

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

**UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 31 MAR 2023 RM'000	PRECEDING YEAR CORRESPONDING 31 MAR 2022 RM'000	CURRENT YEAR TO DATE 31 MAR 2023 RM'000	PRECEDING YEAR CORRESPONDING 31 MAR 2022 RM'000
<b>REVENUE</b>	3,820	2,814	3,820	2,814
Operating Expenses	(5,347)	(4,941)	(5,347)	(4,941)
Other Operating Income	215	5,896	215	5,896
<b>(LOSS)/PROFIT FROM OPERATIONS</b>	<b>(1,312)</b>	<b>3,769</b>	<b>(1,312)</b>	<b>3,769</b>
Interest Income	15	8	15	8
Interest Expense	-	-	-	-
Investing Results	172	3	172	3
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	<b>(1,125)</b>	<b>3,780</b>	<b>(1,125)</b>	<b>3,780</b>
Taxation	(8)	(4)	(8)	(4)
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>	<b>(1,133)</b>	<b>3,776</b>	<b>(1,133)</b>	<b>3,776</b>
Other Comprehensive (Loss)/Profit	-	15	-	15
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>	<b>(1,133)</b>	<b>3,791</b>	<b>(1,133)</b>	<b>3,791</b>
<b>(LOSS)/PROFIT ATTRIBUTABLE TO :</b>				
Owners Of The Company	(1,149)	3,775	(1,149)	3,775
Non-controlling interests	16	1	16	1
	<b>(1,133)</b>	<b>3,776</b>	<b>(1,133)</b>	<b>3,776</b>
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT ATTRIBUTABLE TO :</b>				
Owners Of The Company	(1,149)	3,790	(1,149)	3,790
Non-controlling interests	16	1	16	1
	<b>(1,133)</b>	<b>3,791</b>	<b>(1,133)</b>	<b>3,791</b>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY :</b>				
<b>Basic (Loss)/Earnings Per Ordinary Share (Sen)</b>	<b>(0.75)</b>	<b>2.47</b>	<b>(0.75)</b>	<b>2.47</b>
(Based on no of 153,025,613 (2022:153,025,613) ordinary shares)	<b>(0.75)</b>	<b>2.47</b>	<b>(0.75)</b>	<b>2.47</b>
<b>Diluted (Loss)/Earnings Per Ordinary Share (Sen)</b>	<b>(0.75)</b>	<b>2.47</b>	<b>(0.75)</b>	<b>2.47</b>
(Based on no of 153,025,613 (2022:153,025,613) ordinary shares)	<b>(0.75)</b>	<b>2.47</b>	<b>(0.75)</b>	<b>2.47</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2022.

**FARLIM GROUP (MALAYSIA) BHD (82275 A)**  
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**UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT END OF CURRENT QUARTER 31 MAR 2023 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31 DEC 2022 RM'000</b>
<b>ASSETS :</b>		
<b><u>NON-CURRENT ASSETS</u></b>		
PROPERTY, PLANT AND EQUIPMENT	3,222	3,254
RIGHT-OF-USE ASSETS	153	153
INVESTMENT PROPERTIES	11,507	11,580
OTHER INVESTMENTS	37	39
INVENTORIES	49,593	49,582
GOODWILL ON CONSOLIDATION	2,970	2,970
	<u>67,482</u>	<u>67,578</u>
<b><u>CURRENT ASSETS</u></b>		
INVENTORIES	25,298	23,860
CONTRACT ASSETS	2,200	1,760
OTHER INVESTMENTS	41,488	47,028
TRADE AND OTHER RECEIVABLES	4,323	4,417
PREPAYMENTS	72	108
TAX RECOVERABLE	19	16
CASH AND CASH EQUIVALENTS	10,317	7,563
	<u>83,717</u>	<u>84,752</u>
<b>TOTAL ASSETS</b>	<b><u>151,199</u></b>	<b><u>152,330</u></b>
<b>EQUITY AND LIABILITIES :</b>		
<b><u>EQUITY ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY</u></b>		
SHARE CAPITAL	169,042	169,042
TREASURY SHARES	(5,123)	(5,123)
FOREIGN EXCHANGE RESERVE	-	-
ACCUMULATED LOSS	(34,603)	(33,455)
	<u>129,316</u>	<u>130,464</u>
NON-CONTROLLING INTERESTS	272	259
<b>TOTAL EQUITY</b>	<b><u>129,588</u></b>	<b><u>130,724</u></b>
<b><u>NON-CURRENT LIABILITIES</u></b>		
DEFERRED TAXATION	36	36
	<u>36</u>	<u>36</u>
<b><u>CURRENT LIABILITIES</u></b>		
TRADE AND OTHER PAYABLES	2,356	4,297
CONTRACT LIABILITY	366	222
PROVISIONS	18,803	16,991
TAX PAYABLE	50	60
	<u>21,575</u>	<u>21,570</u>
<b>TOTAL LIABILITIES</b>	<b><u>21,611</u></b>	<b><u>21,606</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>151,199</u></b>	<b><u>152,330</u></b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT (RM)</b>		
(Based on 153,025,613 Ordinary Shares)	0.85	0.85

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2022.

**FARLIM GROUP (MALAYSIA) BHD (82275 A)**  
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**UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>CURRENT YEAR TODATE 31 MAR 2023 RM'000</b>	<b>PRECEDING YEAR TODATE 31 MAR 2022 RM'000</b>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	<b>(1,125)</b>	<b>3,780</b>
Adjustments for :-		
Non-cash items	157	(5,619)
Non-operating items	(236)	(11)
<b>OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL</b>	<b>(1,204)</b>	<b>(1,850)</b>
Changes in working capital :		
Net change in current assets	447	3,126
Net change in contract assets	(440)	-
Net change in current liabilities	(1,898)	(1,523)
Net change in contract liabilities	144	-
Interest received	15	8
Tax refund/(paid)	(20)	(9)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>(2,956)</b>	<b>(248)</b>
Investing activities :		
Investment income received	174	7
Proceeds from disposal of property, plant and equipment	3	-
Redemption/(Investment) in short term investment	5,540	2,741
Net change in amount owing to directors	2	(481)
Purchase of property, plant and equipment	(9)	(15)
<b>NET CASH GENERATING FROM INVESTING ACTIVITIES</b>	<b>5,710</b>	<b>2,252</b>
Financing activities :		
Dividend paid	-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,754</b>	<b>2,004</b>
CASH AND CASH EQUIVALENTS - AT START OF PERIOD	7,563	5,478
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	15
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>10,317</b>	<b>7,497</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS :</b>		
Cash and bank balances	10,317	7,497
<b>CASH AND CASH EQUIVALENTS</b>	<b>10,317</b>	<b>7,497</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2022.

**FARLIM GROUP (MALAYSIA) BHD (82275 A)**  
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**UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2023**  
**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
<b>As At 1 January 2022</b>	169,042	(5,123)	672	(27,763)	136,828	250	137,078
Other comprehensive profit			15		15	-	15
Loss for the financial period	-	-	-	3,775	3,775	1	3,776
<b>As At 31 March 2022</b>	<b>169,042</b>	<b>(5,123)</b>	<b>687</b>	<b>(23,988)</b>	<b>140,618</b>	<b>251</b>	<b>140,869</b>
<b>As At 1 January 2023</b>	169,042	(5,123)	-	(33,454)	130,465	259	130,724
Loss for the financial period	-	-	-	(1,149)	(1,149)	16	(1,133)
Deconsolidation of a subsidiary				-	-	(3)	(3)
<b>As At 31 March 2023</b>	<b>169,042</b>	<b>(5,123)</b>	<b>-</b>	<b>(34,603)</b>	<b>129,316</b>	<b>272</b>	<b>129,588</b>

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 2022.

## A. NOTES TO THE INTERIM FINANCIAL REPORT

### A1. Basis of Preparation

The interim financial report for the first quarter ended 31 March 2023 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 2022.

### 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 2022 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 2023 :-

#### Amendments/Improvements to MFRS

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combination
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provision, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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>		<b>Effective for financial periods beginning on or after</b>
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#
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 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023

**A2. Changes in Accounting Policies (Continued)**

		<b>Effective for financial periods beginning on or after</b>
<u>Amendments/Improvements to MFRSs</u>		
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023# 1 January 2024
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 2022 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 was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period under review.

## A8 Dividend Paid

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

## A9. Segmental Reporting

### A) Property Segment

	Individual Quarter			Cumulative Period		
	Current Year Quarter 31-Mar 2023 RM'000	Preceding Year Corresponding Quarter 31-Mar 2022 RM'000	Increase / (Decrease) (%)	Current Year To-date 31-Mar 2023 RM'000	Preceding Year Corresponding Period 31-Mar 2022 RM'000	Increase / (Decrease) (%)
<b>Operating Revenue</b>	<b>3,689</b>	<b>2,733</b>	<b>34.98%</b>	<b>3,689</b>	<b>2,733</b>	<b>34.98%</b>
<b>Cost of sales</b>	<b>(2,691)</b>	<b>(2,364)</b>	<b>13.83%</b>	<b>(2,691)</b>	<b>(2,364)</b>	<b>13.83%</b>
<b>Results</b>						
Segment Results	(1,524)	(2,123)	(28.21%)	(1,524)	(2,123)	(28.21%)
Other Income	207	130	59.23%	207	130	59.23%
Interest Income	15	8	87.50%	15	8	87.50%
Interest expense	-	-	0.00%	-	-	0.00%
<b>Loss Before Tax</b>	<b>(1,302)</b>	<b>(1,985)</b>	<b>(34.41%)</b>	<b>(1,302)</b>	<b>(1,985)</b>	<b>(34.41%)</b>

### B) Trading Segment

	Individual Quarter			Cumulative Period		
	Current Year Quarter 31-Mar 2023 RM'000	Preceding Year Corresponding Quarter 31-Mar 2022 RM'000	Increase / (Decrease) (%)	Current Year To-date 31-Mar 2023 RM'000	Preceding Year Corresponding Period 31-Mar 2022 RM'000	Increase / (Decrease) (%)
<b>Operating Revenue</b>	<b>131</b>	<b>81</b>	<b>61.73%</b>	<b>131</b>	<b>81</b>	<b>61.73%</b>
<b>Cost of sales</b>	<b>(129)</b>	<b>(80)</b>	<b>61.25%</b>	<b>(129)</b>	<b>(80)</b>	<b>61.25%</b>
<b>Results</b>						
Segment Results	(3)	5,759	(100.05%)	(3)	5,759	(100.05%)
Other Income	8	3	166.67%	8	3	166.67%
Interest Income	-	-	0.00%	-	-	(0.00%)
<b>Profit Before Tax</b>	<b>5</b>	<b>5,762</b>	<b>(99.91%)</b>	<b>5</b>	<b>5,762</b>	<b>(99.91%)</b>

**C) Investment Segment & Others**

	Individual Quarter			Cumulative Period		
	Current Year Quarter 31-Mar 2023 RM'000	Preceding Year Corresponding Quarter 31-Mar 2022 RM'000	Increase / (Decrease) (%)	Current Year To date 31-Mar 2023 RM'000	Preceding Year Corresponding Period 31-Mar 2022 RM'000	Increase / (Decrease) (%)
<b>Operating Revenue</b>	-	-	0.00%	-	-	0.00%
<b>Cost of sales</b>	-	-	0.00%	-	-	0.00%
<b>Results</b>						
Segment Results	-	-	0.00%	-	-	0.00%
Investing income	172	3	5,633.33%	172	3	5,633.33%
<b>Profit Before Tax</b>	<b>172</b>	<b>3</b>	<b>5,633.33%</b>	<b>172</b>	<b>3</b>	<b>5,633.33%</b>

**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 31 May 2023 (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 3 March 2023, the Company announced that a dormant subsidiary, Baka Suci Sdn Bhd had upon application submitted on 20 October 2022 been struck off from the Register of Suruhanjaya Syarikat Malaysia (SSM) following the publication in the Gazette by SSM on 10 February 2023 pursuant to Section 551(3) of the Companies Act 2016 which appeared in the website of SSM on 3 March 2023.

**A13. Changes In Contingent Liabilities**

There were no contingent liabilities as at 31 May 2023 (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 31-Mar 2023 RM'000	Preceding Year Corresponding Quarter 31-Mar 2022 RM'000	Increase / (Decrease) (%)	Current Year To date 31-Mar 2023 RM'000	Preceding Year Corresponding Period 31-Mar 2022 RM'000	Increase / (Decrease) (%)
Revenue	3,820	2,814	35.75%	3,820	2,814	35.75%
Operating (Loss)/Profit	(1,312)	3,769	(134.81%)	(1,312)	3,769	(134.81%)
(Loss)/Profit Before Interest and Tax	(1,140)	3,772	(130.22%)	(1,140)	3,772	(130.22%)
<b>(Loss)/Profit Before Tax</b>	<b>(1,125)</b>	<b>3,780</b>	<b>(129.76%)</b>	<b>(1,125)</b>	<b>3,780</b>	<b>(129.76%)</b>
(Loss)/Profit After Tax	(1,133)	3,776	(130.01%)	(1,133)	3,776	(130.01%)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(1,149)	3,775	(130.44%)	(1,149)	3,775	(130.44%)

The Group's revenue of RM3.820 million for the current financial quarter (1Q2023) and financial period from 1 January 2023 to 31 March 2023 (FY2023) represented an increase of 35.75% as compared to RM2.814 million for the preceding year corresponding quarter (1Q2022) and preceding year corresponding period from 1 January 2022 to 31 March 2022 (FY2022). The revenue for 1Q2023 and FY2023 was mainly contributed by the property segment.

The Group's LossBT for 1Q2023 and FY2023 of RM1.125 million represented an increase of 129.76% as compared to the ProfitBT of RM3.780 million in 1Q2022 and FY2022. The ProfitBT in the preceding year corresponding period was mainly attributable to the write-back of impairment loss on trade receivables by a wholly-owned subsidiary in People's Republic of China (PRC) in 1Q2022.

## **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 RM3.689 million in 1Q2023 and FY2023. The revenue for 1Q2023 and FY2023 represented an increase of 34.98% as compared to RM2.733 million in 1Q2022 and FY2022. The revenue in the 1Q2023 and for the FY2023 was contributed by the sales and progress billings of the Company's on-going housing projects of 1-storey affordable terrace houses in Phase 3B and Phase 3C, sale of the balance completed units of Phase 1 2-storey terrace affordable houses and Phase 5A 2-storey shophouse in Taman Impiana Bidor and the sales and progress billings of 2-storey semi-detached houses at BBAI, Penang

LossBT for 1Q2023 and FY2023 of RM1.302 million represented a decrease of 34.41% as compared to the LossBT of RM1.985 million in 1Q2022 and FY2022. The reduction in LossBT of RM0.683 million represented an improvement of 34.41% as compared to the higher LossBT of RM1.985 million in 1Q2022 and FY2022 was in-tandem with the higher revenue for the financial period under review.

#### **(ii) Trading**

Trading revenue for 1Q2023 and FY2023 of RM0.131 million represented an increase of 61.73% as compared to the revenue of RM0.081 million in 1Q2022 and FY2022. Trading revenue is mainly derived from the supply of building materials to contractors.

The trading segment registered a PBT of RM0.005 million for the 1Q2023 and FY2023 represented a decrease of 99.91% as compared to the ProfitBT of RM5.762 million for 1Q2022 and FY2022. The ProfitBT in 1Q2022 and FY2022 was mainly due to the write-back of impairment loss on trade receivables by a wholly-owned subsidiary in People's Republic of China (PRC).

#### **(iii) Investment & Others**

The ProfitBT of the investment segment and others for 1Q2023 and FY2023 of RM0.172 million increased by 5,633,33% as compared to ProfitBT of RM0.003 million in 1Q2022 and FY2022. The ProfitBT for 1Q2023 and FY2023 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**

	<b>Current Year Quarter 31-Mar 2023</b> RM'000	<b>Immediate Preceding Quarter 31-Dec 2022</b> RM'000	<b>Changes (%)</b>
<b>Revenue</b>	<b>3,820</b>	<b>4,748</b>	<b>(19.55%)</b>
Operating Loss	(1,312)	(12,514)	(89.52%)
Loss Before Interest and Tax	(1,140)	(12,375)	(90.79%)
<b>Loss Before Tax</b>	<b>(1,125)</b>	<b>(12,378)</b>	<b>(90.91%)</b>
Loss After Tax	(1,133)	(12,409)	(90.87%)
Loss Attributable to Ordinary Equity Holders of the Parent	(1,149)	(12,408)	(90.74%)

The Group's revenue of RM3.820 million for the current financial quarter (1Q2023) decreased by 19.55% as compared to the revenue of RM4.748 million for the immediate preceding financial quarter (4Q2022). The revenue for 1Q2023 were attributable to the sales and progress billings of the Company's residential project in Bidor, Perak and BBAI, Penang.

The LossBT in 1Q2023 of RM1.125 million decreased by 90.91% from RM12.378 million in 4Q2022. The LossBT for 4Q2022 was substantially due to the provision of compensation of RM10.0 million to Ayer Itam Properties Sdn Bhd (AIPSB) on the material litigation between the Company and AIPSB where the judge had ruled in favour of AIPSB on 8 March 2023.

**B3. Prospect For Current Financial Year**

The Board of Director is of the opinion that Malaysian property market in FY2023 will continue to be impacted by the external headwinds resulting from the elevation in prices of construction materials, labour supply crunch and the rising in the interest rate by Bank Negara Malaysia.

Amid ongoing economic uncertainties, the Group remains vigilant of the challenges for FY2023 and is cautiously optimistic that demand for the Company's existing affordable pricing products in Taman Impiana Bidor, Perak will be sustainable given the development and expansion growth in the state of Perak which will help to boost the township value and unlock the remaining land banks potential value of the Company's Taman Impiana Bidor, Perak township.

The Company has launched Phase 4A of Taman Impiana Bidor in March 2023 comprising 78 units of 1-storey affordable terrace houses with an estimated development value of approximately RM16.823 million. In our effort to continue developing affordable pricing properties and to align with the evolving market demands and upon obtaining approval from the relevant authorities, the Company plans to launch Phase 7A comprising 14 units 1-storey semi-detached houses with an estimated development value of approximately RM5.510 million in the third quarter of 2023.

**B3. Prospect For Current Financial Year (Continued)**

In order to sustain the Group's operations in the years ahead, 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 land owners. Public announcements would be made once these acquisitions and/or joint-venture arrangements have been formalized.

Moving forward, efforts to improve efficiency and effectiveness in the operation and management of the Group and to take the appropriate measures to conserve cash, scale down expenses, reallocate resources, cashflow planning and maximize value creation are the top priorities for the Group in the near term.

**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 31/3/2023 RM'000	Preceding Year Corresponding Quarter 31/3/2022 RM'000	Current Year Cumulative 31/3/2023 RM'000	Preceding Year Cumulative 31/3/2022 RM'000
current taxation	(8)	(4)	(8)	(4)
in respect of prior years	-	-	-	-
	-----	-----	-----	-----
	(8)	(4)	(8)	(4)
	=====	=====	=====	=====

(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 31 May 2023 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

## **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 31 May 2023 (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 31 May 2023 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except the following :

- (i) Civil Suit No: PA-22NCVC-116-04/2019  
Ayer Itam Properties Sdn Bhd ('AIPSB') (formerly known as 1MDB RE (Ayer Itam) Sdn Bhd ) -v- Farlim Group (Malaysia) Berhad

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)  $\frac{11}{100}$  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")

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 trial hearing was held on 13 September 2022 and 14 September 2022 and the Court has directed both parties as follows :

- a) Written submission to be filed on 20 November 2022
- b) Submission in reply to be filed on 20 December 2022; and
- c) Oral submission fixed on 13 January 2023 was postponed by the Court to 30 January 2023.

## **B9. Material Litigations (Continued)**

On 7 March 2023, the Penang High Court ruled in favour of AIPSB. The Court has also awarded in favour of AIPSB interest at the rate of 5% p.a. on the judgement sum commencing from 24 April 2019 and cost of RM40,000.

The Company has on 8 March 2023 filed an appeal against the Penang High Court's decision at the Court Of Appeal and is pending a hearing date. The Company has made a provision amounting to RM10,000,000 for the judgement sum together with interest at the rate of 5% p.a..

On 21 March 2023, the Company filed an application with certificate of urgency to the Penang High Court for "a stay of execution" pending the Company's Appeal at the Court of Appeal. The Penang High Court fixed the hearing for the Company's application for "a stay of execution" on 2 May 2023.

On 25 May 2023, the Penang High Court has allowed the Company's application for a stay of execution of the 7 March 2023 judgment until the final disposal of the Company's Appeal to the Court of Appeal and the Court has fixed case management for the appeal application on 6 June 2023 via e-review.

- ii) Civil Suit No: AA-22NCVC-43-07/2020  
Farlim Group (Malaysia) Berhad -v-  
SBG Land Sdn Bhd, Man Hoe Holding Sdn Bhd, Meranti Tiga Sdn Bhd and  
MSHK Engineering Sdn Bhd

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").

## **B9. Material Litigations (Continued)**

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.

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 had fixed additional trial dates on 14 to 15 November 2022 and 22 to 23 November 2022. The trial dates fixed on 14 to 15 November 2022 has been vacated by the Court as the Company have submitted an application to the Court to introduce Farlim (Perak) Sdn Bhd as the second plaintiff, hence with an application also to amend the Statement of Claims which the defendant objected on 22 November 2022, the Court dismissed with cost of the Company's said application. Trial hearing continued on 22 to 23 November 2022 and 13 to 15 February 2023. The trial hearing on 13 February 2023 has concluded and the Judge has fixed 13 March 2023 for Case management, 10 April 2023 and 26 April 2023 for filing of written submissions and reply submissions and 18 May 2023 for Court clarifications. On 18 May 2023, the Court has fixed decision date on 18 July 2023.

iii) Shah Alam High Court Suit No: BA-22NCVC-99-03/2020  
City One Management Corporation -v- LJ Harta Sdn Bhd

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.

## **B9. Material Litigations (Continued)**

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 Court has fixed the final case management date on 8 November 2022 and the full trial dates on 8 January 2024 to 11 January 2024.

- iv) Shah Alam High Court Suit No:BA-22NCC-52-08/2018  
Rayuan B-02(NCC)(W)-1083-06/2022 & B-02(IM)(NCC)-2042-10/2022  
Bandar Subang Sdn Bhd -v- Norazila Kushairi &  
Kamaruddin Mohamed Bakhari

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)



**B9. Material Litigations (Continued)**

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. During the case management held on 14 September, 2022 for our appeal against the judgement dated 17 May 2022, the court has fixed the next case management on 15 March 2023 and hearing is now fixed on 30 March, 2023.

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. On 29 September, 2022, the court allowed our application for a stay of execution against the judgement dated 17 May 2022 including winding-up proceedings pending disposal of the above appeal. On 25 October 2022, we received a letter from the plaintiff's solicitors appealing against the decision to allow the stay of execution. Our solicitors advised that the stay order against any execution proceedings including winding-up proceedings is still enforceable until disposal of the main appeal scheduled on 30 March 2023.

Hearing on the appeal against the judgement of the High Court dated 17 May 2022 was held on 30 March 2023. The Court of Appeal has allowed an amount of RM3,704.64 to be paid to Plaintiff as Liquidated Ascertain Damages (LAD) calculated from 25/11/2004 until 1/2/2005 and an interest payment of 5% per annum on the amount of RM3,704.64 from the filing date i.e. 25/4/2018 until full settlement by BSSB. Meanwhile, The plaintiff's solicitor has agreed to withdraw the Winding-up Notice dated 12 August 2022.

**B10. Loss Per Ordinary Share  
Attributable to Equity Owners Of The Parent**

**a) Basic (Loss)/Profit Per Share**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Year To-date</u>	<u>Preceding Year Corresponding Period</u>
	<u>31/3/2023</u>	<u>31/3/2022</u>	<u>31/3/2023</u>	<u>31/3/2022</u>
(a) Net (loss)/profit for the period attributable to owners of the Company (RM'000)	(1,149)	3,775	(1,149)	3,775
(b) Weighted average number of ordinary shares ('000)	153,026	153,026	153,026	153,026
(c) Basic (loss)/earnings per share (sen)	(0.75)	2.47	(0.75)	2.47

**b) Diluted (Loss)/Earnings 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) :**

	<b>Current Quarter Ended 31/3/2023 RM'000</b>	<b>Current Year To Date 31/3/2023 RM'000</b>
Interest income	(15)	(15)
Other income including investing income	(387)	(387)
Interest expense	-	-
Depreciation and amortisation	114	114
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.