

FARLIM GROUP (MALAYSIA) BHD (82275 A)
(Incorporated In Malaysia)

UNAUDITED RESULTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2022
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUNE 2022	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2021	CURRENT YEAR TO DATE 30 JUNE 2022	PRECEDING YEAR CORRESPONDING PERIOD 30 JUNE 2021
	RM'000	RM'000	RM'000	RM'000
REVENUE	4,206	11,076	7,020	15,444
Operating Expenses	(6,550)	(12,602)	(11,491)	(19,078)
Other Operating Income	7,542	167	13,438	368
PROFIT/(LOSS) FROM OPERATIONS	<u>5,198</u>	<u>(1,359)</u>	<u>8,967</u>	<u>(3,266)</u>
Interest Income	8	8	16	21
Interest Expense	-	-	-	-
Investing Results	155	75	158	144
PROFIT/(LOSS) BEFORE TAXATION	<u>5,361</u>	<u>(1,276)</u>	<u>9,141</u>	<u>(3,101)</u>
Taxation	(4)	(4)	(8)	(9)
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	<u>5,357</u>	<u>(1,280)</u>	<u>9,133</u>	<u>(3,110)</u>
Other Comprehensive (Loss)/Profit	(36)	199	(21)	373
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	<u><u>5,321</u></u>	<u><u>(1,081)</u></u>	<u><u>9,112</u></u>	<u><u>(2,737)</u></u>
PROFIT/(LOSS) ATTRIBUTABLE TO :				
Owners Of The Company	5,353	(1,278)	9,128	(3,109)
Non-controlling interests	4	(2)	5	(1)
	<u>5,357</u>	<u>(1,280)</u>	<u>9,133</u>	<u>(3,110)</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS) ATTRIBUTABLE TO :				
Owners Of The Company	5,317	(1,079)	9,107	(2,736)
Non-controlling interests	4	(2)	5	(1)
	<u>5,321</u>	<u>(1,081)</u>	<u>9,112</u>	<u>(2,737)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY :				
Basic Earnings/(Loss) Per Ordinary Share (Sen) (Based on no of 153,025,613 (2021:153,025,613) ordinary shares)	3.50	(0.84)	5.97	(2.03)
	<u>3.50</u>	<u>(0.84)</u>	<u>5.97</u>	<u>(2.03)</u>
Diluted Earnings/(Loss) Per Ordinary Share (Sen) (Based on no of 153,025,613 (2021:153,025,613) ordinary shares)	3.50	(0.84)	5.97	(2.03)
	<u>3.50</u>	<u>(0.84)</u>	<u>5.97</u>	<u>(2.03)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2021.

FARLIM GROUP (MALAYSIA) BHD (82275 A)
(Incorporated In Malaysia)

UNAUDITED RESULTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2022
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30 JUNE 2022 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31 DEC 2021 RM'000
ASSETS :		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	3,370	3,412
RIGHT-OF-USE ASSETS	154	155
INVESTMENT PROPERTIES	11,266	11,458
OTHER INVESTMENTS	31	43
INVENTORIES	52,588	52,493
GOODWILL ON CONSOLIDATION	2,970	2,970
	<u>70,379</u>	<u>70,531</u>
<u>CURRENT ASSETS</u>		
INVENTORIES	21,057	22,480
CONTRACT ASSETS	-	2,072
OTHER INVESTMENTS	48,272	41,456
TRADE AND OTHER RECEIVABLES	7,315	6,380
PREPAYMENTS	15	220
TAX RECOVERABLE	10	6
CASH AND CASH EQUIVALENTS	8,237	5,478
	<u>84,906</u>	<u>78,092</u>
TOTAL ASSETS	155,285	148,623
EQUITY AND LIABILITIES :		
<u>EQUITY ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY</u>		
SHARE CAPITAL	169,042	169,042
TREASURY SHARES	(5,123)	(5,123)
FOREIGN EXCHANGE RESERVE	-	672
ACCUMULATED LOSS	(18,634)	(27,763)
	<u>145,285</u>	<u>136,828</u>
NON-CONTROLLING INTERESTS	254	250
TOTAL EQUITY	145,539	137,078
<u>NON-CURRENT LIABILITIES</u>		
DEFERRED TAXATION	36	36
	<u>36</u>	<u>36</u>
<u>CURRENT LIABILITIES</u>		
TRADE AND OTHER PAYABLES	3,585	5,312
CONTRACT LIABILITY	121	216
PROVISIONS	5,953	5,921
TAX PAYABLE	51	60
	<u>9,710</u>	<u>11,508</u>
TOTAL LIABILITIES	9,746	11,545
TOTAL EQUITY AND LIABILITIES	155,285	148,623
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT (RM) (Based on 153,025,613 Ordinary Shares)	0.95	0.89

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2021.

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FARLIM GROUP (MALAYSIA) BHD (82275 A)
(Incorporated In Malaysia)

UNAUDITED RESULTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2022
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TODATE 30 JUNE 2022 RM'000	PRECEDING YEAR TODATE 30 JUNE 2021 RM'000
PROFIT/(LOSS) BEFORE TAXATION	9,141	(3,101)
Adjustments for :-		
Non-cash items	(12,909)	336
Non-operating items	(174)	(162)
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL	(3,942)	(2,927)
Changes in working capital :		
Net change in current assets	6,384	5,562
Net change in contract assets	2,072	(4,819)
Net change in current liabilities	(1,060)	(4,035)
Net change in contract liabilities	(95)	4
Interest received	16	22
Tax refund/(paid)	(20)	(473)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	3,355	(6,666)
Investing activities :		
Investment income received	170	145
Disposal of investment in a subsidiary, net of cash disposed	7,445	-
Redemption/(Investment) in short term investment	(6,816)	4,451
Net change in amount owing to directors	(702)	1
Purchase of property, plant and equipment	(21)	(58)
NET CASH GENERATING FROM INVESTING ACTIVITIES	76	4,539
Financing activities :		
Exchange loss	-	(9)
NET CASH USED IN FINANCING ACTIVITIES	-	(9)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,431	(2,136)
CASH AND CASH EQUIVALENTS		
- AT START OF PERIOD	5,478	6,599
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(672)	373
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	8,237	4,836
ANALYSIS OF CASH AND CASH EQUIVALENTS :		
Cash and bank balances	8,237	4,836
CASH AND CASH EQUIVALENTS	8,237	4,836

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2021.

FARLIM GROUP (MALAYSIA) BHD (82275 A)
(Incorporated In Malaysia)

UNAUDITED RESULTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2022
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<----- ATTRIBUTABLE TO ----->
OWNERS OF THE COMPANY

	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Reserve RM '000	Accumulated Profit/ (Losses) RM '000	Total RM '000	Non- Controlling Interests RM '000	Total Equity RM '000
As At 1 April 2021	169,042	(5,123)	236	(10,409)	153,746	695	154,441
Other comprehensive profit			199		199	-	199
Loss for the financial period	-	-	-	(1,278)	(1,278)	(2)	(1,280)
As At 30 June 2021	<u>169,042</u>	<u>(5,123)</u>	<u>435</u>	<u>(11,687)</u>	<u>152,667</u>	<u>693</u>	<u>153,360</u>
As At 1 April 2022	169,042	(5,123)	687	(23,987)	140,619	250	140,869
Realisation of reserve on disposal of a subsidiary	-		(651)	-	(651)	-	(651)
Other comprehensive loss			(36)		(36)		(36)
Profit for the financial period	-	-	-	5,353	5,353	4	5,357
As At 30 June 2022	<u>169,042</u>	<u>(5,123)</u>	<u>-</u>	<u>(18,634)</u>	<u>145,285</u>	<u>254</u>	<u>145,539</u>

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2021.

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report for the second quarter ended 30 June 2022 is unaudited and has been prepared in accordance with the requirements of MFRS134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Part A of Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021.

A2. Changes in Accounting Policies

The accounting policies and methods of the computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2021 except for the adoption of the following Malaysia Financial Reporting Standards (“MFRSs”), amendments/improvements to MFRSs effective for the financial periods beginning on or after 1 January 2022 :-

Annual Improvements to MFRS Standards 2018 - 2020 cycle

MFRS 3	Business Combination
MFRS 116	Property, Plant and Equipment
MFRS 137	Provision, Contingent Liabilities and Contingent Assets

The Group has not adopted the following new MFRSs and amendments/improvements to MFRSs which have been issued but not yet effective:-

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#

A2. Changes in Accounting Policies (Continued)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes In Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investment in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

#Amendments as to the consequence of effective of MFRS 17 Insurance Contracts.

A3. Audit Report

The audit report of the Group for the preceding annual financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

A4. Seasonal Or Cyclical Factors

The Group is principally engaged in property development and the business operations are dependent on the Malaysian economy and general market confidence.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows because of their nature, size or incidence for the current financial period under review.

A6. Changes In Estimates

There were no changes in estimates of amounts reported in the current interim period of the current financial year under review or changes in estimates of amounts reported in prior financial years that have material effect in the financial period under review.

A7. Debt And Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period under review.

A8 Dividend Paid

There were no dividend paid for the current financial period under review.

A9. Segmental Reporting

A) Property Segment

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Jun 2022 RM'000	Preceding Year Corresponding Quarter 30-Jun 2021 RM'000	Increase / (Decrease) (%)	Current Year To date 30-Jun 2022 RM'000	Preceding Year Corresponding Period 30-Jun 2021 RM'000	Increase / (Decrease) (%)
Operating Revenue	3,953	10,952	(63.91%)	6,686	15,309	(56.33%)
Cost of sales	(3,013)	(10,042)	(70.00%)	(5,377)	(14,118)	(61.91%)
Results						
Segment Results	(1,695)	(1,513)	12.03%	(3,818)	(3,608)	5.82%
Other Income	101	167	(39.52%)	231	363	(36.36%)
Interest Income	8	8	(0.00%)	16	20	(20.00%)
Interest expense	-	-	(0.00%)	-	-	(0.00%)
Loss Before Tax	(1,586)	(1,338)	18.54%	(3,571)	(3,225)	10.73%

B) Trading Segment

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Jun 2022 RM'000	Preceding Year Corresponding Quarter 30-Jun 2021 RM'000	Increase / (Decrease) (%)	Current Year To-date 30-Jun 2022 RM'000	Preceding Year Corresponding Period 30-Jun 2021 RM'000	Increase / (Decrease) (%)
Operating Revenue	242	114	112.28%	323	125	158.40%
Cost of sales	(231)	(119)	94.12%	(311)	(127)	144.88%
Results						
Segment Results	(656)	(12)	5,366.67%	5,103	(25)	20,512.00%
Other Income	7,449	-	100.00%	7,452	5	148,940.00%
Interest Income	-	-	0.00%	-	1	(100.00%)
Profit/(Loss) Before Tax	6,793	(12)	56,708.33%	12,555	(19)	66,178.95%

C) Investment Segment & Others

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Jun 2022 RM'000	Preceding Year Corresponding Quarter 30-Jun 2021 RM'000	Increase / (Decrease) (%)	Current Year To-date 30-Jun 2022 RM'000	Preceding Year Corresponding Period 30-Jun 2021 RM'000	Increase / (Decrease) (%)
Operating Revenue	11	-	100.00%	11	10	10.00%
Cost of sales	-	-	0.00%	-	-	0.00%
Results						
Segment Results	(1)	(1)	(0.00%)	(1)	(1)	(0.00%)
Investing income	155	75	106.67%	158	144	9.72%
Profit Before Tax	154	74	108.11%	157	143	9.79%

A10. Revaluation Of Property, Plant And Equipment

The Group has maintained its accounting policies of measuring the property, plant and equipment using the cost model.

A11. Material Events Subsequent To Reporting Date

There were no material events as at 25 August 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

A12. Changes In Group's Composition

There were no other changes in the Group's composition during the current financial period and financial year under review except the following :-

- i) On 11 April 2022, the Company announced that a dormant subsidiary, Victory Ace Sdn Bhd had upon application submitted on 8 November 2021 been struck off from the Register of Suruhanjaya Syarikat Malaysia (SSM) following the publication in the Gazette by SSM on 7 April 2022 pursuant to Section 551(3) of the Companies Act 2016 which appeared in the website of SSM on 11 April 2022.
- ii) On 23 June 2022, the Company announced that Bandar Subang Sdn Bhd (BSSB), a wholly-owned subsidiary, had entered into a Share Sale Agreement with Summer Salute Sdn Bhd (SSSB) for disposal by BSSB of its investment in the entire 100% registered capital of USD3,000,000 of Farlim Trading (Shandong) Co.Ltd., a wholly-owned subsidiary of BSSB to SSSB for a total consideration of RM11,500,000.

A13. Changes In Contingent Liabilities

There were no contingent liabilities as at 25 August 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. Review Of Performance Of The Company And Its Principal Subsidiaries

(a) Overall Review of Group's Financial Performance

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Jun 2022 RM'000	Preceding Year Corresponding Quarter 30-Jun 2021 RM'000	Increase / (Decrease) (%)	Current Year To date 30-Jun 2022 RM'000	Preceding Year Corresponding Period 30-Jun 2021 RM'000	Increase / (Decrease) (%)
Revenue	4,206	11,076	(62.03%)	7,020	15,444	(54.55%)
Operating Profit/(Loss)	5,198	(1,359)	482.49%	8,967	(3,266)	374.56%
Profit/(Loss) Before Interest and Tax	5,353	(1,284)	516.90%	9,125	(3,122)	392.28%
Profit/(Loss) Before Tax	5,361	(1,276)	520.14%	9,141	(3,101)	394.78%
Profit/(Loss) After Tax	5,357	(1,280)	518.52%	9,133	(3,110)	393.67%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	5,353	(1,278)	518.86%	9,128	(3,109)	393.60%

The Group's revenue of RM4.206 million for the current financial quarter (2Q2022) represented a decrease of 62.03% as compared to RM11.076 million for the preceding year corresponding quarter (2Q2021). Revenue for the financial period from 1 January 2022 to 30 June 2022 (FY2022) of RM7.020 million decreased by 54.55% as compared to a revenue of RM15.444 million for the preceding year corresponding period from 1 January 2021 to 30 June 2021 (FY2021). The revenue for 2Q2022 and FY2022 was mainly contributed by the Company's housing projects in Taman Impiana Bidor namely single storey affordable terrace houses in Phase 3B and Phase 3C, vacant possession of single storey medium cost terrace houses in Phase 2A and Phase 3A and sale of balance completed units of Phase 1 double storey terrace affordable houses.

Despite the decrease in revenue, the Group's profit before tax (ProfitBT) for the 2Q2022 of RM5.361 million represented an increase of 520.14% from loss before tax (LossBT) of RM1.276 million in 2Q2021. ProfitBT for FY2022 of RM9.141 million represented an increase by 394.78% from LossBT of RM3.101 million for FY2021.

Based on the last audited financial statements as at 31 December 2021, the proforma gain arising from the disposal of a wholly-owned subsidiary in the People's Republic of China (PRC) was RM12.545 million. However, based on the management accounts of the wholly-owned subsidiary in the PRC up to the disposal date on 23 June 2022, the Group's gain on disposal was RM13.200 million, out of which RM5.755 million was recognised in 1Q2022 being the write-back of the impairment loss of trade receivables no longer required and the balance of RM7.455 million was recognized in 2Q2022.

B1. Review Of Performance Of The Company And Its Principal Subsidiaries(Continued)

(b) Segment Analysis

(i) Property

The Group's property segment registered a revenue of RM3.953 million in 2Q2022 and RM6.686 million in FY2022. The revenue decreased by 63.91% in 2Q2022 as compared to RM10.952 million in 2Q2021 and revenue for FY2022 of RM6.686 million decreased by 56.33% from RM15.309 million in FY2021. The higher revenue in the preceding year corresponding quarter and financial year was mainly attributable to the sale of the Company's completed commercial stocks at Farlim Square, Bandar Baru Ayer Itam, Penang in 2Q2021.

LossBT for 2Q2022 of RM1.586 million represented an increase of 18.54% as compared to a LossBT of RM1.338 million in 2Q2021. For FY2021, the LossBT of RM3.571 million increased by 10.73% as compared to LossBT of RM3.225 million in FY2021. LossBT increased was in tandem with the lower revenue and the insignificant gross profit generated from the Company's affordable housing in Bidor, Perak.

(i) Trading

Trading revenue for 2Q2022 and FY2022 of RM0.242 million and RM0.323 million represented an increase of 112.28% and 158.40% respectively as compared to the revenue of RM0.114 million in 2Q2021 and RM0.125 million in FY2021. Trading revenue was derived mainly from the supply of building materials to in-house contractors.

The trading segment registered a ProfitBT of RM6.793 million for the 2Q2022 and RM12.555 million for FY2022 represented an increase of 56,708.33% and 66,178.95% respectively as compared to the LossBT of RM0.012 million for 2Q2021 and RM0.019 million for FY2021.

The ProfitBT was mainly attributable to the Group's gain on disposal of a wholly-owned subsidiary in the PRC of RM13.200 million, out of which RM5.755 million was recognised in 1Q2022 being the write-back of the impairment loss of trade receivables no longer required and the balance of RM7.455 million was recognized in 2Q2022 .

(ii) Investment & Others

The ProfitBT of the investment segment and others for 2Q2022 of RM0.154 million increased by 108.11% as compared to PBT of RM0.074 million for 2Q2021. ProfitBT for FY2022 of RM0.157 million represented an increase of 9.79% as compared to the ProfitBT of RM0.143 million for FY2021.

The ProfitBT for 2Q2022 and FY2022 was mainly contributed by the investing income mainly derived from the investment in cash management fund with investment management companies.

B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter

	Current Year Quarter 30-Jun 2022 RM'000	Immediate Preceding Quarter 31-Mar 2022 RM'000	Changes (%)
Revenue	4,206	2,814	49.47%
Operating Profit/(Loss)	5,198	3,769	37.91%
Profit/(Loss) Before Interest and Tax	5,353	3,772	41.91%
Profit/(Loss) Before Tax	5,361	3,780	41.83%
Profit/(Loss) After Tax	5,357	3,776	41.87%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	5,353	3,775	41.80%

The Group's revenue of RM4.206 million for the current financial quarter (2Q2022) increased by 49.47% as compared to the revenue of RM2.814 million for the immediate preceding financial quarter (1Q2022). The increase in revenue for 2Q2022 were attributable to the progress billings of the Company's residential project in Bidor, Perak which comprises substantially of medium cost and affordable houses.

The ProfitBT of RM5.361 million for the current financial quarter (2Q2022) increased by 41.83% as compared to ProfitBT of RM3.780 million for the immediate preceding financial quarter (1Q2022) were mainly attributable to the gain arising from the disposal of a wholly-owned subsidiary in PRC.

B3. Prospect For Current Financial Year

The Group is of the view that business conditions will likely remain challenging for the rest of the 2022 financial year with uncertainties continuing to cloud the local economy as well as the significant increase in the price of building materials which has drastically affected the property development industry. Moreover, the recent increase in Overnight Policy Rate (OPR) by Bank Negara Malaysia to 2.25% will definitely affect the property sector as purchasers would need to bear higher financing costs.

For financial year 2022, the Group is leveraging on the proven success of its previous phases of the affordable housing at Taman Impiana Bidor to drive the sale of the balance unsold units of Phase 3B and Phase 3C of single storey terrace houses which were launched in the third quarter of 2021 and second quarter of 2022. The Group will continue to roll out a new Phase 4A at Taman Impiana Bidor comprising of 78 units of single storey terrace houses with an estimated gross development value of RM16.8 million and another 23 units of 2-storey terrace houses in Saujana Impian, Kajang, Selangor with an estimated gross development value of RM14.9 million upon obtaining the necessary approvals from the relevant authorities.

B3. Prospect For Current Financial Year(Continued)

In order to sustain the Group's operations, the Group will continue to focus on its property development activities. The Group has been aggressively looking for compelling land bank opportunities in Selangor, Perak and Penang by way of outright acquisitions and/or joint-venture arrangements with state authorities and/or private sectors. Public announcements would be made once these acquisitions and/or joint-venture arrangements have been formalized.

Moving forward, the Group will continue with its prudent approach in managing its capital resources and enhancing operational efficiency. The Group will continue to take the appropriate operational measures to scale down expenses, reallocate resources and maximize value creation.

B4. Variance Of Profit Forecast

The Group did not issue any profit forecast to the shareholders during the current financial period under review.

B5. Taxation

Taxation comprises : -

	Current Year Quarter 30/06/2022 RM'000	Preceding Year Corresponding Quarter 30/06/2021 RM'000	Current Year Cumulative 30/06/2022 RM'000	Preceding Year Cumulative 30/06/2021 RM'000
current taxation	(4)	(4)	(8)	(9)
in respect of prior years	-	-	-	-
	<u>(4)</u>	<u>(4)</u>	<u>(8)</u>	<u>(9)</u>

B5. Taxation

(i) Income Tax

Taxation for the current financial quarter and financial year to-date was based on income tax rate of 24% on the estimated aggregate income of some of the subsidiaries in the Group.

(ii) Deferred Taxation

Deferred tax asset has not been recognised as it is not probable that future taxable profit of the Group will be available against which the Group can utilise the benefits.

B6. Status of Corporate Proposals

There were no corporate proposals announced nor any uncompleted proposal as at 25 August 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except the following :-

- i) On 23 June 2022, the Company announced that Bandar Subang Sdn Bhd (BSSB), a wholly-owned subsidiary had entered into a Share Sale Agreement with Summer Salute Sdn Bhd (SSSB) for disposal by BSSB of its investment in the entire 100% Registered Capital of USD3,000,000 of Farlim Trading (Shandong) Co.Ltd., a wholly-owned subsidiary of BSSB, to SSSB for a total consideration of RM11,500,000.

B7. Group Borrowings and Debt Securities

The Group did not have any borrowings reported in the current interim period of the current financial year under review.

B8. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 25 August 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B9. Material Litigations

There were no other material litigations as at 25 August 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except the following :

- (i) On 29 April 2019, the Company received from its solicitors Messrs V.M. Mohan, Fareed & Co. a copy of Writ and Statement of Claim filed at the Penang High Court by Ayer Itam Properties Sdn Bhd ('AIPSB') (formerly known as 1MDB RE (Ayer Itam) Sdn Bhd) against the Company .

On 23 September 2013, the Company entered into a Sale and Purchase Agreement with AIPSB for a consideration of RM112,501,725.60 for the sale of the Company's undivided share in and to the following lands:

- a) $\frac{1}{4}$ undivided share in Lot 1584, Mukim 13, Daerah Timor Laut, Negeri Pulau Pinang held under No. Hakmilik GRN 53264 ("Lot 1584");
- b) 11/100 undivided share in Lot 1457, Mukim 13, Daerah Timor Laut, Negeri Pulau Pinang held under No.Hakmilik GRN 4661 ("Lot 1457"); and
- c) $\frac{1}{4}$ undivided share in Lot 1561, Seksyen 3, Bandar Baru Ayer Itam, Daerah Timor Laut , Negeri Pulau Pinang held under No. Hakmilik GRN 43187 save for the interests arising from certain lodged caveats ("Lot 1561")

B9. Material Litigations (Continued)

In the Statement of Claim, AIPSB alleged that it had paid an excess of RM8,455,810.00 in relation to the lodged caveats on 76,871 square feet of land in Lot 1561.

After several adjournments, the Court had on 16 March 2022 fixed the new trial dates on 12 September 2022 to 14 September 2022.

- ii) On 13 August 2020, the Company announced that the Company had through its solicitors, served a Writ of Summons on 5 August 2020 on SBG Land Sdn Bhd. In addition, the Company, through its solicitors, is in the process of serving a Writ of Summons on Man Hoe Holdings Sdn Bhd, Meranti Tiga Sdn Bhd and MSHK Engineering Sdn Bhd (hereinafter, together with SBG Land Sdn Bhd, referred to as “the Defendants”).

The Defendants had jointly sold and the Company had purchased, pursuant to a Share Sale Agreement dated 15 November 2016 (hereinafter referred to as “the Agreement”) one million (1,000,000) ordinary shares (hereinafter referred to as “the shares”) in a company known as MH Consortium Sdn Bhd (currently known as Farlim (Perak) Sdn Bhd) (hereinafter referred to as “FPSB”) for a total purchase consideration of RM2,579,000.00 (hereafter referred to as “the Purchase Price”). In addition to the Purchase Price, the Company also agreed to discharge certain shareholders’ advances, trade creditors and other creditors and accruals owed by FPSB totalling RM16,157,399.69.

FPSB’s main assets are certain lands measuring approximately 96.8 acres situated in Kampar, Negeri Perak (hereinafter referred to as the Lands”). The Company’s obligation to purchase the shares in FPSB was subject to, amongst other things, the removal and the relocation of all Tenaga Nasional Berhad (TNB) high tension cables situated on the Lands at the Defendants’ expense.

Pursuant to the terms of the Agreement, the Defendants have also given certain undertakings to the Company relating to obtaining approval for and completion of the relocation of the TNB high tension cables (hereinafter referred to as “the Undertaking Letter”).

In breach of the terms of the Agreement and the Undertaking Letter, the Defendants have failed and/or neglected to obtain TNB’s approval on or before the agreed deadline and these breaches have resulted in losses to the Company.

As such, the Company is claiming losses and damages from the Defendants on a joint and several basis for an aggregate amount of RM24,549,080.04.

The Company is of the view that no immediate financial and operational impact on the Company arises from the Writ of Summons.

B9. Material Litigations (Continued)

Meanwhile, upon the request of the Defendant, the Company had on 12 November 2020 agreed to resolve the claim by way of mediation process to be handled by Malaysian Mediation Centre of the Malaysia Bar. A pre-mediation conference was held on 20 April 2021. On 11 February 2022, the Company's solicitor notified the mediator that the Company would like to abort the mediation process and the mediator has acknowledged to abort the said mediation process on 18 February 2022.

The first trial hearing was held on 9 August 2022 and the High Court fixed additional trial dates on 14 to 15 November 2022 and 22 to 23 November 2022.

- iii) City One Management Corporation (Plaintiff), a management corporation of Menara City One and Plaza City One Kuala Lumpur, established on 30 September 2017 had filed a legal suit at the Shah Alam High Court on 10 March 2020 against LJ Harta Sdn Bhd (Defendant), a wholly owned subsidiary of the Company and a previous beneficial owner of the basement carpark of Plaza City One for a sum of RM3,999,365.70 in respect of the outstanding car park maintenance charges and electricity charges for the period from 1 November 1997 to 31 December 2014 including court and legal fees.

The Plaintiff had obtained judgement in default of appearance against the Defendant for this matter on 1 June 2020.

The Defendant through its solicitors Messrs VM Mohan, Fareed & Co had filed an application to set aside the judgement in default on the grounds that the service of the judgement was irregular and the Defendant has defence on merits. The High Court had allowed the Defendant's application on 29 September 2020.

The Defendant's position is that the Plaintiff has failed to carry out the maintenance works at the basement car park which were actually carried out by a contractor appointed by the Defendant and that at all material times, the Plaintiff had full and clear knowledge on this matter.

The Defendant's solicitors are of the view that the claim by the Plaintiff in this matter may be too remote to be a subject matter of this claim and the Defendant has good defence on merits and solid documentation evidence to corroborate the defence in this matter.

The original trial dates scheduled on 4 October 2021 to 7 October 2021 by the Shah Alam High Court has now been postponed to 15 August 2022 to 17 August 2022. The Court has fixed the next case management date on 16 August 2022 to obtain further pre-trial directions and the final case management date is fixed on 8 November 2022. The Court had also fixed the full trial dates on 8 January 2024 to 11 January 2024.

B9. Material Litigations (Continued)

- iv) On 15 August 2022, Bandar Subang Sdn Bhd (“BSSB”), a wholly-owned subsidiary of the Company received a notice pursuant to Section 465 and/or 466 of the Companies Act 2016 (“the Notice”) from Messrs Zulpadli & Edham, the solicitors acting for the purchaser of a double storey terrace house at Taman Subang Impian, Shah Alam, Selangor (“the Plaintiff”).

The Plaintiff is demanding for a sum of RM 572,096.30 being the aggregate sum of the deposit paid by the Plaintiff of RM19,883.40, the outstanding loan owing by the Plaintiff to his end-financier of RM442,496.29, interest of RM99,316.61, costs of RM10,000.00 and allocator fee of RM400.00.

On 25 November 2002, BSSB and the Plaintiff entered into a Sale and Purchase Agreement (“SPA”) for the sale of a unit of double storey terrace house at Taman Subang Impian, Shah Alam, Selangor for a sale consideration of RM198,834.00. Pursuant to the letter from Majlis Bandaraya Shah Alam dated 28 February 2011, all the 18 units of double storey terrace houses under construction including the unit purchased by the Plaintiff were subsequently demolished and converted to open space. The Plaintiff then filed a claim against BSSB on 29 April 2017 for specific performance and other damages pursuant to the SPA.

On 17 May 2022, the High Court has decided that :-

- a. The deposit paid by the Plaintiff of RM19,883.40 is to be refunded.
- b. Payment of outstanding loan owing by the Plaintiff to his end-financier amounting to RM442,496.29.
- c. Interest at 5% per annum is to be paid on the sum of RM462,379.69 comprising of the deposit paid by the Plaintiff of RM19,883.40 and the payment of outstanding loan owing by the Plaintiff to his end-financier of RM442,496.29 (“Judgement Sum”) from the filing date of the summons to full settlement.
- d. Cost of RM10,000.00 to be paid to the Plaintiff (subject to allocatur)

On 16 June 2022, our solicitors Messrs Fareed & Co had filed an appeal against the Judgement of the High Court. The case management which was scheduled on 4 August 2022 had been rescheduled to 14 September 2022.

Further to the Notice dated 12 August 2022 received on 15 August 2022 as mentioned above, our solicitors have replied to the Plaintiff’s solicitors on 19 August 2022 stating that BSSB is disputing the amount claimed in totality as BSSB had filed an appeal against the Judgement dated 17 May 2022 and our solicitors requested the Plaintiff’s solicitors to withdraw the Notice. On 23 August 2022, our solicitors have filed a stay of application to withhold the winding-up notice

The Company is of the view that no immediate financial and operational impact on the Company arises from the Notice.

**B10. Earnings/(Loss) Per Ordinary Share
Attributable to Equity Owners Of The Parent**

a) Basic Earnings/(Loss) Per Share

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year Quarter</u> 30/06/22	<u>Preceding Year Corresponding Quarter</u> 30/06/21	<u>Current Year To-date</u> 30/06/22	<u>Preceding Year Corresponding Period</u> 30/06/21
(a) Net earnings/(loss) for the period attributable to owners of the Company (RM'000)	5,353	(1,278)	9,128	(3,109)
(b) Weighted average number of ordinary shares ('000)	153,026	153,026	153,026	153,026
(c) Basic earnings/(loss) per share (sen)	3.50	(0.84)	5.97	(2.03)

b) Diluted Earnings/(Loss) Per Share

Diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares during the financial period.

B11. Profit/(Loss) Before Tax Is Stated After Charging/(Crediting) :

	<u>Current Quarter Ended</u> 30/06/22 RM'000	<u>Current Year To Date</u> 30/06/22 RM'000
Interest income	(8)	(16)
Other income including investing income	(260)	(396)
Interest expense	N/A	N/A
Depreciation and amortisation	129	256
Write-back of impairment loss of trade receivables	-	(5,755)
Gain on disposal of investment in subsidiary	(7,445)	(7,445)
Provision for and write off of inventories	N/A	N/A
Impairment loss on investments	N/A	N/A
Realised foreign exchange loss	N/A	N/A
Gain or loss on derivatives	N/A	N/A

N/A denotes Not Applicable

B12. Dividend

No dividend is recommended for the financial period under review.