

**FIAMMA HOLDINGS BERHAD**

Quarterly Report on consolidated results for the second quarter ended 31 March 2022

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(The figures have not been audited)

|  | NOTE | INDIVIDUAL QUARTER (Q2)                          |   | CUMULATIVE QUARTER (6 MONTHS)                    |  |
|--|------|--|---|--|--|
|  |      | CURRENT YEAR<br>QUARTER<br>31 MAR 2022<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER<br>31 MAR 2021<br>RM'000 | CURRENT YEAR<br>TO DATE<br>31 MAR 2022<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br>31 MAR 2021<br>RM'000 |
| Revenue  |      | 79,839   | 93,265  | 185,907  | 192,741  |
| Cost of sales  |      | (55,096)   | (63,742)  | (129,986)  | (133,794)  |
| Gross profit   |      | 24,743   | 29,523  | 55,921   | 58,947   |
| Operating expenses   |      | (12,900)   | (12,399)  | (26,395)   | (25,829)   |
| Finance costs  |      | (1,417)  | (1,571)   | (2,860)  | (3,370)  |
| Other operating income                                     |      | 1,042  | 891   | 1,806  | 2,040  |
| <b>Profit before tax</b>                                   |      | <b>11,468</b>                                    | <b>16,444</b>   | <b>28,472</b>                                    | <b>31,788</b>  |
| Tax expense  | B5   | (3,393)  | (4,267)   | (7,614)  | (8,182)  |
| <b>Profit for the period</b>                               |      | <b>8,075</b>                                     | <b>12,177</b>   | <b>20,858</b>                                    | <b>23,606</b>  |
| <b>Other comprehensive income</b>                          |      |  |   |  |  |
| Foreign exchange translation difference                    |      | 103  | 197   | 126  | 256  |
| <b>Total comprehensive income</b>                          |      | <b>8,178</b>                                     | <b>12,374</b>   | <b>20,984</b>                                    | <b>23,862</b>  |
| Profit for the period attributable to:                     |      |  |   |  |  |
| Owners of the Company                                      |      | 7,180  | 11,225  | 18,638   | 21,635   |
| Non-controlling Interest                                   |      | 895  | 952   | 2,220  | 1,971  |
| <b>Profit for the period</b>                               |      | <b>8,075</b>                                     | <b>12,177</b>   | <b>20,858</b>                                    | <b>23,606</b>  |
| Total comprehensive income for the period attributable to: |      |  |   |  |  |
| Owners of the Company                                      |      | 7,254  | 11,367  | 18,729   | 21,819   |
| Non-controlling Interest                                   |      | 924  | 1,007   | 2,255  | 2,043  |
| <b>Total comprehensive income</b>                          |      | <b>8,178</b>                                     | <b>12,374</b>   | <b>20,984</b>                                    | <b>23,862</b>  |
| Basic earnings per share (sen)                             | B11  | 1.43   | 2.29  | 3.71   | 4.42   |
| Diluted earnings per share (sen)                           | B11  | 1.43   | 2.21  | 3.71   | 4.27   |

This Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2021.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**  
(The figures have not been audited)

|   | NOTE | AS AT<br>31 MAR 2022<br>RM'000 | AS AT<br>30 SEPT 2021<br>RM'000 |
|---|------|--------------------------------|---------------------------------|
| <b>ASSETS</b>   |      |                                |                                 |
| <b>Non-current assets</b>                                 |      |                                |                                 |
| Property, plant and equipment                             |      | 101,636                        | 102,167                         |
| Right-of-use assets                                       |      | 59                             | 72                              |
| Investment properties                                     |      | 76,906                         | 76,906                          |
| Inventories   |      | 129,953                        | 129,474                         |
| Deferred tax assets                                       |      | 5,387                          | 5,343                           |
|   |      | <u>313,941</u>                 | <u>313,962</u>                  |
| <b>Current assets</b>                                     |      |                                |                                 |
| Inventories   |      | 274,324                        | 277,854                         |
| Contract assets   |      | 5,228                          | 3,418                           |
| Contract costs  |      | 955                            | 1,230                           |
| Trade and other receivables                               |      | 88,027                         | 70,975                          |
| Prepayments   |      | 1,411                          | 847                             |
| Current tax assets  |      | 1,335                          | 1,343                           |
| Cash and cash equivalents                                 |      | 129,141                        | 104,450                         |
|   |      | <u>500,421</u>                 | <u>460,117</u>                  |
| <b>TOTAL ASSETS</b>                                       |      | <b><u>814,362</u></b>          | <b><u>774,079</u></b>           |
| <b>EQUITY</b>   |      |                                |                                 |
| Share capital   |      | 273,311                        | 268,408                         |
| Treasury shares   |      | (11,023)                       | (11,023)                        |
| Reserves and retained earnings                            |      | 293,128                        | 274,999                         |
| <b>Total equity attributable to owners of the Company</b> |      | <u>555,416</u>                 | <u>532,384</u>                  |
| <b>Non-controlling interest</b>                           |      | <u>28,412</u>                  | <u>27,075</u>                   |
| <b>TOTAL EQUITY</b>                                       |      | <b><u>583,828</u></b>          | <b><u>559,459</u></b>           |
| <b>LIABILITIES</b>  |      |                                |                                 |
| <b>Non-current liabilities</b>                            |      |                                |                                 |
| Loans and borrowings                                      | B7   | 36,991                         | 42,788                          |
| Trade payables  |      | 5,613                          | 5,613                           |
| Lease liabilities   |      | 35                             | 48                              |
| Deferred tax liabilities                                  |      | 2,890                          | 2,879                           |
|   |      | <u>45,529</u>                  | <u>51,328</u>                   |
| <b>Current liabilities</b>                                |      |                                |                                 |
| Loans and borrowings                                      | B7   | 120,288                        | 87,751                          |
| Trade and other payables                                  |      | 42,683                         | 55,454                          |
| Contract liabilities                                      |      | 18,007                         | 17,488                          |
| Lease liabilities   |      | 27                             | 26                              |
| Provision for warranties                                  |      | 460                            | 485                             |
| Current tax liabilities                                   |      | 3,540                          | 2,088                           |
|   |      | <u>185,005</u>                 | <u>163,292</u>                  |
| <b>TOTAL LIABILITIES</b>                                  |      | <b><u>230,534</u></b>          | <b><u>214,620</u></b>           |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       |      | <b><u>814,362</u></b>          | <b><u>774,079</u></b>           |
| <b>Net assets per share (RM)</b>                          |      | <b><u>1.1078</u></b>           | <b><u>1.0784</u></b>            |

This Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2021.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 6 MONTHS ENDED 31 MARCH 2022**  
(The figures have not been audited)

| NOTE  | <----- Non-distributable -----> |                              |                                  |                                      | Distributable                  |                | TOTAL<br>RM'000 | NON-<br>CONTROLLING<br>INTEREST<br>RM'000 | TOTAL<br>EQUITY<br>RM'000 |
|---|---------------------------------|------------------------------|----------------------------------|--------------------------------------|--------------------------------|----------------|-----------------|---|---------------------------|
|   | SHARE<br>CAPITAL<br>RM'000      | TREASURY<br>SHARES<br>RM'000 | TRANSLATION<br>RESERVE<br>RM'000 | SHARE<br>OPTION<br>RESERVE<br>RM'000 | RETAINED<br>EARNINGS<br>RM'000 |                |                 |   |                           |
| <b>At 1 October 2021</b>  | 268,408                         | (11,023)                     | 1,805                            | 1,256                                | 271,938                        | 532,384        | 27,075          | 559,459                                   |                           |
| Total comprehensive income<br>for the financial period                  |                                 |                              |                                  |                                      |                                |                |                 |   |                           |
| - Foreign exchange translation<br>reserve                               | -                               | -                            | 91                               | -                                    | -                              | 91             | 35              | 126                                       |                           |
| - Profit for the financial period                                       | -                               | -                            | -                                | -                                    | 18,638                         | 18,638         | 2,220           | 20,858                                    |                           |
| <b>Total comprehensive income<br/>for the financial year</b>            | -                               | -                            | 91                               | -                                    | 18,638                         | 18,729         | 2,255           | 20,984                                    |                           |
| <i>Contribution by and (distributions to)<br/>owners of the Company</i> |                                 |                              |                                  |                                      |                                |                |                 |   |                           |
| - Issuance of ordinary shares<br>pursuant to ESOS                       | 4,303                           | -                            | -                                | -                                    | -                              | 4,303          | -               | 4,303                                     |                           |
| - Transfer from share option<br>reserve                                 | 600                             | -                            | -                                | (657)                                | 57                             | -              | -               | -   |                           |
| <b>Total transactions with owners of<br/>the Company</b>                | 4,903                           | -                            | -                                | (657)                                | 57                             | 4,303          | -               | 4,303                                     |                           |
| Dividends paid by subsidiaries to<br>non-controlling interest           | -                               | -                            | -                                | -                                    | -                              | -              | (918)           | (918)                                     |                           |
| <b>At 31 March 2022</b>   | <b>273,311</b>                  | <b>(11,023)</b>              | <b>1,896</b>                     | <b>599</b>                           | <b>290,633</b>                 | <b>555,416</b> | <b>28,412</b>   | <b>583,828</b>                            |                           |

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2021.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 6 MONTHS ENDED 31 MARCH 2021**

(The figures have not been audited)

| NOTE  | <----- Non-distributable -----> |                              |                                  |                                      | Distributable                  |                 | NON-<br>CONTROLLING<br>INTEREST<br>RM'000 | TOTAL<br>EQUITY<br>RM'000 |
|---|---------------------------------|------------------------------|----------------------------------|--------------------------------------|--------------------------------|-----------------|---|---------------------------|
|   | SHARE<br>CAPITAL<br>RM'000      | TREASURY<br>SHARES<br>RM'000 | TRANSLATION<br>RESERVE<br>RM'000 | SHARE<br>OPTION<br>RESERVE<br>RM'000 | RETAINED<br>EARNINGS<br>RM'000 | TOTAL<br>RM'000 |   |                           |
|   | <b>At 1 October 2020</b>        | 265,030                      | (10,904)                         | 1,661                                | 2,373                          | 250,278         |   |                           |
| Total comprehensive income<br>for the financial period                  |                                 |                              |                                  |                                      |                                |                 |   |                           |
| - Foreign exchange translation<br>reserve                               | -                               | -                            | 184                              | -                                    | -                              | 184             | 72  | 256                       |
| - Profit for the financial period                                       | -                               | -                            | -                                | -                                    | 21,635                         | 21,635          | 1,971                                     | 23,606                    |
| <b>Total comprehensive income<br/>for the financial year</b>            | -                               | -                            | 184                              | -                                    | 21,635                         | 21,819          | 2,043                                     | 23,862                    |
| <i>Contribution by and (distributions to)<br/>owners of the Company</i> |                                 |                              |                                  |                                      |                                |                 |   |                           |
| - Issuance of ordinary shares<br>pursuant to ESOS                       | 2,092                           | -                            | -                                | -                                    | -                              | 2,092           | -   | 2,092                     |
| - Transfer from share option<br>reserve                                 | 291                             | -                            | -                                | (933)                                | 642                            | -               | -   | -                         |
| - Own shares acquired   | -                               | (119)                        | -                                | -                                    | -                              | (119)           | -   | (119)                     |
| <b>Total transactions with owners of<br/>the Company</b>                | 2,383                           | (119)                        | -                                | (933)                                | 642                            | 1,973           | -   | 1,973                     |
| <b>At 31 March 2021</b>   | <b>267,413</b>                  | <b>(11,023)</b>              | <b>1,845</b>                     | <b>1,440</b>                         | <b>272,555</b>                 | <b>532,230</b>  | <b>27,342</b>                             | <b>559,572</b>            |

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2021.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 6 MONTHS ENDED 31 MARCH 2022**

(The figures have not been audited)

|   | <b>6 MONTHS<br/>ENDED<br/>31 MAR 2022<br/>RM'000</b> | <b>6 MONTHS<br/>ENDED<br/>31 MAR 2021<br/>RM'000</b> |
|---|--|--|
| <b>Cash flows from operating activities</b>                     |  |  |
| Profit before tax   | 28,472   | 31,788   |
| Adjustments   | 3,475  | 4,022  |
| Operating profit before changes in working capital              | 31,947   | 35,810   |
| Changes in working capital:                                     |  |  |
| Contract assets   | (1,810)  | (1,223)  |
| Contract liabilities  | 519  | 2,648  |
| Contract costs  | 275  | 587  |
| Inventories   | 2,546  | 9,993  |
| Prepayments   | (564)  | (167)  |
| Trade and other payables  | (12,762)   | (19,034)   |
| Trade and other receivables                                     | (16,973)   | 16,752   |
| <b>Cash generated from operations</b>                           | 3,178  | 45,366   |
| Provision for warranties utilised                               | (204)  | (244)  |
| Tax paid net of refund  | (6,187)  | (5,308)  |
| <b>Net cash (used in)/from operating activities</b>             | (3,213)  | 39,814   |
| <b>Cash flows from investing activities</b>                     |  |  |
| Acquisition of property, plant and equipment                    | (621)  | (2,619)  |
| Interest received   | 842  | 865  |
| Proceeds from disposal of property, plant and equipment         | 14   | -  |
| <b>Net cash from/(used in) investing activities</b>             | 235  | (1,754)  |
| <b>Cash flows from financing activities</b>                     |  |  |
| Dividends paid to non-controlling interest                      | (918)  | -  |
| Drawdown/(Repayment) of borrowings - net                        | 26,740   | (24,417)   |
| Interest paid   | (2,644)  | (3,153)  |
| Interest paid in relation to lease liabilities                  | (1)  | (4)  |
| Payment of lease liabilities                                    | (13)   | (81)   |
| Proceeds from issuance of ordinary shares pursuant to ESOS      | 4,303  | 2,092  |
| Purchase of treasury shares                                     | -  | (119)  |
| <b>Net cash from/(used) in financing activities</b>             | 27,467   | (25,682)   |
| <b>Net increase in cash and cash equivalents</b>                | 24,489   | 12,378   |
| <b>Cash and cash equivalents at beginning of financial year</b> | 104,450  | 114,027  |
| <b>Effect of exchange rate fluctuation on cash held</b>         | 202  | 192  |
| <b>Cash and cash equivalents at end of financial period</b>     | 129,141  | 126,597  |

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2021.

**Fiamma Holdings Berhad ((Registration No: 198201008992 (88716-W)) (“Fiamma” or “the Company”))**

**Notes to the interim financial statements for the financial quarter ended 31 March 2022**

**A. Compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**

The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group as at and for the financial year ended 30 September 2021.

**A1. Accounting Policies**

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

**A1. Accounting Policies (continued)**

***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 October 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022; and
- from the annual period beginning on 1 October 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

**A2. Report of the Auditors to the Members of Fiamma**

The report of the auditors to the members of Fiamma and its subsidiaries on the financial statements for the financial year ended 30 September 2021 were not subject to any qualification and did not include any adverse comments made under Section 266 (3) of the Companies Act 2016.

**A3. Seasonality or Cyclicity of Interim Operations**

The business of the Group was not subject to material seasonal or cyclical fluctuations.

**A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

**A5. Material Changes in Estimates of Amounts Reported**

There were no material changes in estimates used in reporting the current quarter as compared to the financial statements of the Group for the financial year ended 30 September 2021.

## Notes to the Interim Financial Statements

### **A6. Debt and Equity Securities**

- (a) During the current financial quarter and current financial period, a total of 7,614,000 and 7,684,000 new ordinary shares, respectively, were issued pursuant to the exercise of Employees' Share Option Scheme ("ESOS") at an option price of RM0.56 per ordinary share.
- (b) The owners of the Company, by a special resolution passed at the Annual General Meeting held on 23 February 2022, approved the Company's plan to repurchase its own shares.

There were no share buy-back during the current quarter and current financial period.

As at 31 March 2022, the Company held 21,624,400 of its own shares, representing 4.13% of the total number of issued shares of the Company. These shares were being held and retained as treasury shares.

There were no other issuance, cancellation, resale and repayments of debt and equity securities for the current financial quarter ended 31 March 2022.

### **A7. Dividend Paid**

No dividend was paid during the current quarter.

### **A8. Operating Segment Information**

The Group has three (3) reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed based on the Group's management and internal reporting structure. For each of the strategic business units, the Group Managing Director (the chief operating decision maker) reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Groups' reportable segments:

|  |   |
|--|---|
| Trading and services                       | Distribution and servicing of electrical home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, other household products, bathroom accessories, medical devices and healthcare products |
| Property development                       | Property development  |
| Investment holding and property investment | Long term investment in unquoted shares and property investment   |



## Notes to the Interim Financial Statements

### A8. Operating Segment Information (continued)

The reportable segment information for the Group is as follows:

|   | Trading &<br>Services<br>RM'000 | Property<br>Development<br>RM'000 | Investment<br>Holding &<br>Property<br>Investment<br>RM'000 | Total<br>RM'000      |
|---|---------------------------------|-----------------------------------|---|----------------------|
| <b>For the financial period ended 31 March 2022</b>   |                                 |                                   |   |                      |
| External revenue                                      | 170,221                         | 13,602                            | 2,084   | 185,907              |
| Inter segment revenue                                 | 12,869                          | -                                 | 3,097   | 15,966               |
| Total reportable revenue                              | 183,090                         | 13,602                            | 5,181   | 201,873              |
| Segment profit  | 26,834                          | 2,906                             | 3,704   | 33,444               |
| Segment assets  | 431,421                         | 387,094                           | 471,360   | 1,289,875            |
| Segment assets  |                                 |                                   |   | 1,289,875            |
| Elimination of inter-segment transactions or balances |                                 |                                   |   | (475,513)            |
|   |                                 |                                   |   | 814,362              |
| Segment liabilities                                   | (109,349)                       | (224,967)                         | (128,984)   | (463,300)            |
| Segment liabilities                                   |                                 |                                   |   | (463,300)            |
| Elimination of inter-segment transactions or balances |                                 |                                   |   | 232,766              |
|   |                                 |                                   |   | (230,534)            |
| <i>Reconciliation of profit</i>                       |                                 |                                   |   |                      |
|   |                                 |                                   |   | <b>31 March 2022</b> |
|   |                                 |                                   |   | <b>RM'000</b>        |
| Total profit for reportable segments                  |                                 |                                   |   | 33,444               |
| Elimination of inter-segment profits                  |                                 |                                   |   | (1,908)              |
| Depreciation  |                                 |                                   |   | (1,261)              |
| Interest expense                                      |                                 |                                   |   | (2,645)              |
| Interest income                                       |                                 |                                   |   | 842                  |
|   |                                 |                                   |   | 28,472               |

## Notes to the Interim Financial Statements

### **A9. *Events Subsequent to the end of the Financial Period***

Subsequent to the quarter end, a total of 5,468,000 new ordinary shares were issued pursuant to the exercise of ESOS at an option price of RM0.56 per ordinary share.

There were no other material events as at 10 May 2022, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial quarter under review.

### **A10. *Changes in Composition of the Group***

There was no change in the composition of the Group for the current quarter, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

**B. Compliance with Bursa Securities Listing Requirements.**

***B1. Review of the Performance of the Group***

|                   | <b>6 months ended</b> |                      |
|-------------------|-----------------------|----------------------|
|                   | <b>31 March 2022</b>  | <b>31 March 2021</b> |
|                   | <b>RM'000</b>         | <b>RM'000</b>        |
| Revenue           | 185,907               | 192,741              |
| Profit before tax | 28,472                | 31,788               |

The Group recorded lower revenue of RM185.91 million and profit before tax (“PBT”) of RM28.47 million in the current financial period compared with RM192.74 million and RM31.79 million, respectively, in the preceding financial year corresponding period.

The Group’s revenue is derived primarily from trading and services segment which contributed 91.6% of the Group’s revenue in the current financial period. The segment recorded a lower revenue of RM170.23 million in the current financial period compared with RM178.20 million in the preceding financial year corresponding period. Consequently, this segment recorded a lower PBT of RM27.16 million in the current financial period compared with RM32.62 million in the preceding financial year corresponding period.

The property development segment contributed 7.3% of the Group’s revenue in the current financial period. The segment recorded a higher revenue of RM13.60 million in the current financial period compared with RM11.95 million in the preceding financial year corresponding period. This segment recorded a PBT of RM26,000 in the current financial period compared with loss before tax (“LBT”) of RM2.52 million in the preceding financial year corresponding period.

The investment holding and property investment segment contributed 1.1% of the Group’s revenue in the current financial period. The segment recorded a lower revenue of RM2.08 million in the current financial period compared with RM2.59 million in the preceding financial year corresponding period, which has resulted in lower PBT of RM1.28 million in the current financial period compared with RM1.69 million in the preceding financial year corresponding period.

## Notes to the Interim Financial Statements

### **B2. Comparison with Preceding Quarter's Results**

|                   | <b>3 months ended</b> |                    |
|-------------------|-----------------------|--------------------|
|                   | <b>31 March 2022</b>  | <b>31 Dec 2021</b> |
|                   | <b>RM'000</b>         | <b>RM'000</b>      |
| Revenue           | 79,839                | 106,068            |
| Profit before tax | 11,468                | 17,004             |

The Group recorded a lower revenue of RM79.84 million in the current quarter ended 31 March 2022 compared with RM106.07 million in the previous quarter ended 31 December 2021. Consequently, the Group recorded a lower PBT of RM11.47 million compared with RM17.00 million in the previous quarter ended 31 December 2021.

### **B3. Prospects**

The Malaysian economy grew by 5.0% in the first quarter of 2022 (4Q 2021: 3.6%). Growth was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 3.9% (4Q 2021: 4.6%). Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), moderated to 2.2% during the quarter (4Q 2021: 3.2%).

At the May 2022 meeting, the Monetary Policy Committee (MPC) decided to begin reducing the degree of monetary accommodation. This will be done in a measured and gradual manner, ensuring that monetary policy remains accommodative to support a sustainable economic growth in an environment of price stability. After keeping the Overnight Policy Rate (“OPR”) at 1.75% in its January and March 2022 MPC meetings, the MPC decided to begin reducing the degree of monetary accommodation by increasing the OPR by 25 basis points to 2.00% at the May 2022 MPC meeting.

In 2022, global growth is projected to continue its recovery path, supported by the sustained reopening of the economy and stronger labour markets. Nevertheless, the military conflict in Ukraine is expected to weigh on the pace of the global recovery. Disruptions in commodity production and trade have led to higher commodity prices and re-escalated ongoing supply chain disruptions. This is expected to lead to higher inflation, exacerbating cost pressures on firms while weighing on consumer sentiments and spending.

The balance of risks remains tilted to the downside. A further escalation of geopolitical tensions, especially between Russia and the West, could lead to further economic disruptions and higher prices. In addition, Covid-19 remains a source of risks, especially if there is an emergence of new variants of concern that render existing vaccines ineffective. There is also a risk that high inflation remains more persistent than expected, which could lead to faster-than-expected monetary policy normalisation in advanced economies (AEs). This may result in higher risk of currency and banking crisis in vulnerable emerging market economies (EMEs).

The Malaysian economy is expected to improve further in 2022, underpinned by stronger domestic demand, continued expansion in external demand and improving labour market. However, the risks to Malaysia’s growth prospects remain. These include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, adverse developments surrounding Covid-19 and heightened financial market volatility.

*(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2022, Bank Negara Malaysia)*

## Notes to the Interim Financial Statements

### **B3. Prospects (continued)**

With the above outlook, the Directors expect the performance for the financial year 2022 to remain challenging. Nevertheless, the Group will continue to remain focused on its existing core businesses.

For the trading and services segment, Fiamma will continue to build on its supply chain system and core competencies to remain a market leader for its products. It will continue to invest in brand building and promotional activities to strengthen and expand its distribution network in Malaysia for its various brands of home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, medical devices and healthcare products and source for new products and business opportunities that are in synergy with the Group's products and activities.

For the property development segment, the on-going residential developments in Batu Pahat and Kota Tinggi and Rumah Mampu Milik Johor (RMMJ) projects in Kota Tinggi, Johor, as well as the completed and unsold residential and commercial developments, will contribute to the Group's revenue in financial year 2022 and the coming financial years.

The proposed residential developments in Jalan Yap Kwan Seng and Jalan Sungai Besi, both in Kuala Lumpur, are expected to contribute to the Group's future income stream once the proposed developments are launched and sold.

## Notes to the Interim Financial Statements

### **B4. Profit Forecast or Profit Guarantee**

Not applicable.

### **B5. Tax Expense**

Tax expense comprises the following:

|   | <b>6 months ended<br/>31 March 2022<br/>RM'000</b> |
|---|--|
| Current tax expense                           | 7,647  |
| Deferred tax expense                          | (33)   |
|   | <hr/> 7,614  |
| Under provision in prior year                 | -  |
|   | <hr/> 7,614  |
|   | <hr/> <hr/>  |
|   | <b>RM'000</b>                                      |
| Profit before tax                             | 28,472   |
|   | <hr/>  |
| Tax at Malaysian tax rate of 24%              | 6,833  |
| Non-deductible expenses and other tax effects | 781  |
|   | <hr/> 7,614  |
| Tax expense                                   | 7,614  |
| Under provision in prior year                 | -  |
|   | <hr/> 7,614  |
| Tax expense                                   | <hr/> <hr/> 7,614                                  |

### **B6. Status of Corporate Proposal**

The Group has not announced any corporate proposals, which have not been completed at the date of this announcement.

## Notes to the Interim Financial Statements

### **B7. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 March 2022 are as follows:

|                                   | <b>Secured<br/>RM'000</b> | <b>Unsecured<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-----------------------------------|---------------------------|-----------------------------|-------------------------|
| <b>Non-current</b>                |                           |                             |                         |
| <b>Repayable after 12 months</b>  |                           |                             |                         |
| Term loan                         | 36,991                    | -                           | 36,991                  |
|                                   | =====                     | =====                       | =====                   |
| <b>Current</b>                    |                           |                             |                         |
| <b>Repayable within 12 months</b> |                           |                             |                         |
| Term loan                         | 12,391                    | -                           | 12,391                  |
| Revolving credit                  | 65,000                    | -                           | 65,000                  |
| Bills payable                     | -                         | 42,897                      | 42,897                  |
|                                   | -----                     | -----                       | -----                   |
| Sub-total                         | 77,391                    | 42,897                      | 120,288                 |
|                                   | =====                     | =====                       | =====                   |
| Total                             | 114,382                   | 42,897                      | 157,279                 |
|                                   | =====                     | =====                       | =====                   |

### **B8. Derivatives**

The details of the Group's foreign currency forward contracts as at 31 March 2022 are as follows:

|   | <b>Notional<br/>amount<br/>RM'000</b> | <b>Fair<br/>value<br/>RM'000</b> | <b>Difference<br/>RM'000</b> |
|---|---------------------------------------|----------------------------------|------------------------------|
| <b>Foreign currency forward contracts</b> |                                       |                                  |                              |
| US Dollar                                 | 644                                   | 644                              | -                            |
| Chinese Yuan Renminbi                     | 1,128                                 | 1,135                            | 7                            |
|   | -----                                 | -----                            | -----                        |
|   | 1,772                                 | 1,779                            | 7                            |
|   | =====                                 | =====                            | =====                        |

The above instruments were executed with established financial institutions in Malaysia. There is no cash requirement for these contracts.

The Group uses appropriate financial instruments, such as foreign currency forward contracts, to hedge against specific exposures including foreign currency risks.

With the adoption of MFRS 139, the difference between the notional value and fair value of the contracts amounting to RM7,000 has been recognised in the financial statements.



## Notes to the Interim Financial Statements

### **B9. Changes in Material Litigation**

There was no impending material litigation as at 10 May 2022, being the date not earlier than 7 days from the date of this announcement.

### **B10. Dividend**

No interim dividend was declared for the current quarter under review.

### **B11. Earnings per share**

#### **Basic earnings per share**

The calculation of basic earnings per share was based on the profit attributable to the owners of the Company and a weighted average number of ordinary shares outstanding, is as follows:

|   | <b>3 months<br/>ended<br/>31 March 2022<br/>RM'000</b> | <b>6 months<br/>ended<br/>31 March 2022<br/>RM'000</b> |
|---|--|--|
| Profit for the financial period attributable to owners of the Company | 7,180  | 18,638   |
|   | <b>'000</b>  | <b>'000</b>  |
| Weighted average number of ordinary shares at 31 March 2022           | 502,447  | 501,939  |
| Basic earnings per share (sen)  | 1.43   | 3.71   |
|   | <b>'000</b>  | <b>'000</b>  |
| Weighted average number of ordinary shares at 31 March 2022 (basic)   | 502,447  | 501,939  |
| Effects of share options  | 686  | 650  |
| Weighted average number of ordinary shares at 31 March 2022 (diluted) | 503,133  | 502,589  |
| Diluted earnings per share (sen)                                      | 1.43   | 3.71   |

## Notes to the Interim Financial Statements

### **B12. Profit before tax**

|   | <b>6 months ended<br/>31 March 2022<br/>RM'000</b> |
|---|--|
| Profit before tax is arrived at after charging:                       |  |
| Depreciation and amortisation   | 1,261  |
| Interest expense  | 2,645  |
| Inventories written down and written off, net                         | 505  |
| Loss on foreign exchange – realised and unrealised                    | 17   |
| Loss on derivative financial instruments – realised and unrealised    | 5  |
|   | <hr/> <hr/>  |
| and after crediting:  |  |
| Interest income   | 842  |
| Reversal of allowance for impairment loss for trade receivables - net | 79   |
| Gain on foreign exchange – realised and unrealised                    | 105  |
|   | <hr/> <hr/>  |

### **B13. Capital Commitments**

There was no capital commitment as at 31 March 2022.

This announcement is dated 17 May 2022.