



安 裕 資 源 有 限 公 司

ANN JOO RESOURCES BERHAD

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

(Incorporated in Malaysia)

**ANN JOO RESOURCES BERHAD
AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND TWELVE MONTHS ENDED
31 DECEMBER 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 twelve months ended 31 December 2022**

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	795,036	739,250	3,034,972	2,395,704
Operating expenses	(878,725)	(725,621)	(3,239,991)	(2,125,185)
Other income	2,543	4,259	39,054	14,166
Finance costs	(11,873)	(7,552)	(37,313)	(29,014)
Share of results of associates	(3)	-	(12)	(6)
(Loss)/Profit before tax	(93,022)	10,336	(203,290)	255,665
Income tax credit/(expense)	26,579	6,200	70,149	(12,736)
(Loss)/Profit for the period/year	(66,443)	16,536	(133,141)	242,929
Other comprehensive income				
<u>Items that will be reclassified</u>				
<u>subsequently to profit or loss:</u>				
Foreign currency translation differences for foreign operations	(2,969)	(163)	3,095	1,395
Cash flow hedges	798	(1)	-	468
Other comprehensive (loss)/income for the period/year net of tax	(2,171)	(164)	3,095	1,863
Total comprehensive (loss)/income for the period/year	(68,614)	16,372	(130,046)	244,792
(Loss)/Profit attributed to:				
Owners of the Company	(66,164)	16,536	(132,631)	242,929
Non-controlling interests	(279)	-	(510)	-
(Loss)/Profit for the period/year	(66,443)	16,536	(133,141)	242,929
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(68,335)	16,372	(129,536)	244,792
Non-controlling interests	(279)	-	(510)	-
Total comprehensive (loss)/income for the period/year	(68,614)	16,372	(130,046)	244,792
(Loss)/Earnings per share (sen):				
Basic	(11.79)	3.02	(23.75)	44.88
(Anti-Diluted)/Diluted	(10.41)	2.78	(20.81)	39.20

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.

**ANN JOO RESOURCES BERHAD**(Registration No.:199501041948 (371152-U))
(Incorporated in Malaysia)**Unaudited Condensed Consolidated Statements of Financial Position
As at 31 December 2022**

	31.12.2022	31.12.2021
	RM'000	RM'000
		(audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	861,097	864,361
Investment properties	4,512	9,534
Concession assets	59,033	-
Intangible assets	9,532	7,513
Investment in associates	259	271
Other investments	1	1
Deferred tax assets	170,385	86,377
Right-of-use assets	6,116	7,678
Total Non-current Assets	1,110,935	975,735
Current Assets		
Inventories	911,344	1,049,233
Trade receivables	483,271	505,942
Other receivables, deposits and prepayments	70,740	29,855
Current tax assets	9,834	7,576
Cash and bank balances	133,381	65,098
Assets classified as held for sale	4,855	-
Total Current Assets	1,613,425	1,657,704
TOTAL ASSETS	2,724,360	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	(55,747)	(65,634)
Other reserves	75,823	77,136
Retained earnings	524,901	691,014
Total equity attributable to owners of the Company	1,192,778	1,322,853
Non-controlling interest	521	-
Total Equity	1,193,299	1,322,853
Non-current Liabilities		
Loans and borrowings	25,058	579
Lease liabilities	5,820	6,450
RCPS - liability component	34,691	41,678
Provision for retirement benefits	2,629	3,350
Deferred tax liabilities	14,371	14,216
Total Non-current Liabilities	82,569	66,273
Current Liabilities		
Loans and borrowings	1,204,463	1,021,103
Lease liabilities	643	1,473
Trade payables	153,614	161,786
Other payables, deposits and accruals	84,038	52,503
Derivative liabilities	1,544	-
Current tax liabilities	4,190	7,448
Total Current Liabilities	1,448,492	1,244,313
Total Liabilities	1,531,061	1,310,586
TOTAL EQUITY AND LIABILITIES	2,724,360	2,633,439
Net assets per share attributable to owners of the Company (RM)	2.12	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 twelve months ended 31 December 2022**

	----- Non-distributable -----			----- Distributable -----			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	Total attributable to owners of the Company RM'000		
At 1 January 2022	617,674	2,663	77,136	(65,634)	691,014	1,322,853	-	1,322,853
Loss for the year	-	-	-	-	(132,631)	(132,631)	(510)	(133,141)
Other comprehensive income for the year	-	-	3,095	-	-	3,095	-	3,095
Total comprehensive income for the year	-	-	3,095	-	(132,631)	(129,536)	(510)	(130,046)
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	-	-	5,479	-	-	5,479	-	5,479
- Shares transferred	-	-	(9,887)	9,887	-	-	-	-
Dilution of equity interest in a subsidiary	-	-	-	-	14	14	(19)	(5)
Subscription of shares by non-controlling interest in subsidiaries	-	-	-	-	-	-	1,210	1,210
Acquisition of a subsidiary	-	-	-	-	-	-	(160)	(160)
At 31 December 2022	645,626	2,175	75,823	(55,747)	524,901	1,192,778	521	1,193,299
At 1 January 2021	612,016	2,762	75,798	(65,634)	480,643	1,105,585	-	1,105,585
Profit for the year	-	-	-	-	242,929	242,929	-	242,929
Other comprehensive income for the year	-	-	1,863	-	-	1,863	-	1,863
Total comprehensive income for the year	-	-	1,863	-	242,929	244,792	-	244,792
Dividends to owners of the Company	-	-	-	-	(32,558)	(32,558)	-	(32,558)
Conversion of RCPS	5,658	(99)	-	-	-	5,559	-	5,559
Long Term Incentive Plan ("LTIP"):								
- Share-based payments expenses	-	-	(525)	-	-	(525)	-	(525)
At 31 December 2021	617,674	2,663	77,136	(65,634)	691,014	1,322,853	-	1,322,853

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.

**ANN JOO RESOURCES BERHAD**(Registration No.:199501041948 (371152-U))
(Incorporated in Malaysia)**Unaudited Condensed Consolidated Statements of Cash Flows
For the twelve months ended 31 December 2022**

	12 months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000 (audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(203,290)	255,665
Adjustments	143,109	149,393
Operating (loss)/profit before working capital changes	(60,181)	405,058
Changes in working capital		
Net change in current assets	110,502	(511,026)
Net change in current liabilities	(47,849)	78,192
Interest received	4,164	4,964
Interest paid	(34,923)	(26,069)
Income tax paid	(19,363)	(18,640)
Retirement benefits paid	(2,300)	(672)
Net cash flows used in operating activities	(49,950)	(68,193)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow from acquisition of a subsidiary	(12,657)	-
Acquisition of solar energy related business	(1,943)	-
Interest received	664	404
Proceeds from disposal of property, plant and equipment	631	315
Proceeds from disposal of investment properties	-	5,828
Proceeds from subscription of shares by non-controlling interest in subsidiaries	1,210	-
Purchase of property, plant and equipment	(51,971)	(5,834)
Expenditure incurred on concession assets	(5,300)	-
Net cash flows (used in)/generated from investing activities	(69,366)	713
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	190,742	103,369
Net repayment of lease liabilities	(1,885)	(1,815)
Proceeds from the conversion of RCPS	20,187	4,086
Interest paid	(12)	(11)
Dividends paid to owners of the Company	(33,496)	(32,558)
Dividends paid to holders of RCPS	(1,732)	(2,131)
Withdrawal of fixed deposit pledged with licensed banks	530	-
Net cash flows generated from financing activities	174,334	70,940
Net change in cash and cash equivalents	55,018	3,460
Effects of foreign exchanges rate changes	905	1,255
Cash and cash equivalents at beginning of year	65,098	60,383
Cash and cash equivalents at end of year	121,021	65,098

Cash and cash equivalents

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

	12 months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
Cash and bank balances	133,381	65,098
Less: Fixed deposit pledged with licensed banks	(12,360)	-
	121,021	65,098

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 QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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 TWELVE MONTHS ENDED 31 DECEMBER 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

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

Amendments to MFRS 16 Leases	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

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 year ended 31 December 2022.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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 twelve months results ended 31 December 2022.

5 DEBT AND EQUITY SECURITIES

The Company transferred 2,292,500 treasury shares during the quarter under review as Long-Term Incentive Plan (“LTIP”) awards under the Share Grant Plan to LTIP participants.

As at 31 December 2022, out of a total 578,583,543 issued ordinary shares, 17,234,400 shares were held as treasury shares at an average price of RM3.23 per share.

Save as disclosed above, there were no issuances, cancellations, resale or repayment of debt and equity securities during the quarter ended 31 December 2022.

6 DIVIDENDS PAID

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

	31.12.2022	31.12.2021
First interim ordinary shares dividend		
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
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 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 TWELVE MONTHS ENDED 31 DECEMBER 2022

6 DIVIDENDS PAID (CONTINUED)

	31.12.2022	31.12.2021
Second semi-annual RCPS dividend		
For the financial year ended	31 December 2022	31 December 2021
Approved and declared on	28 November 2022	29 November 2021
Entitlement date	15 December 2022	15 December 2021
Date paid	30 December 2022	31 December 2021
Number of RCPS on which dividends were paid ('000)	69,264	84,793
Dividend per share	1.25 sen	1.25 sen
Net dividend (RM'000)	866	1,060

7 LOSS BEFORE TAX

	3 months ended 31.12.2022 RM'000	12 months ended 31.12.2022 RM'000
Loss before tax is arrived at after charging/(crediting):		
(Reversal)/Allowance for inventories write down	(80,218)	53,844
Depreciation and amortisation	15,370	59,539
Finance cost		
- Interest expenses	11,275	34,935
- RCPS unwinding of discount	516	2,022
- Lease Liabilities	82	356
LTIP share-based payment expenses	1,370	5,479
Overhead cost on plant temporary shutdown	13,952	19,836
Net/(Reversal of) impairment loss on receivables	(567)	(1,375)
Foreign exchange loss/(gain)		
- Realised	746	(6,186)
- Unrealised	(1,825)	3,824
Gain on disposal of property, plant and equipment	(1)	(514)
Interest income	(991)	(4,899)
Compensation for trespassing claim	(301)	(27,567)

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 and financial year 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 TWELVE MONTHS ENDED 31 DECEMBER 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 year 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
- (c) Deluxe Steel Service Centre 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.
- (iii) On 3 October 2022, Ann Joo Green Energy Sdn. Bhd (“AJGE”), a wholly-owned subsidiary of the Company, acquired 4,564,500 ordinary shares, representing 51% equity interest in Bumi Segar Indah Sdn. Bhd. (“BSI”) for a total consideration of RM19,000,000. BSI becomes a 51% owned subsidiary of the Group and its principal activities are supplying, assembling and commission equipment for waste management services.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2022
11 CAPITAL COMMITMENTS

Capital commitments as at 31 December 2022 were as follows:

	RM'000
(a) contracted but not provided for	70,968
(b) approved but not contracted for	16,717
	87,685

12 REVIEW OF PERFORMANCE

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue				
Upstream Steel Division	605,631	532,286	2,250,637	1,724,547
Downstream Steel Division	311,551	319,745	1,220,292	1,117,555
Green Technology Division	549	-	636	-
Investment holding, property management and others	10,033	30,878	32,791	49,971
Adjustments and elimination	(132,728)	(143,659)	(469,384)	(496,369)
Group revenue	795,036	739,250	3,034,972	2,395,704
Segment results				
Upstream Steel Division	(99,726)	(6,957)	(229,178)	160,570
Downstream Steel Division	12,285	19,269	52,663	114,243
Green Technology Division	(815)	-	(1,465)	-
Investment holding, property management and others	10,555	27,265	13,823	28,968
Adjustments and elimination	(4,436)	(23,650)	(6,707)	(24,463)
	(82,137)	15,927	(170,864)	279,318
Finance costs	(11,873)	(7,552)	(37,313)	(29,014)
Interest income	991	1,961	4,899	5,367
Share of results of associates	(3)	-	(12)	(6)
(Loss)/Profit before tax	(93,022)	10,336	(203,290)	255,665

Higher revenue in the fourth quarter of 2022 (“4Q2022”) compared to the corresponding quarter of the preceding year (“4Q2021”) was mainly due to improved sales tonnage despite lower selling prices for domestic and export sales.

Revenue for the year 2022 (“FY2022”) was also higher as compared to the corresponding year 2021 (“FY2021”), mainly attributed to higher sales tonnage in FY2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2022

12 REVIEW OF PERFORMANCE (CONTINUED)

In 4Q2022, the Group reported a loss before tax of RM93.02 million compared to a profit before tax of RM10.34 million in 4Q2021, primarily attributed to higher production cost due to adverse time-lag effects of higher raw materials and fuel costs despite a reversal of allowance for inventories write down amounting to RM80.22 million in 4Q2022.

In FY2022, the Group registered a loss before tax of RM203.29 million compared to a profit before tax of RM255.67 million in FY2021, primarily attributed to reasons explained above and higher allowance for inventories write down as well as higher finance cost resulted from several rounds of interest rate hikes.

13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended	
	31.12.2022	30.9.2022
	RM'000	RM'000
Revenue	795,036	760,784
Loss before tax	(93,022)	(182,184)

Higher revenue in 4Q2022 compared to the third quarter of 2022 ("3Q2022") was mainly due to higher export and local sales tonnage despite lower selling prices of various steel products.

4Q2022 loss before tax narrowed to RM93.02 million from RM182.18 million in 3Q2022, mainly due to a reversal of allowance for inventories write down amounting to RM80.22 million in 4Q2022 as compared to an allowance for inventories write down of RM47.07 million in 3Q2022. The reversal of allowance for inventories write down in 4Q2022 was in line with the recovery in selling prices and lower inventory holding at year end. The improved performance was despite the recognition of RM13.95 million in overhead cost on plant temporary shutdown for upgrading and major maintenance in December 2022.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2022**14 SEGMENTAL INFORMATION****14.1 Business Segments**

The segmental revenue, results, assets and liabilities for the twelve months ended 31 December 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
REVENUE						
External customers	1,811,774	1,218,552	636	4,010	-	3,034,972
Inter-segment	438,863	1,740	-	28,781	(469,384)	-
	<u>2,250,637</u>	<u>1,220,292</u>	<u>636</u>	<u>32,791</u>	<u>(469,384)</u>	<u>3,034,972</u>
RESULTS						
Segment (loss)/profit	(229,178)	52,663	(1,465)	13,823	(6,707)	(170,864)
Finance costs						(37,313)
Interest income						4,899
Share of results of associates						(12)
Loss before tax						(203,290)
Income tax credit						70,149
Loss for the year						<u>(133,141)</u>
Segment assets	<u>1,877,325</u>	<u>1,073,945</u>	<u>119,231</u>	<u>162,404</u>	<u>(508,545)</u>	<u>2,724,360</u>
Segment liabilities	<u>1,131,531</u>	<u>701,094</u>	<u>83,782</u>	<u>159,704</u>	<u>(545,050)</u>	<u>1,531,061</u>



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14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical Segments

The Group operates in two principal geographical areas – Malaysia (country of domicile) and Singapore.

In presenting information on the basis of geographical segments, segment revenue from external customers is based on revenue by location of operations. Segment assets are based on the geographical location of the non-current assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	12 months ended 31.12.2022 RM'000
Revenue from external customers	
Malaysia	2,815,386
Singapore	219,586
	<u>3,034,972</u>
	As at 31.12.2022 RM'000
Non-current assets	
Malaysia	939,747
Singapore	802
	<u>940,549</u>

15 PROSPECTS

The outlook for steel market is still clouded by economic uncertainty, high inflation, elevated energy prices, geopolitical conflicts and China's weakening economic growth, all of which put pressure on steel prices and weigh on demand growth.

On the bright side, China's reopening from its strict zero-Covid policy will boost the resumption of domestic manufacturing and construction activities, as well as the expansion of infrastructure investment, thus supporting steel demand recovery. With an expected slow demand recovery and continuous supply expansion in China, the world largest steel producing and consuming country, steel prices are unlikely to rise significantly in 2023.

Domestically, market sentiment is still negatively impacted by high and volatile fuel prices, with a sudden surge in electricity tariffs for medium and high voltage industry users, as well as rising coking coal prices due to supply constraints, leading to a significant increase in production cost. Demand for construction steel is expected to remain subdued due to lack of mega infrastructure projects rollout. To offset the weak demand in the domestic market, the Group will continue its focus on exports to regional markets.

Given the current market volatility and uncertainty, the Group will remain cautious and vigilant in executing its strategies to explore potential business opportunities and navigate through this volatile and challenging period.



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16 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

17 INCOME TAX

The income tax (credit)/expense comprises:

	3 months ended 31.12.2022 RM'000	12 months ended 31.12.2022 RM'000
Recognised in comprehensive income:		
Income tax		
Current period	1,869	13,737
Overprovision in prior year	(2)	(28)
Deferred tax		
Current period	(28,445)	(83,944)
(Over)/Underprovision in prior year	(1)	86
	<u>(26,579)</u>	<u>(70,149)</u>
Recognised in other comprehensive income:		
Deferred tax		
Current period	(4)	5
	<u>(26,583)</u>	<u>(70,144)</u>

A tax credit of RM26.58 million and RM70.14 million for the 4Q2022 and FY2022 respectively 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 business loss for the current quarter and financial year ended 31 December 2022.

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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19 GROUP BORROWINGS AND DEBT SECURITIES

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

a) Group borrowings

	31.12.2022 RM'000	31.12.2021 RM'000
<u>Short-term borrowings</u>		
Secured:		
Obligations under finance leases	494	340
Unsecured:		
Bills payable	1,118,779	1,011,087
Foreign currency trade loan	85,190	9,676
	1,204,463	1,021,103
 <u>Long-term borrowings</u>		
Secured:		
Term loan	24,302	-
Obligations under finance leases	756	579
	25,058	579
	1,229,521	1,021,682

The foreign currency profile of bank borrowings were as follows:

	USD denomination ('000)	31.12.2022 RM equivalent ('000)	USD denomination ('000)	31.12.2021 RM equivalent ('000)
<u>Short-term borrowings</u>				
Unsecured:				
Foreign currency trade loan	19,339	85,190	2,319	9,676

b) Debts securities – RCPS

	No of RCPS ('000)	31.12.2022 Amount RM'000
At the beginning of financial year	84,793	44,341
Less: Converted during the year	(15,529)	(7,765)
Add: Unwinding of discount charged to profit or loss	-	2,022
Less: Dividend paid	-	(1,732)
At the end of financial year	69,264	36,866
Liability component		34,691
Equity component		2,175
		36,866



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20 FINANCIAL INSTRUMENTS

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

<u>31 December 2022</u>	Notional Value RM'000	Fair Value RM'000	Net Loss RM'000
Foreign currency forward contracts	43,146	41,602	(1,544)

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. The parties have since exchanged pleadings. There was also a discovery application filed by Amsteel, which has since been disposed of, where the matter was litigated up to the Federal Court.

The matter is fixed for trial from 1 to 4 and 11 August 2023. The parties are presently preparing for trial and working towards complying with the Court's pre-trial directions.

22 PROPOSED DIVIDEND

22.1 Ordinary shares

The Board of Directors does not recommend any dividend for the current quarter ended 31 December 2022 (4Q2021: 6 sen per ordinary share).



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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 twelve months ended 31 December 2022 as set out below:

		3 months ended 31.12.2022	12 months ended 31.12.2022
Loss attributable to owners of the Company	(RM'000)	(66,164)	(132,631)
Weighted average number of ordinary shares in issue	('000)	561,349	558,476
Basic LPS	(sen)	<u>(11.79)</u>	<u>(23.75)</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 twelve months ended 31 December 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.

		3 months ended 31.12.2022	12 months ended 31.12.2022
Loss attributable to owners of the Company	(RM'000)	(66,164)	(132,631)
Effects on earnings upon conversion of RCPS	(RM'000)	516	2,022
	(RM'000)	<u>(65,648)</u>	<u>(130,609)</u>
Weighted average number of ordinary shares in issue	('000)	561,349	558,476
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>630,613</u>	<u>627,740</u>
Anti-Diluted LPS	(sen)	<u>(10.41)</u>	<u>(20.81)</u>



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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 February 2023.

By Order of the Board
Wong Youn Kim (MAICSA 7018778)
Lim Swee Foon (MAICSA 7064875)
Company Secretaries
27 February 2023
Selangor Darul Ehsan