



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 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 twelve months ended 31 December 2021

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	739,250	539,423	2,395,704	1,891,199
Operating expenses	(725,621)	(524,124)	(2,125,185)	(1,953,076)
Other income	4,259	2,777	14,166	26,735
Finance costs	(7,552)	(8,227)	(29,014)	(39,153)
Share of results of associates	-	(4)	(6)	(11)
Profit/(Loss) before tax	10,336	9,845	255,665	(74,306)
Income tax credit/(expense)	6,200	(3,637)	(12,736)	(25,681)
<b>Profit/(Loss) for the period</b>	<b>16,536</b>	<b>6,208</b>	<b>242,929</b>	<b>(99,987)</b>
<b>Other comprehensive income/(expenses)</b>				
<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	(164)	(1,122)	1,396	(684)
Cash flow hedges	(1)	(468)	467	1,065
Other comprehensive (expenses)/income for the period net of tax	(165)	(1,590)	1,863	381
<b>Total comprehensive income/(expenses) for the period</b>	<b>16,371</b>	<b>4,618</b>	<b>244,792</b>	<b>(99,606)</b>
<b>Profit/(loss) attributable to:</b>				
Owners of the parent	16,536	6,208	242,929	(99,987)
<b>Total comprehensive income/(expenses) attributable to:</b>				
Owners of the parent	16,371	4,618	244,792	(99,606)
<b>Earnings per share ("EPS") (sen):</b>				
Basic EPS	3.05	1.15	44.88	(18.53)
Diluted/(Anti-diluted) EPS	2.73	1.09	39.20	(15.53)

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 31 December 2021**

	<b>31.12.2021</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	864,361	919,701
Investment properties	9,534	14,562
Intangible assets	7,513	7,513
Investment in associates	271	492
Other investments	1	1
Deferred tax assets	86,377	73,006
Right-of-use assets	7,678	8,708
<b>Total Non-current Assets</b>	<b>975,735</b>	<b>1,023,983</b>
<b>Current Assets</b>		
Inventories	1,049,233	733,486
Trade receivables	505,942	374,520
Other receivables, deposits and prepayments	29,855	30,235
Current tax assets	7,576	9,003
Cash and bank balances	65,098	60,383
<b>Total Current Assets</b>	<b>1,657,704</b>	<b>1,207,627</b>
<b>TOTAL ASSETS</b>	<b>2,633,439</b>	<b>2,231,610</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share Capital	617,674	612,016
Redeemable Convertible Cumulative Preference Share ("RCPS") - Equity component	2,663	2,762
Treasury shares	(65,634)	(65,634)
Other reserves	77,136	75,798
Retained earnings	691,014	480,643
<b>Total Equity</b>	<b>1,322,853</b>	<b>1,105,585</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	579	291
Lease liabilities	6,450	7,856
RCPS - Liability component	41,678	42,776
Provision for retirement benefits	3,350	3,753
Deferred tax liabilities	14,216	14,312
<b>Total Non-current Liabilities</b>	<b>66,273</b>	<b>68,988</b>
<b>Current Liabilities</b>		
Loans and borrowings	1,021,103	917,551
Lease liabilities	1,473	1,281
Trade payables	161,786	105,041
Other payables, deposits and accruals	52,503	30,990
Derivative liabilities	-	1,084
Current tax liabilities	7,448	1,090
<b>Total Current Liabilities</b>	<b>1,244,313</b>	<b>1,057,037</b>
<b>Total Liabilities</b>	<b>1,310,586</b>	<b>1,126,025</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,633,439</b>	<b>2,231,610</b>
Net assets per share attributable to owners of the parent (RM)	2.44	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 twelve months ended 31 December 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 year	-	-	-	-	242,929	242,929
Other comprehensive income for the year	-	-	1,863	-	-	1,863
Total comprehensive income for the year	-	-	1,863	-	242,929	244,792
Dividends to owners of the Company	-	-	-	-	(32,558)	(32,558)
Conversion of RCPS	5,658	(99)	-	-	-	5,559
Long Term Incentive Plan ("LTIP"): - Share-based payments expenses	-	-	(525)	-	-	(525)
<b>At 31 December 2021</b>	<b>617,674</b>	<b>2,663</b>	<b>77,136</b>	<b>(65,634)</b>	<b>691,014</b>	<b>1,322,853</b>
<b>At 1 January 2020</b>	612,016	2,762	74,860	(65,634)	580,630	1,204,634
Loss for the year	-	-	-	-	(99,987)	(99,987)
Other comprehensive income for the year	-	-	381	-	-	381
Total comprehensive income/(loss) for the year	-	-	381	-	(99,987)	(99,606)
Long Term Incentive Plan ("LTIP"): - Share-based payments expenses	-	-	557	-	-	557
<b>At 31 December 2020</b>	<b>612,016</b>	<b>2,762</b>	<b>75,798</b>	<b>(65,634)</b>	<b>480,643</b>	<b>1,105,585</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 twelve months ended 31 December 2021**

	<b>12 months ended</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	255,665	(74,306)
Adjustments for:	149,550	90,480
Operating profit before working capital changes	405,215	16,174
Changes in working capital		
Net change in current assets	(511,025)	131,810
Net change in current liabilities	77,230	(16,643)
Interest received	4,964	3,475
Interest paid	(26,070)	(36,135)
Tax paid	(18,643)	(5,686)
Tax refunded	3	-
Retirement benefits paid	(193)	(723)
Net cash flows (used in)/generated from operating activities	(68,519)	92,272
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	404	428
Proceeds from disposal of property, plant and equipment	314	36,170
Proceeds from disposal of investment properties	5,827	-
Purchase of property, plant and equipment	(5,972)	(11,536)
Net cash flows generated from investing activities	573	25,062
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown / (repayment) of bank borrowings	103,841	(151,220)
Net repayment of lease liabilities	(1,815)	(1,815)
Proceeds from the conversion of RCPS	4,087	-
Interest paid	(10)	(34)
Dividends paid to shareholders	(32,558)	-
Dividends paid to holders of RCPS	(2,131)	(2,199)
Withdrawal of fixed deposit pledged with licensed banks	-	9
Net cash flows generated from/(used in) financing activities	71,414	(155,259)
Net change in cash and cash equivalents	3,468	(37,925)
Effects of foreign exchanges rate changes	1,247	(702)
Cash and cash equivalents at beginning of year	60,383	99,010
Cash and cash equivalents at end of year	65,098	60,383

**Cash and cash equivalents**

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

	<b>12 months ended</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	65,098	60,383

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

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### 1 BASIS OF PREPARATION (CONTINUED)

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

##### Effective for 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)
Amendments to MFRS 17 Insurance Contracts	Initial Application of MFRS17 and MFRS 9 – Comparative Information

##### 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 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 TWELVE MONTHS ENDED 31 DECEMBER 2021**

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### **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 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 twelve months results ended 31 December 2021.

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

#### **5.1 Treasury shares**

As at 31 December 2021, out of the total 563,054,943 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, 103,000 RCPS were converted into 103,000 ordinary shares of the Company. As a result, the issued ordinary share capital of the Company increased from 562,951,943 ordinary shares to 563,054,943 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 31 December 2021.





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

### 6 DIVIDENDS PAID

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

	31.12.2021	31.12.2020
<b>First interim ordinary shares dividend</b>		
For the financial year ended	31 December 2021	-
Approved and declared on	26 August 2021	-
Entitlement date	15 September 2021	-
Date paid	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	-
<b>First semi-annual RCPS dividend</b>		
For the financial year 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
<b>Second semi-annual RCPS dividend</b>		
For the financial year ended	31 December 2021	31 December 2020
Approved and declared on	29 November 2021	27 November 2020
Entitlement date	15 December 2021	16 December 2020
Date paid	31 December 2021	30 December 2020
Number of RCPS on which dividends were paid ('000)	84,793	87,936
Dividend per share (single-tier)	1.25 sen	1.25 sen
Net dividend (RM'000)	1,060	1,099



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

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### 7 PROFIT BEFORE TAX

	3 months ended 31.12.2021 RM'000	12 months ended 31.12.2021 RM'000
<b>Profit before tax is arrived at after charging:</b>		
Allowance for inventories written down	34,474	44,740
Depreciation and amortisation	15,842	60,456
Finance cost		
- Interest expenses	6,863	26,080
- RCPS unwinding of discount	619	2,506
- Lease Liability	70	428
Impairment loss on property, plant and equipment	-	1,210
Impairment loss on receivables, net	14,936	17,673
Overhead cost on plant temporary shutdown	15,020	39,374
Property, plant and equipment written off	-	1,308
Foreign exchange (gain)/loss		
- Realised	(78)	(1,834)
- Unrealised	1,145	1,664
<b>and after crediting:</b>		
Interest income	1,961	5,368
Reversal of provision for LTIP share-based payments	2,692	525
Gain on disposal of property, plant and equipment	164	256
Gain on disposal of investment properties	974	979

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

There has not arisen in the interval between the end of the 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 significant changes in the composition of the Group during the financial period under review.



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

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### **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**

Capital commitments as at 31 December 2021 were as follows:

	<u><b>RM'000</b></u>
(a) contracted but not provided for	13,439
(b) approved but not contracted for	<u>29,793</u>

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2021****12 REVIEW OF PERFORMANCE**

	3 months ended		Changes (%)	12 months ended		Changes (%)
	31.12.2021 RM'000	31.12.2020 RM'000		31.12.2021 RM'000	31.12.2020 RM'000	
<b>Revenue</b>						
Manufacturing	532,286	395,455	34.60	1,724,547	1,355,617	27.21
Trading	319,745	264,601	20.84	1,117,555	963,024	16.05
Investment holding, property management and others	30,878	8,878	>100.00	49,971	27,517	81.60
Adjustments and elimination	(143,659)	(129,511)	(10.92)	(496,369)	(454,959)	(9.10)
<b>Group revenue</b>	<b>739,250</b>	<b>539,423</b>	<b>37.04</b>	<b>2,395,704</b>	<b>1,891,199</b>	<b>26.68</b>
<b>Segment results</b>						
Manufacturing	(7,089)	1,480	>100.00	160,438	(89,987)	>100.00
Trading	18,737	13,876	35.03	113,614	31,274	>100.00
Investment holding, property management and others	26,792	7,402	>100.00	28,495	9,222	>100.00
Adjustments and elimination	(23,651)	(5,357)	(>100.00)	(24,465)	(5,104)	(>100.00)
	14,789	17,401	(15.01)	278,082	(54,595)	>100.00
Gain on disposal of property, plant and equipment	164	8	>100.00	256	15,539	(98.35)
Gain on disposal of investment properties	974	11	>100.00	979	11	>100.00
Finance costs	(7,552)	(8,227)	8.20	(29,014)	(39,153)	25.90
Interest income	1,961	656	>100.00	5,368	3,903	37.54
Share of results of associates	-	(4)	>100.00	(6)	(11)	45.45
<b>Profit/(Loss) before tax</b>	<b>10,336</b>	<b>9,845</b>	<b>4.99</b>	<b>255,665</b>	<b>(74,306)</b>	<b>&gt;100.00</b>

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

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**12 REVIEW OF PERFORMANCE (CONTINUED)**

Higher revenue in the fourth quarter of 2021 (“4Q2021”) as compared to the corresponding period of the preceding year was mainly due to higher export tonnage and selling prices of various steel products while domestic market remained subdued.

Revenue for the financial year of 2021 (“FY2021”) was higher as compared to the financial year of 2020 (“FY2020”) attributed to higher selling prices of various steel products despite lower sales tonnage. Higher steel price was largely driven by China’s pump priming. However, domestic market remained soft, attributed largely to business closures associated to the Covid-19 pandemic, which resulted in lower sales tonnage in FY2021.

The Group registered a record high profit in FY2021 on improved revenue and profit margin from higher selling prices, coupled with low base inventory cost resulting from time lag effects of high material costs due to sharp surge in raw material prices in the first half of 2021. This was despite higher operating costs from allowance for inventories write down, impairment loss on receivables, and overhead costs for scheduled and unscheduled plant temporary shutdown due to Covid-19 pandemic lockdowns.

**13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

	<b>3 months ended</b>		<b>Changes (%)</b>
	<b>31.12.2021</b>	<b>30.09.2021</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	739,250	405,691	82.22
Profit before tax	10,336	63,083	(83.62)

Higher revenue in 4Q2021 as compared to third quarter of 2021 (“3Q2021”) was mainly due to higher export tonnage.

However, profit before tax in 4Q2021 was lower than 3Q2021, mainly attributed to higher cost of sales as a result of higher raw materials prices, as well as higher operating costs from allowance for inventories write down, impairment loss on receivables, and overhead cost for scheduled and unscheduled plant temporary shutdown.

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2021****14 SEGMENTAL INFORMATION****14.1 Business Segments**

The segmental revenue, results, assets and liabilities for the twelve months ended 31 December 2021 were as follows:

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Investment holding, property management and others RM'000</b>	<b>Adjustments and elimination RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>					
External customers	1,277,398	1,115,517	2,789	-	2,395,704
Inter-segment	447,149	2,038	47,182	(496,369)	-
	<u>1,724,547</u>	<u>1,117,555</u>	<u>49,971</u>	<u>(496,369)</u>	<u>2,395,704</u>
<b>RESULTS</b>					
Segment profit	160,438	113,614	28,495	(24,465)	278,082
Gain on disposal of property, plant and equipment	132	123	1	-	256
Gain on disposal of investment properties	-	506	473	-	979
Finance costs					(29,014)
Interest income					5,368
Share of results of associates					(6)
Profit before tax					<u>255,665</u>
Income tax expense					(12,736)
Profit for the year					<u>242,929</u>
Segment assets	<u>1,886,561</u>	<u>851,947</u>	<u>124,460</u>	<u>(229,529)</u>	<u>2,633,439</u>
Segment liabilities	<u>965,095</u>	<u>479,434</u>	<u>105,677</u>	<u>(239,620)</u>	<u>1,310,586</u>

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

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**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>12 months ended 31.12.2021 RM'000</b>
<b>Revenue from external customers</b>	
Malaysia	2,297,058
Singapore	<u>98,646</u>
<b>Non-current assets</b>	
Malaysia	887,406
Singapore	<u>1,951</u>

**15 PROSPECTS**

The steel market entered 2022 with a relatively volatile and uncertain industry landscape following a challenging fourth quarter last year. The industry is facing a mix of potential positive drivers and possible geo-political and economic concerns that could affect steel prices, raw material and fuel costs.

On a positive note, steel demand recovery in China is expected to be bolstered by the country's accelerated infrastructure spending and the relaxation of property loan restrictions to stabilise the property sector. The upcoming March-April construction peak period in China should also provide a stronger impetus for steel consumption momentum. China is also expected to continue to cap its steel output, thus moderating the risk of over-supply from the biggest steel producing country in the world.

Of concern, however, is the relatively uncertain outlook for raw material and fuel costs, and potential downside risk to global steel consumption given prolonged supply chain disruptions and persistently high energy prices on the back of on-going US-China trade frictions and commencement of Russia-Ukraine war. The emergence of new COVID-19 variants, which prolongs the pandemic, adds uncertainty to steel demand recovery. Going forward, steel players are expected to report lower margins as a result of rising raw material and fuel costs, as well as elevated inflationary in general.

Domestically, the resurgence of Covid-19 infections caused by Omicron variants could be disruptive to the economic recovery, particularly in the construction sector. Steel demand recovery continues to be hindered by public spending constraints for infrastructure construction and nationwide labour shortages. Market outlook continues to be influenced by international steel price movement, as well as raw material and fuel costs.



# ANN JOO RESOURCES BERHAD

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(Incorporated in Malaysia)

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### 15 PROSPECTS (CONTINUED)

To alleviate challenges, the Group remains vigilant and resilient in refining its strategies in line with the future direction of the markets, both domestically and internationally. The Group will continue to prioritise efforts to boost exports, as well as productivity improvements and cost optimisation initiatives, in order to further improve operational efficiency and earnings capability.

### 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 2021.

### 17 INCOME TAX (CREDIT)/EXPENSE

The income tax (credit)/expense comprises:

	<b>3 months ended 31.12.2021 RM'000</b>	<b>12 months ended 31.12.2021 RM'000</b>
<b>Recognised in comprehensive income:</b>		
<b>Income tax</b>		
Current period	5,400	26,310
Prior year	-	43
<b>Deferred tax</b>		
Current period	(11,600)	(13,667)
Prior year	-	50
	(6,200)	12,736
<b>Recognised in other comprehensive income:</b>		
<b>Deferred tax</b>		
Current period	-	150
	(6,200)	12,886

The Group's effective tax rate for 4Q2021 and FY2021 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.





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

### 19 GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings and debts securities as at 31 December 2021 were as follows:

#### a) Group borrowings

	31.12.2021 RM'000	31.12.2020 RM'000
<b><u>Short-term borrowings</u></b>		
<b>Secured</b>		
Obligations under finance leases	340	482
<b>Unsecured</b>		
Bills payable	1,011,087	862,620
Revolving credit	-	10,000
Foreign currency trade loan	9,676	44,449
	1,021,103	917,551
<b><u>Long-term borrowings</u></b>		
<b>Secured</b>		
Obligations under finance leases	579	291
	1,021,682	917,842

The currency profile of bank borrowings was as follows:

	31.12.2021		31.12.2020	
	USD denomination ( '000)	RM equivalent ( '000)	USD denomination ( '000)	RM equivalent ( '000)
<b><u>Short-term borrowings</u></b>				
<b>Unsecured</b>				
Foreign currency trade loan	2,319	9,676	11,019	44,449

#### b) Debts securities – RCPS

	No of RCPS ( '000)	Amount RM'000
At the beginning of financial year	87,936	45,538
Less: Converted during the year	(3,144)	(1,572)
Add: Unwinding of discount charged to profit or loss	-	2,506
Less: Dividend paid	-	(2,131)
At the end of financial year	84,792	44,341
Liability component		41,678
Equity component		2,663
		44,341



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

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### **20 FINANCIAL INSTRUMENTS**

The Group has no outstanding derivatives as at 31 December 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.

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. Amsteel then on 10 May 2019 filed Notice of Appeal against the High Court's decision (“Amsteel's Appeal”).

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 for the High Court and Court of Appeal stage.

A further Case Management is fixed on 17 March 2022 in the High Court to update Court on the outcome of the hearing in the Court of Appeal.

#### **In the Federal Court Appeal No. 08(i)-528-10/2021 (W) Appeal from the Decision by the Court of Appeal No. W-02(IM)(NCVC)-890-05/2019 AJSB (Appellant) v Amsteel (Respondent)**

AJSB had then on 29 October 2021 filed an application seeking for leave to appeal to the Federal Court and an application to stay to the Court of Appeal the execution of the Order dated 30 September 2021. The leave for appeal and stay application came up for Case Management vide e-Review on 2 November 2021 whereby both the leave for appeal and stay application are now fixed for Hearing on 16 March 2022.

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

Amsteel had, on 14 December 2021, filed the amendment application to the Court of Appeal to amend the Discovery Order granted in favour of Amsteel on 30 September 2021 as the contents of the Discovery Order is ambiguous. The case is now fixed for Hearing on 26 April 2022.

Save as disclosed above, there were no other material litigations against the Group as at the date of this report.



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### 22 PROPOSED DIVIDEND

#### Ordinary shares

On 28 February 2022, the Board of Directors approved and declared a second single-tier interim dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2021 (4Q2020: nil). The dividend will be paid on 27 May 2022 to the depositors registered in the record of depositors at the close of business on 29 April 2022.

### 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 twelve months ended 31 December 2021 as set out below:

		<b>3 months ended 31.12.2021</b>	<b>12 months ended 31.12.2021</b>
Total profit attributable to owners of the Parent	(RM'000)	16,536	242,929
Weighted average number of ordinary shares in issue or issuable	('000)	542,710	541,318
Basic EPS	(sen)	3.05	44.88



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### 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 twelve months ended 31 December 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 31.12.2021</b>	<b>12 months ended 31.12.2021</b>
Total profit attributable to owners of the Parent	(RM'000)	16,536	242,929
Effects on earnings upon conversion of RCPS	(RM'000)	619	2,506
	(RM'000)	<u>17,155</u>	<u>245,435</u>
Weighted average number of ordinary shares in issue or issuable	('000)	542,710	541,318
Effect of dilution from the full conversion of the remaining RCPS in issue	('000)	84,792	84,792
Weighted average number of ordinary shares in issue or issuable (Diluted)	('000)	<u>627,502</u>	<u>626,110</u>
Diluted EPS	(sen)	<u>2.73</u>	<u>39.20</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 28 February 2022.

By Order of the Board  
Wong Youn Kim (MAICSA 7018778)  
Lim Swee Foon (MAICSA 7064875)  
Company Secretaries  
28 February 2022  
Selangor Darul Ehsan