



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 ENDED 30 JUNE 2023**



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 2023

	3 months ended		6 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
Revenue	593,643	805,938	1,264,369	1,479,152
Operating expenses	(594,762)	(799,579)	(1,298,597)	(1,426,992)
Other income	7,622	31,148	18,572	35,011
Finance costs	(15,040)	(7,772)	(28,398)	(15,249)
Share of results of associates	-	(3)	(1)	(6)
(Loss)/Profit before tax	(8,537)	29,732	(44,055)	71,916
Income tax credit/(expense)	8,638	4,358	22,802	(4,901)
Profit/(Loss) for the period	101	34,090	(21,253)	67,015
Other comprehensive income				
<u>Items that will be reclassified</u>				
<u>subsequently to profit or loss:</u>				
Foreign currency translation differences for foreign operations	4,851	2,871	4,977	3,274
Cash flow hedges	(1,244)	(9)	101	-
Other comprehensive income for the period, net of tax	3,607	2,862	5,078	3,274
Total comprehensive income/(loss) for the period	3,708	36,952	(16,175)	70,289
Profit/(Loss) attributed to:				
Owners of the Company	643	34,090	(20,432)	67,015
Non-controlling interests	(542)	-	(821)	-
	101	34,090	(21,253)	67,015
Total comprehensive income/(loss) attributable to:				
Owners of the Company	4,250	36,952	(15,354)	70,289
Non-controlling interests	(542)	-	(821)	-
	3,708	36,952	(16,175)	70,289
Earnings/(Loss) per share (sen):				
Basic	0.11	6.11	(3.64)	12.11
Diluted/Anti-diluted	0.18	5.51	(3.08)	10.92

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 2022 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 30 June 2023**

	30.6.2023	31.12.2022
	RM'000	RM'000
		(audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	1,003,941	861,097
Investment properties	4,467	4,512
Concession assets	76,036	59,033
Intangible assets	9,532	9,532
Investment in associates	258	259
Other investments	1	1
Deferred tax assets	200,841	170,385
Right-of-use assets	9,309	6,116
Total Non-current Assets	1,304,385	1,110,935
Current Assets		
Inventories	1,000,599	911,344
Trade receivables	539,957	483,271
Other receivables, deposits and prepayments	53,798	72,609
Derivative assets	917	-
Current tax assets	9,648	9,776
Cash and bank balances	153,047	133,381
Assets classified as held for sale	-	4,855
Total Current Assets	1,757,966	1,615,236
TOTAL ASSETS	3,062,351	2,726,171
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	645,626	645,626
Redeemable convertible cumulative preference share ("RCPS") - equity component	2,175	2,175
Treasury shares	(55,664)	(55,747)
Other reserves	82,643	75,823
Retained earnings	504,469	524,901
Total equity attributable to owners of the Company	1,179,249	1,192,778
Non-controlling interests	(280)	521
Total Equity	1,178,969	1,193,299
Non-current Liabilities		
Loans and borrowings	152,450	21,086
Lease liabilities	8,042	5,820
RCPS - liability component	34,861	34,691
Provision for retirement benefits	2,582	2,629
Deferred tax liabilities	21,695	14,371
Total Non-current Liabilities	219,630	78,597
Current Liabilities		
Loans and borrowings	1,324,492	1,208,334
Lease liabilities	1,765	643
Trade payables	225,843	158,981
Other payables, deposits and accruals	106,100	80,583
Derivative liabilities	784	1,544
Current tax liabilities	4,768	4,190
Total Current Liabilities	1,663,752	1,454,275
Total Liabilities	1,883,382	1,532,872
TOTAL EQUITY AND LIABILITIES	3,062,351	2,726,171
Net assets per share attributable to owners of the Company (RM)	2.10	2.12

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 six months ended 30 June 2023**

	----- 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 2023	645,626	2,175	75,823	(55,747)	524,901	1,192,778	521	1,193,299
Loss for the period	-	-	-	-	(20,432)	(20,432)	(821)	(21,253)
Other comprehensive (loss)/income for the period	-	-	5,078	-	-	5,078	-	5,078
Total comprehensive (loss)/income for the period	-	-	5,078	-	(20,432)	(15,354)	(821)	(16,175)
Transactions with owners								
Long Term Incentive Plan ("LTIP"):								
- Share-based payments expenses	-	-	1,825	-	-	1,825	-	1,825
- Shares transferred	-	-	(83)	83	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	20	20
At 30 June 2023	645,626	2,175	82,643	(55,664)	504,469	1,179,249	(280)	1,178,969
At 1 January 2022	617,674	2,663	77,136	(65,634)	691,014	1,322,853	-	1,322,853
Profit for the period	-	-	-	-	67,015	67,015	-	67,015
Other comprehensive income for the period	-	-	3,274	-	-	3,274	-	3,274
Total comprehensive income for the period	-	-	3,274	-	67,015	70,289	-	70,289
Transactions with owners								
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	-	-	2,740	-	-	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	-	1,389,850

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

**ANN JOO RESOURCES BERHAD**

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**Unaudited Condensed Consolidated Statements of Cash Flows
For the six months ended 30 June 2023**

	6 months ended	
	30.6.2023	30.6.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(44,055)	71,916
Adjustments	23,011	129,394
Operating (loss)/profit before working capital changes	(21,044)	201,310
Changes in working capital		
Net change in current assets	(107,029)	(316,126)
Net change in current liabilities	43,140	26,617
Interest received	1,581	2,760
Interest paid	(26,439)	(14,070)
Income tax paid	(6,460)	(11,432)
Net cash flows used in operating activities	(116,251)	(110,941)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow from acquisition of a subsidiary	(24,934)	-
Interest received	810	242
Proceeds from disposal of property, plant and equipment	5,938	37
Proceeds from disposal of investment properties	12,940	-
Purchase of property, plant and equipment	(22,227)	(15,412)
Addition in concession assets	(17,003)	-
Net cash flows used in investing activities	(44,476)	(15,133)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	177,423	167,399
Net repayment of lease liabilities	(1,032)	(926)
Proceeds from the conversion of RCPS	-	20,187
Interest paid	(698)	(2)
Dividends paid to owners of the Company	-	(33,496)
Dividends paid to holders of RCPS	(866)	(866)
Withdrawal of fixed deposit pledged with licensed banks	1,419	-
Net cash flows generated from financing activities	176,246	152,296
Net change in cash and cash equivalents	15,519	26,222
Effects of foreign exchanges rate changes	5,567	2,685
Cash and cash equivalents at beginning of period	121,021	65,098
Cash and cash equivalents at end of period	142,107	94,005

Cash and cash equivalents

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

	6 months ended	
	30.6.2023	30.6.2022
	RM'000	RM'000
Cash and bank balances	153,047	94,005
Less: Fixed deposit pledged with licensed banks	(10,940)	-
	142,107	94,005

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 SIX MONTHS ENDED 30 JUNE 2023

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 2022. 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 2022.

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 2022, 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 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

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 2023

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 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 six months ended 30 June 2023.

4 NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no major changes in estimates since the last audited financial statement that have any material effect for the quarter and six months ended 30 June 2023.

5 DEBT AND EQUITY SECURITIES

During the quarter under review, the Company transferred 26,000 treasury shares as Long-Term Incentive Plan ("LTIP") award under the Company's Share Grant Plan to LTIP participants.

As at 30 June 2023, out of a total 578,583,543 issued ordinary shares, 17,208,400 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 30 June 2023.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023**6 DIVIDENDS PAID**

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

	30.06.2023	30.06.2022
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 of payment	-	27 May 2022
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 2023	31 December 2022
Approved and declared on	29 May 2023	27 May 2022
Entitlement date	16 June 2023	16 June 2022
Date of payment	28 June 2023	28 June 2022
Dividend per share	1.25 sen	1.25 sen
Net dividend (RM'000)	866	866

7 (LOSS)/PROFIT BEFORE TAX

	3 months ended 30.6.2023 RM'000	6 months ended 30.6.2023 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):		
Depreciation and amortisation	14,041	28,395
Finance cost		
- Interest expenses	14,394	27,137
- RCPS unwinding of discount	519	1,036
- Lease liabilities	127	225
Foreign exchange loss/(gain)		
- Realised	2,450	1,669
- Unrealised	(2,947)	(3,503)
Gain on disposal of property, plant and equipment	(4,930)	(4,930)
Gain on disposal of investment properties	(265)	(8,084)
Interest income	(1,110)	(2,391)
LTIP share-based payment expenses	912	1,825
Overhead cost on plant temporary shutdown	205	1,158
Property, plant, and equipment written off	-	2
Reversal of allowance for inventories write down, net	(14,586)	(14,553)
Reversal of impairment loss on receivables	(543)	(1,553)
Reversal of impairment loss on property, plant and equipment	(663)	(663)



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

8 MATERIAL EVENTS SUBSEQUENT TO THE END OF CURRENT QUARTER

On 10 August 2023, the Company announced that Ann Joo Green Energy Sdn Bhd, an indirect wholly owned subsidiary of the Company, together with its consortium partners, JAKS Solar Power Sdn Bhd and Fabulous Sunview Sdn Bhd have been successfully selected as a Solar Power Producer with an allocated export capacity of 29.99MW under the Corporate Green Power Programme.

Save as disclosed above, 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

On 21 June 2023, the Company announced that Konsortia Etiqa Sdn. Bhd, a 55% indirect subsidiary of the Company, had acquired 102,000 ordinary shares in Perfect Channel Sdn Bhd ("PCSB") and subscribed for 100,000,000 new ordinary shares in PCSB for a total cash consideration of RM10,100,000. PCSB becomes a 99.9% subsidiary of the Group and is principally engaged in the manufacturing of hard drawn wires, galvanised steel wires and other wire products. PCSB has temporarily ceased its manufacturing operations since May 2019 due to a fire incident involving its main intake substation. Currently, PCSB generates income from letting out its industrial buildings.

Save as disclosed above, there were no other changes in the composition of the Group during the financial period under review.

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 EXPENDITURE COMMITMENTS

The capital expenditure commitments of the Group as at 30 June 2023 were as follows:

	RM'000
Property, plant and equipment	
(a) contracted but not provided for	15,875
(b) approved but not contracted for	11,046
	<u>26,921</u>
Concession assets	
(a) contracted but not provided for	<u>32,754</u>
Total	<u><u>59,675</u></u>

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023**12 REVIEW OF PERFORMANCE**

	3 months ended		Changes (%)	6 months ended		Changes
	30.6.2023 RM'000	30.6.2022 RM'000		30.6.2023 RM'000	30.6.2022 RM'000	
Revenue						
Upstream Steel Division	427,922	592,193	(27.7)	903,148	1,093,920	(17.4)
Downstream Steel Division	300,919	326,616	(7.9)	647,615	597,634	8.4
Green Technology Division	1,992	-	100	2,218	-	100
Investment holding, property management and others	7,261	7,600	(4.5)	14,627	15,199	(3.8)
Adjustments and elimination	(144,451)	(120,471)	(19.9)	(303,239)	(227,601)	(33.2)
Group revenue	593,643	805,938	(26.3)	1,264,369	1,479,152	(14.5)
Segment results						
Upstream Steel Division	(11,480)	11,406	(>100)	(61,137)	37,500	(>100)
Downstream Steel Division	15,372	23,044	(33.3)	36,225	43,380	(16.5)
Green Technology Division	(1,029)	-	(100)	(1,761)	-	(100)
Investment holding, property management and others	1,615	1,668	(3.2)	9,824	3,091	>100
Adjustments and elimination	915	162	>100	(1,198)	198	(>100)
	5,393	36,280	(85.1)	(18,047)	84,169	(>100)
Finance costs	(15,040)	(7,772)	(93.5)	(28,398)	(15,249)	(86.2)
Interest income	1,110	1,227	(9.5)	2,391	3,002	(20.4)
Share of results of associates	-	(3)	(100)	(1)	(6)	(83.3)
(Loss)/Profit before tax	(8,537)	29,732	(>100)	(44,055)	71,916	(>100)



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

12 REVIEW OF PERFORMANCE (CONTINUED)

Lower revenue in the second quarter of 2023 (“2Q2023”) compared to the corresponding quarter of the preceding year (“2Q2022”) was mainly due to lower selling prices of various steel products coupled with lower export sale tonnage, despite a slight improvement in local sale tonnage.

Revenue in the six months ended 30 June 2023 (“6M2023”) was also lower when comparing to corresponding period of preceding year due largely to lower selling prices and tonnage of various steel products.

The Group register a loss before tax (“LBT”) of RM8.54 million and RM44.06 million in 2Q2023 and 6M2023 respectively, compared to a profit before tax (“PBT”) of RM29.73 million and RM71.92 million in second quarter of 2022 (“2Q2022”) and six months ended 30 June 2022 (“6M2022”) respectively. The loss in 2Q2023 and 6M2023 were primarily attributed to lower selling price and tonnage despite the cost of sales was lower brought on by the downward impact of raw material and fuel costs. In comparison, 2Q2022 PBT was mainly contributed from compensation for trespassing claims of RM26.97 million from Tenaga Nasional Berhad.

13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended		Changes (%)
	30.6.2023 RM'000	31.3.2023 RM'000	
Revenue	593,643	670,726	(11.5)
Loss before tax	(8,537)	(35,518)	76.0

Lower revenue in 2Q2023 compared to the first quarter of 2023 (“1Q2023”) was mainly due to lower overall sales tonnage as well as lower selling price of various steel products.

2Q2023 LBT narrowed to RM8.54 million from RM35.52 million in 1Q2023, owing primarily to lower cost of sales from lower raw material and fuel costs. The better performance was also contributed by the reversal of allowance for inventory write down of RM14.59 million (1Q2023: allowance for inventory write down of RM0.032 million). This was despite a lower one-off gain in 2Q2023 on disposal of property, plant, and equipment of RM4.93 million compared to a RM7.82 million gain on disposal of investment properties in 1Q2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

14 SEGMENTAL INFORMATION

14.1 Business Segments

The segmental revenue, results, assets and liabilities for the six months ended 30 June 2023 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	613,203	646,937	2,218	2,011	-	1,264,369
Inter-segment	289,945	678	-	12,616	(303,239)	-
	<u>903,148</u>	<u>647,615</u>	<u>2,218</u>	<u>14,627</u>	<u>(303,239)</u>	<u>1,264,369</u>
RESULTS						
Segment (loss)/profit	(61,137)	36,225	(1,761)	9,824	(1,198)	(18,047)
Finance costs						(28,398)
Interest income						2,391
Share of result of associates						(1)
Loss before tax						(44,055)
Income tax credit						22,802
Loss for the period						<u>(21,253)</u>
Segment assets	<u>1,827,613</u>	<u>1,072,541</u>	<u>118,124</u>	<u>376,417</u>	<u>(332,344)</u>	<u>3,062,351</u>
Segment liabilities	<u>1,133,776</u>	<u>671,768</u>	<u>84,256</u>	<u>361,686</u>	<u>(368,104)</u>	<u>1,883,382</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023**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, segmental revenue from external customers is based on revenue by location of operations. Segmental 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 30.6.2023 RM'000
Revenue from external customers	
Malaysia	1,140,896
Singapore	123,473
	<u>1,264,369</u>
	As at 30.6.2023 RM'000
Non-current assets	
Malaysia	1,099,297
Singapore	4,247
	<u>1,103,544</u>

15 PROSPECTS

The global steel market remains challenging in the near term, as key steel consuming markets, particularly China is still facing strong headwinds as a result of declining steel prices and a slower pace in demand recovery amid China's faltering economy, which has been weighed down by its prolonged property sector crisis. Adverse market conditions and enduring uncertainties, such as weak global economic data, geopolitical tensions and waning global demand, continue to pose downside risks in the remainder of 2023.

Domestically, muted mega infrastructure projects continue to weigh on construction steel demand. The conclusion of the recent state elections, however, is anticipated to spur further development at both state and federal government levels, paving the way for the rollout of infrastructure projects and the implementation of its reform agenda in the coming months.

The Group continues to grow its Green Technology Division in line with its aspiration of investing in green initiatives as part of our ESG journey. Among others, Bumi Segar Indah Sdn Bhd, a 51% indirect subsidiary of the Company, had on 15 June 2023 commenced operation of the waste transfer station. Further, Ann Joo Green Energy Sdn Bhd, an indirect wholly owned subsidiary of the Company, together with its consortium partners, JAKS Solar Power Sdn. Bhd. and Fabulous Sunview Sdn. Bhd, has been successfully selected as a Solar Power Producer with an allocated export capacity of 29.99MW under the Corporate Green Power Programme. This paves the way for our presence in the green energy sector. Given that these investments are still in the early stages of development, the Group does not anticipate a significant contribution from the divisional operations in the near future.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

15 PROSPECTS (CONTINUED)

The Group remains cautious about the development of both domestic and external fronts, and will continue to place its strong emphasis on balance sheet and cash flow management in order to stay vigilant and navigate 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 2023.

17 INCOME TAX

The income tax (credit)/expense comprises:

	3 months ended	6 months ended
	30.6.2023	30.6.2023
	RM'000	RM'000
Recognised in comprehensive income:		
Income tax		
Current period	2,466	7,368
Deferred tax		
Current period	(11,104)	(30,170)
	<u>(8,638)</u>	<u>(22,802)</u>
Recognised in other comprehensive income:		
Deferred tax		
Current period	393	(32)
	<u>(8,245)</u>	<u>(22,834)</u>

A tax credit of RM8.64 million and RM22.80 million for the quarter and six months ended 30 June 2023 respectively were due mainly to deferred tax credit recognised from the business loss and recognition of tax incentive by certain subsidiary companies.

18 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of this report.



ANN JOO RESOURCES BERHAD

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(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

19 GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings and debts securities as at 30 June 2023 were as follows:

a) Loans and borrowings

	30.6.2023 RM'000	31.12.2022 RM'000
<u>Current</u>		
Secured:		
Term loans	20,232	4,027
Obligations under finance leases	299	338
Unsecured:		
Bills payable	1,247,860	1,118,778
Foreign currency trade finance	56,101	85,191
	1,324,492	1,208,334
<u>Non-Current</u>		
Secured:		
Term loans	151,640	20,124
Obligations under finance leases	810	962
	152,450	21,086
	1,476,942	1,229,420

The foreign currency profile of the bank borrowings was as follows:

	30.6.2023		31.12.2022	
	USD denomination ('000)	RM equivalent ('000)	USD denomination ('000)	RM equivalent ('000)
<u>Current</u>				
Unsecured:				
Foreign currency trade finance	12,158	56,101	19,339	85,191
	12,158	56,101	19,339	85,191



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

19 GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)

The Group's borrowings and debts securities as at 30 June 2023 were as follows (continued):

b) Debts securities – RCPS

		30.6.2023
	No of RCPS (‘000)	Amount RM’000
At the beginning of financial year	69,264	36,866
Less: Converted during the period	-	-
Add: Unwinding of discount charged to profit or loss	-	1,036
Less: Dividend paid	-	(866)
At the end of financial period	<u>69,264</u>	<u>37,036</u>
Liability component		34,861
Equity component		<u>2,175</u>
		<u>37,036</u>

20 FINANCIAL INSTRUMENTS

The Group's outstanding derivatives as at 30 June 2023 were as follows:

<u>30 June 2023</u>	Notional Value RM’000	Fair Value RM’000	Net Gain RM’000
Foreign currency forward contract	<u>29,767</u>	<u>29,900</u>	<u>133</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. 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.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

21 MATERIAL LITIGATIONS (CONTINUED)

The trial dates were fixed for 1 to 4 and 11 August 2023. The pre-trial documents and witness statements were filed by the parties and the matter proceeded for trial on 1 to 3 August 2023 and 11 August 2023. The trial date of 4 August 2023 was vacated by the Court. Trial concluded on 11 August 2023 and the Court directed as follows:

- (i) Parties to file Written Submissions by 18 October 2023;
- (ii) Parties to file Reply Submissions by 8 November 2023; and
- (iii) Oral Submissions by the parties fixed on 22 November 2023.

22 PROPOSED DIVIDEND

22.1 Ordinary shares

The Board of Directors (the “Board”) does not recommend any dividend for the current quarter ended 30 June 2023 (2Q2022: Nil).

23 EARNINGS/(LOSS) PER ORDINARY SHARE (“EPS”/“(LPS)”))

a) Basic EPS/(LPS)

The basic EPS/(LPS) is calculated by dividing the profit/(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 six months ended 30 June 2023 as set out below:

		3 months ended 30.6.2023	6 months ended 30.6.2023
Total profit/(loss) attributable to owners of the Company	(RM'000)	643	(20,432)
Weighted average number of ordinary shares in issue	('000)	561,358	561,353
Basic EPS/(LPS)	(sen)	<u>0.11</u>	<u>(3.64)</u>



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

23 EARNINGS/(LOSS) PER ORDINARY SHARE (“EPS”/“(LPS)”)(CONTINUED)

b) Diluted EPS/(LPS)

The diluted EPS/(LPS) is calculated by dividing the profit/(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 six months ended 30 June 2023, 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 the full conversion of the remaining RCPS in issue into ordinary shares as at reporting date.

		3 months ended 30.6.2023	6 months ended 30.6.2023
Total profit/(loss) attributable to owners of the Company	(RM'000)	643	(20,432)
Effects on earnings upon conversion of RCPS	(RM'000)	519	1,036
	(RM'000)	<u>1,162</u>	<u>(19,396)</u>
Weighted average number of ordinary shares in issue	('000)	561,358	561,353
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	('000)	<u>630,622</u>	<u>630,617</u>
Diluted/Anti-diluted EPS/(LPS)	(sen)	<u>0.18</u>	<u>(3.08)</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 29 August 2023.

By Order of the Board

Lim Kam Choy (MIA 13106)(SSM PC No. 201908002518)

Wong Youn Kim (MAICSA 2018778)(SSM PC No. 201908004103)

Company Secretaries

29 August 2023

Selangor Darul Ehsan