HATTEN LAND LIMITED

(Company Registration No: 199301388D)
(Incorporated in the Republic of Singapore)

Unaudited Financial Statements and Dividend Announcement
For the Second Quarter ended 31 December 2022

The Company is required under Catalist Rule 705(2) to report its financial statements quarterly.

This announcement has been prepared by Hatten Land Limited (the "Company") and its contents have been reviewed by UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial period ended 31 December 2022

	Notes	Group Second Quarter Ended		% Change	Group 6 Months Ended		% Change
		31.12.2022 RM'000	31.12.2021 RM'000		31.12.2022 RM'000	31.12.2021 RM'000	
Revenue	5	4,876	3,219	51.5	15,174	4,897	N/M
Cost of sales		(2,758)	(1,644)	67.8	(8,662)	(3,139)	N/M
Gross profit		**2,118**	**1,575**	34.5	**6,512**	**1,758**	N/M
Other operating income		653	20	N/M	939	20	N/M
Other income/ gains		11,081	16,549	(33.0)	17,296	18,154	(4.7)
Other items of expense							
Selling and marketing expenses		(196)	43	N/M	(500)	(63)	N/M
General and administrative expenses		(12,541)	(16,661)	(24.7)	(27,709)	(23,734)	16.7
Loss on revocation of sales		(2,164)	(5,934)	(63.5)	(5,599)	(7,622)	(26.5)
Finance costs		(11,957)	(10,668)	12.1	(20,563)	(18,914)	8.7
Share of results of the associated company		(127)	(222)	(42.8)	(220)	(312)	(29.5)
Loss before tax	6	**(13,133)**	**(15,298)**	(14.2)	**(29,844)**	**(30,713)**	(2.8)
Income tax credit	7	8,801	-	N/M	8,801	-	N/M
Loss after tax		**(4,332)**	**(15,298)**	(71.7)	**(21,043)**	**(30,713)**	(31.5)
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss							
Currency translation differences arising on consolidation		223	-	N/M	476	-	N/M
Total comprehensive loss for the period		**(4,109)**	**(15,298)**	(73.1)	**(20,567)**	**(30,713)**	(33.0)
Loss for the period attributable to:							
Owners of the Company		(4,332)	(15,298)	(71.7)	(21,043)	(30,713)	(31.5)
Non-controlling interests		-	-	-	-	-	-
		(4,332)	**(15,298)**	(71.7)	**(21,043)**	**(30,713)**	(31.5)
Total comprehensive loss for the period attributable to:							
Owners of the Company		(4,109)	(15,298)	(73.1)	(20,575)	(30,713)	(33.0)
Non-controlling interests		-	-	-	8	-	N/M
		(4,109)	**(15,298)**	(73.1)	**(20,567)**	**(30,713)**	(33.0)

Note: Please refer to Paragraph 3 in Section F - Other information required by Catalist Listing Rule Appendix 7C for further details.

N/M – Not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Group		Company	
		31.12.2022	30.06.2022	31.12.2022	30.06.2022
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	30,904	30,494	-	-
Right-of-use assets		36,114	43,844	-	-
Investment in subsidiaries	12	-	-	720,132	710,739
Investment in associate company	13	23,142	22,310	-	-
Trade and other receivables	14	9,730	12,030	-	-
Intangible assets	16	8,837	7,737	-	-
		108,727	116,415	720,132	710,739
Current assets					
Development properties	15	425,716	455,471	-	-
Contract assets		6,027	5,382	-	-
Trade and other receivables	14	130,756	131,363	303,550	304,596
Prepayments		135	172	17	61
Cash and bank balances		2,013	11,241	196	2,136
		564,647	603,629	303,763	306,793
Disposal group assets classified as held for sales		424,506	429,381	-	-
Total assets		1,097,880	1,149,425	1,023,895	1,017,532
Liabilities					
Current liabilities					
Lease liabilities		14,826	14,826	-	-
Loans and borrowings	17	222,293	225,284	197,550	198,365
Income tax payable		908	16,132	-	-
Trade and other payables	18	246,301	241,103	3,557	2,558
Provisions		6,422	6,332	-	-
Contract liabilities		62,681	59,849	-	-
		553,431	563,526	201,107	200,923
Liabilities directly associated with disposal group classified as held-for-sale		436,138	435,569	-	-
		989,569	999,095	201,107	200,923
Non-current liabilities					
Lease liabilities		29,352	36,314	-	-
Loans and borrowings	17	58,392	72,826	-	-
		87,744	109,140	-	-
Total liabilities		1,077,313	1,108,235	201,107	200,923
Net assets		**20,567**	**41,190**	**822,788**	**816,609**
Equity					
Share capital	19	328,862	328,862	1,361,366	1,361,366
Accumulated losses		(253,013)	(231,970)	(538,578)	(544,757)
Translation reserve		(654)	(899)	-	-
Merger reserve		(54,827)	(54,827)	-	-
Other reserve		-	(175)	-	-
		20,368	40,991	822,788	816,609
Non-controlling interest		199	199	-	-
Total equity		**20,567**	**41,190**	**822,788**	**816,609**
Total equity and liabilities		**1,097,880**	**1,149,425**	**1,023,895**	**1,017,532**

Note: Please refer to Paragraph 3 in Section F - Other information required by Catalist Listing Rule Appendix 7C for further detail.

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2022

	Attributable to owners of the Company							
	Share capital	Accumulated losses	Translation reserve	Merger reserve	Premium paid on acquisition of non-controlling interests	Total equity	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
At 1 October 2022	328,862	(248,681)	(877)	(54,827)	-	24,477	199	24,676
Loss for the period	-	(4,332)	-	-	-	(4,332)	-	(4,332)
Other comprehensive loss								
Currency translation differences arising on consolidation	-	-	223	-	-	223	-	223
Total comprehensive loss for the period	-	(4,332)	223	-	-	(4,109)	-	(4,109)
Balance as at 31 December 2022	**328,862**	**(253,013)**	**(654)**	**(54,827)**	-	**20,368**	**199**	**20,567**
At 1 October 2021	303,706	(212,336)	(433)	(79,513)	(3,397)	8,027	-	8,027
Effects of unwinding of acquisition	-	9,898	-	24,686	3,222	37,806		37,806
At 1 October 2021, as restated	303,706	(202,438)	(433)	(54,827)	(175)	45,833	-	45,833
Loss for the period	-	(15,298)	-	-	-	(15,298)	-	(15,298)
Total comprehensive loss for the period	303,706	(217,736)	(433)	(54,827)	(175)	30,535	-	30,535
Contribution by and distributions to owners								
Issuance of ordinary shares	9,596	-	-	-	-	9,596	-	9,596
	9,596	-	-	-		9,596	-	9,596
Balance as at 31 December 2021	**313,302**	**(217,736)**	**(433)**	**(54,827)**	**(175)**	**40,131**	-	**40,131**

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (con't)
For the financial year ended 31 December 2022

Company

	Share capital	Accumulated losses	Total equity
	RM'000	**RM'000**	**RM'000**
At 1 October 2022	1,361,366	(541,994)	819,372
Profit for the period	-	3,416	3,416
Balance as at 31 December 2022	**1,361,366**	**(538,578)**	**822,788**
At 1 October 2021	1,336,210	(545,185)	791,025
Loss for the period	-	(552)	(552)
Contributions by and distributions to owners			
Issuance of ordinary shares	9,596	-	9,596
	9,596	-	9,596
Balance as at 31 December 2021	**1,345,806**	**(545,737)**	**800,069**

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For financial year ended 31 December 2022

	Group Second Quarter Ended		Group 6 Months Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Loss before tax	(13,133)	(15,298)	(29,844)	(30,713)
Adjustments for:				
Share of results of associated company	127	222	220	312
Depreciation of property, plant and equipment	408	292	629	492
Depreciation of right-of-use assets	7,288	4,800	8,104	8,408
Gain on disposal of right-of-use assets	-	(93)	-	(155)
(Gain)/loss on disposal of property, plant and equipment	(1,180)	96	(1,180)	(256)
Interest income	(1,966)	(6,025)	(4,227)	(6,147)
Interest expense	11,957	10,668	20,563	18,914
Loss on revocation of sales	2,164	5,934	5,599	7,622
Unrealised foreign exchange (gain)/loss	(9,871)	(230)	(1,343)	351
Operating cash flows before working capital changes	**(4,206)**	**366**	**(1,479)**	**(1,172)**
Changes in operating assets and liabilities				
Intangible assets	511	-	(1,099)	-
Development properties	(33,095)	(6,936)	29,755	(9,196)
Contract assets	5,379	-	(645)	-
Contract liabilities	2,672	(8,580)	2,832	(8,111)
Trade and other receivables	26,898	17,180	(2,655)	27,206
Trade and other payables	833	4,588	(5,381)	3,896
Asset held for sales	(4,266)	-	5,444	-
Cash flow (used in)/generated from operations	**(5,274)**	**6,618**	**26,772**	**12,623**
Interest paid	(7,796)	(13,306)	(16,366)	(18,914)
Interest received	1,966	6,025	4,227	6,147
Income tax refund/(paid)	12,193	(400)	(6,422)	(410)
Net cash flows generated from/(used in) operating activities	**1,089**	**(1,063)**	**8,211**	**(554)**
Cash flows from investing activities				
Proceeds from disposal of property,plant and equipment	-	256	-	256
Proceeds from disposal of right-of-use assets	1,180	-	1,180	155
Additions to property,plant and equipment	(1,004)	(2,278)	(1,004)	(2,334)
Net cash flows generated from/(used in) investing activities	**176**	**(2,022)**	**176**	**(1,923)**
Cash flows from financing activities				
Repayment of lease liabilities	(292)	(6,005)	(654)	(7,324)
Proceed from term loans	26	-	103	-
Repayment of term loans and medium term notes	(1,212)	(1,445)	(17,064)	(1,548)
Proceeds from placement shares	-	9,596	-	15,259
Net cash flows (used in)/ generated from financing activities	**(1,478)**	**2,146**	**(17,615)**	**6,387**
Net (decrease)/increase in cash and cash equivalents	(213)	(939)	(9,228)	3,910
Cash and cash equivalents at the beginning of the period	2,234	12,686	11,241	7,834
Effects of exchange rate changes on cash and cash equivalents	(8)	(1)	-	2
Cash and cash equivalents at the end of the period	**2,013**	**11,746**	**2,013**	**11,746**
Cash and bank balances	2,013	11,768	2,013	11,768
Add: Included in disposal group classified as held-for-sale	-	(22)	-	(22)
Cash and cash equivalents as per above	**2,013**	**11,746**	**2,013**	**11,746**

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying condensed interim financial statements.

1. Corporate information

Hatten Land Limited (the "Company") (Company Registration No. 199301388D) is incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The immediate and ultimate holding company is Hatten Holdings Pte. Ltd, which is also incorporated and domiciled in Singapore.

The registered office and principal place of business of the Company is located at 53 Mohamed Sultan Road, #04-02, Singapore 238993.

The principal activity of the Company is that of investment holding.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 September 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Malaysian ringgit which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

In the current financial period, the Company has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for the current financial period. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The application of the above amendments to standards and interpretations is not expected to have a material effect on the consolidated financial statements of the Group and of the Company.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Classification of disposal group classified as held-for-sale

As at the date of this announcement, the Group has also released an announcement in relation to the termination of the proposed divestment of a wholly owned subsidiary, Gold Mart Sdn. Bhd. ("**GMSB**") due to Tayrona has not complied with its obligations in respect of the completion of the Proposed Transaction, including the obligation to pay the Consideration. Accordingly, Hatten MS and Gold Mart have on 14 February 2023 issued a notice of termination to Tayrona to terminate the Agreement in relation to the Proposed Transaction, without prejudice to all other rights and remedies available to the Company under the Agreement ("**Termination**").

In accordance with relevant accounting standards, the Termination shall be a non-adjusting events subsequent to the reporting date as at 31 December 2022. As such, the assets and liabilities relating to GMSB are still presented as disposal group classified as held-for-sale in accordance with SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations in 2Q FY2023. Instead, the Group will make necessary accounting and classification adjustments in 3Q FY2023, according to relevant accounting standards.

3. Going Concern Assumption

For the financial period ended 31 December 2022, the Group incurred a net loss of RM21 million. As at 31 December 2022, the Group's total loans and borrowings amounted to RM280.7 million, of which RM222.3 million were classified as current liabilities and exceeded the Group's cash and bank balances of RM2.0 million. The Group's working capital primarily comprises development properties and the related receivables.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as the Directors believe that the Group can continue as a going concern based on the following factors: -

(a) As at 31 December 2022, the Group had net assets of RM20.6 million. In addition, the Group has a substantial value of unsold completed properties. The Group will progressively sell its unsold completed properties and those unsold properties have market value amounting to approximately RM1.107 billion as at 30 June 2022, including GMSB. The Group's priority is to enhance the value and monetise these assets through sales and collection and strategic partnerships to generate cashflow.

(b) In addition, the Company's liabilities, in particular the US$25 million (approximately RM110 million) secured bonds are secured by additional hospitality assets provided by a related party of the Company, of which the market value is RM238 million (approximately US$54 million).

(c) With termination of the disposal of GMSB to Tayrona, the Group will also be able to restart the collection of over RM230 million of receivables from customers, which was previously halted due to the agreement with Tayrona.

(d) The Group has embarked on strategic restructuring of its subsidiary, MDSA Resources Sdn Bhd ("MRSB") to restructure its legacy contractual obligations to achieve a more sustainable capital structure which will reduce pressure on the Group's cash outflows going forward. As announced on the Q1 FY2023 result announcement, MRSB has successfully obtained the leave from Federal Court. Followed by the case management hearing held by the Federal Court on 5 January 2023, the Federal Court has set the next hearing date for this matter on 19 April 2023.

(e) The Group has continually worked closely with its creditors and financiers to extend and/or restructure the repayment plans that included payment structure as well as contra payments with its property units. Based on the above, the Board is of the view that it is appropriate to prepare the financial statements on a going concern basis.

Based on the above, the Board is of the view that it is appropriate to prepare the financial statements on a going concern basis.

4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period from 1 October 2022 to 31 December 2022 ("2Q FY2023").

5. Segment and revenue information

5.1. Segment Information

The entire Group's operations constitute a single operating segment, which is in the business of property development in Malaysia. In FY2022, the Group started the business in the provision of space, power capacity and technical support for external customers who engaged in crypto mining services.

The total revenue generated for this new business is RM2.2 million for the six months ended 31 December 2022, and this represents about 8.95% of the total revenue in the same period, including both sales to external customers and intersegment sales. As this is less than 10.0% of the combined revenue, internal and external, of all operating segments during the financial period, in accordance with SFRS(I) 8, no business or geographical segment information is presented.

5.2. Disaggregation of Revenue

	Group Second Quarter Ended		**Group 6 Months Ended**	
	31.12.22 RM'000	**31.12.21 RM'000**	**31.12.22 RM'000**	**31.12.21 RM'000**
Revenue from rendering of data room support services	712	-	2,164	-
Revenue from sale of development properties	4,164	3,219	13,010	4,897
	4,876	3,219	15,174	4,897
Revenue from sale of development properties in Malaysia				
- recognised at a point in time	4,164	1,341	13,010	1,756
- recognised over time	-	1,878	-	3,141
	4,164	3,219	13,010	4,897

6. Loss before tax

	Group Second Quarter Ended		**Group 6 Months Ended**	
	31.12.22 RM'000	**31.12.21 RM'000**	**31.12.22 RM'000**	**31.12.21 RM'000**
Loss for the period is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	408	292	629	492
Depreciation of right-of-use assets	7,288	4,800	8,104	8,408
(Gain)/loss on disposal of property, plant and equipment	(1,180)	96	(1,180)	(256)
Gain on disposal of right-of-use assets	-	(93)	-	(155)
Interest expense	11,957	10,668	20,563	18,914
Interest income	(1,966)	(6,025)	(4,227)	(6,147)
Loss on revocation of sales	2,164	5,934	5,599	7,622
Net foreign exchange loss	2,824	3	11,352	714

7. Taxation

The Group calculates the year's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group Second Quarter Ended		Group 6 Months Ended	
	31.12.22 RM'000	31.12.21 RM'000	31.12.22 RM'000	31.12.21 RM'000
Current income tax				
- Over provision in prior year	8,801	-	8,801	-
	8,801	-	8,801	-
Income tax credit recognised in profit or loss	8,801	-	8,801	-
	8,801	-	8,801	-

8. Loss per share attributable to equity holders of the Company

	Group Second Quarter Ended		Group 6 Months Ended	
	31.12.22	31.12.21	31.12.22	31.12.21
Loss attributable to owners to the Company (RM'000)	(4,332)	(15,298)	(21,043)	(30,713)
Weighted average number of ordinary shares in issue	1,857,123,228	1,654,082,271	1,857,123,228	1,654,082,271
Basic and fully diluted (loss)/earnings per share ("EPS") (RM'cents)	(0.23)	(0.92)	(1.13)	(1.86)

*As the Group was in a loss position, the oustanding warrants were not included in the computation of diluted loss per share because these potential ordinary shares were anti-dilutive.

9. Net assets value

	Group		Company	
	31.12.22	30.06.22	31.12.22	30.06.22
Net asset value attributable to owners to the Company (RM'000)	20,368	40,991	822,788	816,609
Number of ordinary shares in issue	1,857,123,228	1,857,123,228	1,857,123,228	1,857,123,228
Net asset value per ordinary share (RM'cents)	1.10	2.21	44.30	43.97

10. Related party transactions

For the financial period ended 31 December 2022, the Group had no significant related party transactions.

11. Property, plant and equipment

During the financial period ended 31 December 2022, the Group acquired assets of approximately RM1.0 million (30 June 2022: RM 6.9 million).

12. Investment in subsidiary

	Company	
	31.12.22 RM'000	30.06.22 RM'000
Unquoted equity shares, at cost	1,212,708	1,203,315
Less: Allowance for impairment loss	(492,576)	(492,576)
	720,132	710,739

	Company	
	31.12.22 RM'000	30.06.22 RM'000
Movements in allowance for impairment loss		
At 1 July 2022	492,576	492,576
Impairment loss charged to profit or loss	-	-
At 31 December 2022 and 30 June 2022	492,576	492,576

During the financial period ended 31 December 2022, the Company increased the issued and paid-up capital in its wholly owned subsidiary, Hatten Edge Pte Ltd, from S$1 to S$2,899,999 (equivalent to RM9,393,000).

13. Investment in associate company

	Group	
	31.12.22 RM'000	30.06.22 RM'000
Unquoted equity shares, at cost		
Balance at beginning of financial period	22,310	22,587
Group's share of loss for the financial period	(220)	(277)
Gain on translation difference	1,053	-
	23,143	22,310

The associated company is measured using the equity method. The activities of the associated company are strategic to the Group. The Group did not receive any dividends from the associated company during the financial period.

In accordance with the sale and purchase agreement between the Company and ECXX, the Company acquired 19,809 ordinary shares in the capital of ECXX, representing approximately 18.54% equity interest in ECXX. The Company has nominated Hatten Technology (S) Pte. Ltd. ("HTPL") to hold the shares in ECXX.

In accordance with the share subscription agreement between HTPL and ECXX, HTPL subscribed for 1,557 new ordinary shares in the capital of ECXX, representing approximately 1.46% equity interest of the enlarged share capital after the issuance of the new ordinary shares by ECXX.

Subsequently, ECXX issued 3,750 ordinary shares to another third-party shareholder on 4 February 2021. As a result, the equity interest held by HTPL in ECXX has been diluted from the initial 20% to 19.3%. ECXX is deemed to be an associated company of HTPL as HTPL has the ability to exercise significant influence over ECXX through its board representation.

14. Trade and other receivables

	Group		Company	
	31.12.2022	30.06.2022	31.12.2022	30.06.2022
Current:	RM'000	RM'000	RM'000	RM'000
Trade receivables	53,692	56,296	-	-
Amount due from subsidiaries	-	-	302,165	303,500
Refundable deposits	3,391	2,311	1,385	-
GST recoverable	771	670	-	-
Other receivables	72,890	72,086	-	1,096
Tax recoverable	12	-	-	-
	130,756	131,363	303,550	304,596
Non-current:				
Trade receivables	9,062	11,402	-	-
Refundable deposits	668	628	-	-
	9,730	12,030	-	-
Total trade and other receivables (current and non-current)	**140,486**	**143,393**	**303,550**	**304,596**

Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 21 days' terms. Extended credit terms are assessed and approved on a case-by-case basis by management. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amount due from subsidiaries

Amount due from subsidiaries is unsecured, non-interest bearing, repayable on demand and to be settled in cash.

Other receivables

Included in other receivables are amount due from contractors and also consisting of amount holding by joint management body (JMB) Malaysia for the development properties in Malaysia for the strata scheme purpose.

The management of the Group does not foresee any issues with the collection of the outstanding trade receivables as the Group has policies in place to ensure that sales are made to purchasers with appropriate financial strength and after obtaining sufficient security such as deposits. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property.

15. Development properties

	Group	
	31.12.2022	30.06.2022
	RM'000	RM'000
Completed Development property	417,433	421,116
Development properties under construction	8,283	8,555
Properties for development representing land carried at net realisable value	-	25,800
	425,716	**455,471**

16. Intangible assets

	Group	
	31.12.2022	30.06.2022
	RM'000	RM'000
Development cost	8,837	7,737
	8,837	**7,737**

Development cost incurred to-date relates to development costs for cost of building the metaverse and digital platforms. As of 31 December 2022, the development is still in progress and not completed yet.

During the financial period ended 31 December 2022, there was no amortisation charge on the development cost incurred to-date as the development works not completed yet.

17. Loan and Borrowings

	Group		Company	
	31.12.2022	30.06.2022	31.12.2022	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Amount repayable within one year				
Secured	222,293	225,284	197,550	198,365
Amount repayable after one year				
Secured	58,392	72,826	-	-
Total	**280,685**	**298,110**	**197,550**	**198,365**

The Group's loans and borrowings include bank borrowings, guaranteed secured bonds, and the medium-term notes issued.

Details of collaterals

The loans and borrowings are secured by the following: -

1. Joint and several guarantee by directors of the borrowing entities.
2. Legal charge over the project land under development, fixed and floating charges over all assets of the project of the borrowing entities.
3. Pledge of 760 million shares of the Company provided by Hatten Holdings Pte Ltd.
4. Third party first legal assignment over certain property assets owned by related parties of the borrowing entities.
5. Debenture over fixed and floating present and future assets of the borrowing entities.
6. Legal assignment over designated bank account and monies and legal assignment of sales proceeds from the sale of project units of the borrowing entities in favour of the lender.
7. Corporate guarantee by related parties of the borrowing entities
8. Deed of subordination of advances due to shareholders and directors.
9. Pledge of fixed deposits with licensed banks.
10. Debenture over the 44 units of luxury residences service apartments, 11 units of penthouse suites and 345 retail units from the development of borrowing entity.
11. Assignment of insurances
12. Land charge for assets owned by related parties of the borrowing entity.

18. Trade and other payables

	Group		Company	
	31.12.2022	30.06.2022	31.12.2022	30.06.2022
Current:	RM'000	RM'000	RM'000	RM'000
Trade payables	12,267	11,698	636	-
Deposits received	3,401	16,488	-	-
Accruals – third parties	91,549	80,440	235	997
Accruals – directors	1,043	594	1,043	118
Amount due to related parties	6,776	779	-	-
Amount due to a director	1,745	1,807	-	-
Amount due to non-controlling interests	1,023	1,023	-	-
Amount due to subsidiaries	-	-	1,639	1,184
Rental payables	63,194	56,316	-	-
Amount due to creditors under scheme arrangement	28,699	30,834	-	-
Amount due to associated company	-	67	-	67
Other payables	36,604	41,057	4	192
	246,301	**241,103**	**3,557**	**2,558**

Amount due to related parties, amount due to subsidiaries and amount due to a director

Amount due to related parties, amount due to subsidiaries and amount due to a director are unsecured, non-interest bearing, repayable on demand and to be settled in cash.

Amount due to non-controlling interests

Amount due to non-controlling interests are unsecured, non-interest bearing and repayable on demand. An amount of US$214,000 (approximately RM939,000) will be settled via issuance of the Company's ordinary shares. The remaining balance will be settled in cash.

Rental payables

This pertains to rental guarantees provided to the purchasers in conjunction with the sale of development properties, in which the Group is obliged to pay rental yield of 6% to 8% (2022: 6% to 8%) per annum of the purchase price to the purchasers for a committed lease term of 2 years to 9 years (2022: 2 years to 9 years) commencing six months from the date of issuance of the Certificate of Completion and Compliance or start of full business operations, whichever is earlier.

Accruals

Accruals mainly comprised of various accrued operating expenses including but not limited to accrued finance cost, project cost and professional fees.

Other payables

Other payables comprised of various operating expenses from numerous suppliers.

Amount owing to creditors under scheme arrangements

All the amount owing to intermediate holding company, immediate holding company, fellow subsidiaries, directors' related companies and director by one of the Company subsidiaries, MDSA Ventures Sdn Bhd ("MDSA Ventures) had been transferred to and vested in a Special Purpose Vehicle ("SPV") under the scheme arrangement upon the effective date of the scheme.

Included in amount owing to creditors by MDSA Ventures under scheme arrangement are unsecured creditors, which consists of third-party scheme creditors relating to purchasers of sold units in the mixed development of Hatten City Phase 2 having outstanding Guaranteed Rental Guarantee ("GRR") payables and future GRR claims ("GRR Creditors"), purchasers of sold units in the Development with Liquidated Ascertained Damages claims ("LAD Creditors") and other third-party trade creditors, collectively known as "Scheme Creditors". The total debts owing to the Scheme Creditors had been transferred to and vested in a SPV.

19. Share capital

	The Group			
	31.12.22		30.06.22	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Issued and fully paid ordinary shares				
	1,857,123	328,862	1,857,123	328,862

The total number of issued shares excluding treasury shares as at 31 December 2022 was 1,857,123,228 (30 September 2022: 1,857,123,228).

The Company did not hold any treasury shares and subsidiary holdings as at 31 December 2022, 30 June 2022 and 31 December 2021.

As at 31 December 2022, the Company has outstanding warrants of 40,000,000 (31.12.2021: 40,000,000) convertible into 40,000,000 ordinary shares representing approximately 2.2% of the total number of issued shares as at 31 December 2022.

20. Subsequent events

Termination of Proposed divestment of subsidiary, Gold Mart Sdn Bhd ("GMSB")

As disclosed under the Going Concern Assumption paragraph at 3(e), the Group has terminated the agreement with Tayrona in relation to the proposed divestment of a wholly owned subsidiary, Gold Mart Sdn. Bhd. ("**GMSB**").

Receipt of letter of demand

On 6 February 2023, the Group has announced that the Company has received a letter of demand from the solicitor representing certain bondholders with 68% in principal amount of the US$25 million fixed rate guaranteed secured bonds issued by the Group ("Certain Bondholders"). Subsequent to the receipt of letter of demand, the Group has reached out to the Certain Bondholders to resolve this matter amicably. As of the date of this announcement, the Group is not aware of any legal action taken against the Group.

F. OTHER INFORMATION REQUIRED BY CATALIST LISTING RULE APPENDIX 7C

1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-
(a) updates on the efforts taken to resolve each outstanding audit issue
(b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern:-

The Company's Independent Auditor, Baker Tilly TFW LLP (the "Independent Auditor"), had in their Independent Auditor's Report dated 28 November 2022, expressed, among others, a disclaimer of opinion in respect of:

1. Use of going concern assumption.

   The Independent Auditors' report highlighted certain conditions that give rise to material uncertainties surrounding the continuing use of the going concern assumption in preparation of the financial statements.

   Please refer to Section E note 3 for more information on the Board's view that the Group is able to continue operating as a going concern notwithstanding the Independent Auditors' disclaimer of opinion.

2. Appropriateness of the classification of disposal group classified as held-for-sale:

   The assets and liabilities related to Gold Mart Sdn Bhd ("GMSB") have been presented as disposal group classified as held-for-sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. There was a delay in the completion of the disposal due to the substantial documentation and time required by the financial institutions involved to approve and process the cross-border payment and this was further exacerbated by the COVID-19 pandemic situation. In view of the delay and also the significant uncertainties with respect to the estimated date of completion of the disposal, the Independent Auditors are unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the classification of the disposal group classified as held-for-sale as at 30 June 2022.

   As previously disclosed in section 2.2 of the Use of Judgements and Estimates, the Group has now terminated its agreement with Tayrona regarding the proposed divestment of GMSB. As a result, the assets and liabilities associated with GMSB will be adjusted in accordance with the relevant accounting standards in the 3Q FY2023.

3. Investment in subsidiaries and amounts due from subsidiaries in the Company's financial statements.

   In view of the material uncertainties on the ability of the Group to continue as going concern and the ability of the subsidiaries in realizing its development properties at expected timings which is inherently uncertain, the Independent Auditors are unable to determine whether any impairment loss is required on the carrying amounts of the Company's investments in subsidiaries and amount due from subsidiaries as at 30 June 2022. Notwithstanding the Independent Auditors' disclaimer of opinion, the investment in subsidiaries and amounts due from subsidiaries were only presented at the Company's financial statements and had been eliminated at the Group's financial statements and therefore, there will be no financial impact on the Group's consolidated statement of financial position and consolidated statement of comprehensive income. In addition, property valuations have been conducted by a third party firm of professional valuers on the development properties as at 30 June 2022 and the estimated market value of the development properties is approximately RM1,107,250,000 (including the development properties of Gold Mart Sdn Bhd). Therefore, the Board is of the view that the amount investment in subsidiaries and amounts due from subsidiaries are fairly presented and the amount due from subsidiaries are recoverable through the sales of the unsold units of the completed properties.

4. Impairment of intangible assets in relation to development costs

   The Group has carried out an impairment assessment on the Group's development costs capitalised for its respective projects pertaining to crypto assets exchange platform, metaverse gateway and integrated Esports and gaming experiential hub as at 30 June 2022. The impairment assessment was performed on the respective projects or cash generating units ("CGU") of the Group and management has determined the recoverable amount of the CGU using the value-in-use approach based on the discounted cash flow method. Given that these projects rely significantly on the estimated market prices of cryptocurrency, estimated prices and sales of digital assets, and estimated number of platform users and tourists, there are material uncertainties with respect to the reliability and reasonableness of the key assumptions and estimates that are used in the respective CGU forecasts prepared by the management. The Independent Auditor is unable to obtain sufficient appropriate audit evidence and explanation to satisfy themselves that the key assumptions and estimates used in the respective CGU forecasts prepared by the management can be relied upon and unable to determine whether any impairment loss is required on the carrying amount of the Group's intangible assets in relation to development costs as at 30 June 2022. According to SFRS(I) 1-36 Impairment of Assets, assets are required to be impaired when the recoverable amount is less than the carrying amount, where the recoverable amount represents the higher of value in use ("VIU") or fair value less cost of disposal. The Management performed an impairment assessment on the intangible assets, being development costs of the Group's respective projects pertaining to crypto assets exchange platform, metaverse gateway and integrated Esports and gaming experiential hub and determined the recoverable amount of the development costs using the value-in-use approach based on the discounted cash flow ("DCF") method with projections covering a period of five years. The key assumptions for the VIU calculations include the estimated market prices of cryptocurrency in the crypto assets exchange platform, estimated prices and sales of digital assets in the metaverse gateway, estimated number of platform users and tourists in the integrated Esports and gaming experiential hub, and discount rates applied. The estimated market prices of cryptocurrency are estimated based on management's judgement after taking into the consideration of the latest and historical trends of the cryptocurrency. The estimated prices and sales of digital assets are estimated based on management's judgement after taking into consideration of the prices and sales trends of the digital assets by various competitors of similar nature. The estimated number of platform users and tourists are estimated based on management's judgement after taking into consideration of the popularity of a mobile multiplayer online game of similar concept. Management estimates the discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to these projects. The pre-tax rates used to discount the projected cash flows from these projects pertaining to crypto assets exchange platform, metaverse gateway and integrated Esports and gaming experiential hub are 67.0%, 66.5% and 11.2% respectively. Based on the DCF, the Management estimated that the VIU of respective projects individually and in aggregate was higher than the total carrying amount of the Group's development costs, amounted to RM7.2 million as at 31 December 2022. In addition, the Management has performed sensitivity analysis and is of the view that the change in the estimated recoverable amounts arising from any reasonably possible change in the key assumptions would not cause the recoverable amounts to decrease significantly and result in an impairment loss to be recognised during the financial year. In view of the aforesaid, the Management concluded that no impairment was required of the Group's development costs.

5. Development properties

As at 30 June 2022, the carrying amount of the Group's development properties was RM455.5 million as disclosed in Note 15 to the financial statements. During the financial year ended 30 June 2022, the Group recognised a loss on revocation of sales of RM31.3 million which represents the losses recognised when the Group revoked the sales and purchase agreements on properties purchased by the customers. The properties repossessed by the Group relating to these revocations amounted to approximately RM32.1 million (the "repossessed properties") which are included in development properties in the consolidated statement of financial position as at 30 June 2022. The Independent Auditor is unable to obtain sufficient appropriate audit evidence to satisfy themselves as to whether the repossessed properties are appropriately measured and recognised in accordance with SFRS(I) 1-2 Inventories at the point of repossession. Accordingly, the Independent Auditor is unable to determine whether the carrying amount of the development properties as at 30 June 2022 are fairly stated, and whether any adjustments might have been found necessary in respect of the loss on revocation of sales recognised during the financial year ended 30 June 2022. Notwithstanding the Independent Auditors' disclaimer of opinion, development properties are held as inventories and are measured at the lower of cost and net realisable value.

6. Inability to obtain confirmations from third party bondholders

The Independent Auditor is not able to obtain confirmations from two bondholders amounting to US$10,000,000 and US$6,000,000 (approximately RM44,080,000 and RM26,448,000) respectively, which are included in the audit report as at 30 June 2022 Note 20 as "loan and secured bonds" within the Group's loans and borrowings. Consequently, the Independent Auditor is unable to ascertain the accuracy and completeness of the Group's loans and borrowings and whether there are any additional information or terms which could have an impact on the financial statements that require disclosure. Notwithstanding the Independent Auditors' disclaimer of opinion, the Company has obtained confirmation from another two bondholders amounting to US$8,000,000 and US$1,000,000. The Company has regular meetings with the bondholders to update the process of the refinancing packages and negotiations with the bondholders on the possible repayment obligations for its borrowings. In addition, the bond is secured against an asset owned by a related party of the borrowing entity with an estimated collateral valuation of approximately two times the loan amount.

7. Impairment of the Group's trade and other receivables

As at 30 June 2022, the carrying amount of the Group's trade and other receivables was RM278.1 million (including trade and other receivables of GMSB) as disclosed in Notes 16 and 18 to the financial statements. Management had performed an expected credit loss assessment as at 30 June 2022 and a loss allowance of RM0.07 million was recognised during the current financial year. The Independent Auditor is unable to obtain sufficient appropriate audit evidence on the reasonableness of management's expected credit loss assessment on the carrying amount of the Group's trade and other receivables as at 30 June 2022 and whether any adjustments to the Group's trade and other receivables are necessary. Consequently, the Independent Auditor is unable to determine the appropriateness of the disclosures of credit risk with respect to the Group's trade and other receivables in Note 29(a) to the financial statements. Notwithstanding the Independent Auditors' disclaimer of opinion, the Board is of the opinion that no additional credit loss adjustment is required as the Group's trade and other receivables consist of many individual buyers of property units and there is no material concentration risk from a particular debtor. In addition, in the event of default payment from purchaser, the Group may resume possession of the units and these units can be relisted for sales. The information about the expected credit losses (ECLs) on the Groups trade and other receivables is disclosed in Note 2 and Note 29(a) to the financial statements. The Board has reviewed the methodologies used by the management of the Group to assess the value of the impairment of trade receivables and is of the opinion that the methodologies used to determine the value of the impairment on trade receivables are reasonable. The Board will continue to be prudent in determining the value of impairment of the trade receivables.

The Board confirms that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

3. Review of the performance of the Group

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion on the following: -

(a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group performance for the second quarter ended 31 December 2022 (“2Q FY2023”) as compared to the second quarter ended 31 December 2021 (“2Q FY2022”)

Revenue and costs of sales

The Group’s revenue increased by RM1.7 million in 2Q FY2023 as compared to 2Q FY2022 mainly due to higher sales generated from the completed projects by RM0.9 million which is also equivalent to a 29.4% increment. In addition, due to the Group’s new strategic pivot business in provision of space, power capacity and technical support for external customer who engaged in crypto mining services, the revenue has further increased by RM0.7 million. The increase in cost of sales was in tandem with the increase in revenue.

The Group recorded gross profit amounting to RM2.1 million for 2Q FY2023, which was RM0.5 million higher than 2Q FY2022. The increase is in line with the increase in revenue. The gross profit margin has slightly decreased by 5.5 percentage point which is mainly due to higher discount given to purchasers as well as higher sales commission as compared to the corresponding quarter for prior year.

Other income/gains

Other income/gains decreased by RM5.5 million in 2Q FY2023 as compared to 2Q FY2022 was mainly due to decrease in lower overdue interest charged to purchasers for outstanding progress billing payable.

Impairment loss on trade receivables – credit loss on revocation of sales

The decrease in the impairment loss on trade receivables – credit loss on revocation of sales was mainly due to lower revocation of sales from purchasers in 2Q FY2023 as compared to 2Q FY2022.

Finance costs

Finance costs increased by RM1.3 million mainly due to increase in baseline interest rate on bank loans in 2Q FY2023 as compared to 2Q FY2022.

General and administrative expenses

The general and administrative expenses decreased by RM4.1 million mainly due the continuous efforts on optimisation of operating expenses.

Net loss for the financial period

As a result of the aforementioned, the Group reported a loss after tax in 2Q FY2023 of RM4.3 million as compared to a loss of RM15.3 million in 2Q FY2022.

Review for the financial position of the Group as at 31 December 2022 as compared to 30 June 2022

Total assets

Total assets as at 31 December 2022 was RM1,097.9 million as compared to RM1,149.4 million as at 30 June 2022, a decrease of RM51.5 million mainly due to:

- decrease in development properties arising from the completion of the proposed disposal of land by one of its subsidiaries and sales of properties during the financial period
- decrease in right-of-use assets mainly due to depreciation charges and disposal of motor vehicles
- decrease in current and non-current trade and other receivables due to faster collections during the financial period

The decrease was partially offset by the increase in intangibles assets and increase in associated company.

Total liabilities

Total liabilities as at 31 December 2022 was RM1,077.3 million as compared to RM1,108.2 million as at 30 June 2022, a decrease of RM30.9 million mainly due to repayment of lease liabilities, repayment of loan and borrowings. In addition, this is partially offset with the increment of trade and other payables as compared to 30 June 2022 as a result of increased business activities.

Total equity

The net decrease in total equity of the Company of RM20.6 million from RM41.2 million as at 30 June 2022 mainly due to the loss incurred during the financial period. There were no significant changes in the Group balance sheet items except for the above-mentioned.

C. Consolidated Statement of Cash Flows (2Q FY2023)

The Group reported net positive cash flows from operating activities, for 2 consecutive quarters in 2Q FY2023, mainly contributed by stronger collection from trade and other receivables (after having consecutively 2 years of negative operating cash flows). The positive operating cash flows was partially offset by the net cash used in financing activities due to repayment of the term loans and lease liabilities in 2Q FY2023.

As a result of the above, the Group recorded a cash and cash equivalent of RM2.0 million as at 31 December 2022.

6. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. The Group has not previously disclosed any forecast or prospect statements to its shareholders.

7. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any know factors or events that may affect the group in the next reporting period and the next 12 months.

The Group had following the Group's strategic review in FY2022 reorientated the use of the Group's physical assets, particularly shopping malls in Melaka. This includes, but is not limited to, identifying new uses of E-sports hubs, immersive sport experiences, co-sharing office spaces, talent innovation centre, edutainment-related activities, cinema operations and renewable energy operations.

With the re-opening of borders, the Group is shifting its focus back to property investment and as such, the Group is in process of internal evaluation and reassessment of these collaborations in the Group's best interest.

8. Dividend Information

(a) Whether an interim (final) ordinary dividend has been declared (recommended):

No.

(b) (i) Amount per share: .... cents
(ii) Previous corresponding period: Nil

Nil, no dividend was declared in 2Q FY2022.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable:

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined:

Not applicable.

9. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared for 2Q FY2023 as the Group is in a loss position during the financial period.

10. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.

The Company had obtained a general mandate from its shareholders for IPTs at an annual general meeting of the Company held on 14 December 2022. For details, please refer to the Company's Appendix to the Annual Report 2022. There were no disclosable IPTs during the financial period ended 31 December 2022.

11. Disclosure of Acquisition (including incorporations and sale of shares) under Catalist Rule 706A.

There is no acquisition, disposals, incorporation of new companies and striking off of any company for 2Q FY2023.

12. Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual.

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the second quarter ended 31 December 2022 to be false or misleading in any material aspect.

13. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Listing Manual.

BY ORDER OF THE BOARD
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
14 February 2023

Dato' Tan Ping Huang, Edwin
Executive Director and Deputy Managing Director