



FARM PRICE HOLDINGS BERHAD

*(Registration No. 202301019404 (1513326-T))
(Incorporated in Malaysia under the Companies Act 2016)*

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

FARM PRICE HOLDINGS BERHAD

(Registration No: 202301019404 (1513326-T))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.06.2024 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 30.06.2023 ⁽²⁾ Unaudited RM'000	CURRENT YEAR-TO- DATE 30.06.2024 Unaudited RM'000	PRECEDING YEAR-TO- DATE 30.06.2023 ⁽²⁾ Unaudited RM'000
Revenue	30,551	N/A	61,261	N/A
Cost of sales	(23,024)	N/A	(46,685)	N/A
Gross profit	7,527	N/A	14,576	N/A
Other income	69	N/A	289	N/A
Administrative expenses	(4,678)	N/A	(8,468)	N/A
Net reversal/(loss) on impairment of financial assets	-	N/A	-	N/A
Other expenses	-	N/A	-	N/A
Profit from operations	2,918	N/A	6,397	N/A
Finance costs	(123)	N/A	(256)	N/A
Profit before tax	2,795	N/A	6,141	N/A
Taxation	(1,145)	N/A	(1,835)	N/A
Profit after tax	1,650	N/A	4,306	N/A
Other comprehensive loss	(18)	N/A	(6)	N/A
Total comprehensive income for the financial years/periods	1,632	N/A	4,300	N/A
Total comprehensive income for the financial years / periods attributable to:				
Owners of the company	1,632	N/A	4,300	N/A
Non-controlling interest	-	-	-	-
	1,632	N/A	4,300	N/A
Basic and diluted earnings per share (sen) ^{(3) (4)}	0.74	N/A	1.94	N/A

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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 24 April 2024 and the accompanying explanatory notes attached in the interim financial report.
 - (2) This is the interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative period concerned.
 - (3) Computed based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue as at the end of the financial period.
 - (4) The diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.
- N/A Not applicable.

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FARM PRICE HOLDINGS BERHAD

(Registration No: 202301019404 (1513326-T))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	UNAUDITED 30.06.2024 RM'000	AUDITED 31.12.2023 RM'000
ASSETS		
Non-current Assets		
Property, plant, and equipment	25,346	25,022
Investment properties	-	522
	25,346	25,544
Current Assets		
Inventories	4,442	4,821
Current tax assets	198	167
Trade and other receivables	18,274	14,223
Fixed deposits with licensed banks	305	-
Cash and bank balances	26,756	3,705
	49,975	22,916
TOTAL ASSETS	75,321	48,460
EQUITY AND LIABILITIES		
EQUITY		
Share capital/Invested equity	40,453	3,791
Exchange reserve	137	143
Reorganisation deficit	(12,182)	-
Retained earnings	25,069	20,763
TOTAL EQUITY	53,477	24,697
LIABILITIES		
Non-current liabilities		
Loans and borrowings	8,644	9,457
Deferred tax liabilities	916	916
	9,560	10,373
Current Liabilities		
Loans and borrowings	2,392	3,588
Current tax liabilities	2,229	1,662
Trade and other payables	7,663	8,140
	12,284	13,390
TOTAL LIABILITIES	21,844	23,763
TOTAL EQUITY AND LIABILITIES	75,321	48,460
Net assets per share (RM) ⁽²⁾	0.12	0.07

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(Registration No: 202301019404 (1513326-T))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 24 April 2024 and the accompanying explanatory notes attached in the interim financial report.
- (2) Computed based on total equity attributable to owners of the Company divided by Company's issued share capital of 450,000,000 ordinary shares as at 30 June 2024 (31 December 2023: 348,000,000)

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FARM PRICE HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ^{(1) (2)}

	INVESTED EQUITY/ SHARE CAPITAL RM'000	EXCHANGE RESERVES RM'000	REORGANISATION DEFICIT RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000
Balance as at 1 January 2024	3,791	143	-	20,763	24,697
Profit for the financial period	-	-	-	4,306	4,306
Other comprehensive loss for the financial period	-	(6)	-	-	(6)
Total comprehensive income for the financial period	-	(6)	-	4,306	4,300
Transactions with owners:					
- Issuance of ordinary shares	24,480	-	-	-	24,480
- Shares issued for acquisition of subsidiaries	15,973	-	-	-	15,973
- Reorganisation deficit	(3,791)	-	(12,182)	-	(15,973)
Balance as at 30 June 2024 (Unaudited)	40,453	137	(12,182)	25,069	53,477

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 24 April 2024 and the accompanying explanatory notes attached in the interim financial report.
- (2) This is the interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative period concerned.

FARM PRICE HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	CURRENT YEAR- TO-DATE 30.06.2024 Unaudited RM'000	PRECEDING YEAR- TO-DATE 30.06.2023 ⁽²⁾ Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,141	N/A
Adjustments for:		
Depreciation of property, plant and equipment	912	N/A
Property, plant and equipment written off	*	N/A
Finance costs	256	N/A
Finance income	(114)	N/A
Net unrealised foreign exchange gain	(92)	N/A
Operating profit before working capital changes	7,103	N/A
Changes in working capital:		
Inventories	379	N/A
Trade and other receivables	(4,077)	N/A
Trade and other payables	(353)	N/A
Net cash generated from operations	3,052	N/A
Income tax paid	(1,299)	N/A
Interest received	114	N/A
Interest paid	*	N/A
Net cash from operating activities	1,867	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(320)	N/A
Changed in pledged fixed deposits	(300)	N/A
Net cash used in investing activities	(620)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share pursuant to IPO	24,480	N/A
Interest paid	(256)	N/A
Payment of lease liabilities	(470)	N/A
Repayments of term loans	(691)	N/A
Drawdown of bankers' acceptances	367	N/A
Repayment of bankers' acceptances	(1,609)	N/A
Net changes in amount due to related parties	1	N/A
Net cash from financing activities	21,822	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	CURRENT YEAR- TO-DATE 30.06.2024 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.03.2023 ⁽²⁾ Unaudited RM'000
NET CHANGES IN CASH AND CASH EQUIVALENTS	23,069	N/A
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	3,705	N/A
Effects of exchange rate changes on cash and cash equivalents	<u>(13)</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>26,761</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISES:		
Cash and bank balances	26,756	N/A
Fixed deposits with licensed banks	305	N/A
Other investment	-	N/A
Bank overdraft	<u>-</u>	<u>N/A</u>
	27,061	N/A
Less: Cash collateral pledged with licensed banks	-	N/A
Less: Fixed deposits pledged with licensed banks	<u>(300)</u>	<u>N/A</u>
	<u><u>26,761</u></u>	<u><u>N/A</u></u>

Notes:

* Amount is less than RM1,000.

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 24 April 2024 and the accompanying explanatory notes attached in the interim financial report.
- (2) This is the interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding year-to-date as there is no interim financial report prepared for the comparative period concerned.

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A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements of Farm Price Holdings Berhad (“**Farm Price Holdings**” or the “**Company**”) and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the requirements of the MFRS 134 “Interim Financial Reporting” and Appendix 9B of the Listing Requirements.

This is the interim financial report on the Group’s unaudited condensed consolidated interim financial statements for the second quarter ended 30 June 2024 being announced by the Group in compliance with the Listing Requirements. As such, there are no comparative figures for the preceding corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 24 April 2024 and the accompanying explanatory notes attached to this interim financial report.

A2 Significant Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Accountants’ Report as disclosed in the Prospectus dated 24 April 2024, except for the adoption of the following new MFRS and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“**MASB**”):

Adoption of new MFRS and amendments to MFRSs

For the preparation of the financial statement, the Group has adopted the following applicable new MFRS and amendments to MFRSs for the current financial period:

New MFRS

- * MFRS 17 Insurance Contracts

Amendments to MFRSs

- * MFRS 101 Presentation of Financial Statements
- * MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- * MFRS 112 Income Taxes

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group’s existing accounting policies.

New MFRSs and amendments to MFRSs that have been issued, but yet to be effective

The Group has not adopted the following new MFRSs and amendments to MFRSs effective for financial periods beginning on or after 1 January 2025:

New MFRSs

- * MFRS 18 Presentation and Disclosure in Financial Statements
- * MFRS 19 Subsidiaries without Public Accountability: Disclosures

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A2 Significant Accounting Policies (Cont'd)

Amendments to MFRSs

- * MFRS 7 Financial Instruments: Disclosures
- * MFRS 9 Financial Instruments
- * MFRS 121 The Effects of Changes in Foreign Exchange Rates

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect on the financial statements of the Group upon their initial application.

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

A3 Auditors' report on preceding annual financial statements

The Company was incorporated on 23 May 2023 as a private company limited by shares and was subsequently converted into a public company on 26 June 2023. The audited financial statements of the Group for the financial year ended 31 December 2023 were not subject to any qualification.

A4 Seasonal or cyclical factors

The Group's business operations for the current financial quarter under review were not affected by any seasonal or cyclical factors.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows of the Group, that are unusual by reason of their nature, size or incidence for the financial quarter under review.

A6 Material changes in estimates

There were no material changes in estimates which have a material effect on the results for the financial quarter under review.

A7 Debt and equity securities

Save as disclosed in Note B6 below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial quarter under review.

A8 Dividend paid

There was no dividend paid during the current financial quarter under review.

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

A9 Segment information

The Group's operating segments information are as follows:

BUSINESS SEGMENT	Wholesale distribution RM'000	Retailing segment RM'000	Adjustment and elimination RM'000	Total RM'000
<u>Current quarter 30.06.2024</u>				
Revenue				
Revenue from external customers	28,356	2,195	-	30,551
Internal-segment revenue	9,165	-	(9,165)	-
External revenue	<u>37,521</u>	<u>2,195</u>	<u>(9,165)</u>	<u>30,551</u>
Segment profit	6,898	629	-	7,527
Other income				69
Administrative expenses				(4,678)
Finance costs				(123)
Income tax expense				(1,145)
Profit for the financial period				<u>1,650</u>
<u>Current year-to-date 30.06.2024</u>				
Revenue				
Revenue from external customers	56,342	4,919	-	61,261
Internal-segment revenue	17,785	-	(17,785)	-
External revenue	<u>74,127</u>	<u>4,919</u>	<u>(17,785)</u>	<u>61,261</u>
Segment profit	13,146	1,430	-	14,576
Other income				289
Administrative expenses				(8,468)
Finance costs				(256)
Income tax expense				(1,835)
Profit for the financial period				<u>4,306</u>

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Geographical information

Revenue information based on the geographical location of customers are as follows:

	Revenue: RM'000
<u>Current quarter 30.06.2024</u>	
Malaysia	21,931
Singapore	8,620
	<hr/> 30,551 <hr/>
<u>Current year-to-date 30.06.2024</u>	
Malaysia	43,868
Singapore	17,393
	<hr/> 61,261 <hr/>

This is the interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding year-to-date as there is no interim financial report prepared for the comparative period concerned.

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

A10 Valuation of property, plant and equipment, and investment properties

There was no valuation of property, plant and equipment, and investment properties undertaken during the current financial quarter under review.

A11 Significant events subsequent to the end of the interim financial period

Save as disclosed in Note B6 below, there were no other material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

A12 Changes in the composition of the Group

Save as disclosed in Note B6 below, there were no changes in the composition of the Group during the current financial quarter under review.

A13 Fair value of financial instruments

There were no gain or loss arising from fair value changes of financial assets and liabilities for the current financial quarter under review.

A14 Capital commitments

The Group has made commitments for the capital expenditures of property, plant and equipment as follow:

	(RM'000)
Approved and contracted for:	
- Property under construction*	141

Note:

* Refers to a single-storey semi-detached factory with a two-storey office held under title HSD252513, PT34009, Mukim Setul, Daerah Seremban, Negeri Sembilan that the Group has agreed to purchase at a purchase consideration of approximately RM2.82 million from Sime Darby Property (Nilai) Sdn Bhd. This property is intended to operate as the Group's regional distribution centre in Nilai.

A15 Contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities as at the end of the financial quarter under review.

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

A16 Significant related party transactions

The related party transactions of the Group have been entered into in the normal course of business. Listed below are the significant transactions with related parties of the Group during the current financial quarter under review:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	QUARTER	CORRESPONDING	YEAR-TO-DATE	YEAR-TO-DATE
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Transactions with related companies				
Sales of goods	76	N/A	177	N/A
Purchase of goods	12	N/A	24	N/A
Rental expenses	9	N/A	19	N/A
Transportation fee	28	N/A	46	N/A

This is the interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding year-to-date as there is no interim financial report prepared for the comparative period concerned.

FARM PRICE HOLDINGS BERHAD

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(Incorporated in Malaysia)

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	PRECEDING CORRESPONDING QUARTER	CURRENT YEAR-TO-DATE	PRECEDING YEAR-TO-DATE
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	30,551	N/A	61,261	N/A
Gross Profit ("GP")	7,527	N/A	14,576	N/A
Profit Before Tax ("PBT")	2,795	N/A	6,141	N/A
Profit After Tax ("PAT")	1,650	N/A	4,306	N/A
Adjusted PBT ⁽¹⁾	4,446	N/A	8,267	N/A
Adjusted PAT ⁽¹⁾	2,905	N/A	5,922	N/A

Notes:

N/A – Not Applicable

- (1) After adjusting for the expenses incurred for the listing of Farm Price Holdings on the ACE Market of Bursa Securities ("Listing") of RM1.651 million and incidental tax adjustments (if applicable) for the second quarter ended 30 June 2024.

There are no comparative figures for the preceding corresponding quarter and year-to-date results as this is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

The Group recorded revenue of RM30.55 million for the current financial quarter ended 30 June 2024 derived from the wholesale distribution and retailing segment which contributed RM28.36 million or 92.82% and RM2.20 million or 7.18% of the total revenue, respectively. For the six (6) months period ended 30 June 2024, the Group registered revenue of RM61.26 million of which the wholesale distribution and retailing segment contributed 91.97% and 8.03% of the total revenue, respectively.

The Group recorded a GP of RM7.53 million for the current financial quarter ended 30 June 2024. GP margin increased to 24.64% for the current quarter (Financial Year Ended 31 December ("FYE") 2023: 20.21%) mainly due decrease in average purchase price of fresh vegetables as a result of favourable supply condition. Likewise, the Group achieve a GP of RM14.58 million for the six (6) months period ended 30 June 2024.

The Group registered a PBT and PBT margin of RM2.80 million and 9.15% respectively in the current financial quarter. The Group also registered a PAT and PAT margin of RM1.65 million and 5.40% respectively in the current financial quarter. Likewise, the Group recorded a PBT and PAT of RM6.14 million and RM4.31 million respectively for the six (6) months ended 30 June 2024.

For the second quarter ended 30 June 2024, if the expenses incurred for the Listing of RM1.651 million were excluded, the Group would have recorded an adjusted PBT of RM4.45 million and an adjusted PBT margin of 14.55%. Correspondingly, the Group also recorded an adjusted PAT of RM2.91 million and an adjusted PAT margin of 9.51%.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B1 Review of performance (Cont'd)

For the six (6) months period ended 30 June 2024, if the expenses incurred for the Listing of RM2.13 million were excluded, the Group would have recorded an adjusted PBT of RM8.23 million and an adjusted PBT margin of 13.49%. Correspondingly, the Group also recorded an adjusted PAT of RM5.92 million and an adjusted PAT margin of 9.67%.

B2 Comparison with Immediate Preceding Quarter Results

	Current Quarter 30 June 2024 RM'000	Immediate Preceding Quarter 31 March 2024 RM'000	Changes %
Revenue	30,551	30,710	(0.52)
GP	7,527	7,049	6.78
PBT	2,795	3,346	(16.47)

There was no significant change in revenue as compared to the immediate preceding quarter ended 31 March 2024 ("Q1 2024"). However, GP for the quarter under review increased by 6.78% to RM7.53 million (Q1 2024: RM7.05 million) and GP margin increased to 24.64% (Q1 2024: 22.95%) mainly due to lower purchase cost that leads to reduce in total cost of goods sold.

The Group recorded a decrease in PBT by RM0.55 million to RM2.80 million in the current quarter under review (Q1 2024: RM3.35 million) mainly due to the one-off listing expenses of RM1.651 million incurred for the current quarter.

Excluding such one-off expenses, the Group adjusted PBT for the current quarter would be RM4.45 million, represent an increased by RM0.63 million compared to the adjusted PBT for Q1 2024 of RM3.82 million.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B3 Prospects

The Malaysian economy grew by 5.9% for the 2Q 2024 (1Q 2024:4.2%) mainly supporting by the higher household spending, improving in exports and stronger expansion investment activities. The consumption growth by 6% in 2Q 2024 (1Q 2024:4.7%) due to stronger spending amid positive labour market conditions and larger policy support. Growth of the Malaysian economy in the second half of the year is expected to be driven mainly by firm expansions in investment activity and resilient household spending, with larger support from exports recovery (*Source: Bank Negara Malaysia Quarterly Bulletin: Second Quarter 2024*).

Based on the IMR report dated 1 April 2024, the fresh vegetables are regarded as an essential industry in terms of sustenance of life, health and cost of living. As such, the fresh vegetables industry is part of the Malaysia's food security agenda. In 2022, vegetable industry accounted for 8.9% of the agriculture sector's gross domestic product (GDP) in Malaysia. The large market size of the fresh vegetable industry in Malaysia based on consumption amounted to RM7.6 billion in 2023. This would continue to provide growth opportunities for operators in the industry. In addition, on the supply side of the fresh vegetable industry, Malaysia's domestic production and import values were RM4.4 billion and RM4.1 billion respectively in 2023.

Over the next three years, as disclosed in Section 6.20 of the Prospectus dated 24 April 2024, the Group will focus on expanding centralised distribution centre by building up a new operational building, expanding of value-added processing area, purchase of new machinery and equipment as well as increase the numbers of transportation fleet to cater increase in market demand. Besides, the Group will also set-up additional regional distribution centres in Pahang and Negeri Sembilan, as well as a sales and marketing office in Singapore to secure new customers.

Premised the above, the Group's prospects remain positive taking into consideration the Group's competitive advantages, business strategies and favourable market opportunities in the fresh vegetable industry.

B4 Profit forecast

The Group did not issue any profit forecast or guarantee during current financial quarter under review.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.06.2024 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 30.06.2023 Unaudited RM'000	CURRENT YEAR-TO-DATE 30.06.2024 Unaudited RM'000	PRECEDING YEAR-TO-DATE 30.06.2023 Audited RM'000
In respect of the current period: Income tax expense	1,145	N/A	1,835	N/A
Total	1,145	N/A	1,835	N/A
Effective tax rate (%)	41%	N/A	30%	N/A

The effective tax rate for the current financial quarter ended 30 June 2024 was higher than the statutory tax rate of 24% mainly due to the non-recurring listing expenses and depreciation charges.

There are no comparative figures for the preceding corresponding quarter and year-to-date as this is the interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements of Bursa Securities.

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(Incorporated in Malaysia)

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B6 Status of corporate proposals

There were no corporate proposals announced by the Company but not completed as at the date of this interim financial report.

B7 Utilisation of proceeds raised from public issue

In conjunction with the Initial Public Offering, the Company has raise gross proceeds from the public issue amounting to RM24.48 million.

The gross proceeds is intended to be utilised in the following manner:

PURPOSES	PROPOSED UTILISATION		ACTUAL UTILISATION	BALANCE UNUTILISED	ESTIMATED TIME FRAME FOR UTILISATION
	RM'000	%	RM'000	RM'000	
Construction of new facilities on Lot 55359	6,400	26.14	-	6,400	Within 24 months
Purchase of machinery, equipment and logistics feet	2,000	8.17	-	2,000	Within 24 months
Planned regional distribution and procurement centre	1,600	6.54	-	1,600	Within 18 months
Working capital	10,580	43.22	5,774	4,806	Within six (6) months
Estimated listing expenses	3,900	15.93	3,900	-	Within three (3) months
	24,480	100.00	9,674	14,806	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 24 April 2024.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B8 Loans and borrowings

The Group's borrowings are as follows:

	PAYABLE WITHIN 12 MONTHS RM'000	PAYABLE AFTER 12 MONTHS RM'000	TOTAL OUTSTANDING RM'000
<u>Secured borrowings</u>			
Lease liabilities	962	1,529	2,491
Term loans	1,430	7,115	8,545
	<u>2,392</u>	<u>8,644</u>	<u>11,036</u>

The secured bank borrowings and other facilities are secured by way of:

- Legal charges over freehold land and buildings of subsidiaries;
- Legal charges over leasehold land and buildings of subsidiaries;
- Legal charge over fixed deposits of a subsidiary;
- Guarantee by the Government of Malaysia under Bank Negara Malaysia's Fund for Small & Medium Enterprises – Special Relief Facility; and
- Corporate Guarantee by the subsidiaries.

The bank borrowings and other facilities are denoted in local currency.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B9 Material litigations

Save as disclosed below, the Group is not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position, and the Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

Farm Price Sdn. Bhd. -vs- Songmart Malaysia Sdn. Bhd. in the Sessions Court of Johor (Civil Division) Case No.: JA-A52NCC-186-05/2023

On 31 May 2023, Farm Price Sdn. Bhd. had commenced legal action against Songmart Malaysia Sdn. Bhd. ("**Songmart Malaysia**") in relation to Songmart Malaysia's non-payment of amounts owing to Farm Price Sdn. Bhd. for vegetables, fruit, and other F&B products supplied by Farm Price Sdn. Bhd. to Songmart Malaysia and its group of companies ("**Songmart Group**"). Songmart Malaysia is the wholly-owned subsidiary of Songmart Holdings Sdn Bhd ("**Songmart Holdings**"). Farm Price Sdn. Bhd. is claiming for the following:

- (i) a sum of RM825,588.20 owing by Songmart Malaysia to Farm Price Sdn. Bhd. as at 28 February 2023;
- (ii) interest of 5% per annum on RM825,588.20 from 31 May 2023 until the date of full and final settlement;
- (iii) costs; and
- (iv) other reliefs that the Court deems fit.

Songmart Malaysia subsequently ceased its business operations on 30 June 2023 and was served with winding-up petitions by some of its creditors between June 2023 to July 2023. On 7 August 2023, the High Court of Malaya had ordered for Songmart Malaysia to be wound up in accordance with the provisions of the Companies Act 2016. A liquidator has since been appointed over Songmart Malaysia's assets.

Farm Price Sdn. Bhd. had since discontinued the legal action against Songmart Malaysia and have submitted the proof of debt to the appointed liquidator in order to establish the claim for the outstanding sum payable by Songmart Malaysia to Farm Price Sdn. Bhd. ("**Songmart Debt**"). The Songmart Debt is pending settlement by the appointed liquidator as at 28 August 2024.

The settlement of the Songmart Debt will be subject to the availability of Songmart Malaysia's remaining funds after Songmart Malaysia's secured creditors have been repaid out of Songmart Malaysia's liquidated assets. While the proof of debt has been submitted to and accepted by the appointed liquidator, the Group is unable to provide a view on the likelihood of settlement of the Songmart Debt at this juncture.

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Farm Price Sdn. Bhd. -vs- Granville Grocery Sdn Bhd in the Sessions Court of Johor (Civil Division) Case No.: JA-A72NCC-664-06/2023

On 2 June 2023, Farm Price Sdn. Bhd. had commenced legal action against Granville Grocery Sdn Bhd (“**Granville Grocery**”) in relation to Granville Grocery’s non-payment of amounts owing to Farm Price Sdn. Bhd. for vegetables, fruits, and other F&B products supplied by Farm Price Sdn. Bhd. to Granville Grocery. Granville Grocery is a wholly-owned subsidiary of Songmart Holdings. Farm Price Sdn. Bhd. is claiming for the following:

- (i) sum of RM54,042.74 owing by Granville Grocery to Farm Price Sdn. Bhd. as at 28 February 2023;
- (ii) interest of 5% per annum on RM54,042.74 from 4 June 2023 until the date of full and final settlement;
- (iii) costs; and
- (iv) other reliefs that the Court deems fit.

Farm Price Sdn. Bhd. had on 18 February 2024 obtained a summary judgement against Granville Grocery in respect of the outstanding sum owed to Farm Price Sdn. Bhd. (“**Granville Debt**”). However, the recovery of the Granville Debt will be subject to the availability of assets by Granville Grocery. The Granville Debt is pending settlement by Granville Grocery as at 28 August 2024.

B10 Proposed dividend

There was no dividend that has been declared or recommended for payment by the Board during the financial period under review.

B11 Basic and diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.06.2024	PRECEDING CORRESPONDING QUARTER 30.06.2023	CURRENT YEAR TO-DATE 30.06.2024	PRECEDING YEAR-TO-DATE 30.06.2024
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	<u>1,650</u>	<u>N/A</u>	<u>4,306</u>	<u>N/A</u>
Weighted average number of shares in issue ('000)	<u>222,264</u>	<u>N/A</u>	<u>222,264</u>	<u>N/A</u>
Basic and diluted earnings per share (sen) ^{(1) (2)}	<u>0.74</u>	<u>N/A</u>	<u>1.94</u>	<u>N/A</u>

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Notes:

- (1) Computed based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue as at the end of the financial period.
 - (2) The diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.
- N/A Not applicable.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B12 Notes to the statement of comprehensive income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.06.2024 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 30.06.2024 Unaudited RM'000	CURRENT YEAR-TO- DATE 30.06.2024 Unaudited RM'000	PRECEDING YEAR-TO-DATE 30.06.2024 Unaudited RM'000
The following amounts have been included in arriving at profit before tax:				
Auditors' remuneration	28	N/A	51	N/A
Depreciation on property, plant and equipment	462	N/A	912	N/A
Property, plant and equipment written off	*	N/A	*	N/A
Employee benefits expenses	1,622	N/A	3,555	N/A
Directors' remuneration	298	N/A	495	N/A
Net loss on realised foreign exchange	128	N/A	-	N/A
Rental expenses	19	N/A	59	N/A
	<hr/>	<hr/>	<hr/>	<hr/>
and after crediting:				N/A
Interest income	111	N/A	114	N/A
Rental income	5	N/A	11	N/A
Net gain on realised foreign exchange	-	N/A	53	N/A
Net gain on unrealised foreign exchange	83	N/A	92	N/A
	<hr/>	<hr/>	<hr/>	<hr/>

Note:

* Amount is less than RM1,000.

By Order of the Board

Date: 28 August 2024