

PERMAJU INDUSTRIES BERHAD
(INCORPORATED IN MALAYSIA) Company No. 199601006711(379057-V)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER 30 SEPTEMBER 2020

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30.09.2020 RM'000 Unaudited	Preceding Year Quarter 30.09.2019 RM'000 Unaudited	Current Year To-Date 30.09.2020 RM'000 Unaudited	Preceding Year To-Date 30.09.2019 RM'000 Unaudited
Revenue		11,828	18,810	11,828	18,810
Cost of sales		(10,459)	(17,361)	(10,459)	(17,361)
Gross profit		<u>1,369</u>	<u>1,449</u>	<u>1,369</u>	<u>1,449</u>
Other income		838	170	838	170
Selling and marketing expenses		(954)	(838)	(954)	(838)
Administrative expenses		(2,230)	(1,484)	(2,230)	(1,484)
Other expenses		(897)	-	(897)	-
Operating loss		<u>(1,874)</u>	<u>(703)</u>	<u>(1,874)</u>	<u>(703)</u>
Finance costs		(129)	(29)	(129)	(29)
Loss before tax		<u>(2,003)</u>	<u>(732)</u>	<u>(2,003)</u>	<u>(732)</u>
Income tax expense		20	20	20	20
Loss for the period	19	<u>(1,983)</u>	<u>(712)</u>	<u>(1,983)</u>	<u>(712)</u>
Other comprehensive loss for the period, net of tax		-	-	-	-
Total comprehensive loss for the period		<u>(1,983)</u>	<u>(712)</u>	<u>(1,983)</u>	<u>(712)</u>
Loss attributed to					
- Owners of the company		(1,732)	(595)	(1,732)	(595)
- Non-controlling interests		(251)	(117)	(251)	(117)
		<u>(1,983)</u>	<u>(712)</u>	<u>(1,983)</u>	<u>(712)</u>
Total comprehensive loss attributed to					
- Owners of the company		(1,732)	(595)	(1,732)	(595)
- Non-controlling interests		(251)	(117)	(251)	(117)
		<u>(1,983)</u>	<u>(712)</u>	<u>(1,983)</u>	<u>(712)</u>
Basic loss per share attributable to owners of the Company :					
Basic loss per share for the period (sen)		(0.35)	(0.32)	(0.35)	(0.32)

PERMAJU INDUSTRIES BERHAD
(INCORPORATED IN MALAYSIA) Company No. 199601006711(379057-V)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2020

	Note	As at 30.09.2020 RM'000 (Unaudited)	As at 30.06.2020 RM'000 (Audited)
Non - current assets			
Property, plant and equipment		53,895	54,105
Land held for property development		63,727	63,727
Biological assets		5,712	5,622
Right use of assets		7,559	3,211
Deferred tax assets		2,546	2,547
		<u>133,439</u>	<u>129,212</u>
Current assets			
Property development costs		42,540	42,540
Inventories		13,390	13,947
Trade receivables		1,442	1,351
Other receivables, prepayments and deposits		5,074	1,314
Other current asset		-	125
Cash and bank balances		92,953	1,676
		<u>155,399</u>	<u>60,953</u>
TOTAL ASSETS		<u><u>288,838</u></u>	<u><u>190,165</u></u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	22	-	2,007
Trade payables		9,546	10,200
Other payables		12,303	42,720
Income tax payable		6	6
		<u>21,855</u>	<u>54,933</u>
Net current assets		<u>133,544</u>	<u>6,020</u>
Non - current liabilities			
Lease liabilities		7,615	3,267
Deferred tax liabilities		7,393	7,413
		<u>15,008</u>	<u>10,680</u>
Total liabilities		<u>36,863</u>	<u>65,613</u>
Net assets		<u>251,975</u>	<u>124,552</u>
Equity attributable to owners of the Company			
Treasury shares	7	304,589	228,310
		(3,280)	(3,280)
Merger deficit		(629)	(629)
Revaluation reserve		21,552	21,552
Irredeemable Convertible Preference Shares (ICPS)		53,128	-
Other Reserves		(53,540)	-
Warrant Reserves		53,540	-
Accumulated losses		(135,866)	(134,133)
		<u>239,494</u>	<u>111,820</u>
Non-controlling interest		12,481	12,732
Total equity		<u>251,975</u>	<u>124,552</u>
TOTAL EQUITY AND LIABILITIES		<u><u>288,838</u></u>	<u><u>190,165</u></u>
Net asset per share - RM		0.51	0.67

PERMAJU INDUSTRIES BERHAD
(INCORPORATED IN MALAYSIA) Company No. 199601006711(379057-V)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30TH SEPTEMBER 2020
(The figures have not been audited)

Note	----- Attributable to Owners of the Company -----										
	----- Non-Distributable -----							Distributable			
	Equity Total RM'000	Equity attributable to owners of the parent, Total RM'000	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Revaluation Reserves RM'000	Irredeemable Convertible Preference Shares ("ICPS") RM'000	Other Reserves RM'000	Warrant Reserves RM'000	Accumulated Losses RM'000	Non controlling interest RM'000
As at 1st July 2020	124,551	111,819	228,310	(3,280)	(629)	21,552	-	-	-	(134,134)	12,732
Rights Issue of ICPS	69,064	69,064	-	-	-	-	69,064	-	-	-	-
Conversion of ICPS to ordinary shares	60,319	60,319	76,255	-	-	-	(15,936)	-	-	-	-
Issuance of Warrant	-	-	-	-	-	-	-	(53,594)	53,594	-	-
Reversal of warrant reserve	-	-	-	-	-	-	-	54	(54)	-	-
Warrant conversion	24	24	24	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	(1,983)	(1,732)	-	-	-	-	-	-	-	(1,732)	(251)
As at 30th September 2020	<u>251,975</u>	<u>239,494</u>	<u>304,589</u>	<u>(3,280)</u>	<u>(629)</u>	<u>21,552</u>	<u>53,128</u>	<u>(53,540)</u>	<u>53,540</u>	<u>(135,866)</u>	<u>12,481</u>
As at 1st July 2019	131,982	118,404	228,310	(3,280)	(16,217)	21,552	-	-	-	(111,961)	13,578
Total comprehensive loss for the period	(712)	(595)	-	-	-	-	-	-	-	(595)	(117)
As at 30th September 2019	<u>131,270</u>	<u>117,809</u>	<u>228,310</u>	<u>(3,280)</u>	<u>(16,217)</u>	<u>21,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,556)</u>	<u>13,461</u>

PERMAJU INDUSTRIES BERHAD
(INCORPORATED IN MALAYSIA) Company No. 199601006711(379057-V)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30TH SEPTEMBER 2020

	Current Year To-Date 30.09.2020 RM'000 Unaudited	Preceding Year To-Date 30.09.2019 RM'000 Unaudited
Operating activities		
Loss before tax	(2,003)	(732)
Adjustments for :		
Interest income	(60)	-
Finance costs	129	29
Depreciation of property, plant and equipment	169	140
Depreciation of right of use asset	101	-
Impairment of Biological assets	71	-
Inventories written off	751	-
Reversal of impairment ECL	(167)	-
Net gain on disposal of property, plant and equipment	-	(80)
Amortisation of investment properties	-	11
Operating cash flows before changes in working capital	<u>(1,009)</u>	<u>(632)</u>
(Increase)/Decrease in inventories	(194)	2,046
(Increase)/Decrease in trade and other receivables	(3,775)	875
Increase in other current assets	125	165
Decrease in trade and other payables	(29,025)	(1,093)
Cash (used in)/generated from operations	<u>(33,878)</u>	<u>1,361</u>
Interest received	60	-
Interest paid	(129)	(29)
Tax paid	(40)	(55)
Net cash (used in)/generated from operating activities	<u>(33,987)</u>	<u>1,277</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	-	80
Purchase of property, plant and equipment	(30)	(6)
Net cash (used in)/generated from investing activities	<u>(30)</u>	<u>74</u>
Financing activities		
Repayment of loans and borrowings	(2,007)	(1,389)
Issuance of ICPS	76,279	-
Proceeds from conversion of ICPS	53,128	-
Repayment of finance lease	(101)	-
Net cash generated form/(used in) financing activities	<u>127,299</u>	<u>(1,389)</u>
Net increase/(decrease) in cash and cash equivalents	93,282	(38)
Cash and cash equivalents at beginning of financial period	(879)	(1,741)
Cash and cash equivalents at end of financial period	<u>92,403</u>	<u>(1,779)</u>
Cash and cash equivalents at the end of the financial period comprise the following :		
	As at 30.09.2020 RM'000	As at 30.09.2019 RM'000
Cash and bank balances	92,403	234
Deposits pledged	550	529
	<u>92,953</u>	<u>763</u>
Bank overdraft	-	(2,013)
	<u>92,953</u>	<u>(1,250)</u>
Less: Deposits pledged	(550)	(529)
	<u>92,403</u>	<u>(1,779)</u>

PERMAJU INDUSTRIES BERHAD
(Incorporated in Malaysia) Company No. 199601006711(379057-V)

**INTERIM REPORT FOR THE FINANCIAL QUARTER
ENDED 30TH SEPTEMBER 2020**

*NOTES TO THE REVIEWED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD
ENDED 30TH SEPTEMBER 2020*

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30th June 2020. 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 year ended 30th June 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Adoption of MFRSs, amendments to MFRSs and IC Interpretation

The significant accounting policies adopted are consistent with those of the statutory financial statements for the financial year ended 30 June 2020 except for the adoption of the following new and revised Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs and IC Interpretations.

On 1 July 2020, the Group adopted the following new and amended MFRSs and IC interpretation:

- Amendments to MFRS 3: Definition of Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101: Definition of Material
- Amendments to MFRS 108: Definition of Material

The adoption of the above standards and interpretation did not have a significant impact on the financial statements in the period of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Standard and Interpretation issued but not yet effective

The Group has not early adopted the following new and amended MFRSs and IC Interpretations that are not yet effective:

Description	Effective for financial period beginning on or after
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 3: Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual improvements to MFRS 2018-2020	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between and Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

3. AUDITOR'S REPORT ON PRECEEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's annual financial statements for the year ended 30th June 2020 was not subject to any qualification.

4. SEASONAL OR CYCLICAL FACTORS OF INTERIM OPERATIONS

The Group's business operations for the period ended 30th September 2020 have not been materially affected by seasonal or cyclical factors.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial quarter ended 30th September 2020.

6. EFFECTS OF CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the financial quarter ended 30th September 2020.

7. CHANGES IN DEBTS AND EQUITY SECURITIES

During the current quarter ended 30th September 2020, there were issuance of 1,381,288,215 ICPS (comprising 936,309,855 Rights ICPS and 444,978,360 Settlement ICPS) and 93,630,984 warrants which was completed on 21st August 2020. There were no other issuances, cancellations, repurchases, resale and repayments of debts and equity securities. The total number of shares bought back and held as treasury shares as at 30th September 2020 was 8,672,500 shares. The shares bought back are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

8. DIVIDEND PAYMENT

There was no dividend paid for the current quarter and financial period ended 30th September 2020.

9. CARRYING AMOUNT OF REVALUED ASSETS

The Group has revalued its leasehold land during the financial year 2017 based on valuations carried out by an independent professional valuer on an open market value basis during that financial year.

10. SUBSEQUENT EVENTS

Subsequent to the interim financial report under review as at the date of this announcement, the following events: -

In 16 October 2020, the Group propose an establishment of an Employees Share Option Scheme which involving 15% of total number of issues shares for eligible directors and employees of the Company and its subsidiaries.

As per announcement on 22 October 2020, a wholly owned subsidiary of Permaju Industries Berhad named Iconworld Resources Sdn Bhd had made an investment amounting to 100,000,000 ordinary shares at RM0.26 per share with a total consideration of RM26 million. Permaju indirectly held 16.97% of Meridian Berhad ("Meridian") shares. This investment will open door for the Group to expand its footprint in property development sector particular in West Malaysia.

The Group and its wholly owned subsidiary, Cergaz Autohaus Sdn Bhd on 13 November 2020 had made decision to terminate it Dealership Agreement of Volkswagen Taman Tun Dr Ismail (TTDI) Outlet and will cease the operation by 30 November 2020. The termination was analyse based on past performance, current and future possibilities which foresee to have lack of sustainability and growth potential. The decision was drive by the current unprecedented Covid-19 pandemic which impacted the current environment of the Group.

10. SUBSEQUENT EVENTS (CONT'D.)

In 16 November 2020, Permaju Industries Berhad, wholly owned subsidiary, Iconworld Resources Sdn. Bhd. made second investment of 16,000,000 ordinary shares at PNE PCB Berhad ("PNE") at RM1.23 per shares with total consideration of RM19.7 million. In 17 November 2020, Iconworld Resources Sdn. Bhd. acquire additional 6,000,000 ordinary shares at "PNE" at RM1.23 per shares with total consideration of RM7.4 million. The total purchase consideration for the entire 22,000,000 PNE shares is RM27.1 million ("Aggregate Investment"), representing 12.43% of issued shares of PNE. The investment was made respective to the Large-Scale Solar 4 (LSS4) Proposed 50MW Plant in Seremban, Negeri Sembilan entered by Permaju Industries Berhad, wholly owned subsidiary Genbayu Gemilang Sdn Bhd ("GGSB") with Cubetech Asia Sdn Bhd by Joint Venture Agreement. On 2 November 2020, GGSB has appointed PNE to act as Authorised Representative for all technical assessment and certification pertaining to the project. By this investment it will benefit the Group to gain synergistic benefits and business opportunities.

In 18 November 2020, the Group had completed the listing and quotation of 49,331,502 private placement shares at RM0.1612 per share with total consideration of RM8 million.

11. OPERATING SEGMENTS

The Group has four reportable segments, namely automotive, timber, property development and others which involved in Group-level corporate services, treasury functions and investments in marketable securities, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately.

(a) Information about reportable segments

	For the period ended 30.09.2020											
	Automotive		Timber		Property Development		Others		Adjustments and elimination		Total	
	30.09.20	30.09.19	30.09.20	30.09.19	30.09.20	30.09.19	30.09.20	30.09.19	30.09.20	30.09.19	30.09.20	30.09.19
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	12,080	18,242	-	-	-	568	-	-	(252)	-	11,828	18,810
Inter segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Segment loss after tax	(608)	(159)	(81)	(83)	(837)	(336)	(477)	(101)	20	(33)	(1,983)	(712)
Segment assets	18,633	14,862	33,932	38,109	79,994	83,812	228,562	106,128	(72,283)	(37,225)	288,838	205,686
Segment liabilities	49,750	42,441	33,242	34,113	80,611	82,019	4,784	5,008	(131,524)	(89,165)	36,863	74,416

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter ended 30th September 2020, other than disclosed below.

Incorporation of a new company

On 5 June 2020, Permaju Glove Sdn Bhd (“PGSB”) was incorporated in Malaysia with its entire share capital of RM1 held by Permaju Industries Berhad. The company has not engaged in any business activity since the date of incorporation.

13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets of the Group since the last statement of financial position as at 30th September 2020.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. REVIEW OF PERFORMANCE

The Group's revenue for the current quarter of RM11.83 million is lower by RM6.98 million than the preceding year corresponding quarter of RM18.81 million due to decrease in revenue from the Automotive Division by RM6.41 million and decrease in revenue from the Property Development Division by RM0.57 million. The decrease was also mitigated by the elimination of management fee amounting to RM0.25 million. The Group's performance was affected by Covid-19 pandemic and no contribution from property development division for current quarter.

The Group registered a pre-tax loss of RM2.00 million for the current quarter against the preceding year corresponding quarter pre-tax loss of RM0.73 million. The Group's pre-tax loss was mainly attributed to the pre-tax loss from the Property Development Division of RM0.84 million against pre-tax loss of RM0.34 million in the corresponding quarter, and pre-tax loss of the Automotive Division of RM0.64 million in the current quarter against pre-tax loss of RM0.16 million in the corresponding quarter. The pre-tax loss from others activity record RM0.56 million in the current quarter against pre-tax loss of RM0.18 million in the corresponding quarter.

Other income increased in current quarter, RM0.84 million compared to RM0.17 million in preceding year corresponding quarter due to Automotive Division received wage subsidy programme (PERKESO) by Prihatin initiative, warranty overpayment and reversal of impairment for ECL, whereas Property Division received discount from consultant.

Administrative expenses increased to RM2.23 million as compared to preceding year corresponding quarter RM1.48 million due to Property division incurred commission agent for residential units sold prior year RM0.67 million and legal cases fee RM0.23 million. For the corporate exercise expenses, which is primarily professional fee and printing expenses for right issue amount to RM0.33 million.

Other operating expenses recorded higher, RM0.90 million for current quarter due to written off of aged stocks RM0.75 million in Automotive Division, Property Division incurred post completion expenses RM0.08 million and impairment loss on biological assets RM0.07 million from Timber Division.

15. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group's current quarter revenue of RM11.83 million against the preceding quarter revenue of RM5.89 million, was due to increase in revenue derived from Automotive Division and decrease in revenue from Property Development Division. The Group's loss before taxation for the current quarter of RM2.00 million was mainly attributed to the loss before taxation of Automotive Division of RM0.64 million and loss before taxation of Property Development Division of RM0.84 million. Comparatively, in the preceding quarter the loss before taxation of RM3.4 million was mainly attributed to the loss before taxation of Automotive Division of RM0.29 million and loss before taxation of Property Development Division of RM2.56 million.

In the Automotive Division for current quarter, the vehicles sales increased as compared to the previous quarter. While for Property Development Division NIL residential units were sold during current quarter compared to 2 units in previous quarter.

16. PROSPECTS

Malaysia Automotive Association (MAA) has revised the latest total industry volume (TIV) from 400,000 units to 470,000 units*. MAA has taken several factors into their forecast such as Covid-19 Pandemic, uncertain economic environment, stricter vetting on hire purchase application and reduction in Overnight Policy Rate (OPR) to 1.75% (as at 30 September 2020: 1.75%).

In a move to revitalize demand in the domestic auto sector, the government has announced PENJANA plan, sales tax exemption up to 100% for completely knocked down (CKD) passenger vehicles and 50% for fully-imported completely-built up (CBU) passenger vehicles, SUVs and MPVs from 15 June 2020 to 31 December 2020.

However, analysts do not expect robust growth in sales volume, given the potential rise in employment rate, consumers remaining cautious about spending on big ticket items as well as strict lending requirements from financial institutions, due to banks gradually narrowing their exposure in hire-purchase loans. **

During period under review of July to September 2020, MAA announced that the sales volume of passenger vehicles increased compared to the same month in preceding year (Increase by: July 13%, August 3% and September 26%). The increased was help by the initiative of the car companies' promotional campaign and introduction of new model launches in September 2020. ***

The Malaysia Automotive Association (MAA) expects the vehicles sales volume for October 2020 to be lower due to the end of the loan moratorium on 30 September 2020 which will impact the consumer sentiment to remained cautious and the implementation of the Conditional Movement Control Order (CMCO) starting from 14 October 2020 until 9 November 2020.

The property sector is expected to remain challenging due to weak demand and oversupply market.

With the current challenging environment due to the outbreak of Covid-19 pandemic. Certain subsidiary will undergo a realignment on its current business activities. Despite of that, current corporate exercise of the rights issue (refer to Note 21) is expected to provide additional working capital which give positive impact to the Group operations moving forward. Barring any unforeseen circumstances, the Board expect the results of the Group to be satisfactory.

*MAA Market Review For 1st Half 2020 Compared To 1st Half 2019

**TheStar 10 June 2020

***The Malaysia Reserve 20 October 2020

17. PROFIT FORECAST OR PROFIT GUARANTEE

The Group did not issue any profit forecast and/or profit guarantee to the public.

18. INCOME TAX BENEFIT

	Current Year Quarter		Cumulative Year To Date	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Income tax	20	-	20	-
Deferred tax	-	(20)	-	(20)
	<u>20</u>	<u>(20)</u>	<u>20</u>	<u>(20)</u>

19. LOSS FOR THE PERIOD

Loss for the period is arrived at after charging/(crediting):

	Current Year Quarter 30.09.2020 RM'000	Cumulative Year To Date 30.09.2020 RM'000
Finance costs	129	129
Depreciation and amortization	169	169
Impairment of biological assets	71	71
Inventory write off	751	751
Reversal of impairment on expected credit loss	<u>(167)</u>	<u>(167)</u>

20. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and properties for the financial quarter under review.

21. CORPORATE PROPOSALS

NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) FUND RAISING

- (I) RIGHTS ISSUE OF ICPC WITH WARRANTS
- (II) SETTLEMENT
- (III) CONSTITUTION AMENDMENTS

(COLLECTIVELY REFERRED TO AS THE "CORPORATE EXERCISE")

21. CORPORATE PROPOSALS (CONT'D).

(For consistency purposes, the abbreviations and definitions used throughout this announcement shall have the same meanings as those previously defined in the Abridged Prospectus of the Company dated 14 July 2020 in relation to the Rights Issue of ICPS with Warrants.)

- a. On behalf of the Board, Mercury Securities had announced that the Corporate Exercises have been completed following the listing and quotation of 1,381,288,215 ICPS (comprising 936,309,855 Rights ICPS and 444,978,360 Settlement ICPS) and 93,630,984 Securities on 21 August 2020.
- b. Utilisation of proceeds

The gross proceeds raised from ICPS was RM46,815,492.75 and the current utilisation status is set out as follows: -

Purpose	Intended Timeframe for Utilisation from Completion Date	Proposed Utilisation RM'000	Actual Utilisation as at 30 November 2020	Balance Utilisation
Development of the Mydin Project	Within 36 months	38,470	(7,773)	30,697
Funding for automotive division	Within 12 months	5,000	(5,000)	-
Repayment of bank borrowings	Within 3 months	1,995	(1,995)	-
Estimated expenses for the Corporate Exercises	Immediate	1,350	(1,350)	-
TOTAL		46,815	(16,118)	30,697

22. LOANS AND BORROWINGS

	As at 30.09.2020 RM'000	As at 30.09.2019 RM'000
Current		
- Bank overdraft	<u>-</u>	<u>2,013</u>

The borrowings are secured.

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at the date of this announcement.

24. CHANGES IN MATERIAL LITIGATION

There were no material changes in the following litigation where:

An architect (“the Claimant”) filed a civil suit against both the Company and a subsidiary for wrongful termination of his services and claimed outstanding fee with interest and loss income amounting to RM11.4 million.

The High Court directed that the claim by the Claimant against the subsidiary be referred to arbitration. On 28 March 2013, upon the appointment of the Arbitrator, the High Court struck off the claim against the subsidiary. On 7 November 2014, all parties agreed to withdraw the suit between the Claimant and the Company. Thereafter, the Arbitrator will hear both claims together.

The Arbitration proceeded with the Claimant and the respondent calling their respective witnesses. The principal issue to be decided by the Arbitrator is on whether there had been a mutual termination or wrongful termination of the Claimant’s engagement. Based on the oral and documentary evidences produced in the Arbitration and supported by legal position, the Company’s solicitors are of the view that the Company has established on a balance of probability that there was a mutual termination of the Claimant’s engagement.

On 21 May 2018, subsidiary’s solicitors have informed that the Arbitrator has given a partial award on the Breach of Contract Arbitration (“Partial Award”) and held that the subsidiary had wrongfully terminated the Claimant’s for its services and has awarded costs in the cause in the financial award to the Claimant. There has been no award made by the Arbitrator in respect of the quantum of damages payable to the Claimant in relation to the Breach of Contract Arbitration and no directions from the Arbitrator in respect of the Permaju Arbitration.

Pursuant to the directions given at the case management on 28 June 2019, the Tribunal has directed parties to submit submissions incorporating previous submissions on the issue of illegality with answers to clarification questions posed by the Tribunal. On 1st August 2019, subsidiary’s solicitors have filed the necessary information to the Tribunal.

On 7 October 2019, the Arbitrator issued Partial Award No. 2 which found that the Claimant’s services had not been voided by illegality and he had seen, wrongfully terminated. The Company is appealing against this decision and the Company’s solicitors had filed the necessary application to set aside the Partial Award.

The hearing of the Claimant’s claim against the Company and the subsidiary for inducing to breach their contract with the Claimant is fixed for hearing on 6th to 9th April 2021. Apart from the foregoing, in respect of the Partial Award 1 and 2 is fixed for Hearing of Appeal on 17th December 2020 by way of Zoom.

No provision has been made for the damages for loss of income together with interest and cost as the Company’s solicitors are of the view that the chance of success of a successful defence by the Group is strong.

25. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30th September 2020 (30th September 2019: Nil)

26. LOSS PER ORDINARY SHARE

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2020	Preceding Year Quarter 30.09.2019	Current Year Quarter 30.09.2020	Preceding Year Quarter 30.09.2019
Net loss for the period (RM'000)	(1,732)	(595)	(1,732)	(595)
Weighted average number of ordinary shares ('000)	492,376	187,262	492,376	187,262
Basic loss per share (sen)	<u>(0.35)</u>	<u>(0.32)</u>	<u>(0.35)</u>	<u>(0.32)</u>

The basic loss per share is not subject to dilution as there is no dilutive effect of any potential ordinary shares.

27. REALISED AND UNREALISED LOSSES DISCLOSURE

	As at 30.09.2020 RM'000	As at 30.09.2019 RM'000
Total retained accumulated losses of Permaju Industries Berhad and its subsidiaries :		
- Realised	(128,840)	(105,530)
- Unrealised	<u>(7,026)</u>	<u>(7,026)</u>
Total group accumulated losses as per consolidated accounts	<u>(135,866)</u>	<u>(112,556)</u>

28. 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 30 November 2020.