



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 SEPTEMBER 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 nine months ended 30 September 2023

	3 months ended		9 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	638,640	760,784	1,903,009	2,239,936
Operating expenses	(703,211)	(934,274)	(2,001,808)	(2,361,266)
Other income	3,834	1,500	22,406	36,511
Finance costs	(17,019)	(10,191)	(45,417)	(25,440)
Share of results of associates	-	(3)	(1)	(9)
Loss before tax	(77,756)	(182,184)	(121,811)	(110,268)
Income tax credit	21,751	48,471	44,553	43,570
<b>Loss for the period</b>	<b>(56,005)</b>	<b>(133,713)</b>	<b>(77,258)</b>	<b>(66,698)</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	330	2,790	5,307	6,064
Cash flow hedges	(2,716)	(798)	(2,615)	(798)
Other comprehensive (loss)/income for the period, net of tax	(2,386)	1,992	2,692	5,266
<b>Total comprehensive loss for the period</b>	<b>(58,391)</b>	<b>(131,721)</b>	<b>(74,566)</b>	<b>(61,432)</b>
<b>Loss attributed to:</b>				
Owners of the Company	(55,690)	(133,482)	(76,122)	(66,467)
Non-controlling interests	(315)	(231)	(1,136)	(231)
	<b>(56,005)</b>	<b>(133,713)</b>	<b>(77,258)</b>	<b>(66,698)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(58,076)	(131,490)	(73,430)	(61,201)
Non-controlling interests	(315)	(231)	(1,136)	(231)
	<b>(58,391)</b>	<b>(131,721)</b>	<b>(74,566)</b>	<b>(61,432)</b>
<b>Loss per share (sen):</b>				
Basic	(9.92)	(23.88)	(13.56)	(11.97)
Diluted	(8.75)	(21.16)	(11.82)	(10.40)

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 September 2023**

	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(audited)</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,003,405	861,097
Investment properties	4,445	4,512
Concession assets	80,825	59,033
Intangible assets	9,532	9,532
Investment in associates	258	259
Other investments	1	1
Deferred tax assets	224,104	170,385
Right-of-use assets	8,837	6,116
<b>Total Non-current Assets</b>	<b>1,331,407</b>	<b>1,110,935</b>
<b>Current Assets</b>		
Inventories	901,065	911,344
Trade receivables	532,080	483,271
Other receivables, deposits and prepayments	64,519	72,609
Current tax assets	9,593	9,776
Cash and bank balances	102,493	133,381
Assets classified as held for sale	-	4,855
<b>Total Current Assets</b>	<b>1,609,750</b>	<b>1,615,236</b>
<b>TOTAL ASSETS</b>	<b>2,941,157</b>	<b>2,726,171</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
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	81,277	75,823
Retained earnings	448,779	524,901
Total equity attributable to owners of the Company	1,122,193	1,192,778
Non-controlling interests	(105)	521
<b>Total Equity</b>	<b>1,122,088</b>	<b>1,193,299</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	163,579	21,086
Lease liabilities	7,593	5,820
RCPS - liability component	35,381	34,691
Provision for retirement benefits	2,627	2,629
Deferred tax liabilities	21,790	14,371
<b>Total Non-current Liabilities</b>	<b>230,970</b>	<b>78,597</b>
<b>Current Liabilities</b>		
Loans and borrowings	1,323,290	1,208,334
Lease liabilities	1,793	643
Trade payables	159,943	158,981
Other payables, deposits and accruals	96,125	80,583
Derivative liabilities	3,441	1,544
Current tax liabilities	3,507	4,190
<b>Total Current Liabilities</b>	<b>1,588,099</b>	<b>1,454,275</b>
<b>Total Liabilities</b>	<b>1,819,069</b>	<b>1,532,872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,941,157</b>	<b>2,726,171</b>
Net assets per share attributable to owners of the Company (RM)	2.00	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 nine months ended 30 September 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		
<b>At 1 January 2023</b>	645,626	2,175	75,823	(55,747)	524,901	1,192,778	521	1,193,299
Loss for the period	-	-	-	-	(76,122)	(76,122)	(1,136)	(77,258)
Other comprehensive income for the period	-	-	2,692	-	-	2,692	-	2,692
Total comprehensive (loss)/income for the period	-	-	2,692	-	(76,122)	(73,430)	(1,136)	(74,566)
<b>Transactions with owners</b>								
Long Term Incentive Plan ("LTIP"):								
- Share-based payments expenses	-	-	2,845	-	-	2,845	-	2,845
- Shares transferred	-	-	(83)	83	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	20	20
Subscription of shares by non-controlling interest in a subsidiary	-	-	-	-	-	-	490	490
<b>At 30 September 2023</b>	645,626	2,175	81,277	(55,664)	448,779	1,122,193	(105)	1,122,088
<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)
<b>Transactions with owners</b>								
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
- Share 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>	645,626	2,175	84,064	(63,187)	591,065	1,259,743	960	1,260,703

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**(Registration No.:199501041948 (371152-U))  
(Incorporated in Malaysia)**Unaudited Condensed Consolidated Statements of Cash Flows  
For the nine months ended 30 September 2023**

	<b>9 months ended</b>	
	<b>30.9.2023</b>	<b>30.9.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(121,811)	(110,268)
Adjustments	49,761	209,759
Operating (loss)/profit before working capital changes	(72,050)	99,491
Changes in working capital		
Net change in current assets	(3,522)	(242,829)
Net change in current liabilities	(34,080)	26,811
Interest received	2,485	3,486
Interest paid	(40,864)	(23,653)
Income tax paid	(8,669)	(15,489)
Retirement benefits paid	-	(2,300)
Net cash flows used in operating activities	(156,700)	(154,483)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash outflow from acquisition of a subsidiary	(24,934)	2
Acquisition of a solar energy business	-	(1,943)
Interest received	1,135	421
Proceeds from disposal of property, plant and equipment	5,943	630
Proceeds from disposal of investment properties	12,940	-
Proceeds from subscription of shares by non-controlling interest in subsidiaries	490	1,210
Purchase of property, plant and equipment	(36,522)	(27,092)
Addition in concession assets	(21,791)	-
Net cash flows used in investing activities	(62,739)	(26,772)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of bank borrowings	187,348	268,780
Net repayment of lease liabilities	(1,585)	(1,403)
Proceeds from the conversion of RCPS	-	20,187
Interest paid	(2,648)	(7)
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	1,341	-
Net cash flows generated from financing activities	183,590	253,195
Net change in cash and cash equivalents	(35,849)	71,940
Effects of foreign exchanges rate changes	6,303	3,853
Cash and cash equivalents at beginning of period	121,021	65,098
Cash and cash equivalents at end of period	91,475	140,891

**Cash and cash equivalents**

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

	<b>9 months ended</b>	
	<b>30.9.2023</b>	<b>30.9.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	102,493	140,891
Less: Fixed deposit pledged with licensed banks	(11,018)	-
	91,475	140,891

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.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 NINE MONTHS ENDED 30 SEPTEMBER 2023**

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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 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 nine months ended 30 September 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 nine months ended 30 September 2023.

### **5 DEBT AND EQUITY SECURITIES**

As at 30 September 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.

There were no issuances, cancellations, resale or repayment of debt and equity securities during the quarter ended 30 September 2023.

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

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

	<b>30.09.2023</b>	<b>30.09.2022</b>
<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 of payment	-	27 May 2022
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 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 BEFORE TAX**

	<b>3 months ended</b>	<b>9 months ended</b>
	<b>30.9.2023</b>	<b>30.9.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Loss before tax is arrived at after charging/(crediting):</b>		
Reversal of allowance for inventories write down	(5,635)	(20,188)
Depreciation and amortisation	15,265	43,660
Finance cost		
- Interest expenses	16,375	43,512
- RCPS unwinding of discount	520	1,556
- Lease liabilities	124	349
Foreign exchange loss/(gain)		
- Realised	(465)	1,204
- Unrealised	299	(3,204)
Gain on disposal of property, plant and equipment	(4)	(4,934)
Gain on disposal of investment properties	-	(8,084)
Interest income	(1,229)	(3,620)
LTIP share-based payment expenses	1,020	2,845
Overhead cost on plant temporary shutdown	8,345	9,503
Property, plant, and equipment written off	-	2
Reversal of impairment loss on receivables	(1,421)	(2,974)
Reversal of impairment loss on property, plant and equipment	-	(663)





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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023

### 8 MATERIAL EVENTS SUBSEQUENT TO THE END OF CURRENT QUARTER

There has not arisen in the interval between the end of the quarter under review and the date of this report, any item, transaction, or event of a material and unusual nature likely in the opinion of the Board of Directors to affect substantially the results of the operations of the Group for the current quarter in respect of which this announcement is made.

### 9 CHANGES IN THE COMPOSITION OF THE GROUP

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 September 2023 were as follows:

	<u>RM'000</u>
<b>Property, plant and equipment</b>	
(a) contracted but not provided for	20,378
(b) approved but not contracted for	<u>8,355</u>
	<u>28,733</u>
<b>Concession assets</b>	
(a) contracted but not provided for	<u>38,566</u>
<b>Total</b>	<u>67,299</u>

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

	3 months ended		9 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
<b>Revenue</b>				
Upstream Steel Division	460,073	551,086	1,363,221	1,645,006
Downstream Steel Division	296,254	311,107	943,869	908,741
Green Technology Division	10,022	87	12,240	87
Investment holding, property management and others	8,541	7,559	23,168	22,758
Adjustments and elimination	(136,250)	(109,055)	(439,489)	(336,656)
<b>Group revenue</b>	<b>638,640</b>	<b>760,784</b>	<b>1,903,009</b>	<b>2,239,936</b>
<b>Segment results</b>				
Upstream Steel Division	(69,236)	(166,952)	(130,373)	(129,452)
Downstream Steel Division	2,927	(5,611)	39,152	37,769
Green Technology Division	365	(650)	(1,396)	(650)
Investment holding, property management and others	3,918	177	13,742	3,268
Adjustments and elimination	60	141	(1,138)	339
	(61,966)	(172,895)	(80,013)	(88,726)
Finance costs	(17,019)	(10,191)	(45,417)	(25,440)
Interest income	1,229	905	3,620	3,907
Share of results of associates	-	(3)	(1)	(9)
<b>Loss before tax</b>	<b>(77,756)</b>	<b>(182,184)</b>	<b>(121,811)</b>	<b>(110,268)</b>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023****12 REVIEW OF PERFORMANCE (CONTINUED)**

The decrease in revenue during the third quarter of 2023 (“3Q2023”) as well as for the nine months ended 30 September 2023 (“9M2023”) compared to the third quarter of 2022 (“3Q2022”) and nine months ended 30 September 2022 (“9M2022”) was primarily attributed to lower selling prices and sales tonnage of various steel products.

The Group reported a loss before tax (“LBT”) of RM77.76 million and RM121.81 million in 3Q2023 and 9M2023 respectively, compared to a LBT of RM182.18 million and RM110.27 million in 3Q2022 and 9M2022 respectively. The lower selling prices and sales tonnage were primarily attributable to increasing supply-demand imbalances both domestically and regionally, which resulted in a sluggish steel prices and depressed operating margins.

**13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

	<b>3 months ended</b>		<b>Changes (%)</b>
	<b>30.9.2023</b>	<b>30.6.2023</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	638,640	593,643	7.58
Loss before tax	(77,756)	(8,537)	>100

Higher revenue in 3Q2023 compared to the second quarter of 2023 (“2Q2023”) was primarily driven by higher overall sales tonnage despite recorded lower selling price of various steel products.

However, 3Q2023 LBT deteriorated to RM77.76 million from RM8.54 million in 2Q2023, owing primarily to lower selling prices of various steel products. The weaker performance was also attributable to recognition of overhead costs related to scheduled and unscheduled plant shutdowns in 3Q2023 amounted to RM8.35 million (2Q2023 : RM0.21 million), along with lower reversal of allowance for inventory write down of RM5.64 million (2Q2023: reversal of allowance for inventory write down of RM14.59 million). Additionally, there was a one-off gain of RM4.93 million from the disposal of property, plant, and equipment in 2Q2023.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023**

**14 SEGMENTAL INFORMATION**

**14.1 Business Segments**

The segmental revenue, results, assets and liabilities for the nine months ended 30 September 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
<b>REVENUE</b>						
External customers	945,097	942,134	12,240	3,538	-	1,903,009
Inter-segment	418,124	1,735	-	19,630	(439,489)	-
	<u>1,363,221</u>	<u>943,869</u>	<u>12,240</u>	<u>23,168</u>	<u>(439,489)</u>	<u>1,903,009</u>
<b>RESULTS</b>						
Segment (loss)/profit	(130,373)	39,152	(1,396)	13,742	(1,138)	(80,013)
Finance costs						(45,417)
Interest income						3,620
Share of result of associates						(1)
Loss before tax						<u>(121,811)</u>
Income tax credit						44,553
Loss for the period						<u>(77,258)</u>
Segment assets	<u>1,799,800</u>	<u>1,021,412</u>	<u>129,707</u>	<u>400,629</u>	<u>(410,391)</u>	<u>2,941,157</u>
Segment liabilities	<u>1,165,048</u>	<u>620,717</u>	<u>94,773</u>	<u>384,773</u>	<u>(446,242)</u>	<u>1,819,069</u>



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

	<b>9 months ended 30.9.2023 RM'000</b>
<b>Revenue from external customers</b>	
Malaysia	1,727,241
Singapore	175,768
	<u>1,903,009</u>
	<b>As at 30.9.2023 RM'000</b>
<b>Non-current assets</b>	
Malaysia	1,103,405
Singapore	3,898
	<u>1,107,303</u>

### 15 PROSPECTS

The steel industry outlook is anticipated to face continued headwinds and challenges, owing to uninspiring demand and the presence of structural overcapacity, particularly in China. Uncertainty stemmed from China's structural transition phase, as steel consumption shifts from the real estate sector to infrastructure and manufacturing, reflecting the challenges in its property market.

Nevertheless, market sentiment has improved lately, with steel prices beginning to rise following China's announcement of RMB1 trillion government bonds to support the rebuilding of disaster-hit areas and improving urban infrastructure. Despite the fact that an immediate boost to China's steel demand appears to be limited, infrastructure steel demand is likely to gain traction and property steel demand will improve eventually.

Regionally, a massive influx of integrated mega mills into the ASEAN market is poised to further exacerbate the persistent overcapacity issue, raising serious concern as capacity would outpace demand, particularly as demand remains relatively stagnant in both ASEAN and China.

The challenges have spread to the local front, where supply-demand imbalances are looming large. Rising operating costs and underwhelming mega infrastructure projects will continue to put pressure on the domestic steel market, weighing on demand for construction steel. To address the overcapacity situation, MITI recently announced the implementation of a 2-year moratorium effective from 15 August 2023. This strategic move by the government will enable reassessments to address the issues faced by the local iron and steel industry, as well as support the industry in achieving carbon neutrality objectives and realigning its direction with the aspirations of the New Industrial Master Plan 2030 for sustainable growth.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023

### 15 PROSPECTS (CONTINUED)

In response to the demanding business landscape, the Group remains to place its strong emphasis on balance sheet and effective cash flow management in order to stay vigilant and navigate through this turbulent 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 September 2023.

### 17 INCOME TAX

The income tax (credit)/expense comprises:

	3 months ended 30.9.2023 RM'000	9 months ended 30.9.2023 RM'000
<b>Recognised in comprehensive income:</b>		
<b>Income tax</b>		
Current period	475	7,843
(Over)/under-provision in prior years	86	86
<b>Deferred tax</b>		
Current period	(21,919)	(52,089)
(Over)/under-provision in prior years	(393)	(393)
	(21,751)	(44,553)
<b>Recognised in other comprehensive income:</b>		
<b>Deferred tax</b>		
Current period	(794)	(826)
	(22,545)	(45,379)

A tax credit of RM21.75 million and RM44.55 million for the quarter and nine months ended 30 September 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.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023

### 19 GROUP BORROWINGS AND DEBT SECURITIES

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

#### a) Loans and borrowings

	30.9.2023 RM'000	31.12.2022 RM'000
<b><u>Current</u></b>		
<b>Secured:</b>		
Term loans	24,559	4,027
Obligations under finance leases	364	338
<b>Unsecured:</b>		
Bills payable	1,078,657	1,118,778
Foreign currency trade finance	219,710	85,191
	1,323,290	1,208,334
<b><u>Non-Current</u></b>		
<b>Secured:</b>		
Term loans	162,539	20,124
Obligations under finance leases	1,040	962
	163,579	21,086
<b>Total</b>	1,486,869	1,229,420

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

	30.9.2023		31.12.2022	
	Foreign currency ( '000)	RM equivalent ( '000)	Foreign currency ( '000)	RM equivalent ( '000)
<b><u>Current</u></b>				
<b>Unsecured:</b>				
Foreign currency trade finance :				
- USD	37,926	174,628	19,339	85,191
- SGD	12,987	45,082	-	-
		219,710		85,191

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023****19 GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)**

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

**b) Debts securities – RCPS**

	<b>30.9.2023</b>	
	<b>No of RCPS (‘000)</b>	<b>Amount RM’000</b>
At the beginning of financial year	69,264	36,866
Less: Converted during the period	-	-
Add: Unwinding of discount charged to profit or loss	-	1,556
Less: Dividend paid	-	(866)
At the end of financial period	<u>69,264</u>	<u>37,556</u>
Liability component		35,381
Equity component		<u>2,175</u>
		<u>37,556</u>

**20 FINANCIAL INSTRUMENTS**

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

<u>30 September 2023</u>	<b>Notional Value RM’000</b>	<b>Fair Value RM’000</b>	<b>Net Loss RM’000</b>
Foreign currency forward contract	<u>175,765</u>	<u>172,324</u>	<u>(3,441)</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 NINE MONTHS ENDED 30 SEPTEMBER 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 the filing and exchange of written submissions and reply submissions, with an oral hearing fixed on 1 March 2024.

### 22 PROPOSED DIVIDEND

#### 22.1 Ordinary shares

The Board of Directors (the “Board”) does not recommend any dividend for the current quarter ended 30 September 2023 (3Q2022: Nil).

#### 22.2 Redeemable Convertible Cumulative Preference Shares

On 27 November 2023, the Board approved and declared a second semi-annual dividend of 1.25 sen (3Q2022: 1.25 sen) per Redeemable Convertible Cumulative Preference Share (“RCPS”) in respect of the financial year ending 31 December 2023. This dividend will be paid on 3 January 2024 to the depositors registered in the Record of Depositors at the close of the business on 15 December 2023.

### 23 LOSS PER ORDINARY 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 2023 as set out below:

		<b>3 months ended 30.9.2023</b>	<b>9 months ended 30.9.2023</b>
Total loss attributable to owners of the Company	(RM'000)	(55,690)	(76,122)
Weighted average number of ordinary shares in issue	('000)	561,375	561,361
Basic LPS	(sen)	<u>(9.92)</u>	<u>(13.56)</u>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023**

**23 LOSS PER ORDINARY SHARE (“LPS”)(CONTINUED)**

**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 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.

		<b>3 months ended 30.9.2023</b>	<b>9 months ended 30.9.2023</b>
Total loss attributable to owners of the Company	(RM'000)	(55,690)	(76,122)
Effects on earnings upon conversion of RCPS	(RM'000)	520	1,556
	(RM'000)	<u>(55,170)</u>	<u>(74,566)</u>
Weighted average number of ordinary shares in issue	('000)	561,375	561,361
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>630,639</u>	<u>630,625</u>
Diluted LPS	(sen)	<u>(8.75)</u>	<u>(11.82)</u>

**24 STATUS OF AUDIT QUALIFICATION**

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

**25 AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 November 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  
 27 November 2023  
 Selangor Darul Ehsan