



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 SECOND QUARTER ENDED 30 JUNE 2024**



# 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 2024

	3 months ended		6 months ended	
	30.6.2024 RM'000	30.6.2023 RM'000	30.6.2024 RM'000	30.6.2023 RM'000
Revenue	591,088	593,643	1,239,171	1,264,369
Operating expenses	(641,904)	(594,762)	(1,294,591)	(1,298,597)
Other income	9,475	7,622	13,720	18,572
Finance costs	(17,636)	(15,040)	(34,876)	(28,398)
Share of results of associates	-	-	(2)	(1)
Loss before tax	(58,977)	(8,537)	(76,578)	(44,055)
Income tax credit	12,314	8,638	14,015	22,802
<b>(Loss)/Profit for the period</b>	<b>(46,663)</b>	<b>101</b>	<b>(62,563)</b>	<b>(21,253)</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	(378)	4,851	2,514	4,977
Cash flow hedges	500	(1,244)	(2,033)	101
Other comprehensive income for the period, net of tax	122	3,607	481	5,078
<b>Total comprehensive (loss)/income for the period</b>	<b>(46,541)</b>	<b>3,708</b>	<b>(62,082)</b>	<b>(16,175)</b>
<b>(Loss)/Profit attributed to:</b>				
Owners of the Company	(44,911)	643	(59,869)	(20,432)
Non-controlling interests	(1,752)	(542)	(2,694)	(821)
	<b>(46,663)</b>	<b>101</b>	<b>(62,563)</b>	<b>(21,253)</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(44,789)	4,250	(59,388)	(15,354)
Non-controlling interests	(1,752)	(542)	(2,694)	(821)
	<b>(46,541)</b>	<b>3,708</b>	<b>(62,082)</b>	<b>(16,175)</b>
<b>(Loss)/Profit per share (sen):</b>				
Basic	(8.00)	0.11	(10.66)	(3.64)
Anti-Diluted	(7.04)	0.18	(9.33)	(3.08)

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 2023 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 2024**

	<b>30.6.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(audited)</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,183,922	1,189,618
Investment properties	4,378	4,422
Concession assets	97,251	91,845
Intangible assets	9,532	9,532
Investment in associates	47	48
Other investments	1	1
Deferred tax assets	252,370	235,509
Right-of-use assets	7,553	8,504
<b>Total Non-current Assets</b>	<b>1,555,054</b>	<b>1,539,479</b>
<b>Current Assets</b>		
Inventories	1,024,927	970,264
Trade receivables	513,971	454,260
Other receivables, deposits and prepayments	126,844	79,934
Derivative assets	-	1,820
Current tax assets	9,381	10,078
Cash and bank balances	107,252	118,680
<b>Total Current Assets</b>	<b>1,782,375</b>	<b>1,635,036</b>
<b>TOTAL ASSETS</b>	<b>3,337,429</b>	<b>3,174,515</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	(55,630)	(55,664)
Other reserves	85,939	84,073
Retained earnings	462,860	522,729
Total equity attributable to owners of the Company	1,140,970	1,198,939
Non-controlling interests	87,811	88,300
<b>Total Equity</b>	<b>1,228,781</b>	<b>1,287,239</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	173,589	162,234
Lease liabilities	6,223	7,197
Provision for retirement benefits	2,514	2,445
Deferred tax liabilities	32,108	32,533
<b>Total Non-current Liabilities</b>	<b>214,434</b>	<b>204,409</b>
<b>Current Liabilities</b>		
Loans and borrowings	1,339,823	1,293,910
Lease liabilities	2,008	1,907
Trade payables	414,160	209,230
Other payables, deposits and accruals	99,996	139,807
Derivative liabilities	957	102
Current tax liabilities	1,186	2,874
RCPS - liability component	36,084	35,037
<b>Total Current Liabilities</b>	<b>1,894,214</b>	<b>1,682,867</b>
<b>Total Liabilities</b>	<b>2,108,648</b>	<b>1,887,276</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,337,429</b>	<b>3,174,515</b>
Net assets per share attributable to owners of the Company (RM)	2.03	2.14

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024**

	----- 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 2024</b>	645,626	2,175	84,073	(55,664)	522,729	1,198,939	88,300	1,287,239
Loss for the period	-	-	-	-	(59,869)	(59,869)	(2,694)	(62,563)
Other comprehensive income for the period	-	-	481	-	-	481	-	481
Total comprehensive income/(loss) for the period	-	-	481	-	(59,869)	(59,388)	(2,694)	(62,082)
<b>Transactions with owners</b>								
Long Term Incentive Plan ("LTIP"):								
- Share-based payments expenses	-	-	1,419	-	-	1,419	-	1,419
- Shares transferred	-	-	(34)	34	-	-	-	-
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	2,205	2,205
<b>At 30 June 2024</b>	645,626	2,175	85,939	(55,630)	462,860	1,140,970	87,811	1,228,781
<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	-	-	-	-	(20,432)	(20,432)	(821)	(21,253)
Other comprehensive income for the period	-	-	5,078	-	-	5,078	-	5,078
Total comprehensive income/(loss) for the period	-	-	5,078	-	(20,432)	(15,354)	(821)	(16,175)
<b>Transactions with owners</b>								
Long Term Incentive Plan ("LTIP"):								
- Share-based payments expenses	-	-	1,825	-	-	1,825	-	1,825
- Share transferred	-	-	(83)	83	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	20	20
<b>At 30 June 2023</b>	645,626	2,175	82,643	(55,664)	504,469	1,179,249	(280)	1,178,969

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

**Unaudited Condensed Consolidated Statements of Cash Flows**  
**For the six months ended 30 June 2024**

	<b>6 months ended</b>	
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(76,578)	(44,055)
Adjustments	62,788	23,011
Operating loss before working capital changes	(13,790)	(21,044)
Changes in working capital		
Net change in current assets	(159,098)	(107,029)
Net change in current liabilities	163,626	43,140
Interest received	4,180	1,581
Interest paid	(29,390)	(26,439)
Income tax paid	(3,691)	(6,460)
Net cash flows used in operating activities	(38,163)	(116,251)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash outflow from acquisition of a subsidiary	-	(24,934)
Interest received	565	810
Proceeds from disposal of property, plant and equipment	828	5,938
Proceeds from disposal of investment properties	-	12,940
Subscription of shares by non-controlling interests in a subsidiary	2,205	-
Purchase of property, plant and equipment	(25,810)	(22,227)
Addition in concession assets	(5,406)	(17,003)
Net cash flows used in investing activities	(27,618)	(44,476)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of bank borrowings	57,085	177,423
Net repayment of lease liabilities	(1,184)	(1,032)
Interest paid	(4,215)	(698)
Dividends paid to holders of RCPS	-	(866)
Withdrawal of fixed deposit pledged with licensed banks	1,879	1,419
Net cash flows generated from financing activities	53,565	176,246
Net change in cash and cash equivalents	(12,216)	15,519
Effects of foreign exchanges rate changes	2,667	5,567
Cash and cash equivalents at beginning of period	107,588	121,021
Cash and cash equivalents at end of period	98,039	142,107

**Cash and cash equivalents**

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

	<b>6 months ended</b>	
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	107,252	153,047
Less: Fixed deposit pledged with licensed banks	(9,213)	(10,940)
	98,039	142,107

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 SIX MONTHS ENDED 30 JUNE 2024

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### 1 BASIS OF PREPARATION

The condensed consolidated interim financial statements (“interim financial statements”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”), MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023. 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 2023.

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 2023, 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 2024**

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

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 SIX MONTHS ENDED 30 JUNE 2024**

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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 2025**

Amendments to MFRS 121	Lack of Interchangeability
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##### **Deferred to a date to be determined by the MASB**

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group anticipates that the abovementioned new MFRS and amendments to MFRS will be adopted in the annual financial statements of the Group and of the Company when they become effective.

### **2 SEASONALITY OR CYCLICALITY OF OPERATIONS**

Except for festive seasons when activities slow down, the pace of the Group's business generally moves in tandem with the performance of the economy.

### **3 NATURE AND AMOUNT OF UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the quarter and six months ended 30 June 2024.

### **4 NATURE AND AMOUNT OF CHANGES IN ESTIMATES**

There were no major changes in estimates that have had any material effect for the quarter and six months ended 30 June 2024.

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

During the quarter under review, the Company transferred 10,500 treasury shares as Long-Term Incentive Plan ("LTIP") award under the Company's Share Grant Plan to LTIP participants.

As at 30 June 2024, out of a total 578,583,543 issued ordinary shares, 17,197,900 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 2024.



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

### 6 DIVIDENDS PAID

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

	<b>30.06.2024</b>	<b>30.06.2023</b>
<b>First semi-annual RCPS dividend</b>		
For the financial year ending/ended	31 December 2024	31 December 2023
Approved and declared on	30 May 2024	29 May 2023
Entitlement date	20 June 2024	16 June 2023
Date of payment	12 July 2024	28 June 2023
Dividend per share	1.25 sen	1.25 sen
Net dividend (RM'000)	866	866

### 7 LOSS BEFORE TAX

	<b>3 months ended 30.06.2024 RM'000</b>	<b>6 months ended 30.06.2024 RM'000</b>
<b>Loss before tax is arrived at after charging/(crediting):</b>		
Depreciation and amortisation	15,819	31,741
Finance cost		
- Interest expenses	17,102	33,808
- RCPS unwinding of discount	524	1,047
- Lease liabilities	10	21
Foreign exchange loss/(gain)		
- Realised	(127)	(718)
- Unrealised	(349)	1,363
Interest income	(2,593)	(4,745)
Overhead cost on plant temporary shutdown	9,390	10,267
Reversal of impairment loss on receivables	(1,490)	(2,226)
Allowance/(Reversal of allowance) for inventories write-down	5,102	(1,062)

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

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





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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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### 9 CHANGES IN THE COMPOSITION OF THE GROUP

On 2 February 2024, Ann Joo Metal Sdn Bhd (“AJM”), a wholly owned subsidiary of the Company, incorporated and subscribed for 100 ordinary shares, representing 100% equity interest in IAC Infrastructure Sdn Bhd (“IAC Infra”), for a total subscription price of RM100. IAC Infra is principally engaged in the construction, engineering, and infrastructure development works. On 2 April 2024, AJM further subscribed for 749,900 ordinary shares in IAC Infra for a total cash consideration of RM749,900, maintaining its 100% equity interest in IAC Infra.

Save as disclosed above, there were no other changes in the composition of the Group during the current 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 2024 were as follows:

	<u>RM'000</u>
<b>Property, plant and equipment</b>	
(a) contracted but not provided for	8,513
(b) approved but not contracted for	<u>9,175</u>
	<u>17,688</u>
<b>Concession assets</b>	
(a) contracted but not provided for	<u>58,461</u>
<b>Total</b>	<u><u>76,149</u></u>

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024****12 REVIEW OF PERFORMANCE**

	3 months ended		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Upstream Steel Division	442,135	427,922	912,720	903,148
Downstream Steel Division	254,899	300,919	539,452	647,615
Green Technology Division	9,524	1,992	19,001	2,218
Investment holding, property management and others	6,929	7,261	15,687	14,627
Adjustments and elimination	(122,399)	(144,451)	(247,689)	(303,239)
Group revenue	591,088	593,643	1,239,171	1,264,369
<b>Segment results</b>				
Upstream Steel Division	(43,790)	(11,480)	(50,194)	(61,137)
Downstream Steel Division	189	15,372	4,154	36,225
Green Technology Division	(1,804)	(1,029)	(2,902)	(1,761)
Investment holding, property management and others	1,654	1,615	5,317	9,824
Adjustments and elimination	(183)	915	(2,820)	(1,198)
	(43,934)	5,393	(46,445)	(18,047)
Finance costs	(17,636)	(15,040)	(34,876)	(28,398)
Interest income	2,593	1,110	4,745	2,391
Share of results of associates	-	-	(2)	(1)
Loss before tax	(58,977)	(8,537)	(76,578)	(44,055)

Revenue was marginally lower in the second quarter of 2024 (“2Q2024”) compared to the corresponding quarter of the preceding year (“2Q2023”) mainly due to lower selling prices of various steel products in the Upstream Steel and Downstream Steel Divisions despite higher tonnage sold, mitigated by the increase in revenue from Green Technology Division following the commencement of waste management business since June 2023.

Revenue in the six months ended 30 June 2024 (“6M2024”) was also lower compared to corresponding period of preceding year due largely to lower sales tonnage of various steel products despite higher selling price.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024****12 REVIEW OF PERFORMANCE (CONTINUED)**

The Group registered a loss before tax (“LBT”) of RM58.98 million and RM76.58 million in 2Q2024 and 6M2024 respectively, compared to a LBT of RM8.54 million and RM44.06 million in 2Q2023 and 6M2023 respectively. The higher LBT in 2Q24 was primarily attributed to the followings:

- a. Depressed profit margin resulted from lower selling prices of various steel products;
- b. Higher overhead cost for plant temporary shutdown of RM9.39 million in 2Q2024 compared to RM0.21 million in 2Q2023;
- c. Recognition of an allowance for inventories write down of RM5.10 million in 2Q2024 compared to a reversal of allowance for inventories write down of RM14.59 million in 2Q2023; and
- d. Recognition of one-off gain for disposal of property, plant and equipment of RM4.93 million and gain on disposal of investment properties of RM0.27 million in 2Q2023.

**13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

	<b>3 months ended</b>	
	<b>30.6.2024</b>	<b>31.3.2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	591,088	648,083
Loss before tax	(58,977)	(17,601)

Lower revenue in 2Q2024 compared to the first quarter of 2024 (“1Q2024”) was mainly due to lower selling prices of various steel products and tonnage sold.

2Q2024 LBT increased to RM58.98 million from RM17.60 million in 1Q2024 was primarily attributed to the followings:

- a. Lower selling prices and tonnage sold;
- b. Higher plant shutdown expenses amounting to RM9.39 million in 2Q2024 compared to RM0.88 million in 1Q2024; and
- c. Recognition of allowance for inventories write-down amounting to RM5.10 million in 2Q2024 compared to a reversal of allowance for inventories write-down amounting to RM6.16 million in 1Q2024.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**14 SEGMENTAL INFORMATION**

**14.1 Business Segments**

The segmental revenue, results, assets and liabilities for the six months ended 30 June 2024 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	680,146	538,402	19,001	1,622	-	1,239,171
Inter-segment	232,574	1,050	-	14,065	(247,689)	-
	<u>912,720</u>	<u>539,452</u>	<u>19,001</u>	<u>15,687</u>	<u>(247,689)</u>	<u>1,239,171</u>
<b>RESULTS</b>						
Segment (loss)/profit	(50,194)	4,154	(2,902)	5,317	(2,820)	(46,445)
Finance costs						(34,876)
Interest income						4,745
Share of result of associates						(2)
Loss before tax						<u>(76,578)</u>
Income tax credit						<u>14,015</u>
Loss for the period						<u>(62,563)</u>
Segment assets	<u>1,957,559</u>	<u>1,017,637</u>	<u>160,754</u>	<u>613,748</u>	<u>(412,269)</u>	<u>3,337,429</u>
Segment liabilities	<u>1,389,360</u>	<u>610,744</u>	<u>127,243</u>	<u>425,218</u>	<u>(443,917)</u>	<u>2,108,648</u>



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

### 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>6 months ended 30.6.2024 RM'000</b>
<b>Revenue from external customers</b>	
Malaysia	1,118,400
Singapore	120,771
	<u>1,239,171</u>
	<b>As at 30.6.2024 RM'000</b>
<b>Non-current assets</b>	
Malaysia	1,299,883
Singapore	2,800
	<u>1,302,683</u>

### 15 PROSPECTS

The global steel market entered the second half of 2024 with bearish demand sentiment and weak fundamentals, weighed down by deteriorating economic conditions in China, escalating geopolitical conflicts and increasing uncertainty brought on by the upcoming U.S. presidential election.

China's steel market, being the world largest steel producing country, continues to struggle under the weight of subdued demand, largely attributed to the prolonged downturn in the property market and shrinking manufacturing activities. The near-term outlook remains dismal, as there is little indication of significant stimulus measures to boost the demand for steel products and large-scale production cuts to address the oversupply situation.

Domestically, the market is still awaiting the much-anticipated rollout of mega infrastructure projects, with expectations of a subsequent increase in demand for construction steel. These projects may include an expanded list of high-tech industrial buildings and mega infrastructure projects, such as data centres, Penang LRT, Johor ART, and HSR.

In response to these challenging market conditions, the Group is further strengthening its cash flow management. The Group is also proposing a Rights Issue with Warrants, to enhance its capital base and secure adequate funding for operations and strategic expansions in order to remain vigilant and competitive during this challenging period.



# ANN JOO RESOURCES BERHAD

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

(Incorporated in Malaysia)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

### 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 2024.

### 17 INCOME TAX

The income tax credit comprises:

	<b>3 months ended 30.6.2024 RM'000</b>	<b>6 months ended 30.6.2024 RM'000</b>
<b>Recognised in comprehensive income:</b>		
<b>Income tax</b>		
Current period	870	2,630
<b>Deferred tax</b>		
Current period	(13,184)	(16,645)
	(12,314)	(14,015)
<b>Recognised in other comprehensive income:</b>		
<b>Deferred tax</b>		
Current period	158	(642)
	(12,156)	(14,657)

A tax credit of RM12.16 million was due mainly to deferred tax credit recognized from the business loss of certain subsidiary companies.

### 18 STATUS OF CORPORATE PROPOSALS

On 9 July 2024, the Company proposed to undertake a renounceable rights issue of up to 157,663,249 new ordinary shares (“Ann Joo Shares”)(“Rights Shares”) together with up to 157,663,249 free detachable warrants (“Warrants”) to the shareholders of Ann Joo on the basis of one (1) Rights Share for every four (4) existing Ann Joo shares held and one (1) free warrant for every one (1) Rights Share subscribed for on an entitlement date to be determined later (“Proposed Rights Issue with Warrants”).

On 6 August 2024, the Company announced that the listing application in relation to the Proposed Rights Issue with Warrants has been submitted to Bursa Securities.

Save as disclosed above, 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 SIX MONTHS ENDED 30 JUNE 2024

### 19 GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings and debts securities as at 30 June 2024 were as follows:

#### a) Loans and borrowings

	<b>30.6.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Current</u></b>		
<b>Secured:</b>		
Term loans	30,075	29,214
Obligations under finance leases	389	383
<b>Unsecured:</b>		
Bills payable	1,038,126	1,049,576
Foreign currency trade finance	271,233	214,737
	<u>1,339,823</u>	<u>1,293,910</u>
<b><u>Non-Current</u></b>		
<b>Secured:</b>		
Term loans	172,690	161,193
Obligations under finance leases	899	1,041
	<u>173,589</u>	<u>162,234</u>
<b>Total</b>	<u><u>1,513,412</u></u>	<u><u>1,456,144</u></u>

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

	<b>30.6.2024</b>		<b>31.12.2023</b>	
	<b>Foreign</b>	<b>RM</b>	<b>Foreign</b>	<b>RM</b>
	<b>currency</b>	<b>equivalent</b>	<b>currency</b>	<b>equivalent</b>
	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>
<b><u>Current</u></b>				
<b>Unsecured:</b>				
Foreign currency trade finance :				
- USD	49,932	228,805	38,840	180,097
- SGD	12,107	42,428	9,870	34,640
		<u>271,233</u>		<u>214,737</u>



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

### 19 GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)

The Group's borrowings and debts securities as at 30 June 2024 were as follows (Continued):

#### b) Debts securities – RCPS

	No of RCPS (‘000)	30.6.2024 Amount RM’000
At the beginning of financial year	69,264	37,212
Less: Converted during the period	-	-
Add: Unwinding of discount charged to profit or loss	-	1,047
Less: Dividend paid	-	-
At the end of financial period	<u>69,264</u>	<u>38,259</u>
Liability component		36,084
Equity component		<u>2,175</u>
		<u>38,259</u>

### 20 FINANCIAL INSTRUMENTS

The Group's outstanding derivatives as at 30 June 2024 were as follows:

<u>30 June 2024</u>	Notional Value RM’000	Fair Value RM’000	Net Loss RM’000
Foreign currency forward contract	217,481	218,438	957

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 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. The 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 22 November 2023.





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### 21 MATERIAL LITIGATIONS (CONTINUED)

On 22 November 2023, the hearing was postponed to 1 March 2024 (oral submission) after a full trial due to the Judge's health condition. On 16 February 2024, the Court vacated the oral hearing of 1 March 2024 and rescheduled the oral hearing on 10 July 2024. The parties are presently preparing for the oral hearing.

During the hearing on 10 July 2024, the Court adjourned the hearing to 18 July 2024. The hearing proceeded on 18 July 2024 and continued on 23 July 2024. The Court has fixed the decision on 7 November 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 June 2024 (2Q2023: Nil).

### 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 six months ended 30 June 2024 as set out below:

		<b>3 months ended 30.6.2024</b>	<b>6 months ended 30.6.2024</b>
Total loss attributable to owners of the Company	(RM'000)	(44,911)	(59,869)
Weighted average number of ordinary shares in issue	('000)	561,379	561,377
Basic LPS	(sen)	<u>(8.00)</u>	<u>(10.66)</u>



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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

#### b) Anti-diluted LPS

The anti-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 six months ended 30 June 2024, 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 the reporting date.

		<b>3 months ended 30.6.2024</b>	<b>6 months ended 30.6.2024</b>
Total loss attributable to owners of the Company	(RM'000)	(44,911)	(59,869)
Effects on earnings upon conversion of RCPS	(RM'000)	524	1,047
	(RM'000)	<u>(44,387)</u>	<u>(58,822)</u>
Weighted average number of ordinary shares in issue	('000)	561,379	561,377
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>630,643</u>	<u>630,641</u>
Anti-diluted LPS	(sen)	<u>(7.04)</u>	<u>(9.33)</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 2024.

By Order of the Board

Kong Tat Wai (MAICSA 7062129)(SSM PC No. 202008001528)

Lim Li Heong (MAICSA 7054716)(SSM PC No. 202008001981)

Wong Mee Kiat (MAICSA 7058813)(SSM PC No. 202008001958)

Company Secretaries

29 August 2024

Selangor Darul Ehsan