



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 THREE MONTHS ENDED
31 MARCH 2022**



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 three months ended 31 March 2022

| | 3 months ended | | 3 months ended | |
|--|----------------|---------------|----------------|---------------|
| | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 673,214 | 576,690 | 673,214 | 576,690 |
| Operating expenses | (627,413) | (489,510) | (627,413) | (489,510) |
| Other income | 3,863 | 2,176 | 3,863 | 2,176 |
| Finance costs | (7,477) | (7,339) | (7,477) | (7,339) |
| Share of results of associates | (3) | (1) | (3) | (1) |
| Profit before tax | 42,184 | 82,016 | 42,184 | 82,016 |
| Income tax expense | (9,259) | (8,401) | (9,259) | (8,401) |
| Profit for the period | 32,925 | 73,615 | 32,925 | 73,615 |
| Other comprehensive income | | | | |
| <u>Items that will be reclassified</u> | | | | |
| <u>subsequently to profit or loss:</u> | | | | |
| Foreign currency translation differences for foreign operations | 403 | 1,162 | 403 | 1,162 |
| Cash flow hedges | 9 | 467 | 9 | 467 |
| Other comprehensive income for the period net of tax | 412 | 1,629 | 412 | 1,629 |
| Total comprehensive income for the period | 33,337 | 75,244 | 33,337 | 75,244 |
| Profit attributable to: | | | | |
| Owners of the Company | 32,925 | 73,615 | 32,925 | 73,615 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 33,337 | 75,244 | 33,337 | 75,244 |
| Earnings per share ("EPS") (sen): | | | | |
| Basic EPS | 6.01 | 13.64 | 6.01 | 13.64 |
| Diluted EPS | 5.38 | 11.84 | 5.38 | 11.84 |

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statements of Financial Position
As at 31 March 2022

| | 31.3.2022 | 31.12.2021 |
|---|------------------|-------------------|
| | RM'000 | RM'000 |
| | | (audited) |
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 853,612 | 864,361 |
| Investment properties | 9,490 | 9,534 |
| Intangible assets | 7,513 | 7,513 |
| Investment in associates | 268 | 271 |
| Other investments | 1 | 1 |
| Deferred tax assets | 82,551 | 86,377 |
| Right-of-use assets | 7,291 | 7,678 |
| Total Non-current Assets | 960,726 | 975,735 |
| Current Assets | | |
| Inventories | 1,033,645 | 1,049,233 |
| Trade receivables | 506,084 | 505,942 |
| Other receivables, deposits and prepayments | 38,291 | 29,855 |
| Derivative assets | 12 | - |
| Current tax assets | 7,402 | 7,576 |
| Cash and bank balances | 97,138 | 65,098 |
| Total Current Assets | 1,682,572 | 1,657,704 |
| TOTAL ASSETS | 2,643,298 | 2,633,439 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Owners of the Parent | | |
| Share Capital | 636,626 | 617,674 |
| Redeemable Convertible Cumulative Preference Share ("RCPS") - Equity component | 2,332 | 2,663 |
| Treasury shares | (65,634) | (65,634) |
| Other reserves | 78,918 | 77,136 |
| Retained earnings | 723,939 | 691,014 |
| Total Equity | 1,376,181 | 1,322,853 |
| Non-current Liabilities | | |
| Loans and borrowings | 517 | 579 |
| Lease liabilities | 6,135 | 6,450 |
| RCPS - Liability component | 37,267 | 41,678 |
| Provision for retirement benefits | 3,360 | 3,350 |
| Deferred tax liabilities | 14,373 | 14,216 |
| Total Non-current Liabilities | 61,652 | 66,273 |
| Current Liabilities | | |
| Loans and borrowings | 1,008,424 | 1,021,103 |
| Lease liabilities | 1,433 | 1,473 |
| Trade payables | 131,523 | 161,786 |
| Other payables, deposits and accruals | 58,301 | 52,503 |
| Current tax liabilities | 5,784 | 7,448 |
| Total Current Liabilities | 1,205,465 | 1,244,313 |
| Total Liabilities | 1,267,117 | 1,310,586 |
| TOTAL EQUITY AND LIABILITIES | 2,643,298 | 2,633,439 |
| Net assets per share attributable to owners of the Company (RM) | 2.49 | 2.44 |

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statements of Changes in Equity
For the three months ended 31 March 2022

| | 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 2022 | 617,674 | 2,663 | 77,136 | (65,634) | 691,014 | 1,322,853 |
| Profit for the period | - | - | - | - | 32,925 | 32,925 |
| Other comprehensive income for the period | - | - | 412 | - | - | 412 |
| Total comprehensive income for the period | - | - | 412 | - | 32,925 | 33,337 |
| Conversion of RCPS | 18,952 | (331) | - | - | - | 18,621 |
| Long Term Incentive Plan ("LTIP"): - Share-based payments expenses | - | - | 1,370 | - | - | 1,370 |
| At 31 March 2022 | 636,626 | 2,332 | 78,918 | (65,634) | 723,939 | 1,376,181 |
| At 1 January 2021 | 612,016 | 2,762 | 75,798 | (65,634) | 480,643 | 1,105,585 |
| Profit for the period | - | - | - | - | 73,615 | 73,615 |
| Other comprehensive income for the period | - | - | 1,629 | - | - | 1,629 |
| Total comprehensive income for the period | - | - | 1,629 | - | 73,615 | 75,244 |
| Conversion of RCPS | 416 | (7) | - | - | - | 409 |
| Long Term Incentive Plan ("LTIP"): - Share-based payments expenses | - | - | 722 | - | - | 722 |
| At 31 March 2021 | 612,432 | 2,755 | 78,149 | (65,634) | 554,258 | 1,181,960 |

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statements of Cash Flows
For the three months ended 31 March 2022

| | 3 months ended | |
|--|-----------------------|------------------|
| | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 42,184 | 82,016 |
| Adjustments | 25,363 | 21,626 |
| Operating profit before working capital changes | 67,547 | 103,642 |
| Changes in working capital | | |
| Net change in current assets | 3,697 | (236,158) |
| Net change in current liabilities | (24,589) | 76,371 |
| Interest received | 1,661 | 1,042 |
| Interest paid | (6,857) | (6,582) |
| Tax paid | (7,594) | (1,874) |
| Tax refunded | 799 | 3 |
| Retirement benefits paid | - | (84) |
| Net cash flows generated from/(used in) operating activities | 34,664 | (63,640) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 114 | 78 |
| Proceeds from disposal of property, plant and equipment | 3 | 1 |
| Purchase of property, plant and equipment | (3,536) | (1,034) |
| Net cash flows used in investing activities | (3,419) | (955) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net (repayment)/drawdown of bank borrowings | (12,740) | 97,366 |
| Net repayment of lease liabilities | (459) | (451) |
| Proceeds from the conversion of RCPS | 13,687 | 300 |
| Interest paid | (1) | (3) |
| Net cash flows generated from financing activities | 487 | 97,212 |
| Net change in cash and cash equivalents | 31,732 | 32,617 |
| Effects of foreign exchanges rate changes | 308 | 1,153 |
| Cash and cash equivalents at beginning of period | 65,098 | 60,383 |
| Cash and cash equivalents at end of period | 97,138 | 94,153 |

Cash and cash equivalents

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

| | 3 months ended | |
|------------------------|-----------------------|------------------|
| | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 |
| Cash and bank balances | 97,138 | 94,153 |

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 THREE MONTHS ENDED 31 MARCH 2022

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 2021. 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 2021.

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 2021, 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 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 | |

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 THREE MONTHS ENDED 31 MARCH 2022

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 2023

| | |
|--|--|
| MFRS 17 | Insurance Contracts |
| 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 Contract |
| Amendments to MFRS 17 Insurance Contracts | Initial Application of MFRS 17 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 |
|------------------------------------|---|

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.

3 NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the three months ended 31 March 2022.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

4 NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no major changes in estimates that have had any material effect for the three months results ended 31 March 2022.

5 DEBT AND EQUITY SECURITIES

5.1 Treasury shares

As at 31 March 2022, out of the total 573,583,543 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, 10,528,600 RCPS were converted into 10,528,600 ordinary shares of the Company. As a result, the issued ordinary share capital of the Company increased from 563,054,943 ordinary shares to 573,583,543 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 March 2022.

6 DIVIDENDS PAYABLE

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

| | 31.03.2022 | 31.03.2021 |
|---|------------------|------------|
| Second interim ordinary shares dividend | | |
| For the financial year ended | 31 December 2021 | - |
| Approved and declared on | 28 February 2022 | - |
| Entitlement date | 29 April 2022 | - |
| Date payable | 27 May 2022 | - |
| Number of ordinary shares entitled for the dividend | | - |
| (‘000) | 558,265 | |
| Dividend per share (single-tier) | 6 sen | - |
| Net dividend (RM’000) | 33,496 | - |



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

7 PROFIT BEFORE TAX

| | 3 months ended 31.03.2022 RM'000 |
|--|---|
| Profit before tax is arrived at after charging: | |
| Allowance for inventories written down | 4,282 |
| Depreciation and amortisation | 14,730 |
| Finance cost | |
| - Interest expenses | 6,858 |
| - RCPS unwinding of discount | 523 |
| - Lease Liability | 96 |
| LTIP share-based payment expenses | 1,370 |
| Overhead cost on plant temporary shutdown | 2,806 |
| and after crediting: | |
| Foreign exchange gain/(loss) | |
| - Realised | 803 |
| - Unrealised | (198) |
| Interest income | 1,775 |
| Reversal of impairment loss on receivables | 992 |

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

During the current period under review, the following dormant subsidiaries/associate, have been struck off from the register of the Companies Commission of Malaysia pursuant to section 550 of the Companies Act 2016.

Wholly-owned subsidiaries

- (a) Malayawata Marketing Sdn. Bhd
- (b) Sachiew Palm Oil Mill Sdn. Bhd

Associate

- (a) Baycorp AJ Metal Sdn. Bhd



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

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 March 2022 were as follows:

| | <u>RM'000</u> |
|-------------------------------------|---------------|
| (a) contracted but not provided for | 12,979 |
| (b) approved but not contracted for | <u>30,217</u> |

12 REVIEW OF PERFORMANCE

| | <u>3 months ended</u> | | Changes (%) |
|--|-----------------------------|-----------------------------|-----------------------|
| | <u>31.03.2022</u> RM'000 | <u>31.03.2021</u> RM'000 | |
| Revenue | | | |
| Manufacturing | 501,727 | 393,665 | 27.45 |
| Trading | 271,018 | 339,006 | (20.06) |
| Investment holding, property management and others | 7,599 | 6,851 | 10.92 |
| Adjustments and elimination | (107,130) | (162,832) | 34.21 |
| Group revenue | <u>673,214</u> | <u>576,690</u> | 16.74 |
| Segment results | | | |
| Manufacturing | 26,094 | 53,435 | (51.17) |
| Trading | 20,336 | 34,678 | (41.36) |
| Investment holding, property management and others | 1,423 | 1,170 | 21.62 |
| Adjustments and elimination | 36 | (1,047) | >100.00 |
| | <u>47,889</u> | <u>88,236</u> | (45.73) |
| Finance costs | (7,477) | (7,339) | 1.88 |
| Interest income | 1,775 | 1,120 | 58.48 |
| Share of results of associates | (3) | (1) | (>100.00) |
| Profit before tax | <u>42,184</u> | <u>82,016</u> | (48.57) |

Higher revenue in the first quarter of 2022 ("1Q2022") as compared to the corresponding period of the preceding year ("1Q2021") was mainly due to higher export tonnage with an improved overall average selling price, offset by a lower local sales tonnage as the domestic market remained subdued. Overall, the Group achieved a higher average selling price for both local and export sales.

However, the profit before tax was lower in 1Q2022 when compared to 1Q2021, primarily attributed to margin squeeze caused by rising raw material and fuel prices on supply tightness and global supply chain disruptions on the back of China's zero-tolerance Covid-19 policy and geopolitical tension between Russia and Ukraine as well as between US and China.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

| | 3 months ended | | Changes (%) |
|-------------------|----------------------|----------------------|----------------|
| | 31.03.2022 RM'000 | 31.12.2021 RM'000 | |
| Revenue | 673,214 | 739,250 | (8.93) |
| Profit before tax | 42,184 | 10,336 | >100.00 |

Lower revenue in 1Q2022 compared to the fourth quarter of 2021 (“4Q2021”) was mainly due to lower sales tonnage for both domestic and export markets.

However, profit before tax in 1Q2022 was higher when compared with 4Q2021 mainly due to lower operating expenses. The operating expenses were higher in 4Q2021 primarily due to some one-off expenses such as higher allowance for inventories write down, impairment loss on receivables, and overhead cost for scheduled and unscheduled plant temporary shutdown.

14 SEGMENTAL INFORMATION

14.1 Business Segments

The segmental revenue, results, assets and liabilities for the three months ended 31 March 2022 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 | 401,471 | 270,743 | 1,000 | - | 673,214 |
| Inter-segment | 100,256 | 275 | 6,599 | (107,130) | - |
| | <u>501,727</u> | <u>271,018</u> | <u>7,599</u> | <u>(107,130)</u> | <u>673,214</u> |
| RESULTS | | | | | |
| Segment profit | 26,094 | 20,336 | 1,423 | 36 | 47,889 |
| Finance costs | | | | | (7,477) |
| Interest income | | | | | 1,775 |
| Share of results of associates | | | | | (3) |
| Profit before tax | | | | | <u>42,184</u> |
| Income tax expense | | | | | (9,259) |
| Profit for the period | | | | | <u>32,925</u> |
| Segment assets | <u>1,871,148</u> | <u>901,259</u> | <u>127,281</u> | <u>(256,390)</u> | <u>2,643,298</u> |
| Segment liabilities | <u>935,103</u> | <u>512,917</u> | <u>88,240</u> | <u>(269,143)</u> | <u>1,267,117</u> |



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

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.

| | 3 months ended |
|--|----------------------------|
| | 31.03.2022 |
| | RM'000 |
| Revenue from external customers | |
| Malaysia | 643,574 |
| Singapore | 29,640 |
| | <hr/> 673,214 <hr/> |
| Non-current assets | |
| Malaysia | 876,514 |
| Singapore | 1,660 |
| | <hr/> 878,174 <hr/> |

15 PROSPECTS

The global steel market faces challenges and uncertainties amid the ongoing Russia-Ukraine geopolitical conflict and China's extended Covid-19 lockdowns in major cities. These factors continue to cause major disruptions to the global supply chain and hamper economic recovery. Weak steel demands both domestically and regionally have aggravated the situation.

On the international demand front, the steel market in China has softened resulted from the Covid-19 lockdowns and subdued property sector. The lockdowns have had a negative impact on steel demand and prices, putting pressure on raw material prices globally. However, China's current impact on the steel industry globally is expected to fade once the lockdowns are lifted, with construction and manufacturing sectors recovering. Demand for construction steel is likely to pick up as China's stimulus policies to boost the infrastructure and property sectors gradually taking effect.

In Malaysia, steel demand remains lacklustre, owing to public spending constraints for infrastructure projects coupled with mounting cost pressures, caused by global inflation issues, domestic labour shortages and a minimum wage increase effective 1 May 2022.

With the extremely high level of economic uncertainty faced by the global economy, the Group remains highly cautious in managing through this volatile and challenging period.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

16 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee for the financial period ended 31 March 2022.

17 INCOME TAX EXPENSE

The income tax expense comprises:

| | 3 months ended 31.03.2022 RM'000 |
|--|---|
| Recognised in comprehensive income: | |
| Income tax | |
| Current period | 5,279 |
| Prior year | - |
| Deferred tax | |
| Current period | 3,980 |
| Prior year | - |
| | <hr/> 9,259 |
| Recognised in other comprehensive income: | |
| Deferred tax | |
| Current period | 3 |
| | <hr/> 9,262 |

The Group's effective tax rate for 1Q2022 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 incentives 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 THREE MONTHS ENDED 31 MARCH 2022

19 GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings and debts securities as at 31 March 2022 were as follows:

a) Group borrowings

| | 31.03.2022 RM'000 | 31.03.2021 RM'000 |
|--|----------------------|----------------------|
| <u>Short-term borrowings</u> | | |
| Secured: | | |
| Obligations under finance leases | 280 | 444 |
| Unsecured: | | |
| Bills payable | 995,891 | 792,879 |
| Revolving credit | - | 10,000 |
| Foreign currency trade loan | 12,253 | 211,684 |
| | 1,008,424 | 1,015,007 |
| <u>Long-term borrowings</u> | | |
| Secured | | |
| Obligations under finance leases | 517 | 200 |
| | 1,008,941 | 1,015,207 |

The currency profile of bank borrowings was as follows:

| | 31.03.2022 | | 31.03.2021 | |
|-------------------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | USD denomination ('000) | RM equivalent ('000) | USD denomination ('000) | RM equivalent ('000) |
| <u>Short-term borrowings</u> | | | | |
| Unsecured | | | | |
| Foreign currency trade loan | 2,915 | 12,253 | 50,958 | 211,684 |

b) Debts securities – RCPS

| | No of RCPS ('000) | Amount RM'000 |
|--|-----------------------|------------------|
| At the beginning of financial year | 84,793 | 44,341 |
| Less: Converted during the year | (10,529) | (5,265) |
| Add: Unwinding of discount charged to profit or loss | - | 523 |
| At the end of financial year | 74,264 | 39,599 |
| Liability component | | 37,267 |
| Equity component | | 2,332 |
| | | 39,599 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

20 FINANCIAL INSTRUMENTS

The Group's outstanding derivatives as at 31 March 2022 were as follows:

| | Notional Value RM'000 | Fair Value RM'000 | Net Gain RM'000 |
|-------------------------------------|--------------------------|----------------------|--------------------|
| Foreign Currency Forward Contracts: | | | |
| - Less than one year | 2,044 | 2,056 | 12 |

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.

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 dated 15 June 2017 from Amsteel for claims arising from alleged wrongful termination of Contract and its Addendum by AJSB.

AJSB was served with a discovery application dated 25 September 2018 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 to be paid by Amsteel to AJSB. Amsteel then on 7 May 2019 filed a 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 both the High Court and Court of Appeal stage ("Discovery Order").

Pending the outcome of the further applications at the Court of Appeal (as set out below), the High Court has fixed a next case management date of 10 June 2022 and directed that AJSB file their list of witnesses by 31 May 2022, reserving the right to amend that list.

This matter is also fixed for trial on 5 December 2022 to 8 December 2022.

**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 28 October 2021 filed an application seeking leave to appeal to the Federal Court. This matter is now fixed for hearing on 27 June 2022.



ANN JOO RESOURCES BERHAD

(Registration No.:199501041948 (371152-U))

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

21 MATERIAL LITIGATIONS (CONTINUED)

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 an amendment application to the Court of Appeal to amend the Discovery Order granted in favour of Amsteel on 30 September 2021. The hearing date was initially fixed for 18 May 2022. However, the hearing was adjourned to be fixed before the same panel that made the Discovery Order. A date for the hearing has yet to be scheduled by the Court of Appeal.

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 current quarter ended 31 March 2022 (1Q2021: nil).

22.2 Redeemable Convertible Cumulative Preference Shares

On 27 May 2022, the Board of Directors approved and declared a first semi-annual dividend of 1.25 sen (2021: 1.25 sen) per Redeemable Convertible Cumulative Preference Share ("RCPS") in respect of the financial year ending 31 December 2022. This dividend will be paid on 28 June 2022 to the Depositors registered in the Record of Depositors at the close of the business on 16 June 2022.

23 EARNINGS PER SHARE ("EPS")

a) Basic EPS

The basic EPS is calculated by dividing the profit attributable to owners of the Company for the period by the weighted average number of ordinary shares of the Company in issue (excluding treasury shares) during the three months ended 31 March 2022 as set out below:

| | | 3 months ended 31.03.2022 |
|---|----------|--------------------------------------|
| Total profit attributable to owners of the Company | (RM'000) | 32,925 |
| Weighted average number of ordinary shares in issue | ('000) | <u>548,003</u> |
| Basic EPS | (sen) | <u>6.01</u> |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022**23 EARNINGS PER SHARE (“EPS”) (CONTINUED)****b) Diluted EPS**

The diluted EPS is calculated by dividing the profit attributable to owners of the Company for the period by the weighted average number of ordinary shares of the Company in issue (excluding treasury shares) during the three months ended 31 March 2022, adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived based on the assumption that full conversion of the remaining RCPS in issue into ordinary shares as at reporting date.

| | | 3 months ended 31.03.2022 |
|--|----------|--------------------------------------|
| Total profit attributable to owners of the Company | (RM'000) | 32,925 |
| Effects on earnings upon conversion of RCPS | (RM'000) | 523 |
| | (RM'000) | <u>33,448</u> |
| Weighted average number of ordinary shares in issue | ('000) | 548,003 |
| Effect of dilution from the full conversion of the remaining RCPS in issue | ('000) | 74,264 |
| Weighted average number of ordinary shares in issue and issuable (Diluted) | ('000) | <u>622,267</u> |
| Diluted EPS | (sen) | <u>5.38</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 27 May 2022.

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