



安 裕 資 源 有 限 公 司

ANN JOO RESOURCES BERHAD

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

(Incorporated in Malaysia)

**ANN JOO RESOURCES BERHAD
AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED
30 JUNE 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 six months ended 30 June 2022

	3 months ended		6 months ended	
	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
Revenue	805,938	674,073	1,479,152	1,250,763
Operating expenses	(799,579)	(568,981)	(1,426,992)	(1,058,491)
Other income	31,148	2,242	35,011	4,418
Finance costs	(7,772)	(7,102)	(15,249)	(14,441)
Share of results of associates	(3)	(2)	(6)	(3)
Profit before tax	29,732	100,230	71,916	182,246
Income tax credit/(expense)	4,358	(16,532)	(4,901)	(24,933)
Profit for the period	34,090	83,698	67,015	157,313
Other comprehensive income				
<u>Items that will be reclassified</u>				
<u>subsequently to profit or loss:</u>				
Foreign currency translation differences for foreign operations	2,871	36	3,274	1,198
Cash flow hedges	(9)	-	-	467
Other comprehensive income for the period net of tax	2,862	36	3,274	1,665
Total comprehensive income for the period	36,952	83,734	70,289	158,978
Profit attributable to:				
Owners of the Company	34,090	83,698	67,015	157,313
Total comprehensive income attributable to:				
Owners of the Company	36,952	83,734	70,289	158,978
Earnings per share ("EPS") (sen):				
Basic EPS	6.11	15.48	12.11	29.12
Diluted EPS	5.51	13.46	10.92	25.34

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 30 June 2022

	30.6.2022 RM'000	31.12.2021 RM'000 (audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	851,050	864,361
Investment properties	7,822	9,534
Intangible assets	7,513	7,513
Investment in associates	265	271
Other investments	1	1
Deferred tax assets	93,340	86,377
Right-of-use assets	6,932	7,678
Total Non-current Assets	966,923	975,735
Current Assets		
Inventories	1,265,203	1,049,233
Trade receivables	481,668	505,942
Other receivables, deposits and prepayments	71,049	29,855
Current tax assets	7,242	7,576
Cash and bank balances	94,005	65,098
Assets classified as held for sale	1,727	-
Total Current Assets	1,920,894	1,657,704
TOTAL ASSETS	2,887,817	2,633,439
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	645,626	617,674
Redeemable convertible cumulative preference share ("RCPS") - Equity component	2,175	2,663
Treasury shares	(63,187)	(65,634)
Other reserves	80,703	77,136
Retained earnings	724,533	691,014
Total Equity	1,389,850	1,322,853
Non-current Liabilities		
Loans and borrowings	877	579
Lease liabilities	6,031	6,450
RCPS - Liability component	34,525	41,678
Provision for retirement benefits	3,376	3,350
Deferred tax liabilities	14,731	14,216
Total Non-current Liabilities	59,540	66,273
Current Liabilities		
Loans and borrowings	1,188,260	1,021,103
Lease liabilities	1,205	1,473
Trade payables	193,991	161,786
Other payables, deposits and accruals	47,698	52,503
Current tax liabilities	7,273	7,448
Total Current Liabilities	1,438,427	1,244,313
Total Liabilities	1,497,967	1,310,586
TOTAL EQUITY AND LIABILITIES	2,887,817	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 six months ended 30 June 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	-	-	-	-	67,015	67,015
Other comprehensive income for the period	-	-	3,274	-	-	3,274
Total comprehensive income for the period	-	-	3,274	-	67,015	70,289
Dividends to owners of the Company	-	-	-	-	(33,496)	(33,496)
Conversion of RCPS	27,952	(488)	-	-	-	27,464
Long Term Incentive Plan ("LTIP"):						
- Share-based payments expenses	-	-	2,740	-	-	2,740
- Share transferred	-	-	(2,447)	2,447	-	-
At 30 June 2022	645,626	2,175	80,703	(63,187)	724,533	1,389,850
At 1 January 2021	612,016	2,762	75,798	(65,634)	480,643	1,105,585
Profit for the period	-	-	-	-	157,313	157,313
Other comprehensive income for the period	-	-	1,665	-	-	1,665
Total comprehensive income for the period	-	-	1,665	-	157,313	158,978
Conversion of RCPS	4,079	(71)	-	-	-	4,008
Long Term Incentive Plan ("LTIP"):						
- Share-based payments expenses	-	-	1,445	-	-	1,445
At 30 June 2021	616,095	2,691	78,908	(65,634)	637,956	1,270,016

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 six months ended 30 June 2022

	6 months ended	
	30.6.2022	30.6.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	71,916	182,246
Adjustments	129,394	48,341
Operating profit before working capital changes	201,310	230,587
Changes in working capital		
Net change in current assets	(316,126)	(239,070)
Net change in current liabilities	26,617	26,241
Interest received	2,760	1,795
Interest paid	(14,070)	(12,910)
Tax paid	(12,231)	(3,085)
Tax refunded	799	3
Retirement benefits paid	-	(175)
Net cash flows (used in)/generated from operating activities	(110,941)	3,386
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	242	180
Proceeds from disposal of property, plant and equipment	37	25
Purchase of property, plant and equipment	(15,412)	(2,340)
Net cash flows used in investing activities	(15,133)	(2,135)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	167,399	10,234
Net repayment of lease liabilities	(926)	(929)
Proceeds from the conversion of RCPS	20,187	2,946
Interest paid	(2)	(7)
Dividends paid to shareholders	(33,496)	-
Dividends paid to holders of RCPS	(866)	(1,071)
Net cash flows generated from financing activities	152,296	11,173
Net change in cash and cash equivalents	26,222	12,424
Effects of foreign exchanges rate changes	2,685	1,266
Cash and cash equivalents at beginning of period	65,098	60,383
Cash and cash equivalents at end of period	94,005	74,073

Cash and cash equivalents

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

	6 months ended	
	30.6.2022	30.6.2021
	RM'000	RM'000
Cash and bank balances	94,005	74,073

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 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 new 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 QUARTER AND SIX MONTHS ENDED 30 JUNE 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
Amendments 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 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
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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.

3 NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the quarter and six months ended 30 June 2022.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2022

4 NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no major changes in estimates that have had any material effect for the quarter and six months results ended 30 June 2022.

5 DEBT AND EQUITY SECURITIES

5.1 Treasury shares

During the quarter under review, the Company transferred 792,000 treasury shares as Long-Term Incentive Plan (“LTIP”) award under the Share Grant Plan.

As at 30 June 2022, out of the total 578,583,543 issued ordinary shares, 19,526,900 shares were held as treasury shares at an average price of RM3.24 per share.

5.2 Redeemable Convertible Cumulative Preference Shares (“RCPS”)

During the quarter under review, 5,000,000 RCPS were converted into 5,000,000 ordinary shares of the Company. As a result, the issued ordinary share capital of the Company increased from 573,583,543 ordinary shares to 578,583,543 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 30 June 2022.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2022

6 DIVIDENDS PAID

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

	30.06.2022	30.06.2021
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 paid	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	-
First semi-annual RCPS dividend		
For the financial year ending/ended	31 December 2022	31 December 2021
Approved and declared on	27 May 2022	28 May 2021
Entitlement date	16 June 2022	16 June 2021
Date paid	28 June 2022	28 June 2021
Number of RCPS on which dividends were paid ('000)	69,264	85,670
Dividend per share	1.25 sen	1.25 sen
Net dividend paid (RM'000)	866	1,071

7 PROFIT BEFORE TAX

	3 months ended 30.6.2022 RM'000	6 months ended 30.6.2022 RM'000
Profit before tax is arrived at after charging:		
Allowance for inventories write down	83,418	87,700
Depreciation and amortisation	14,765	29,495
Finance cost		
- Interest expenses	7,214	14,072
- RCPS unwinding of discount	467	990
- Lease Liabilities	91	187
LTIP share-based payment expenses	1,370	2,740
Overhead cost on plant temporary shutdown	1,403	4,209
and after (crediting):		
Foreign exchange (gain)/loss		
- Realised	(4,111)	(4,914)
- Unrealised	1,193	1,391
Interest income	(1,227)	(3,002)
Reversal of impairment loss on receivables	(3,350)	(4,342)
Compensation for trespassing claim	(26,965)	(26,965)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2022

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 changes in the composition of the Group during the financial period under review, save as disclosed below:

- (i) 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

In line with the Group's strategic direction to integrate Environment, Social and Governance aspects into its business operations and pursue its environmental sustainability agenda for the long-term business sustainability, the Group establishes a new business division with the goal of pursuing business expansion opportunities in the environmental enhancement initiatives. Ann Joo Green Energy Sdn Bhd (formerly known as Anshin Steel Industries Sdn Bhd), a wholly-owned subsidiary of the Company, will serve as the new divisional holding company for investments in green technology and environmental enhancement initiatives.

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 30 June 2022 were as follows:

	RM'000
(a) contracted but not provided for	35,515
(b) approved but not contracted for	9,738
	<u>45,253</u>

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2022**12 REVIEW OF PERFORMANCE**

	3 months ended		Changes (%)	6 months ended		Changes
	30.6.2022 RM'000	30.6.2021 RM'000		30.6.2022 RM'000	30.6.2021 RM'000	
Revenue						
Manufacturing	592,193	532,864	11.13	1,093,920	926,529	18.07
Trading	326,616	229,400	42.38	597,634	568,406	5.14
Investment holding, property management and others	7,600	6,850	10.95	15,199	13,701	10.93
Adjustments and elimination	(120,471)	(95,041)	(26.76)	(227,601)	(257,873)	11.74
Group revenue	805,938	674,073	19.56	1,479,152	1,250,763	18.26
Segment results						
Manufacturing	11,406	71,087	(83.95)	37,500	124,522	(69.88)
Trading	23,044	33,574	(31.36)	43,380	68,252	(36.44)
Investment holding, property management and others	1,668	931	79.16	3,091	2,101	47.12
Adjustments and elimination	162	887	(81.74)	198	(160)	>100.00
	36,280	106,479	(65.93)	84,169	194,715	(56.77)
Finance costs	(7,772)	(7,102)	(9.43)	(15,249)	(14,441)	(5.60)
Interest income	1,227	855	43.51	3,002	1,975	52.00
Share of results of associates	(3)	(2)	(50.00)	(6)	(3)	100.00
Profit before tax	29,732	100,230	(70.34)	71,916	182,246	(60.54)

Higher revenue in the second quarter of 2022 (“2Q2022”) compared to the corresponding period of the preceding year (“2Q2021”) was mainly due to higher prices for domestic and export sales, coupled with higher local sales tonnage. Revenue in the six months of 2022 (“6M2022”) was also higher as compared to the corresponding period of 2021 (“6M2021”), mainly attributed to higher selling prices of various steel products despite lower sales tonnage in 6M2022.

The lower profit before tax (“PBT”) in 2Q2022 and 6M2022 compared to the corresponding periods of the preceding year respectively, was primarily attributed to higher allowance for inventories write down of RM83.42 million in 2Q2022 compared to RM2.36 million in 2Q2021, mainly due to write down of certain inventories cost to estimated net realisable value. Included in 2Q2022 earnings was compensation for trespassing claim of RM26.97 million from Tenaga Nasional Berhad.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2022

13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended		Changes (%)
	30.6.2022 RM'000	31.3.2022 RM'000	
Revenue	805,938	673,214	19.71
Profit before tax	29,732	42,184	(29.52)

Higher revenue in 2Q2022 compared to the first quarter of 2022 (“1Q2022”) was mainly due to higher selling prices of various steel products and higher export tonnage.

However, profit before tax was lower than 1Q2022, mainly due to higher operating expenses resulted from allowance of inventories write down of RM83.42 million. This was mitigated by the recognition of compensation for trespassing claim of RM26.97 million from Tenaga Nasional Berhad.

14 SEGMENTAL INFORMATION

14.1 Business Segments

The segmental revenue, results, assets and liabilities for the six months ended 30 June 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	880,296	596,856	2,000	-	1,479,152
Inter-segment	213,624	778	13,199	(227,601)	-
	<u>1,093,920</u>	<u>597,634</u>	<u>15,199</u>	<u>(227,601)</u>	<u>1,479,152</u>
RESULTS					
Segment profit	37,500	43,380	3,091	198	84,169
Finance costs					(15,249)
Interest income					3,002
Share of results of associates					(6)
Profit before tax					<u>71,916</u>
Income tax expense					(4,901)
Profit for the period					<u>67,015</u>
Segment assets	<u>2,035,136</u>	<u>1,016,783</u>	<u>129,198</u>	<u>(293,300)</u>	<u>2,887,817</u>
Segment liabilities	<u>1,086,532</u>	<u>609,273</u>	<u>112,826</u>	<u>(310,664)</u>	<u>1,497,967</u>

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

	6 months ended 30.6.2022 RM'000
Revenue from external customers	
Malaysia	1,388,409
Singapore	90,743
	<u>1,479,152</u>
	As at 30.6.2022 RM'000
Non-current assets	
Malaysia	872,164
Singapore	1,418
	<u>873,582</u>

15 PROSPECTS

The global steel market remains extremely volatile and uncertain in the face of weaker-than-expected demand in China, which has been hampered by strict Covid-19 containment measures and a distressed property sector. China's property market woes continue to cause dwindling demand for construction steel. The prolonged Russia-Ukraine war, renewed China-US tensions and an inflation wave that's forcing central banks to raise interest rates particularly the US Federal Reserve Board's aggressive rate hikes, continue to weigh on global economic recovery and put pressure on raw material and fuel prices.

Despite the foregoing, construction steel demand is likely to gain traction in the upcoming September-October construction peak period in anticipation of China's efforts to step up fiscal and monetary measures to boost the infrastructure and property sectors. Although the improvement in infrastructure spending is unlikely to fully offset the headwinds from the property sector, it may at least moderate the downward pace of steel demand in the near future, which, when combined with steel output cuts, will lend support to steel prices.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2022

15 PROSPECTS (CONTINUED)

On the domestic front, steel demand is expected to remain lacklustre, hindered by public funding constraints for infrastructure projects and mounting cost pressures caused by rising interest rates, inflation concerns and labour shortages. In addition, the uncertainty surrounding the 15th General Election poses challenges to political stability as well as the path of economic growth and market recovery.

Given the heightened level of market uncertainty, the Group remains highly cautious and prudent in managing through this volatile and challenging period.

16 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee for the financial period ended 30 June 2022.

17 INCOME TAX

The income tax expense/(credit) comprises:

	3 months ended 30.6.2022 RM'000	6 months ended 30.6.2022 RM'000
Recognised in comprehensive income:		
Income tax		
Current period	6,075	11,354
Deferred tax		
Current period	(10,433)	(6,453)
	(4,358)	4,901
Recognised in other comprehensive income:		
Deferred tax		
Current period	3	6
	(4,355)	4,907

The Group's effective tax rate for 2Q2022 was lower than the statutory rate, mainly due to certain income which were non-taxable coupled with 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 QUARTER AND SIX MONTHS ENDED 30 JUNE 2022

19 GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings and debts securities as at 30 June 2022 were as follows:

a) Group borrowings

	30.6.2022 RM'000	30.6.2021 RM'000
<u>Short-term borrowings</u>		
Secured:		
Obligations under finance leases	349	421
Unsecured:		
Bills payable	1,039,197	806,027
Foreign currency trade loan	148,714	121,533
	1,188,260	927,981
<u>Long-term borrowings</u>		
Secured:		
Obligations under finance leases	877	94
	1,189,137	928,075

The foreign currency profile of bank borrowings were as follows:

	USD denomination ('000)	30.6.2022 RM equivalent ('000)	USD denomination ('000)	30.6.2021 RM equivalent ('000)
<u>Short-term borrowings</u>				
Unsecured:				
Foreign currency trade loan	33,769	148,714	29,246	121,533

b) Debts securities – RCPS

	No of RCPS ('000)	30.6.2022 Amount RM'000
At the beginning of financial year	84,793	44,341
Less: Converted during the period	(15,529)	(7,765)
Add: Unwinding of discount charged to profit or loss	-	990
Less: Dividend paid		(866)
At the end of financial period	69,264	36,700
Liability component		34,525
Equity component		2,175
		36,700



ANN JOO RESOURCES BERHAD

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

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2022

20 FINANCIAL INSTRUMENTS

The Group has no outstanding derivatives as at 30 June 2022.

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.

The Court has vacated the Case Management fixed on 17 April 2022 and further fixed a Case Management on 27 April 2022. On the same date, the Court had directed that AJSB file their list of witnesses by 31 May 2022, reserving the right to amend pending the outcome of the discovery application.

This matter is also fixed for Trial on 5 December 2022 to 8 December 2022 and the next Case Management is fixed on 30 September 2022 to update the outcome of the proceedings in the Court of Appeal and the Federal Court (as set out below).

**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 leave to appeal to the Federal Court (“**Leave Application**”) against the Court of Appeal Order dated 30 September 2021 (“**Discovery Order**”). On the same day, AJSB filed an application in the Court of Appeal to stay the execution of the Discovery Order, pending the disposal of the Leave Application (“**Stay Application**”). The hearing date for the Leave Application has been fixed on 18 October 2022.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2022

21 MATERIAL LITIGATIONS (CONTINUED)

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

On 29 October 2021, AJSB had filed a Stay Application. 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 on the grounds that the terms of the Discovery Order are purportedly ambiguous (“**Amendment Application**”). The hearing of the Stay Application and the Amendment Application, which was initially fixed on 26 April 2022 and then on 18 May 2022, has now been fixed on 19 September 2022.

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 30 June 2022 (2Q2021: 6 sen).

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 quarter and six months ended 30 June 2022 as set out below:

		3 months ended 30.6.2022	6 months ended 30.6.2022
Total profit attributable to owners of the Company	(RM'000)	34,090	67,015
Weighted average number of ordinary shares in issue	('000)	557,683	553,263
Basic EPS	(sen)	6.11	12.11

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 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 quarter and six months ended 30 June 2022, adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable have 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 30.6.2022	6 months ended 30.6.2022
Total profit attributable to owners of the Company	(RM'000)	34,090	67,015
Effects on earnings upon conversion of RCPS	(RM'000)	467	990
	(RM'000)	<u>34,557</u>	<u>68,005</u>
Weighted average number of ordinary shares in issue	('000)	557,683	553,263
Effect of dilution from the full conversion of the remaining RCPS in issue	('000)	69,264	69,264
Weighted average number of ordinary shares in issue and issuable (Diluted)	('000)	<u>626,947</u>	<u>622,527</u>
Diluted EPS	(sen)	<u>5.51</u>	<u>10.92</u>

24 STATUS OF AUDIT QUALIFICATION

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

25 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 August 2022.

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