

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2021

	Note	As at 30.06.2021 RM'000 (Unaudited)	As at 30.06.2020 RM'000 (Audited)
Non - current assets			
Property, plant and equipment		56,770	54,105
Other Investments		59,998	-
Land held for property development		63,727	63,727
Biological assets		5,443	5,622
Right use of assets		7,058	3,211
Deferred tax assets		3,179	2,547
		<u>196,175</u>	<u>129,212</u>
Current assets			
Property development costs		42,540	42,540
Inventories		6,880	13,947
Trade receivables		390	1,351
Other receivables, prepayments and deposits		25,987	1,210
Other current asset		-	125
Tax recoverable		234	104
Cash and bank balances		34,137	1,676
		<u>110,168</u>	<u>60,953</u>
TOTAL ASSETS		<u>306,343</u>	<u>190,165</u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	25	-	2,007
Trade payables		10,275	10,200
Other payables		10,697	42,720
Income tax payable		6	6
		<u>20,978</u>	<u>54,933</u>
Net current assets		<u>89,190</u>	<u>6,020</u>
Non - current liabilities			
Lease liabilities		7,230	3,267
Deferred tax liabilities		7,286	7,413
		<u>14,516</u>	<u>10,680</u>
Total liabilities		<u>35,494</u>	<u>65,613</u>
Net assets		<u>270,849</u>	<u>124,552</u>
Equity attributable to owners of the Company			
Treasury shares		363,926	228,310
Merger deficit		-	(3,280)
Revaluation reserve		(629)	(629)
Irredeemable Convertible Preference Shares (ICPS)		21,552	21,552
Other Reserves		51,852	-
Warrant Reserves		(53,540)	-
Accumulated losses		53,540	-
		<u>(176,888)</u>	<u>(134,133)</u>
		259,813	111,820
Non-controlling interest		11,036	12,732
Total equity		<u>270,849</u>	<u>124,552</u>
TOTAL EQUITY AND LIABILITIES		<u>306,343</u>	<u>190,165</u>
Net asset per share - RM		0.29	0.67

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER 30TH JUNE 2021

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30.06.2021 RM'000 Unaudited	Preceding Year Quarter 30.06.2020 RM'000 Unaudited	Current Year To-Date 30.06.2021 RM'000 Unaudited	Preceding Year To-Date 30.06.2020 RM'000 Unaudited
Revenue		4,822	5,890	30,132	57,582
Cost of sales		(4,478)	(4,772)	(27,966)	(54,511)
Gross profit		<u>344</u>	<u>1,118</u>	<u>2,166</u>	<u>3,071</u>
Other income		165	2,580	3,778	3,801
Fair value loss on other investment		(20,816)	-	(31,710)	-
Selling and marketing expenses		(298)	(528)	(2,143)	(3,325)
Administrative expenses		(4,990)	(3,148)	(12,975)	(7,981)
Other expenses		(9)	(3,197)	(1,482)	(3,197)
Operating loss		<u>(25,604)</u>	<u>(3,175)</u>	<u>(42,366)</u>	<u>(7,631)</u>
Finance costs		(95)	(208)	(418)	(370)
Loss before tax		<u>(25,699)</u>	<u>(3,383)</u>	<u>(42,784)</u>	<u>(8,001)</u>
Income tax expense		713	509	724	569
Loss for the period	19	<u>(24,986)</u>	<u>(2,874)</u>	<u>(42,060)</u>	<u>(7,432)</u>
Other comprehensive loss for the period, net of tax		-	-	-	-
Total comprehensive loss for the period		<u>(24,986)</u>	<u>(2,874)</u>	<u>(42,060)</u>	<u>(7,432)</u>
Loss attributed to					
- Owners of the company		(24,163)	(3,004)	(40,364)	(6,586)
- Non-controlling interests		(824)	130	(1,697)	(846)
		<u>(24,986)</u>	<u>(2,874)</u>	<u>(42,060)</u>	<u>(7,432)</u>
Total comprehensive loss attributed to					
- Owners of the company		(24,163)	(3,004)	(40,364)	(6,586)
- Non-controlling interests		(824)	130	(1,697)	(846)
		<u>(24,986)</u>	<u>(2,874)</u>	<u>(42,060)</u>	<u>(7,432)</u>
Basic loss per share attributable Basic loss per share attributable to owners of the Company :					
Basic loss per share for the period (sen)		(2.61)	(1.60)	(4.35)	(3.52)

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30TH JUNE 2021
(The figures have not been audited)

Note	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	Distributable	
												Equity Total RM'000	Share Capital 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	98,201	98,201	115,413	-	-	-	(17,212)	-	-	-	-	-	-
Issuance of Warrant	-	-	-	-	-	-	-	(53,594)	53,594	-	-	-	-
Reversal of warrant reserve	-	-	-	-	-	-	-	54	(54)	-	-	-	-
Warrant conversion	24	24	24	-	-	-	-	-	-	-	-	-	-
Resale of Treasury Shares	1,609	1,609	-	1,609	-	-	-	-	-	-	-	-	-
Employee Share Option Exercised	20,179	20,179	20,179	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	(42,779)	(41,083)	-	1,671	-	-	-	-	-	(42,754)	(1,696)	(1,696)	
As at 30th June 2021	270,849	259,813	363,926	-	(629)	21,552	51,852	(53,540)	53,540	(176,888)	11,036		
As at 1st July 2019	131,982	118,404	228,310	(3,280)	(16,217)	21,552	-	-	-	(111,961)	13,578		
Derecognition of merger deficit on disposal of subsidiary	-	-	-	-	15,588	-	-	-	-	(15,588)	-	-	-
Total comprehensive loss for the period	(7,432)	(6,586)	-	-	-	-	-	-	-	(6,586)	(846)	(846)	
As at 30th June 2020	124,550	111,818	228,310	(3,280)	(629)	21,552	-	-	-	(134,135)	12,732		

PERMAJU INDUSTRIES BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30TH JUNE 2021

	Current Year To-Date 30.06.2021 RM'000 Unaudited	Preceding Year To-Date 30.06.2020 RM'000 Unaudited
Operating activities		
Profit / (Loss) before tax	(42,784)	(8,001)
Adjustments for :		
Interest income	(318)	(1)
Finance costs	37	370
Depreciation of property, plant and equipment	463	480
Depreciation of right of use asset	495	253
Impairment of Biological assets	822	823
Inventories written off	976	-
Reversal of impairment ECL	(252)	-
Net gain on disposal of property, plant and equipment	(48)	(88)
Write off on trade and other receivables	71	-
FV loss on treasury share	1,671	-
Interest expense of right use of asset	381	174
Loss on disposal of property, plant and equipment	37	108
Amortisation of property, plant and equipment	151	-
Loss on disposal of investment property	-	3,423
Unrealised FV (gain) / loss on marketable securities	31,710	-
Realised gain on marketable securities	(1,987)	-
Operating cash flows before changes in working capital	(8,575)	(2,459)
Increase in property development costs	-	(9)
Decrease in inventories	6,091	13,596
(Increase)/Decrease in trade and other receivables	(22,043)	4,573
(Increase) / Decrease in other current assets	125	(69)
(Decrease) in trade and other payables	(31,949)	(13,149)
Cash (used in)/generated from operations	(56,351)	2,483
Interest received	318	1
Interest paid	(37)	(370)
Tax paid	(165)	(127)
Net cash (used in)/generated from operating activities	(56,235)	1,987
Investing activities		
Proceeds from disposal of property, plant and equipment	60	305
Purchase of property, plant and equipment	(3,973)	(27)
Purchase of marketable securities	(71,565)	-
Increase in other investment	(20,143)	-
Additions to fixed deposit	(200)	-
Net cash (used in)/generated from investing activities	(95,821)	278
Financing activities		
Repayment of loans and borrowings	(2,007)	(1,389)
Issuance of Ordinary Share pursuant to Right ICPS	115,437	-
Employee shares option exercised	20,179	-
Proceeds from conversion of ICPS	51,852	-
Proceed from resale of Treasury Shares	1,609	-
Repayment of finance lease	(761)	-
Net cash generated form/(used in) financing activities	186,309	(1,389)
Net increase/(decrease) in cash and cash equivalents	34,253	876
Cash and cash equivalents at beginning of financial period	(879)	(1,741)
Cash and cash equivalents at end of financial period	33,373	(865)
Cash and cash equivalents at the end of the financial period comprise the following :		
	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
Cash and bank balances	33,374	1,143
Deposits pledged	762	533
Bank overdraft	-	(2,008)
	34,136	(332)
Less: Deposits pledged	(763)	(533)
	33,373	(865)

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

**INTERIM REPORT FOR THE FINANCIAL QUARTER
ENDED 30 JUNE 2021**

*NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD
ENDED 30th JUNE 2021*

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 PRECEDING 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 June 2021 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 June 2021.

6. EFFECTS OF CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the financial quarter ended 30th June 2021.

7. CHANGES IN DEBTS AND EQUITY SECURITIES

During the current quarter ended 30th June 2021, The Company completed the followings:-

- (i) a private placement exercise involving the issuance of 182,410,000 new shares and raising a total of RM21.62 million; and
- (ii) The Company had made an offer of options to the eligible employees under the Company's ESOS. The total number of options offered were 29,436,978 units and raising a total of RM3,532,437.36; and

8. DIVIDEND PAYMENT

There was no dividend paid for the current quarter and financial period ended 30th June 2021.

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 as at the date of this announcement, the following events: -

On 2nd July 2021, The company had completed the acquisition of the 600,000 ordinary shares in Hardie Development Sdn Bhd and the balance Purchase Consideration has been fully paid.

On 21st July 2021, the Company had made an offer of options to the eligible employees under the Company's ESOS. The number of option offered were 931,854,695 units with the exercise price offered at RM0.1150 each.

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 30.06.2021									
	Automotive		Property Development		Others		Adjustments and elimination		Total	
	30.06.21	30.06.20	30.06.21	30.06.20	30.06.21	30.06.20	30.06.21	30.06.20	30.06.21	30.06.20
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	25,470	50,967	5,400	7,623	-	-	(738)	(1,008)	30,132	57,582
Inter segment revenue	-	-	-	-	-	-	-	-	-	-
Segment loss after tax	(3,288)	(107)	(5,153)	(1,694)	(49,332)	(10,938)	15,713	5,307	(42,060)	(7,432)
Segment assets	23,605	16,731	79,626	77,235	345,545	134,077	(142,433)	(37,875)	306,343	190,168
Segment liabilities	57,402	47,241	84,559	77,014	110,183	38,459	(216,650)	(97,096)	35,494	65,618

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter ended 30th June 2021, other than disclosed below.

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 June 2021.

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 RM4.82 million is lower by RM1.07 million than the preceding year corresponding quarter of RM5.89 million due to decrease in revenue from the Automotive Division by 36%. The decrease was mainly affected by Covid-19 pandemic and cessation on the operation of Volkswagen Taman Tun Dr Ismail (TTDI) outlet on 30 November 2020.

The Group registered a pre-tax loss of RM25.70 million for the current quarter against the preceding year corresponding quarter pre-tax loss of RM3.38 million. The significant increase of approximately RM22.3 million was mainly due to the following-

- (i) The increase of fair value loss on marketable securities approximately RM20.82 million, which was mainly due to reversal and provision of unrealised investment gain and loss; and
- (ii) The increase of administrative expenses by approximately RM1.84 million which was mainly due to the material litigation cost in relation to the Property Division; and

15. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter As at 30 June 2021 RM'000	Previous Quarter As at 31 Mar 2021 RM'000
Revenue	4,822	7,812
Profit/(Loss) before tax	(25,699)	(25,881)

The decrease in revenue for this quarter as compared to previous quarter was mainly due to the implementation of Fully Movement Control Order by the government during this quarter in result of the temporary closure of the companies.

Notwithstanding the decrease in turnover and increase in fair value loss in quoted investments, the Group managed to register a relatively unchanged loss before taxation as compared to previous quarter. The unchanged performance was mainly attributed by the reversal of impairments in receivables and product warranties during this quarter.

16. PROSPECTS

Automotive

With the current challenging environment due to the outbreak of Covid-19 pandemic, the Group is currently consolidating its automotive resources to focus on Ford vehicles with a view to revive its automotive division. In addition the Group's current strategy to venture into the luxury car rental business and the intention to introduce electrical vehicles are expected to be significant in our Group's future direction.

Property Division

The Group is cautiously optimistic about the property division given its recent acquisition of a strategic stake in Meridian Berhad, one of the listed property player in West Malaysia as well as its recent consolidation of investment in Hardie Development Sdn Bhd our Group's current property arm in Sabah. The division is expected to leverage on the recovery of the property sector once the pandemic is over as division would be fully equipped with the relevant resources to capitalise on this.

17. PROFIT FORECAST OR PROFIT GUARANTEE

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

18. INCOME TAX BENEFIT

	Current Year Quarter		Cumulative Year To Date	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Deferred tax	(713)	(509)	(724)	(569)
	<u>(713)</u>	<u>(509)</u>	<u>(724)</u>	<u>(569)</u>

19. PROFIT/(LOSS) FOR THE PERIOD

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

	Current Year Quarter 30.06.2021 RM'000	Cumulative Year To Date 30.06.2021 RM'000
Finance costs	95	418
Depreciation and amortization	126	463
Impairment of biological assets	(111)	101
Inventory write off / (reversal)	76	976
Reversal of impairment on expected credit loss	-	(381)
Written off of receivables	-	86
Gain on disposal of property, plant and equipment	(3)	40
Loss on disposal of property, plant and equipment	3	30
Bad debts expenses (writtenback) / written off	(15)	71
Fixed assets written off/impaired	121	151

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")

(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 29 Aug 2021 RM'000	Balance Utilisation RM'000
Development of the Mydin Project	Within 36 months	38,470	(10,505)	27,965
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	(18,850)	27,965

22. PRIVATE PLACEMENT 2020

On 18 November 2020, the Company completed a private placement exercise involving the issuance of 49,331,502 new Shares and raising a total of RM 7.95 million.

The current utilisation status as follows:-

Utilisation of proceeds	Intended Timeframe for Utilisation from 18 November 2020	Proposed Utilisation RM'000	Actual Utilisation as at 29 Aug 2021 RM'000	Balance Utilisation RM'000
Development of an online platform for luxury car rentals	Within 9 months	2,500	-	2,500
Acquisition of new cars for the Group's luxury car rental business	Within 24 months	3,950	-3,950	-
Working Capital	Within 24 months	1,062	-1,062	-
Estimated expenses for the Private Placement 2020	Immediate	440	-440	-
TOTAL		7,952	-5,452	2,500

23. PRIVATE PLACEMENT 2021

On 21 January 2021, the Company completed the Private Placement exercise involving the issuance of 54,500,000 new shares and raising a total of RM8.22 million.

The current utilisation status as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 21 January 2021	Proposed utilisation RM'000	Actual utilisation as at 29 Aug 2021 RM'000	Balance unutilised RM'000
(i) Funding for automotive division	Within 12 months	7,804	-	7,804
(ii) Estimated expenses for the Private Placement 2021	Immediate	420	420	-
Total		8,224	420	7,804

24. PRIVATE PLACEMENT 2021 - 30%

On 2 June 2021, the Company completed a private placement exercise which involved the issuance of 182,410,000 new Shares, raising a total of RM21.62 million.

The said proceeds have been partly utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 2 June 2021	Actual proceeds raised RM'000	Actual utilised as at 29 Aug 2021 RM'000	Balance unutilised RM'000
(i) Settlement of the Purchase Consideration	Within 3 months	21,034	21,034	-
(ii) Expenses for the Private Placement 2021 – 30%	Immediate	584	584	-
Total		21,618	21,618	-

¹ The proceeds have been utilised to finance the Purchase Consideration in relation to Hardie Acquisition, which was completed on 2 July 2021.

25. LOANS AND BORROWINGS

	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
Current		
- Bank overdraft	<u>-</u>	<u>2,008</u>

The borrowings are secured.

26. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

27. 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.

Hardie's solicitors are of the view that there are reasonable chances of the Partial Award being set aside since there are errors of law in issues of jurisdiction. Hardie's solicitors have filed an application to set aside the Partial Award but the application was dismissed by the Kota Kinabalu High Court. An appeal was subsequently filed in the Court of Appeal ("Appeal Against Dismissal of No.1")

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 21st April 2021.

Both of the matters were adjourned on the grounds that parties are trying for settlement on 21st April 2021. The next hearing is fixed on 1 September 2021.

Notwithstanding the earlier Directions given by the Learned Arbitrator, the Learned Arbitrator gave Directions for Parties to file Submissions on the issue of quantum. On 17th March 2021, the Arbitrator published Partial Award ho. 3. The Award reads as follows:-

1. Hardie to pay the Claimant the net principal sum of RM2,600,724.04 as the amount of outstanding Professional Fees;
2. Hardie shall pay the Claimant a Pre-Award interest of RM1,943,374.40;
3. Hardie shall bear in full the cost of award for Partial Award 1, Partial Award No.2 and Partial Award No. 3 Tax by the Tribunal as RM132,000.00;
4. Cost in the reference for Hardie and Permaju Arbitration shall be reserved until the Final Award;
5. Any sum awarded by the Tribunal shall be payable within four (4) weeks from the date of the said Award, failing this David Shen is entitled to impose a further interest at the rate of 5% per annum.

Meanwhile, the Claimant's Solicitors filed an application for the enforcement of Partial Award No. 3 at the Kota Kinabalu High Court vide Originating Summons No. BKI-24NCC(ARB)fi/6-2021.

Hardie's Solicitors filed an application to set aside Partial Award No.3 vide Originating Summons No. BKI-24NCC(ARB)-4/6-2021.

As a result of the two (2) Suits which were pending in two (2) different Courts in Kota Kinabalu, a letter was written to the Chief Judge of Sabah and Sarawak requesting that both the matters to be heard together. This request was agreed by the Chief Judge of Sabah and Sarawak.

On 26th July 2021, the Judge directed that the application filed by Hardie to set aside Partial Award No.3 will be heard first and if Hardie's application is allowed, then the Claimant's application would fall. The Court fixed Hardie's application for Hearing on 14th September 2021.

Notwithstanding the foregoing, as a result of the Partial Award No.3, Hardie's Solicitors commenced negotiations with the Claimant's Solicitors. The negotiations are still on-going and we are optimistic that there will be a settlement reached between the parties.

In respect of David Shen's claim against Permaju Industries Berhad for inducing Hardie to breach their contract with David Shen I-Tan, the Arbitrator vacated the Hearing dates on 6th, 7th, 8th and 9th April 2021 pending negotiations in respect of Partial Award No.3. In view of the negotiations, there are no Hearing dates in respect of the Claimant's claim against Permaju. We are of the view that there are merits to Permaju's defence in respect of the claim made by the Claimant against Permaju.

We are of the view that there are merits in respect of Hardie's Appeals and the application to set aside Partial Award No.3.

28. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30th June 2021 (30th June 2020: Nil)

29. PROFIT/(LOSS) PER ORDINARY SHARE

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2021	Preceding Year Quarter 30.06.2020	Current Year Quarter 30.06.2021	Preceding Year Quarter 30.06.2020
Net profit/(loss) for the period (RM'000)	(24,163)	(3,004)	(40,364)	(6,586)
Weighted average number of ordinary shares ('000)	927,379	187,262	927,379	187,262
Basic profit/(loss) per share (sen)	<u>(2.61)</u>	<u>(1.60)</u>	<u>(4.35)</u>	<u>(3.52)</u>

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

30. REALISED AND UNREALISED LOSSES DISCLOSURE

	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
Total retained accumulated losses of Permaju Industries Berhad and its subsidiaries :		
- Realised	(169,862)	(127,109)
- Unrealised	<u>(7,026)</u>	<u>(7,026)</u>
Total group accumulated losses as per consolidated accounts	<u>(176,888)</u>	<u>(134,135)</u>

31. 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 August 2021.