



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 THIRD QUARTER ENDED 30 SEPTEMBER 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 nine months ended 30 September 2024

	3 months ended		9 months ended	
	30.9.2024 RM'000	30.9.2023 RM'000	30.9.2024 RM'000	30.9.2023 RM'000
Revenue	681,608	638,640	1,920,779	1,903,009
Operating expenses	(765,859)	(703,211)	(2,060,450)	(2,001,808)
Other income	6,798	3,834	20,518	22,406
Finance costs	(18,571)	(17,019)	(53,447)	(45,417)
Share of results of associates	(1)	-	(3)	(1)
Loss before tax	(96,025)	(77,756)	(172,603)	(121,811)
Income tax credit	19,774	21,751	33,789	44,553
Loss for the period	(76,251)	(56,005)	(138,814)	(77,258)
Other comprehensive income				
<u>Items that will be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences for foreign operations	(11,951)	330	(9,437)	5,307
Cash flow hedges	11,326	(2,716)	9,293	(2,615)
Other comprehensive (loss)/income for the period, net of tax	(625)	(2,386)	(144)	2,692
Total comprehensive loss for the period	(76,876)	(58,391)	(138,958)	(74,566)
Loss attributed to:				
Owners of the Company	(74,654)	(55,690)	(134,523)	(76,122)
Non-controlling interests	(1,597)	(315)	(4,291)	(1,136)
	(76,251)	(56,005)	(138,814)	(77,258)
Total comprehensive loss attributable to:				
Owners of the Company	(75,279)	(58,076)	(134,667)	(73,430)
Non-controlling interests	(1,597)	(315)	(4,291)	(1,136)
	(76,876)	(58,391)	(138,958)	(74,566)
Loss per share (sen):				
Basic	(13.30)	(9.92)	(23.96)	(13.56)
Anti-Diluted	(11.75)	(8.75)	(21.08)	(11.82)

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.

**Unaudited Condensed Consolidated Statements of Financial Position
 As at 30 September 2024**

	30.9.2024	31.12.2023
	RM'000	RM'000
		(audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	1,174,467	1,189,618
Investment properties	4,355	4,422
Concession assets	99,468	91,845
Intangible assets	9,532	9,532
Investment in associates	46	48
Other investments	1	1
Deferred tax assets	274,637	235,509
Right-of-use assets	6,776	8,504
Total Non-current Assets	1,569,282	1,539,479
Current Assets		
Inventories	925,449	970,264
Trade receivables	459,583	454,260
Other receivables, deposits and prepayments	102,731	79,934
Derivative assets	13,944	1,820
Current tax assets	9,160	10,078
Cash and bank balances	175,578	118,680
Total Current Assets	1,686,445	1,635,036
TOTAL ASSETS	3,255,727	3,174,515
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	(55,620)	(55,664)
Other reserves	83,816	84,073
Retained earnings	388,206	522,729
Total equity attributable to owners of the Company	1,064,203	1,198,939
Non-controlling interests	87,194	88,300
Total Equity	1,151,397	1,287,239
Non-current Liabilities		
Loans and borrowings	175,563	162,234
Lease liabilities	5,611	7,197
Provision for retirement benefits	2,273	2,445
Deferred tax liabilities	36,392	32,533
Total Non-current Liabilities	219,839	204,409
Current Liabilities		
Loans and borrowings	1,323,591	1,293,910
Lease liabilities	1,857	1,907
Trade payables	350,796	209,230
Other payables, deposits and accruals	171,536	139,807
Derivative liabilities	-	102
Current tax liabilities	968	2,874
RCPS - liability component	35,743	35,037
Total Current Liabilities	1,884,491	1,682,867
Total Liabilities	2,104,330	1,887,276
TOTAL EQUITY AND LIABILITIES	3,255,727	3,174,515
Net assets per share attributable to owners of the Company (RM)	1.90	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 nine months ended 30 September 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		
At 1 January 2024	645,626	2,175	84,073	(55,664)	522,729	1,198,939	88,300	1,287,239
Loss for the period	-	-	-	-	(134,523)	(134,523)	(4,291)	(138,814)
Other comprehensive income for the period	-	-	(144)	-	-	(144)	-	(144)
Total comprehensive income/(loss) for the period	-	-	(144)	-	(134,523)	(134,667)	(4,291)	(138,958)
Transactions with owners								
Long Term Incentive Plan ("LTIP"):								
- Share-based payments expenses	-	-	2,129	-	-	2,129	-	2,129
- Shares transferred	-	-	(44)	44	-	-	-	-
Acquisition of a subsidiary	-	-	(2,198)	-	-	(2,198)	-	(2,198)
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	3,185	3,185
At 30 September 2024	645,626	2,175	83,816	(55,620)	388,206	1,064,203	87,194	1,151,397
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	-	-	-	-	(76,122)	(76,122)	(1,136)	(77,258)
Other comprehensive income for the period	-	-	2,692	-	-	2,692	-	2,692
Total comprehensive income/(loss) for the period	-	-	2,692	-	(76,122)	(73,430)	(1,136)	(74,566)
Transactions with owners								
Long Term Incentive Plan ("LTIP"):								
- Share-based payments expenses	-	-	2,845	-	-	2,845	-	2,845
- Share transferred	-	-	(83)	83	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	20	20
Subscription of shares by non-controlling interest in a subsidiary	-	-	-	-	-	-	490	490
At 30 September 2023	645,626	2,175	81,277	(55,664)	448,779	1,122,193	(105)	1,122,088

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 nine months ended 30 September 2024

	9 months ended	
	30.9.2024	30.9.2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(172,603)	(121,811)
Adjustments	113,115	49,761
Operating loss before working capital changes	(59,488)	(72,050)
Changes in working capital		
Net change in current assets	(1,228)	(3,522)
Net change in current liabilities	174,204	(34,080)
Interest received	6,392	2,485
Interest paid	(44,901)	(40,864)
Income tax paid	(5,125)	(8,669)
Net cash flows generated from/(used in) operating activities	<u>69,854</u>	<u>(156,700)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow from acquisition of a subsidiary	(3,796)	(24,934)
Interest received	908	1,135
Proceeds from disposal of property, plant and equipment	828	5,943
Proceeds from disposal of investment properties	-	12,940
Subscription of shares by non-controlling interests in a subsidiary	3,185	490
Purchase of property, plant and equipment	(29,909)	(36,522)
Addition in concession assets	(7,623)	(21,791)
Net cash flows used in investing activities	<u>(36,407)</u>	<u>(62,739)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bank borrowings	41,563	187,348
Net repayment of lease liabilities	(1,768)	(1,585)
Interest paid	(6,649)	(2,648)
Dividends paid to holders of RCPS	(866)	(866)
Withdrawal of fixed deposit pledged with licensed banks	1,828	1,341
Net cash flows generated from financing activities	<u>34,108</u>	<u>183,590</u>
Net change in cash and cash equivalents	67,555	(35,849)
Effects of foreign exchanges rate changes	(8,829)	6,303
Cash and cash equivalents at beginning of period	107,588	121,021
Cash and cash equivalents at end of period	<u>166,314</u>	<u>91,475</u>

Cash and cash equivalents

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

	9 months ended	
	30.9.2024	30.9.2023
	RM'000	RM'000
Cash and bank balances	175,578	102,493
Less: Fixed deposit pledged with licensed banks	(9,264)	(11,018)
	<u>166,314</u>	<u>91,475</u>

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

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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Effective for annual financial periods beginning on or after 1 January 2026

Amendments to MFRS 9	Finance Instruments
Amendments to MFRS 7	Finance Instruments : Disclosures

Effective for annual financial periods beginning on or after 1 January 2027

Amendments to MFRS 18	Presentation and Disclosure in Financial Statements
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures

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 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 nine months ended 30 September 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024
5 DEBT AND EQUITY SECURITIES

As at 30 September 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 September 2024.

6 DIVIDENDS PAID

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

	30.09.2024	30.09.2023
First semi-annual RCPS dividend		
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

	3 months ended 30.09.2024 RM'000	9 months ended 30.09.2024 RM'000
Loss before tax is arrived at after charging/(crediting):		
Depreciation and amortisation	15,618	47,359
Finance cost		
- Interest expenses	18,036	51,844
- RCPS unwinding of discount	525	1,572
- Lease liabilities	10	31
Foreign exchange loss/(gain)		
- Realised	1,596	878
- Unrealised	(3,711)	(2,348)
Interest income	(2,555)	(7,300)
Overhead cost on plant temporary shutdown	1,166	11,433
Reversal of impairment loss on receivables	(34)	(2,260)
Allowance for inventories write-down	20,645	19,583



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

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.

9 CHANGES IN THE COMPOSITION OF THE GROUP

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

- (i) 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.
- (ii) On 30 April 2024, Ann Joo Metal Sdn Bhd (“AJM”), a wholly owned subsidiary of the Company, has acquired 1,500,000 ordinary shares, representing 100% equity interest in IAC Electricals (M) Sdn Bhd (“IAC Electricals”), for a total consideration of RM8,650,000. IAC Electricals becomes a 100% subsidiary of the Group and is principally engaged in the design and manufacture of hardware and accessories for overhead electrical transmission towers and fittings.

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 2024 were as follows:

	RM'000
Property, plant and equipment	
(a) contracted but not provided for	8,716
(b) approved but not contracted for	13,749
	<u>22,465</u>
Concession assets	
(a) contracted but not provided for	56,218
	<u>56,218</u>
Total	<u><u>78,683</u></u>



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

12 REVIEW OF PERFORMANCE

	3 months ended		9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Revenue				
Upstream Steel Division	453,620	460,073	1,366,340	1,363,221
Downstream Steel Division	370,876	296,254	910,328	943,869
Green Technology Division	11,451	10,022	30,452	12,240
Investment holding, property management and others	7,222	8,541	22,909	23,168
Adjustments and elimination	(161,561)	(136,250)	(409,250)	(439,489)
Group revenue	681,608	638,640	1,920,779	1,903,009
Segment results				
Upstream Steel Division	(88,171)	(69,236)	(138,365)	(130,373)
Downstream Steel Division	3,971	2,927	8,125	39,152
Green Technology Division	(390)	365	(3,292)	(1,396)
Investment holding, property management and others	141	3,918	5,458	13,742
Adjustments and elimination	4,441	60	1,621	(1,138)
	(80,008)	(61,966)	(126,453)	(80,013)
Finance costs	(18,571)	(17,019)	(53,447)	(45,417)
Interest income	2,555	1,229	7,300	3,620
Share of results of associates	(1)	-	(3)	(1)
Loss before tax	(96,025)	(77,756)	(172,603)	(121,811)

Revenue was marginally higher in the third quarter of 2024 (“3Q2024”) compared to the corresponding quarter of the preceding year (“3Q2023”) mainly due to higher sales tonnage despite lower selling prices of various steel products in the Upstream Steel and Downstream Steel Divisions.

Revenue in the nine months ended 30 September 2024 (“9M2024”) was also marginally higher compared to corresponding period of preceding year mainly due to increase in revenue from Green Technology Division following the commencement of waste management business since June 2023.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

12 REVIEW OF PERFORMANCE (CONTINUED)

However, the Group registered higher loss before tax (“LBT”) of RM96.03 million and RM172.60 million in 3Q2024 and 9M2024 respectively, compared to a LBT of RM77.76 million and RM121.81 million in 3Q2023 and 9M2023 respectively. The higher LBT in 3Q24 was primarily attributed to the recognition of an allowance for inventories write down of RM20.65 million in 3Q2024 compared to a reversal of allowance for inventories write down of RM5.64 million in 3Q2023.

13 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended	
	30.9.2024	30.6.2024
	RM'000	RM'000
Revenue	681,608	591,088
Loss before tax	(96,025)	(58,977)

Higher revenue in 3Q2024 compared to the second quarter of 2024 (“2Q2024”) was mainly due to higher tonnage sold despite lower selling price in both Upstream Steel and Downstream Steel Divisions.

3Q2024 LBT increased to RM96.03 million from RM58.98 million in 2Q2024 was primarily attributed to the followings:

- Lower selling price of various steel products;
- Recognition of allowance for inventories write-down amounting to RM20.65 million in 3Q2024 compared to an allowance for inventories write-down amounting to RM5.10 million in 2Q2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

14 SEGMENTAL INFORMATION

14.1 Business Segments

The segmental revenue, results, assets and liabilities for the nine months ended 30 September 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
REVENUE						
External customers	989,395	898,051	30,452	2,881	-	1,920,779
Inter-segment	376,945	12,277	-	20,028	(409,250)	-
	<u>1,366,340</u>	<u>910,328</u>	<u>30,452</u>	<u>22,909</u>	<u>(409,250)</u>	<u>1,920,779</u>
RESULTS						
Segment (loss)/profit	(138,365)	8,125	(3,292)	5,458	1,621	(126,453)
Finance costs						(53,447)
Interest income						7,300
Share of result of associates						(3)
Loss before tax						<u>(172,603)</u>
Income tax credit						<u>33,789</u>
Loss for the period						<u>(138,814)</u>
Segment assets	<u>1,834,313</u>	<u>1,057,285</u>	<u>180,450</u>	<u>664,160</u>	<u>(480,481)</u>	<u>3,255,727</u>
Segment liabilities	<u>1,343,793</u>	<u>664,963</u>	<u>146,530</u>	<u>478,630</u>	<u>(529,586)</u>	<u>2,104,330</u>

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

	9 months ended 30.9.2024 RM'000
Revenue from external customers	
Malaysia	1,693,922
Singapore	226,857
	<u>1,920,779</u>
	As at 30.9.2024 RM'000
Non-current assets	
Malaysia	1,292,524
Singapore	2,120
	<u>1,294,644</u>

15 PROSPECTS

Ann Joo will continue to monitor closely the factors that could influence the outlook and volatility of the global steel industry, ranging from geopolitical changes in the US, Europe and the Middle East, to stimulus measures in China to revitalize its economy.

While the steel sector may possibly have bottomed out in second half of 2024 in terms of price trends and product margins, the extent of a recovery in 2025 remains uncertain given the heightening of trade tension and the resulting effects of potentially higher tariffs.

To proactively address this uncertain environment, the Group has undertaken several measures including:

- i. Rights Issue which brought in RM112.28 million of funds in November 2024.
- ii. Expression of Interest provided to potential buyers for part of our land in Seberang Prai, Penang.
- iii. Actively exploring demand opportunities in the region, including Singapore.
- iv. Prudently managing the balance sheet and cash flow of the Group.

On the domestic front, demand remains weak, at least until major infrastructure projects pick up again. From 2025 onwards, the Malaysia Iron and Steel Industry Federation (“MISIF”) will study the Government’s proposed Carbon Tax on steel products, which could occur as early as 2026. As a key member of MISIF, Ann Joo will continue to evaluate its long-term plans in view of the environmental requirements.



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 September 2024.

17 INCOME TAX

The income tax credit comprises:

	3 months ended 30.9.2024 RM'000	9 months ended 30.9.2024 RM'000
Recognised in comprehensive income:		
Income tax		
Current period	1,768	4,398
Under-provision in prior year	16	16
Deferred tax		
Current period	(22,034)	(38,679)
Under-provision in prior year	476	476
	(19,774)	(33,789)
Recognised in other comprehensive income:		
Deferred tax		
Current period	3,576	2,934
	(16,198)	(30,855)

A tax credit of RM16.20 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 (“Rights Issue with Warrants”).

The Rights Issue with Warrants was approved by our shareholders at an EGM held on 19 September 2024 and completed on 11 November 2024 following the listing of the 140,347,070 Rights Shares with Warrants on the Main Market of Bursa Securities on the even date.

The gross proceeds raised by the Company from the Rights Issue with Warrants is approximately RM112.28 million.

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



ANN JOO RESOURCES BERHAD

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

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

19 GROUP BORROWINGS AND DEBT SECURITIES

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

a) Loans and borrowings

	30.9.2024 RM'000	31.12.2023 RM'000
<u>Current</u>		
Secured:		
Term loans	30,358	29,214
Obligations under finance leases	401	383
Unsecured:		
Bills payable	1,041,905	1,049,576
Foreign currency trade finance	250,927	214,737
	1,323,591	1,293,910
<u>Non-Current</u>		
Secured:		
Term loans	174,699	161,193
Obligations under finance leases	864	1,041
	175,563	162,234
Total	1,499,154	1,456,144

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

	30.9.2024		31.12.2023	
	Foreign currency ('000)	RM equivalent ('000)	Foreign currency ('000)	RM equivalent ('000)
<u>Current</u>				
Unsecured:				
Foreign currency trade finance :				
- USD	47,339	212,152	38,840	180,097
- SGD	11,974	38,775	9,870	34,640
		250,927		214,737



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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

19 GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)

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

b) Debts securities – RCPS

	No of RCPS (‘000)	30.9.2024 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	-	1,572
Less: Dividend paid	-	(866)
At the end of financial period	<u>69,264</u>	<u>37,918</u>
Liability component		35,743
Equity component		<u>2,175</u>
		<u>37,918</u>

20 FINANCIAL INSTRUMENTS

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

<u>30 September 2024</u>	Notional Value RM’000	Fair Value RM’000	Net Loss RM’000
Foreign currency forward contract	146,564	132,620	13,944

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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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

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.

During the decision date scheduled for 7 November 2024, the High Court Judge informed the parties that he required clarification on the parties' case and legal arguments. Thus, the High Court Judge directed the parties to file their respective clarification written submissions by 21 November 2024 and fixed the new decision date on 28 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 September 2024 (3Q2023: 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 nine months ended 30 September 2024 as set out below:

		3 months ended 30.9.2024	9 months ended 30.9.2024
Total loss attributable to owners of the Company	(RM'000)	(74,654)	(134,523)
Weighted average number of ordinary shares in issue	('000)	561,389	561,381
Basic LPS	(sen)	<u>(13.30)</u>	<u>(23.96)</u>



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

		3 months ended 30.9.2024	9 months ended 30.9.2024
Total loss attributable to owners of the Company	(RM'000)	(74,654)	(134,523)
Effects on earnings upon conversion of RCPS	(RM'000)	525	1,572
	(RM'000)	<u>(74,129)</u>	<u>(132,951)</u>
Weighted average number of ordinary shares in issue	('000)	561,389	561,381
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>630,653</u>	<u>630,645</u>
Anti-diluted LPS	(sen)	<u>(11.75)</u>	<u>(21.08)</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 27 November 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

27 November 2024

Selangor Darul Ehsan