

PERMAJU INDUSTRIES BERHAD
(INCORPORATED IN MALAYSIA) Company No. 199601006711(379057-V)
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER 30 JUNE 2023

	Note	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Quarter	To-Date	To-Date
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Audited	Unaudited	Audited
Revenue		13,749	7,745	48,960	22,369
Cost of sales		(9,549)	(7,038)	(41,208)	(20,788)
Gross profit		<u>4,200</u>	<u>707</u>	<u>7,752</u>	<u>1,582</u>
Other income		(1,990)	1,729	(7,721)	3,137
Selling and marketing expenses		(4,953)	(7,268)	(17,438)	(8,924)
Other expenses		(109)	(586)	(702)	(26,614)
Operating loss		<u>(2,851)</u>	<u>(5,418)</u>	<u>(18,108)</u>	<u>(30,819)</u>
Finance costs		(105)	(214)	(459)	(556)
Loss before tax		<u>(2,957)</u>	<u>(5,632)</u>	<u>(18,567)</u>	<u>(31,375)</u>
Income tax expense		321	(3,139)	381	(3,079)
Loss for the period	19	<u>(2,636)</u>	<u>(8,771)</u>	<u>(18,186)</u>	<u>(34,454)</u>
for the period, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss attributed to					
- Owners of the company		(2,636)	(8,771)	(18,186)	(34,454)
- Non-controlling interests		-	-	-	-
		<u>(2,636)</u>	<u>(8,771)</u>	<u>(18,186)</u>	<u>(34,454)</u>
Total comprehensive loss attributed to					
- Owners of the company		(2,636)	(8,771)	(18,186)	(34,454)
- Non-controlling interests		-	-	-	-
		<u>(2,636)</u>	<u>(8,771)</u>	<u>(18,186)</u>	<u>(34,454)</u>
Basic/diluted loss per share attributable to owners of the Company :					
Basic/diluted loss per share for the period (sen)		(0.15)	(0.59)	(1.05)	(2.30)

PERMAJU INDUSTRIES BERHAD
(INCORPORATED IN MALAYSIA) Company No. 199601006711(379057-V)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	As at 30.06.2023 RM'000 (Unaudited)	As at 30.06.2022 RM'000 (Audited)
Non - current assets		
Property, plant and equipment	62,413	56,211
Other investment	60,615	71,692
Land held for property development	106,293	106,268
Biological assets	0	5,204
Right use of assets	6,056	6,557
Deferred tax assets	913	129
	<u>236,290</u>	<u>246,061</u>
Current assets		
Inventories	6,787	1,311
Trade receivables	10,568	723
Other receivables, prepayments and deposits	24,812	22,035
Tax recoverable	302	302
Cash and bank balances	11,547	37,993
	<u>54,016</u>	<u>62,364</u>
TOTAL ASSETS	<u>290,306</u>	<u>308,425</u>
Current liabilities		
Trade payables	5,961	5,492
Other payables	6,032	6,456
Lease liabilities	397	413
Income tax payable	6	6
	<u>12,395</u>	<u>12,367</u>
Net current assets	<u>41,621</u>	<u>49,997</u>
Non - current liabilities		
Lease liabilities	6,099	6,459
Deferred tax liabilities	7,715	7,316
	<u>13,813</u>	<u>13,775</u>
Total liabilities	<u>26,208</u>	<u>26,142</u>
Net assets	<u>264,098</u>	<u>282,283</u>
Equity attributable to owners of the Company	443,759	441,689
Revaluation reserve	-	21,552
Irredeemable convertible preference shares (ICPS)	39,721	41,791
Other reserves	(53,540)	(53,540)
Warrant reserves	53,540	53,540
Accumulated losses	(219,383)	(222,749)
Total equity	<u>264,098</u>	<u>282,283</u>
TOTAL EQUITY AND LIABILITIES	<u>290,306</u>	<u>308,425</u>
Net asset per share - RM	0.15	0.19

PERMAJU INDUSTRIES BERHAD
(INCORPORATED IN MALAYSIA) Company No. 199601006711(379057-V)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023
(The figures have not been audited)

	----- 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 2022	282,282	282,282	441,689	-	-	21,552	41,791	(53,540)	53,540	(222,749)	-
Rights Issue of ICPS	-	-	-	-	-	-	-	-	-	-	-
Conversion of ICPS to ordinary shares	-	-	2,070	-	-	-	(2,070)	-	-	-	-
Reversal of revaluation reserves	-	-	-	-	-	(21,552)	-	-	-	21,552	-
Total comprehensive loss for the period	(18,186)	(18,186)	-	-	-	-	-	-	-	(18,186)	-
As at 30 June 2023	<u>264,096</u>	<u>264,096</u>	<u>443,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,721</u>	<u>(53,540)</u>	<u>53,540</u>	<u>(219,383)</u>	<u>-</u>
As at 1st July 2021	270,832	259,796	363,925	-	(629)	21,552	51,852	(53,540)	53,540	(176,904)	11,036
Rights Issue of ICPS	67,187	67,187	67,187	-	-	-	-	-	-	-	-
Conversion of ICPS to ordinary shares	-	-	10,061	-	-	-	(10,061)	-	-	-	-
Reversal of Merger Deficit	-	-	-	-	629	-	-	-	-	(629)	-
Acquisition shares from NCI of a subsidi	(21,798)	(10,762)	-	-	-	-	-	-	-	(10,762)	(11,036)
Employee Share Option Exercised	515	515	515	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	(34,454)	(34,454)	-	-	-	-	-	-	-	(34,454)	-
As at 30 June 2023	<u>282,282</u>	<u>282,282</u>	<u>441,689</u>	<u>-</u>	<u>-</u>	<u>21,552</u>	<u>41,791</u>	<u>(53,540)</u>	<u>53,540</u>	<u>(222,749)</u>	<u>-</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Current Year To-Date 30.06.2023 RM'000 Unaudited	Preceding Year To-Date 30.06.2022 RM'000 Audited
Operating activities		
Loss before tax	(18,567)	(31,375)
Adjustments for :		
Interest income	(1,927)	(1,066)
Depreciation of property, plant and equipment	1,307	425
Depreciation of right of use asset	501	501
Loss on disposal of Biological assets	5,204	-
Reversal of impairment ECL	-	(63)
Gain on disposal of investment property	-	(51)
Impairment on trade and other receivables	582	242
Impairment loss on property, plant & equipment	50	-
Write off on trade and other receivables	-	10
FV biological assets	646	882
Interest expense	459	556
Fixed assets written off	6	-
Unrealised loss on marketable securities	10,889	25,391
Realised gain on marketable securities	-	(310)
Operating cash flows before changes in working capital	(850)	(4,859)
(Increase)/Decrease in inventories	(5,476)	5,358
(Increase)/Decrease in property development cost	(25)	12
(Decrease)/Increase in trade and other receivables	(13,202)	3,821
Decrease/(increase) in trade and other payables	45	(9,226)
Cash used in operations	(19,508)	(4,893)
Interest received	1,927	1,066
Interest paid	(116)	(194)
Tax paid	-	(68)
Net cash used in operating activities	(17,697)	(4,090)
Investing activities		
Placement in licensed banks	188	(25,258)
Purchase of property, plant and equipment	(8,217)	(558)
Purchase of marketable securities	-	(16,008)
Proceeds from disposal of marketable securities	-	4,490
Proceeds from disposal of property, plant and equipment	-	100
Acquisition of shares from non-controlling interests of a subsidiary	-	(21,797)
Placement to fixed deposit	-	(103)
Net cash used in investing activities	(8,029)	(59,133)
Financing activities		
Repayment of lease liability	(720)	(720)
Proceeds from issuance - Ordinary shares		
- ESOS	-	515
- Right issue	-	67,187
Net cash (used in)/generated from financing activities	(720)	66,982
Net (decrease)/increase in cash and cash equivalents	(26,446)	3,759
Cash and cash equivalents at beginning of financial period	37,133	33,374
Cash and cash equivalents at end of financial period	<u>10,687</u>	<u>37,133</u>
Cash and cash equivalents at the end of the financial period comprise the following :		
	As at 30.06.2023 RM'000	As at 30.06.2022 RM'000
Cash and bank balances	11,547	37,993
Less: Deposits pledged	(860)	(860)
	<u>10,687</u>	<u>37,133</u>

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

**INTERIM REPORT FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2023**

*NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD
ENDED 30th JUNE 2023*

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (RM).

2. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the latest audited financial statements, except for the following:

Adoption of new and revised Malaysian Financial Reporting Standards (“MFRSs”)

MASB that are effective for annual financial periods beginning on or after 1 July 2022:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRSs Annual Improvements to MFRSs Standards 2018 - 2020	1 July 2022
Amendments to MFRS 3: Reference to Conceptual Framework	1 July 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 July 2022
Amendments to MFRS 137: Onerous Contracts - Costs of Fulfilling a Contract	1 July 2022

The above standards did not have material effect on the financial performance or position of the Group and the Company except as disclosed below:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Standard and Interpretation issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	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 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
MFRS 16: Lease – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an 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 year of initial applications.

3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's annual financial statements for the financial period ended 30th June 2022 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 2023 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 2023.

6. EFFECTS OF CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the financial quarter ended 30th June 2023.

7. CHANGES IN DEBTS AND EQUITY SECURITIES

During the current quarter ended 30th June 2023, there were no other issuances, cancellations, repurchases, resale and repayments of debts and equity securities except for the conversion of ICPS to 2,070,000 ordinary shares.

8. DIVIDEND PAYMENT

There was no dividend paid for the current quarter and financial period ended 30th June 2023.

9. CARRYING AMOUNT OF REVALUED ASSETS

The Group has revalued its leasehold land during the financial year 2022 based on valuations carried out by an independent professional valuer on an open market value basis during that financial year.

10. SUBSEQUENT EVENTS

There were no material events subsequent to the interim financial report under review as at the date of this announcement.

11. OPERATING SEGMENTS

The Group has three reportable segments, namely automotive, 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 30.06.2023											
	Automotive		EV Division		Property Development		Others		Adjustments and elimination		Total	
	30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000
External revenue	48,381	18,806	1,047	-	-	4,031	-	-	(468)	(468)	48,960	22,369
Segment loss after tax	201	(2,704)	(581)	(8)	(706)	(3,659)	(20,000)	(27,628)	2,900	(452)	(18,186)	(34,451)
Segment assets	34,770	30,156	8,921	6,464	70,977	71,005	377,869	395,855	(202,232)	(195,053)	290,305	308,427
Segment liabilities	70,361	72,403	10,123	727	80,275	79,597	122,433	120,420	256,984	(247,006)	540,176	26,141

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter ended 30th June 2023.

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 2023.

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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 RM13.75 million has increased by RM6.04 million compared to the preceding year corresponding quarter of RM7.75 million due to the increase of 81% in Automotive Division. There are 47 units of Ford Ranger sold during the current quarter compared to 36 units in preceding year corresponding quarter.

The Group registered pre-tax loss of RM2.63 million despite an increase of gross profit of RM3.49 million as compared to loss of RM8.77 million in previous corresponding quarter. The significant reduction in loss was mainly due to the combination of the following: -

- (i) decrease in selling and marketing expenses of RM2.18 million; and
- (ii) decrease in taxation expenses of RM3.46 million.

15. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter As at 30 June 2023 RM'000	Previous Quarter As at 31 Mar 2023 RM'000
Revenue	13,749	12,935
Loss before tax	(2,957)	(7,339)

The increase of revenue of RM1.12 million as compared to last quarter was contributed solely by the Automotive Division.

Despite, the Group suffered a lower loss before taxation of RM2.96 million as compared to a pre-tax loss of RM7.34 million in previous quarter. The lower was mainly attributed by the reduction in loss on disposal of biological assets in this quarter as compared to previous quarter.

16. PROSPECTS

Automotive

In the recovery process from the Covid-19 pandemic environment, the Group is currently consolidating its automotive resources to focus on Ford vehicles and electric vehicles (EV's) with the aim of reviving its automotive division. In addition, the Group has also started a luxury car rental business especially Electrical Vehicles which is expected to transform the Group into a fully-fledged automotive service provider in the future.

Property Division

The Group is cautiously enthusiastic about the property division. The Group currently reviewing in terms of existing gross development costs (GDC), gross development value (GDV), and current land values. The Group intends to proceed with the current plan and is actively seeking new property development markets.

Plantation Division

The collaboration with the Malaysian Cocoa Board to venture into cocoa plantation through the development of Cocoa Smart Farming is progressing, with land clearing completed and earthworks (terracing, roads, and drainage), nursery, and planting underway and expected to be completed by the end of the next quarter.

The cooperation with Felcra Bekalan & Perkhidmatan Sdn. Bhd. has begun with land clearing and is expected to be completed by end of fourth quarter. The plantation division is anticipated to increase its involvement in the future, and the Group will profit from these efforts.

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

	Quarter		To Date	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Income tax	321	(3,139)	381	(3,079)
	<u>321</u>	<u>(3,139)</u>	<u>381</u>	<u>(3,079)</u>

19. LOSS FOR THE PERIOD

Loss for the period is arrived at after charging:

	Current Year	Cumulative Year
	Quarter	To Date
	30.06.2023	30.06.2023
	RM'000	RM'000
Finance costs	113	459
Depreciation and amortization	1,936	2,297
Loss on disposal of biological assets	1,041	5,204
Impairment on expected credit loss (Net)	579	582
Impairment on building	50	50
Fixed assets written off	6	6

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 2020

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 30 June 2023 RM'000	Balance Utilisation RM'000
Development of the Mydin Project	Within 36 months	38,470	(18,531)	19,939
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	(26,876)	19,939

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	Extended Timeframe for Utilisation RM'000	Proposed Utilisation RM'000	Actual Utilisation as at 30 June 2023 RM'000	Balance Utilisation RM'000
Development of an online platform for luxury car rentals	Within 9 months	Within 12 months ⁽ⁱ⁾	2,500	(908)	1,592
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	(6,360)	1,592

Notes:-

- i) Development of an online platform for luxury car rentals unutilised due to negotiation with the supplier on the price and design still ongoing. The fund will be utilised in next 12 months

23. CORPORATE PROPOSALS 2021

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

(I) RIGHTS ISSUE (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 dated 5 November 2021 issued by the Company in relation to the Right Issue.)

a. On behalf of the Board, Mercury Securities wishes to announce that the Rights Issue has been completed following the listing and quotation of 959,813,224 Right Shares on the Main Market of Bursa Securities on 6 December 2021.

b. Utilisation of proceeds

Based on the issue price of RM0.07 per Right Share, the gross proceeds to be raised from the Right Issue are intended to be utilised in the following manner: -

Utilisation of proceeds	Intended timeframe for utilisation from completion date	Proposed Utilisation RM'000	Actual utilised as at 30 May 2023 RM'000	Balance unutilised RM'000
(i) Importation of luxury and premium EVs	Within 24 months	25,000	(19,241)	5,759
(ii) Establishment of an EV showroom and after-sales service centre	Within 15 months	29,000	(1,500)	27,500
(iii) Advertising and promotional activities to promote EVs	Within 24 months	8,000	-	8,000
(iv) Working capital	Within 24 months	4,437	(2,387)	2,050
(v) Estimated expenses for the Right Issue	Immediate	750	(750)	-
Total		67,187	(23,878)	43,309

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

25. 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 the subsidiary for wrongful termination of his services and claimed outstanding fees with interest and loss of 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, the 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 final 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 had directed parties to submit submissions incorporating previous submissions on the issue of illegality with answers to clarification questions posed by the Tribunal. On 1 August 2019, the 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 been, 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 6 to 9 April 2021. Apart from the foregoing, in respect of the Partial Award 1 and 2 is fixed for Hearing of Appeal on 21 April 2021.

Both of the matters were adjourned on the grounds that parties are trying for settlement on 21 April 2021. The next hearing is fixed on 1 September 2021 which the Court of Appeal heard arguments from both the Applicant's Counsel and the subsidiary's Counsel and reserved Judgment to 16 November 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 17 March 2021,

the Arbitrator published Partial Award No. 3. The Award reads as follows:

- (i) The subsidiary to pay the Claimant the net principal sum of RM2,600,724.04 as the amount of outstanding Professional Fees;
- (ii) The subsidiary to pay the Claimant a Pre-Award interest of RM1,943,374.40;
- (iii) The subsidiary shall bear in full the cost of award of Partial Award 1, Partial Award No.2 and Partial Award No.3 Tax by the Tribunal as RM132,000.00;
- (iv) Cost in reference for the subsidiary and the Company Arbitration shall be reserved until the Final Award;
- (v) 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)-4/6-2021. The subsidiary's Solicitors filed an application to set aside Partial Award No.3 vide Originating Summons No. BKI-24NCC(ARB)-4/6-2021.

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

However, in view of the pending decision from the Court of Appeal, both parties by mutual agreement agreed to defer the hearing until the outcome of the Court of Appeal's decision in respect of Partial Award 1 and 2 which is fixed for decision on 16 November 2021.

Meanwhile, the hearing of setting aside Partial Award No.3 and the Application for the enforcement of Partial Award is now fixed for hearing on 23 November 2021.

Notwithstanding the foregoing, as a result of the Partial Award No.3, the subsidiary's Solicitors commenced negotiations with the Claimant's Solicitors and still on-going.

In respect of David Shen's claim against the Company for inducing the subsidiary to breach their contract, the Arbitrator vacated hearing dates 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 the Company.

As at 30 June 2021, the subsidiary has provided the contingent liability amounting to RM4,909,903.36. On 21 April 2021, the parties are trying for settlement and the next hearing is fixed on 23 November 2021.

Based on latest update, the Court had directed that both the above-mentioned Originating Summons will be heard together and parties are to file their Written Submissions on or before 15th December 2021. Submissions for rebuttal (if any) are to be filed on or before 31st December 2021.

The Hearing date will be fixed before the High Court Judicial Commissioner, Puan Amelati Parnell on 12th January 2022.

The decision has been fixed on 28th March 2022 in respect of Hardie's Application to Set Aside Partial Award No.3 (original summons no: BKI-24NCC(ARB)3/6-2021) and David Shen I-Tan's Application to register Partial Award No.3 (original summons no: BKI-24NCC(ARB)4/6-2021).

The Court had set aside the pre-award interest of RM 1,943,374.40 as awarded by the Learned Arbitrator (original summons no: BKI-24NCC(ARB)3/6-2021) on 28 March 2022. However, the Court disallowed the application filed by Hardie Development Sdn Bhd to set aside the rest of the Arbitrator's Award.

The Court had allowed the application filed by David Shen I-Tan for the registration of Arbitrator's Award as a Court Judgement, which subject to the setting aside the pre-award interest of RM1,943,374.40 (original summons no: BKI-24NCC(ARB)4/6-2021).

The Arbitration proceedings by David Shen I-Tan against Permaju Industries Berhad is in abeyance until the outcome of the Appeals by both parties, which is currently pending in the Court of Appeal.

26. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30th June 2023 (30th June 2022: Nil).

27. LOSS PER ORDINARY SHARE

Basic loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following reflect the loss and share data used in the computation of basic and diluted loss per share for the financial year ended 30th June 2023:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2023	Preceding Year Quarter 30.06.2022	Current Year Quarter 30.06.2023	Preceding Year Quarter 30.06.2022
Net loss for the period (RM'000)	(2,636)	(8,771)	(18,186)	(34,454)
Weighted average number of ordinary shares ('000)	1,717,800	1,498,937	1,717,800	1,498,937
Basic/diluted loss per share (sen)	<u>(0.15)</u>	<u>(0.59)</u>	<u>(1.05)</u>	<u>(2.30)</u>

*The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year, if any.

28. REALISED AND UNREALISED LOSSES DISCLOSURE

	As at 30.06.2023 RM'000	As at 30.06.2022 RM'000
Total retained accumulated losses of Permaju Industries Berhad and its subsidiaries :		
- Realised	(212,357)	(215,723)
- Unrealised	<u>(7,026)</u>	<u>(7,026)</u>
Total group accumulated losses as per consolidated accounts	<u>(219,383)</u>	<u>(222,749)</u>

29. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 August 2023.