



安 裕 資 源 有 限 公 司

**ANN JOO RESOURCES BERHAD**

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

(Incorporated in Malaysia)

**ANN JOO RESOURCES BERHAD  
AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND NINE MONTHS ENDED  
30 SEPTEMBER 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 nine months ended 30 September 2022

	3 months ended		9 months ended	
	30.9.2022 RM'000	30.9.2021 RM'000	30.9.2022 RM'000	30.9.2021 RM'000
Revenue	760,784	405,691	2,239,936	1,656,454
Operating expenses	(934,274)	(341,073)	(2,361,266)	(1,399,564)
Other income	1,500	5,489	36,511	9,907
Finance costs	(10,191)	(7,021)	(25,440)	(21,462)
Share of results of associates	(3)	(3)	(9)	(6)
(Loss)/Profit before tax	(182,184)	63,083	(110,268)	245,329
Income tax credit/(expense)	48,471	5,997	43,570	(18,936)
<b>(Loss)/Profit for the period</b>	<b>(133,713)</b>	<b>69,080</b>	<b>(66,698)</b>	<b>226,393</b>
<b>Other comprehensive income</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	2,790	362	6,064	1,560
Cash flow hedges	(798)	1	(798)	468
Other comprehensive income for the period net of tax	1,992	363	5,266	2,028
<b>Total comprehensive (loss)/income for the period</b>	<b>(131,721)</b>	<b>69,443</b>	<b>(61,432)</b>	<b>228,421</b>
<b>(Loss)/Profit attributed to:</b>				
Owners of the Company	(133,482)	69,080	(66,467)	226,393
Non-controlling interests	(231)	-	(231)	-
<b>(Loss)/Profit for the period</b>	<b>(133,713)</b>	<b>69,080</b>	<b>(66,698)</b>	<b>226,393</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(131,490)	69,443	(61,201)	228,421
Non-controlling interests	(231)	-	(231)	-
<b>Total comprehensive (loss)/income for the period</b>	<b>(131,721)</b>	<b>69,443</b>	<b>(61,432)</b>	<b>228,421</b>
<b>(Loss)/Earnings per share (sen):</b>				
Basic	(23.88)	12.74	(11.97)	41.86
(Anti-Diluted)/Diluted	(21.16)	11.12	(10.40)	36.48

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 September 2022**

	<b>30.9.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(audited)</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	850,584	864,361
Investment properties	7,783	9,534
Intangible assets	9,623	7,513
Investment in associates	262	271
Other investments	1	1
Deferred tax assets	142,103	86,377
Right-of-use assets	6,547	7,678
<b>Total Non-current Assets</b>	<b>1,016,903</b>	<b>975,735</b>
<b>Current Assets</b>		
Inventories	1,087,922	1,049,233
Trade receivables	560,855	505,942
Other receivables, deposits and prepayments	74,595	29,855
Derivative assets	1,377	-
Current tax assets	8,783	7,576
Cash and bank balances	140,891	65,098
Assets classified as held for sale	1,623	-
<b>Total Current Assets</b>	<b>1,876,046</b>	<b>1,657,704</b>
<b>TOTAL ASSETS</b>	<b>2,892,949</b>	<b>2,633,439</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Company</b>		
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	84,064	77,136
Retained earnings	591,065	691,014
Total equity attributable to owners of the Company	1,259,743	1,322,853
Non-controlling interest	960	-
<b>Total Equity</b>	<b>1,260,703</b>	<b>1,322,853</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	809	579
Lease liabilities	5,927	6,450
RCPS - Liability component	35,041	41,678
Provision for retirement benefits	2,765	3,350
Deferred tax liabilities	14,288	14,216
<b>Total Non-current Liabilities</b>	<b>58,830</b>	<b>66,273</b>
<b>Current Liabilities</b>		
Loans and borrowings	1,289,652	1,021,103
Lease liabilities	946	1,473
Trade payables	224,687	161,786
Other payables, deposits and accruals	51,610	52,503
Derivative liabilities	1,050	-
Current tax liabilities	5,471	7,448
<b>Total Current Liabilities</b>	<b>1,573,416</b>	<b>1,244,313</b>
<b>Total Liabilities</b>	<b>1,632,246</b>	<b>1,310,586</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,892,949</b>	<b>2,633,439</b>
Net assets per share attributable to owners of the Company (RM)	2.25	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.

**ANN JOO RESOURCES BERHAD**(Registration No.:199501041948 (371152-U))  
(Incorporated in Malaysia)**Unaudited Condensed Consolidated Statements of Changes in Equity  
For the nine months ended 30 September 2022**

	----- Non-distributable -----			----- Distributable -----		Total attributable to owners of the Company RM'000	Non- controlling interests RM'000	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 2022</b>	617,674	2,663	77,136	(65,634)	691,014	1,322,853	-	1,322,853
Loss for the period	-	-	-	-	(66,467)	(66,467)	(231)	(66,698)
Other comprehensive income for the period	-	-	5,266	-	-	5,266	-	5,266
Total comprehensive income for the period	-	-	5,266	-	(66,467)	(61,201)	(231)	(61,432)
Dividends to owners of the Company	-	-	-	-	(33,496)	(33,496)	-	(33,496)
Conversion of RCPS	27,952	(488)	-	-	-	27,464	-	27,464
Long Term Incentive Plan ("LTIP"):								
- Share-based payments expenses	-	-	4,109	-	-	4,109	-	4,109
- Shares transferred	-	-	(2,447)	2,447	-	-	-	-
Dilution of equity interest in a subsidiary	-	-	-	-	14	14	(19)	(5)
Subscription of shares by non-controlling interest in a subsidiary	-	-	-	-	-	-	1,210	1,210
<b>At 30 September 2022</b>	<b>645,626</b>	<b>2,175</b>	<b>84,064</b>	<b>(63,187)</b>	<b>591,065</b>	<b>1,259,743</b>	<b>960</b>	<b>1,260,703</b>
<b>At 1 January 2021</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>	<b>-</b>	<b>1,105,585</b>
Profit for the period	-	-	-	-	226,393	226,393	-	226,393
Other comprehensive income for the period	-	-	2,028	-	-	2,028	-	2,028
Total comprehensive income for the period	-	-	2,028	-	226,393	228,421	-	228,421
Dividends to owners of the Company	-	-	-	-	(32,558)	(32,558)	-	(32,558)
Conversion of RCPS	5,473	(95)	-	-	-	5,378	-	5,378
Long Term Incentive Plan ("LTIP"):								
- Share-based payments expenses	-	-	2,167	-	-	2,167	-	2,167
<b>At 30 September 2021</b>	<b>617,489</b>	<b>2,667</b>	<b>79,993</b>	<b>(65,634)</b>	<b>674,478</b>	<b>1,308,993</b>	<b>-</b>	<b>1,308,993</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

**Unaudited Condensed Consolidated Statements of Cash Flows  
 For the nine months ended 30 September 2022**

	<b>9 months ended</b>	
	<b>30.9.2022</b>	<b>30.9.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(110,268)	245,329
Adjustments	209,759	80,285
Operating profit before working capital changes	99,491	325,614
Changes in working capital		
Net change in current assets	(242,829)	(361,885)
Net change in current liabilities	26,811	57,099
Interest received	3,486	3,107
Interest paid	(23,653)	(19,208)
Tax paid	(16,288)	(4,214)
Tax refunded	799	3
Retirement benefits paid	(2,300)	(193)
Net cash flows (used in)/generated from operating activities	(154,483)	323
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash inflow from acquisition of a subsidiary	2	-
Acquisition of solar energy business	(1,943)	-
Interest received	421	300
Proceeds from disposal of property, plant and equipment	630	150
Proceeds from disposal of investment properties	-	54
Proceeds from subscription of shares by non-controlling interest in subsidiaries	1,210	-
Purchase of property, plant and equipment	(27,092)	(4,613)
Net cash flows used in investing activities	(26,772)	(4,109)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of bank borrowings	268,780	36,079
Net repayment of lease liabilities	(1,403)	(1,386)
Proceeds from the conversion of RCPS	20,187	3,953
Interest paid	(7)	(9)
Dividends paid to owners of the Company	(33,496)	-
Dividends paid to holders of RCPS	(866)	(1,071)
Net cash flows generated from financing activities	253,195	37,566
Net change in cash and cash equivalents	71,940	33,780
Effects of foreign exchanges rate changes	3,853	1,512
Cash and cash equivalents at beginning of period	65,098	60,383
Cash and cash equivalents at end of period	140,891	95,675

**Cash and cash equivalents**

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

	<b>9 months ended</b>	
	<b>30.9.2022</b>	<b>30.9.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	140,891	95,675

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 NINE MONTHS ENDED 30 SEPTEMBER 2022**

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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 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 NINE MONTHS ENDED 30 SEPTEMBER 2022

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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 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

##### Effective for annual financial periods beginning on or after 1 January 2024

Amendments to MFRS 16 Leases	Lease Liability in a Sale and Leaseback
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##### 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 nine months ended 30 September 2022.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 nine months results ended 30 September 2022.

### 5 DEBT AND EQUITY SECURITIES

As at 30 September 2022, out of a 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.

There were no issuances, cancellations, resale or repayment of debt and equity securities during the quarter ended 30 September 2022.

### 6 DIVIDENDS PAID

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

	30.9.2022	30.9.2021
<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 entitled for the dividend ('000)	-	542,633
Dividend per share (single-tier)	-	6 sen
Net dividend (RM'000)	-	32,558
<b>Second interim ordinary shares dividend</b>		
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	-
<b>First semi-annual RCPS dividend</b>		
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





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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022

### 7 LOSS BEFORE TAX

	3 months ended 30.9.2022 RM'000	9 months ended 30.9.2022 RM'000
<b>Loss before tax is arrived at after charging/(crediting):</b>		
Allowance for inventories write down	47,066	134,766
Depreciation and amortisation	14,674	44,169
Finance cost		
- Interest expenses	9,588	23,660
- RCPS unwinding of discount	516	1,506
- Lease Liabilities	87	274
LTIP share-based payment expenses	1,369	4,109
Overhead cost on plant temporary shutdown	1,675	5,884
Net/(Reversal of) impairment loss on receivables	3,534	(808)
Foreign exchange (gain)/loss		
- Realised	(2,018)	(6,932)
- Unrealised	4,258	5,649
Interest income	(905)	(3,907)
Compensation for trespassing claim	-	(26,965)

### 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.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022

### 9 CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed below, there were no changes in the composition of the Group during the financial period under review:

- (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

- (ii) On 23 September 2022, Ann Joo Management Services Sdn Bhd (“AJMS”) and Ann Joo Steel Berhad (“AJSB”), both wholly-owned subsidiaries of the Company, subscribed for a total of 82,500 ordinary shares representing 55% equity interest in Konsortia Etiqa Sdn Bhd (“KESB”) for a total cash consideration of RM82,500. KESB becomes a 55% owned subsidiary of the Group, with investment holding as its principal activity.

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 September 2022 were as follows:

	<b>RM’000</b>
(a) contracted but not provided for	28,370
(b) approved but not contracted for	9,518
	<u>37,888</u>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022**

**12 REVIEW OF PERFORMANCE**

	3 months ended		9 months ended	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Upstream Steel Division	551,086	265,732	1,645,006	1,192,261
Downstream Steel Division	311,107	229,404	908,741	797,810
Green Technology Division	87	-	87	-
Investment holding, property management and others	7,559	5,392	22,758	19,093
Adjustments and elimination	(109,055)	(94,837)	(336,656)	(352,710)
<b>Group revenue</b>	<b>760,784</b>	<b>405,691</b>	<b>2,239,936</b>	<b>1,656,454</b>
<b>Segment results</b>				
Upstream Steel Division	(166,952)	43,005	(129,452)	167,527
Downstream Steel Division	(5,611)	26,722	37,769	94,974
Green Technology Division	(650)	-	(650)	-
Investment holding, property management and others	177	(398)	3,268	1,703
Adjustments and elimination	141	(654)	339	(814)
	(172,895)	68,675	(88,726)	263,390
Finance costs	(10,191)	(7,021)	(25,440)	(21,462)
Interest income	905	1,432	3,907	3,407
Share of results of associates	(3)	(3)	(9)	(6)
<b>(Loss)/Profit before tax</b>	<b>(182,184)</b>	<b>63,083</b>	<b>(110,268)</b>	<b>245,329</b>

Higher revenue in the third quarter of 2022 (“3Q2022”) compared to the corresponding period of the preceding year (“3Q2021”) was mainly due to improved sales tonnage despite lower prices for domestic and export sales. Revenue in the nine months of 2022 (“9M2022”) was also higher as compared to the corresponding period of 2021 (“9M2021”), mainly attributed to higher selling prices of various steel products coupled with higher sales tonnage in 9M2022.

The loss before tax in 3Q2022 and 9M2022 compared to the profit before tax in the corresponding periods of the preceding year respectively, was primarily attributed to adverse time-lag effects of higher raw material and fuel costs. This contributed to higher cost of sales and recognition of allowance for inventories write down to net realisable value amounting to RM47.07 million in 3Q2022 compared to RM5.15 million in 3Q2021, and RM134.77 million in 9M2022 compared to RM10.27 million in 9M2021.

The 3Q2022 saw the Group recorded its maiden revenue from its newly ventured Green Technology division, which was largely derived from the solar energy business. The Group will continue to grow its Green Technology division and expects this new division will contribute positively to the Group’s earnings going forward.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022

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### 13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended	
	30.9.2022	30.6.2022
	RM'000	RM'000
Revenue	760,784	805,938
(Loss)/Profit before tax	(182,184)	29,732

Lower revenue in 3Q2022 compared to the second quarter of 2022 (“2Q2022”) was mainly due to lower selling prices of various steel products and lower export tonnage mitigated by higher local sales tonnage.

The Group registered a loss before tax in 3Q2022 compared to a profit before tax in 2Q2022, mainly due to lower selling prices of various steel products coupled with adverse time-lag effects of higher raw material and fuel costs, as well as lower other income in 3Q2022. In 2Q2022, the Group recognised a compensation for trespassing claim of RM26.97 million as other income from Tenaga Nasional Berhad.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022**

**14 SEGMENTAL INFORMATION**

**14.1 Business Segments**

The segmental revenue, results, assets and liabilities for the nine months ended 30 September 2022 were as follows:

	Upstream Steel Division RM'000	Downstream Steel Division RM'000	Green Technology Division RM'000	Investment holding, property management and others RM'000	Adjustments and elimination RM'000	Total RM'000
<b>REVENUE</b>						
External customers	1,329,174	907,674	87	3,001	-	2,239,936
Inter-segment	315,832	1,067	-	19,757	(336,656)	-
	<u>1,645,006</u>	<u>908,741</u>	<u>87</u>	<u>22,758</u>	<u>(336,656)</u>	<u>2,239,936</u>
<b>RESULTS</b>						
Segment (loss)/profit	(129,452)	37,769	(650)	3,268	339	(88,726)
Finance costs						(25,440)
Interest income						3,907
Share of results of associates						(9)
Loss before tax						<u>(110,268)</u>
Income tax credit						43,570
Loss for the period						<u>(66,698)</u>
Segment assets	<u>1,964,423</u>	<u>1,017,872</u>	<u>69,016</u>	<u>170,912</u>	<u>(329,274)</u>	<u>2,892,949</u>
Segment liabilities	<u>1,143,393</u>	<u>652,147</u>	<u>14,060</u>	<u>169,688</u>	<u>(347,042)</u>	<u>1,632,246</u>

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

	<b>9 months ended 30.9.2022 RM'000</b>
<b>Revenue from external customers</b>	
Malaysia	2,078,635
Singapore	161,301
	<u>2,239,936</u>
	<b>As at 30.9.2022 RM'000</b>
<b>Non-current assets</b>	
Malaysia	873,649
Singapore	1,150
	<u>874,799</u>

**15 PROSPECTS**

The global steel market is on the verge of a downturn amid extraordinarily high levels of uncertainty brought on by China's steel demand deceleration, raw material and fuel price volatility, ongoing supply-chain disruptions, prolonged geopolitical tensions and geo-economic fragmentation. High energy prices, rising interest rates, and falling confidence also lead to slackening steel-consuming sectors, which in turn contribute to steel price weakness.

The outlook for China's steel market remains bleak in the near term, as the country's deepening property market slumps and its dynamic Covid-lockdowns continue to weigh on steel demand. This is despite the government's recent pledges of sweeping relaxation measures on property and Covid-19 controls, as well as its stimulus packages targeting infrastructure spending, with the goal of stabilising the economy and restoring market confidence.

Domestic steel demand is expected to remain weak on a lack of mega infrastructure projects in the face of an uncertain political landscape and fiscal constraints. To offset the weak demand in the local market, the Group will continue to emphasise exports to regional markets. On a positive note, the Group's performance should improve in sync with the pace of raw material and fuel price normalisation, when the time-lag effects of high raw material and fuel costs subside.

Given the current market uncertainty, the Group will continue to prioritise cash flow management and working capital requirements via proactive inventory management and procurement strategies to ensure it remains in a strong financial position. The Group remains highly cautious and prudent in managing through this volatile and challenging period.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 30 September 2022.

### 17 INCOME TAX

The income tax (credit)/expense comprises:

	3 months ended 30.9.2022 RM'000	9 months ended 30.9.2022 RM'000
<b>Recognised in comprehensive income:</b>		
<b>Income tax</b>		
Current period	513	11,868
Over-provision in prior year	(26)	(26)
<b>Deferred tax</b>		
Current period	(49,045)	(55,499)
Under-provision in prior year	87	87
	(48,471)	(43,570)
<b>Recognised in other comprehensive income:</b>		
<b>Deferred tax</b>		
Current period	(248)	(242)
	(48,719)	(43,812)

A tax credit of RM48.72 million for the quarter ended 30 September 2022 was due mainly to the recognition of previously unrecognised deferred tax assets by certain subsidiary companies, of which the tax incentives were not recognised in the prior year, and deferred tax credit recognised from the current period business loss.

### 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 NINE MONTHS ENDED 30 SEPTEMBER 2022

### 19 GROUP BORROWINGS AND DEBT SECURITIES

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

#### a) Group borrowings

	30.9.2022 RM'000	30.9.2021 RM'000
<b><u>Short-term borrowings</u></b>		
<b>Secured:</b>		
Obligations under finance leases	318	404
<b>Unsecured:</b>		
Bills payable	1,110,102	935,198
Foreign currency trade loan	179,232	17,672
	1,289,652	953,274
<b><u>Long-term borrowings</u></b>		
<b>Secured:</b>		
Obligations under finance leases	809	646
	1,290,461	953,920

The foreign currency profile of bank borrowings were as follows:

	USD denomination ( '000)	30.9.2022 RM equivalent ( '000)	USD denomination ( '000)	30.9.2021 RM equivalent ( '000)
<b><u>Short-term borrowings</u></b>				
<b>Unsecured:</b>				
Foreign currency trade loan	38,722	179,232	4,223	17,672

#### b) Debts securities – RCPS

	No of RCPS ( '000)	30.9.2022 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	-	1,506
Less: Dividend paid	-	(866)
At the end of financial period	69,264	37,216
Liability component		35,041
Equity component		2,175
		37,216





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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022

### 20 FINANCIAL INSTRUMENTS

The Group's outstanding derivatives as at 30 September 2022 and previous corresponding period were as follows:

	Notional Value	Fair Value	Net (Loss)/Gain
	RM'000	RM'000	RM'000
<u>30 September 2022</u>			
Less than one year			
- Derivative contracts for iron ore	16,379	15,329	(1,050)
- Foreign currency forward contracts	48,984	50,361	1,377
	<u>65,363</u>	<u>65,690</u>	<u>327</u>
<u>30 September 2021</u>			
Less than one year			
- Foreign currency forward contracts	<u>2,037</u>	<u>2,038</u>	<u>1</u>

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 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 was initially fixed for Trial on 5 December 2022 to 8 December 2022. These trial dates have been vacated and this matter has now been fixed for trial on 1 to 4 and 11 August 2023.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022**

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**21 MATERIAL LITIGATIONS (CONTINUED)**

On 18 October 2022, the Federal Court dismissed AJSB's application for leave to appeal against the Court of Appeal's Order dated 30 September 2021 ("**Discovery Order**") (as will be elaborated below). Accordingly, AJSB had on 17 November 2022 filed its disclosure affidavit to comply with the Discovery Order.

**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**"). On 19 September 2022, the Court of Appeal dismissed Amsteel's application to amend the Court of Appeal Order dated 30 September 2021 ("**Discovery Order**") and allowed AJSB's application for a stay pending the disposal of the application for leave to Federal Court.

**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 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**"). On 19 September 2022, the Court of Appeal allowed the Stay Application and granted a stay of the execution of the Discovery Order pending the disposal of the Leave Application. On 18 October 2022, the Federal Court dismissed AJSB's Leave Application with costs of RM30,000.00.

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 September 2022 (3Q2021: nil).

**22.2 Redeemable Convertible Cumulative Preference Shares**

On 28 November 2022, the Board of Directors approved and declared a second 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 30 December 2022 to the Depositors registered in the Record of Depositors at the close of the business on 15 December 2022.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022

### 23 LOSS PER SHARE (“LPS”)

#### a) Basic LPS

The basic LPS is calculated by dividing the loss 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 nine months ended 30 September 2022 as set out below:

		<b>3 months ended 30.9.2022</b>	<b>9 months ended 30.9.2022</b>
Loss attributable to owners of the Company	(RM'000)	(133,482)	(66,467)
Weighted average number of ordinary shares in issue	('000)	559,057	555,216
Basic LPS	(sen)	<u>(23.88)</u>	<u>(11.97)</u>

#### b) Diluted LPS

The diluted LPS is calculated by dividing the loss 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 nine months ended 30 September 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 at based on the assumption of full conversion of the remaining RCPS in issue into ordinary shares as at reporting date.

		<b>3 months ended 30.9.2022</b>	<b>9 months ended 30.9.2022</b>
Loss attributable to owners of the Company	(RM'000)	(133,482)	(66,467)
Effects on earnings upon conversion of RCPS	(RM'000)	516	1,506
	(RM'000)	<u>(132,966)</u>	<u>(64,961)</u>
Weighted average number of ordinary shares in issue	('000)	559,057	555,216
Effect of dilution from the full conversion of the remaining RCPS in issue	('000)	<u>69,264</u>	<u>69,264</u>
Weighted average number of ordinary shares in issue and issuable (Diluted)	('000)	<u>628,321</u>	<u>624,480</u>
Anti-Diluted LPS	(sen)	<u>(21.16)</u>	<u>(10.40)</u>

### 24 STATUS OF AUDIT QUALIFICATION

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



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## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022**

### **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 November 2022.

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