,907	23,958
Finance costs	(7,021)	(9,291)	(21,462)	(30,926)
Share of results of associates	(3)	(4)	(6)	(7)
Profit/(Loss) before tax	63,083	2,606	245,329	(84,151)
Income tax credit/(expense)	5,997	(21,522)	(18,936)	(22,044)
Profit/(Loss) for the period	69,080	(18,916)	226,393	(106,195)
Other comprehensive income/(loss)				
<u>Item that will not be reclassified</u>				
<u>subsequently to profit or loss:</u>				
Net change in revaluation of financial investments at fair value through other comprehensive income	-	-	-	-
<u>Items that will be reclassified</u>				
<u>subsequently to profit or loss:</u>				
Foreign currency translation differences for foreign operations	362	(1,043)	1,560	439
Cash flow hedges	1	2	468	1,533
Other comprehensive income/(loss) for the period net of tax	363	(1,041)	2,028	1,972
Total comprehensive income/(loss) for the period	69,443	(19,957)	228,421	(104,223)
Profit/(loss) attributable to:				
Owners of the parent	69,080	(18,916)	226,393	(106,195)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	69,443	(19,957)	228,421	(104,223)
Earnings per share ("EPS") (sen):				
Basic EPS	12.74	(3.51)	41.86	(19.68)
Diluted/(Anti-diluted) EPS	11.12	(2.91)	36.48	(16.62)

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 September 2021**

	30.9.2021	31.12.2020
	RM'000	RM'000
		(audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	878,424	919,701
Investment properties	14,379	14,562
Intangible assets	7,513	7,513
Investment in associates	486	492
Other investments	1	1
Deferred tax assets	75,222	73,006
Right-of-use assets	8,076	8,708
Total Non-current Assets	984,101	1,023,983
Current Assets		
Inventories	1,061,770	733,486
Trade receivables	396,199	374,520
Other receivables, deposits and prepayments	28,752	30,235
Derivative assets	1	-
Current tax assets	8,417	9,003
Cash and bank balances	95,675	60,383
Total Current Assets	1,590,814	1,207,627
TOTAL ASSETS	2,574,915	2,231,610
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share Capital	617,489	612,016
Redeemable Convertible Cumulative Preference Share ("RCPS") - Equity component	2,667	2,762
Treasury shares	(65,634)	(65,634)
Other reserves	79,993	75,798
Retained earnings	674,478	480,643
Total Equity	1,308,993	1,105,585
Non-current Liabilities		
Loans and borrowings	646	291
Lease liabilities	6,824	7,856
RCPS - Liability component	42,167	42,776
Provision for retirement benefits	3,402	3,753
Deferred tax liabilities	14,662	14,312
Total Non-current Liabilities	67,701	68,988
Current Liabilities		
Loans and borrowings	953,274	917,551
Lease liabilities	1,461	1,281
Trade payables	148,148	105,041
Other payables, deposits and accruals	78,023	30,990
Derivative liabilities	-	1,084
Current tax liabilities	17,315	1,090
Total Current Liabilities	1,198,221	1,057,037
Total Liabilities	1,265,922	1,126,025
TOTAL EQUITY AND LIABILITIES	2,574,915	2,231,610
Net assets per share attributable to owners of the parent (RM)	2.41	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 nine months ended 30 September 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	
At 1 January 2021	612,016	2,762	75,798	(65,634)	480,643	1,105,585
Profit for the period	-	-	-	-	226,393	226,393
Other comprehensive income for the period	-	-	2,028	-	-	2,028
Total comprehensive income for the period	-	-	2,028	-	226,393	228,421
Dividends to owners of the Company	-	-	-	-	(32,558)	(32,558)
Conversion of RCPS	5,473	(95)	-	-	-	5,378
Long Term Incentive Plan ("LTIP"): - Share-based payments expenses	-	-	2,167	-	-	2,167
At 30 September 2021	617,489	2,667	79,993	(65,634)	674,478	1,308,993
At 1 January 2020	612,016	2,762	74,860	(65,634)	580,630	1,204,634
Loss for the period	-	-	-	-	(106,195)	(106,195)
Other comprehensive income for the period	-	-	1,972	-	-	1,972
Total comprehensive income/(loss) for the period	-	-	1,972	-	(106,195)	(104,223)
Long Term Incentive Plan ("LTIP"): - Share-based payments expenses	-	-	3,348	-	-	3,348
At 30 September 2020	612,016	2,762	80,180	(65,634)	474,435	1,103,759

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 nine months ended 30 September 2021

	9 months ended	
	30.9.2021	30.9.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	245,329	(84,151)
Adjustments for non-cash items	80,285	68,803
Operating profit/(loss) before working capital changes	325,614	(15,348)
Changes in working capital		
Net change in current assets	(361,885)	44,032
Net change in current liabilities	57,099	(14,745)
Interest received	3,107	2,896
Interest paid	(19,208)	(28,665)
Tax paid	(4,214)	(2,255)
Tax refunded	3	-
Retirement benefits paid	(193)	(536)
Net cash flows generated from/(used in) operating activities	323	(14,621)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	300	351
Proceeds from disposal of property, plant and equipment	150	36,173
Proceeds from disposal of investment properties	54	
Purchase of property, plant and equipment	(4,613)	(1,411)
Net cash flows (used in)/generated from investing activities	(4,109)	35,113
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	36,079	(77,898)
Net repayment of lease liabilities	(1,386)	(1,367)
Proceeds from the conversion of RCPS	3,953	-
Interest paid	(9)	(25)
Dividend paid to holders of RCPS	(1,071)	(1,099)
Withdrawal of fixed deposit pledged with licensed banks	-	9
Net cash flows generated from/(used in) financing activities	37,566	(80,380)
Net change in cash and cash equivalents	33,780	(59,888)
Effects of foreign exchanges rate changes	1,512	443
Cash and cash equivalents at beginning of period	60,383	99,010
Cash and cash equivalents at end of period	95,675	39,565

Cash and cash equivalents

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

	9 months ended	
	30.9.2021	30.9.2020
	RM'000	RM'000
Cash and bank balances	95,675	39,565
Less: Restricted bank balances	-	-
	95,675	39,565

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

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 NINE MONTHS ENDED 30 SEPTEMBER 2021

3 NATURE AND AMOUNT OF UNUSUAL ITEMS

The Malaysian Government (‘the Government’) had, on 15 June 2021, unveiled the implementation of the National Recovery Plan (“NRP”) which comprises four phases of an exit strategy, to enable Malaysia to recover from the Covid-19 pandemic. All economic sectors are not allowed to operate with the exception of essential economic and service sectors under Phase 1 of NRP.

Following the decision by the National Security Council on 5 July 2021 to allow states to transit into the next phase of the NRP upon meeting the relevant threshold indicators, the Group was permitted to gradually resume operations subject to SOP compliance. As a result, the Group incurred overhead cost for plant shutdown of RM6.18 million during the mandatory business closure period in 3Q2021.

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

5 DEBT AND EQUITY SECURITIES

5.1 Treasury shares

As at 30 September 2021, out of the total 562,951,943 issued 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, 774,354 RCPS were converted into 774,354 ordinary shares of the Company. As a result, the issued ordinary share capital of the Company increased from 562,177,589 ordinary shares to 562,951,943 ordinary shares. The new ordinary shares issued rank *pari-passu* with the 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 September 2021.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021**6 DIVIDENDS PAID/PAYABLE**

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

	30.9.2021	30.9.2020
First interim ordinary shares dividend		
For the financial year ending/ended	31 December 2021	-
Approved and declared on	26 August 2021	-
Entitlement date	15 September 2021	-
Date payable	14 October 2021	-
Number of ordinary shares on which dividends were paid ('000)	542,633	-
Interim dividend per share (single-tier)	6 sen	-
Net dividend (RM'000)	32,558	-
First semi-annual RCPS dividend		
For the financial year ending/ended	31 December 2021	31 December 2020
Approved and declared on	28 May 2021	5 June 2020
Entitlement date	16 June 2021	24 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 (RM'000)	1,071	1,099

7 PROFIT BEFORE TAX

	3 months ended 30.9.2021 RM'000	9 months ended 30.9.2021 RM'000
Profit before tax is arrived at after charging:		
Allowance for inventories written down	5,146	10,266
Depreciation and amortisation	14,957	44,614
Finance cost		
- Interest expenses	6,300	19,217
- RCPS unwinding of discount	619	1,887
- Lease Liability	102	358
Impairment loss on property, plant and equipment	-	1,210
Impairment loss on receivables, net	3,683	2,737
LTIP share-based payments expenses	722	2,167
Overhead cost for plant temporary shutdown	6,579	24,354
Property, plant and equipment written off	-	1,308
and after crediting:		
Interest income	1,432	3,407
Foreign exchange gain/(loss)		
- Realised	912	1,756
- Unrealised	(206)	(519)



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

8 MATERIAL EVENTS SUBSEQUENT TO THE END OF CURRENT QUARTER

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 September 2021 were as follows:

	<u>RM'000</u>
(a) contracted but not provided for	2,189
(b) approved but not contracted for	<u>27,168</u>



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

12 REVIEW OF PERFORMANCE

	3 months ended		Changes (%)	9 months ended		Changes (%)
	30.9.2021 RM'000	30.9.2020 RM'000		30.9.2021 RM'000	30.9.2020 RM'000	
Revenue						
Manufacturing	265,732	416,425	(36.19)	1,192,261	960,162	24.17
Trading	229,404	282,812	(18.88)	797,810	698,423	14.23
Investment holding, property management and others	5,392	6,232	(13.48)	19,093	18,639	2.44
Adjustments and elimination	(94,837)	(145,257)	34.71	(352,710)	(325,448)	(8.38)
Group revenue	405,691	560,212	(27.58)	1,656,454	1,351,776	22.54
Segment results						
Manufacturing	43,005	(12,396)	>100.00	167,527	(91,467)	>100.00
Trading	26,722	8,023	>100.00	94,974	17,398	>100.00
Investment holding, property management and others	(398)	(205)	(94.15)	1,703	1,820	(6.43)
Adjustments and elimination	(654)	(251)	(>100.00)	(814)	253	(>100.00)
	68,675	(4,829)	>100.00	263,390	(71,996)	>100.00
Gain on disposal of plant, property and equipment	-	15,200	(>100.00)	-	15,531	(>100.00)
Finance costs	(7,021)	(9,291)	24.43	(21,462)	(30,926)	30.60
Interest income	1,432	1,530	(6.41)	3,407	3,247	4.93
Share of results of associates	(3)	(4)	25.00	(6)	(7)	14.29
Profit/(Loss) before tax	63,083	2,606	>100.00	245,329	(84,151)	>100.00

Lower revenue in the third quarter of 2021 (“3Q2021”) compared to the corresponding period of the preceding year was mainly due to lower export sales tonnage in view of the price volatility in the international market. However, it was partly mitigated by higher average selling price of various steel products.

Revenue in the nine months of 2021 (“9M2021”) was higher as compared to the previous nine months of 2020 (“9M2020”), attributed to higher selling prices of various steel products and higher export tonnage in 9M2021. This was despite weak domestic demand as result of the implementation of various Movement Control Orders and the NRP to contain the Covid-19 infections.

The better financial performance in 3Q2021 and 9M2021 was primarily attributed to improved profit margins resulting from higher selling price, which were fundamentally driven by a robust recovery in China demand.



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13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended		Changes (%)
	30.9.2021 RM'000	30.6.2021 RM'000	
Revenue	405,691	674,073	(39.81)
Profit before tax	63,083	100,230	(37.06)

Lower revenue in 3Q2021 compared to second quarter of 2021 ("2Q2021") was mainly due to lower export tonnage in view of the price volatility in the international market. However, it was partly mitigated by higher average selling price of various steel products.

Lower profit before tax in 3Q2021 as compared to 2Q2021 was mainly attributed to lower export sales, as explained above.

14 SEGMENTAL INFORMATION

14.1 Business Segments

The segmental revenue, results and assets for the nine months ended 30 September 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
REVENUE					
External customers	858,105	796,554	1,795	-	1,656,454
Inter-segment	334,156	1,256	17,298	(352,710)	-
	<u>1,192,261</u>	<u>797,810</u>	<u>19,093</u>	<u>(352,710)</u>	<u>1,656,454</u>
RESULTS					
Segment profit	167,527	94,974	1,703	(814)	263,390
Finance costs					(21,462)
Interest income					3,407
Share of associates' results					(6)
Profit before tax					<u>245,329</u>
Income tax expense					(18,936)
Profit for the period					<u>226,393</u>
Segment assets	<u>1,889,645</u>	<u>853,036</u>	<u>132,655</u>	<u>(300,421)</u>	<u>2,574,915</u>
Segment liabilities	<u>960,549</u>	<u>483,159</u>	<u>126,351</u>	<u>(304,137)</u>	<u>1,265,922</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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.

	9 months ended 30.9.2021 RM'000
Revenue from external customers	
Malaysia	1,580,364
Singapore	76,090
	<hr/>
Non-current assets	
Malaysia	906,617
Singapore	2,261
	<hr/>

15 PROSPECTS

China steel demand appears to be moderating in the second half of the year after a strong recovery momentum in 1H2021, mainly attributed to the government's policies on strict production controls, cooling of overheating commodity prices, property sector reform, and energy restrictions with pronounced shutdowns. However, steel demand is expected to recover in 2022, fundamentally supported by the country's on-going pump priming.

Apart from China's volatile and uncertain market conditions, global steel demand could see a gradual recovery, underpinned by a reduction in supply chain bottlenecks and rising business confidence. Meanwhile, the rollout of the US's newly approved USD 1.2 trillion Infrastructure Bill is likely to boost demand for long products.

The domestic market remains weak, partly due to public funding constraints. The market outlook continues to be weighed down by volatile raw material and fuel costs as well as rising cost of doing business. To alleviate challenges and impact of the NRP implementation to combat the Covid-19 pandemic, the Group will remain focused on exports, riding on the recovery of the global market.

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



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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 September 2021.

17 INCOME TAX (CREDIT)/EXPENSE

The income tax (credit)/expense comprises:

	3 months ended 30.9.2021 RM'000	9 months ended 30.9.2021 RM'000
Income tax		
Current period	5,990	20,910
Prior year	(37)	43
Deferred tax	(12,000)	(2,067)
Current period	50	50
Prior year	(5,997)	18,936

The Group's effective tax rate for 3Q2021 and 9M2021 was lower than the statutory rate, mainly due to realisation and recognition of previously unrecognised deferred tax assets by certain subsidiary companies, of which the 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 September 2021 were as follows:

a) Group borrowings

	30.9.2021 RM'000	30.9.2020 RM'000
<u>Secured</u>		
Short-term borrowings		
Obligations under finance leases	404	517
Long-term borrowings		
Obligations under finance leases	646	384
	1,050	901
<u>Unsecured</u>		
Short-term borrowings		
Bills payable	935,198	952,840
Revolving credit	-	20,000
Foreign currency trade loan	17,672	17,721
	952,870	990,561
	953,920	991,462



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19 GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)

a) Group borrowings (continued)

The currency profile of bank borrowings was as follows:

	30.9.2021		30.9.2020	
	USD denomination (‘000)	RM equivalent (‘000)	USD denomination (‘000)	RM equivalent (‘000)
Unsecured				
Short-term borrowings				
Foreign currency trade loan	4,223	17,672	4,260	17,721

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	(3,041)	(1,520)
Add: Unwinding of discount charged to profit or loss	-	1,887
Less: Dividend paid	-	(1,071)
At the end of financial period	84,895	44,834
Liability component		42,167
Equity component		2,667
		44,834

20 FINANCIAL INSTRUMENTS

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

	Notional Value RM’000	Fair Value RM’000	Net Gain RM’000
Foreign Currency Forward Contracts:			
- Less than one year	2,037	2,038	1

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.



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 NINE MONTHS ENDED 30 SEPTEMBER 2021

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 29 November 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 had proceeded with the hearing for Amsteel's Appeal on 30 September 2021 whereby the appeal was allowed with costs of RM10,000.00 for the High Court and Court of Appeal stage.

In line with the relevant provisions in law, AJSB had on 29 October 2021 filed an application seeking for leave to appeal to the Federal Court and an application to stay the execution of the Order dated 30 September 2021. The stay application came up for Case Management vide e-Review on 2 November 2021 whereby the stay application is now fixed for Hearing on 16 March 2022 and parties are to exhaust the affidavits as well as file the written submissions by 2 March 2022.

Considering there is a deadline to comply with the Discovery Order dated 30 September 2021, Amsteel had on 11 November 2021 produced a notice to show cause to AJSB in relation to the non-compliance with the Discovery Order. AJSB has responded to the notice to show cause on 23 November 2021.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021**21 MATERIAL LITIGATIONS (CONTINUED)****In the Federal Court, Motion No. 08(i)-528-10/2021(W)
AJSB (Applicant) v Amsteel (Respondent)**

AJSB had, on 29 October 2021, filed the leave to appeal to the Federal Court against the decision made by the Court of Appeal on 30 September 2021 in allowing Amsteel's Appeal. The leave application is fixed for a Case Management vide e-Review on 29 November 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 PROPOSED DIVIDEND**22.1 Ordinary shares**

The Board of Directors does not recommend any dividend for the financial period ended 30 September 2021 (3Q2020: nil).

22.2 Redeemable Convertible Cumulative Preference Shares

On 29 November 2021, the Board of Directors approved and declared the second semi-annual dividend of 1.25 sen per Redeemable Convertible Cumulative Preference Share in respect of the financial year ending 31 December 2021. This dividend will be paid on 31 December 2021 to the depositors registered in the record of depositors at the close of the business on 14 December 2021.

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 nine months ended 30 September 2021 as set out below:

		3 months ended 30.9.2021	9 months ended 30.9.2021
Total profit attributable to owners of the Parent	(RM'000)	69,080	226,393
Weighted average number of ordinary shares in issue or issuable	('000)	542,138	540,849
Basic EPS	(sen)	12.74	41.86

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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.

		3 months ended 30.9.2021	9 months ended 30.9.2021
Total profit attributable to owners of the Parent	(RM'000)	69,080	226,393
Effects on earnings upon conversion of RCPS	(RM'000)	619	1,887
	(RM'000)	<u>69,699</u>	<u>228,280</u>
Weighted average number of ordinary shares in issue or issuable	('000)	542,138	540,849
Effect of dilution from the full conversion of the remaining RCPS in issue	('000)	84,895	84,895
Weighted average number of ordinary shares in issue or issuable (Diluted)	('000)	<u>627,033</u>	<u>625,744</u>
Diluted EPS	(sen)	<u>11.12</u>	<u>36.48</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 29 November 2021.

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