

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

UNAUDITED RESULTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 30 JUNE 2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2022 RM'000	CURRENT YEAR TO DATE 30 JUNE 2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUNE 2022 RM'000
REVENUE	4,346	4,206	8,166	7,020
Operating Expenses	(6,291)	(6,550)	(11,638)	(11,491)
Other Operating Income	145	7,542	360	13,438
(LOSS)/PROFIT FROM OPERATIONS	(1,800)	5,198	(3,112)	8,967
Interest Income	42	8	57	16
Interest Expense	-	-	-	-
Investing Results	263	155	435	158
(LOSS)/PROFIT BEFORE TAXATION	(1,495)	5,361	(2,620)	9,141
Taxation	(7)	(4)	(15)	(8)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	(1,502)	5,357	(2,635)	9,133
Other Comprehensive (Loss)/Profit	-	(36)	-	(21)
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE FINANCIAL PERIOD	(1,502)	5,321	(2,635)	9,112
(LOSS)/PROFIT ATTRIBUTABLE TO :				
Owners Of The Company	(1,506)	5,353	(2,655)	9,128
Non-controlling interests	4	4	20	5
	(1,502)	5,357	(2,635)	9,133
TOTAL COMPREHENSIVE (LOSS)/PROFIT ATTRIBUTABLE TO :				
Owners Of The Company	(1,506)	5,317	(2,655)	9,107
Non-controlling interests	4	4	20	5
	(1,502)	5,321	(2,635)	9,112
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY :				
Basic (Loss)/Earnings Per Ordinary Share (Sen)	(0.98)	3.50	(1.74)	5.97
(Based on no of 153,025,613 (2022:153,025,613) ordinary shares)	(0.98)	3.50	(1.74)	5.97
Diluted (Loss)/Earnings Per Ordinary Share (Sen)	(0.98)	3.50	(1.74)	5.97
(Based on no of 153,025,613 (2022:153,025,613) ordinary shares)	(0.98)	3.50	(1.74)	5.97

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)
(Incorporated In Malaysia)

UNAUDITED RESULTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30 JUNE 2023 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31 DEC 2022 RM'000
ASSETS :		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	3,200	3,254
RIGHT-OF-USE ASSETS	152	153
INVESTMENT PROPERTIES	11,434	11,580
OTHER INVESTMENTS	37	39
INVENTORIES	49,668	49,582
GOODWILL ON CONSOLIDATION	2,970	2,970
	<u>67,461</u>	<u>67,578</u>
<u>CURRENT ASSETS</u>		
INVENTORIES	26,404	23,860
CONTRACT ASSETS	-	1,760
OTHER INVESTMENTS	38,890	47,028
TRADE AND OTHER RECEIVABLES	7,289	4,417
PREPAYMENTS	32	108
TAX RECOVERABLE	23	16
CASH AND CASH EQUIVALENTS	7,521	7,563
	<u>80,159</u>	<u>84,752</u>
TOTAL ASSETS	<u>147,620</u>	<u>152,330</u>
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)
ACCUMULATED LOSS	(36,109)	(33,455)
	<u>127,810</u>	<u>130,464</u>
NON-CONTROLLING INTERESTS	275	259
TOTAL EQUITY	<u>128,085</u>	<u>130,724</u>
<u>NON-CURRENT LIABILITIES</u>		
DEFERRED TAXATION	36	36
	<u>36</u>	<u>36</u>
<u>CURRENT LIABILITIES</u>		
TRADE AND OTHER PAYABLES	2,005	4,297
CONTRACT LIABILITY	112	222
PROVISIONS	17,332	16,991
TAX PAYABLE	50	60
	<u>19,499</u>	<u>21,570</u>
TOTAL LIABILITIES	<u>19,535</u>	<u>21,606</u>
TOTAL EQUITY AND LIABILITIES	<u>147,620</u>	<u>152,330</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY		
EQUITY OWNERS OF THE PARENT (RM)	0.84	0.85
(Based on 153,025,613 Ordinary Shares)		

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)
(Incorporated In Malaysia)

UNAUDITED RESULTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TODATE 30 JUNE 2023 RM'000	PRECEDING YEAR TODATE 30 JUNE 2022 RM'000
(LOSS)/PROFIT BEFORE TAXATION	(2,620)	9,141
Adjustments for :-		
Non-cash items	310	(12,909)
Non-operating items	(540)	(174)
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL	(2,850)	(3,942)
Changes in working capital :		
Net change in current assets	(2,931)	6,384
Net change in contract assets	(440)	2,072
Net change in current liabilities	(2,551)	(1,060)
Net change in contract liabilities	144	(95)
Interest received	57	16
Tax refund/(paid)	(32)	(20)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(8,603)	3,355
Investing activities :		
Investment income received	437	170
Disposal of investment in a subsidiary, net of cash disposed	-	7,445
Proceeds from disposal of property, plant and equipment	3	-
Redemption/(Investment) in short term investment	8,138	(6,816)
Net change in amount owing to directors	2	(702)
Purchase of property, plant and equipment	(19)	(21)
NET CASH GENERATING FROM INVESTING ACTIVITIES	8,561	76
Financing activities :		
Interest paid	-	-
NET CASH USED IN FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(42)	3,431
CASH AND CASH EQUIVALENTS - AT START OF PERIOD	7,563	5,478
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	(672)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	7,521	8,237
ANALYSIS OF CASH AND CASH EQUIVALENTS :		
Cash and bank balances	7,521	8,237
CASH AND CASH EQUIVALENTS	7,521	8,237

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)
(Incorporated In Malaysia)

UNAUDITED RESULTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 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
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 profit			(36)		(36)	-	(36)
Loss for the financial period	-	-	-	5,353	5,353	4	5,357
As At 30 June 2022	169,042	(5,123)	-	(18,634)	145,285	254	145,539
As At 1 April 2023	169,042	(5,123)	-	(34,603)	129,316	271	129,587
Loss for the financial period	-	-	-	(1,506)	(1,506)	4	(1,502)
As At 30 June 2023	169,042	(5,123)	-	(36,109)	127,810	275	128,085

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 second quarter ended 30 June 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>		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#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#/ 1 January 2024
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)

		Effective for financial periods beginning on or after
<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#/ 1 January 2024
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 30-Jun 2023 RM'000	Preceding Year Corresponding Quarter 30-Jun 2022 RM'000	Increase / (Decrease) (%)	Current Year To-date 30-Jun 2023 RM'000	Preceding Year Corresponding Period 30-Jun 2022 RM'000	Increase / (Decrease) (%)
Operating Revenue	4,202	3,953	6.30%	7,891	6,686	18.02%
Cost of sales	(3,476)	(3,013)	15.37%	(6,067)	(5,377)	12.83%
Results						
Segment Results	(1,901)	(1,695)	12.15%	(3,425)	(3,818)	(10.29%)
Other Income	120	101	18.81%	327	231	41.56%
Interest Income	13	8	62.50%	28	16	75.00%
Interest expense	-	-	0.00%	-	-	0.00%
Loss Before Tax	(1,768)	(1,586)	11.48%	(3,070)	(3,571)	(14.03%)

B) Trading Segment

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Jun 2023 RM'000	Preceding Year Corresponding Quarter 30-Jun 2022 RM'000	Increase / (Decrease) (%)	Current Year To-date 30-Jun 2023 RM'000	Preceding Year Corresponding Period 30-Jun 2022 RM'000	Increase / (Decrease) (%)
Operating Revenue	122	242	(49.59%)	253	323	(21.67%)
Cost of sales	(117)	(231)	(49.35%)	(246)	(311)	(20.90%)
Results						
Segment Results	(1)	(656)	(99.85%)	(4)	5,103	(100.08%)
Other Income	11	7,449	(99.85%)	19	7,452	(99.75%)
Interest Income	-	-	0.00%	-	-	(0.00%)
Profit Before Tax	10	6,793	(99.85%)	15	12,555	(99.88%)

C) Investment Segment & Others

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Jun 2023 RM'000	Preceding Year Corresponding Quarter 30-Jun 2022 RM'000	Increase / (Decrease) (%)	Current Year To date 30-Jun 2023 RM'000	Preceding Year Corresponding Period 30-Jun 2022 RM'000	Increase / (Decrease) (%)
Operating Revenue	22	11	100.00%	22	11	100.00%
Cost of sales	-	-	0.00%	-	-	0.00%
Results						
Segment Results	(2)	(1)	100.00%	(2)	(1)	100.00%
Investing income	265	155	70.97%	437	158	176.58%
Profit Before Tax	263	154	70.78%	435	157	177.07%

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 24 August 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 24 August 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 30-Jun 2023 RM'000	Preceding Year Corresponding Quarter 30-Jun 2022 RM'000	Increase / (Decrease) (%)	Current Year To date 30-Jun 2023 RM'000	Preceding Year Corresponding Period 30-Jun 2022 RM'000	Increase / (Decrease) (%)
Revenue	4,346	4,206	3.33%	8,166	7,020	16.32%
Operating (Loss)/Profit	(1,800)	5,198	(134.63%)	(3,112)	8,967	(134.71%)
(Loss)/Profit Before Interest and Tax	(1,537)	5,353	(128.71%)	(2,677)	9,125	(129.34%)
(Loss)/Profit Before Tax	(1,495)	5,361	(127.89%)	(2,620)	9,141	(128.66%)
(Loss)/Profit After Tax	(1,502)	5,357	(128.04%)	(2,635)	9,133	(128.85%)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(1,506)	5,353	(128.13%)	(2,655)	9,128	(129.09%)

The Group's revenue of RM4.346 million for the current financial quarter (2Q2023) represented an increase of 3.33% as compared to RM4.206 million for the preceding year corresponding quarter (2Q2022). Revenue for the financial period from 1 January 2023 to 30 June 2023 (FY2023) of RM8.166 million increased by 16.32% as compared to a revenue of RM7.020 million for the preceding year corresponding period from 1 January 2022 to 30 June 2022 (FY2022). The revenue for 2Q2023 and FY2023 was mainly contributed by the property segment.

The Group's LossBT for 2Q2023 and FY2023 of RM1.495 million and RM2.620 million represented a decrease of 127.89% and 128.66% respectively as compared to the ProfitBT of RM5.361 million and RM9.141 million in 2Q2022 and FY2022. The ProfitBT in the preceding year corresponding period was mainly attributable to the Group's gain on disposal of a subsidiary in People's Republic of China (PRC).

(b) Segment Analysis

(i) Property

The Group's property segment registered a revenue of RM4.202 million in 2Q2023 and RM7.891 million in FY2023. The revenue increased by 6.30% in 2Q2023 as compared to RM3.953 million in 2Q2022 and revenue for FY2023 of RM7.891 million increased by 18.02% from RM6.686 million in FY2022. The revenue in the 2Q2023 and for the FY2023 was contributed by the sales and progress billings of the Company's ongoing housing projects of 1-storey terrace houses in Phase 4A, vacant possession of 1-storey affordable terrace houses in Phase 3B and Phase 3C, sale of the balance completed units of 2-storey shophouses in Phase 5A at Taman Impiana Bidor, Perak and the sales and progress billings of a 2-storey semi-detached house at Bandar Baru Ayer Itam (BBAI), Penang

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

(i) Property (Continued)

LossBT for 2Q2023 of RM1.768 million represented an increase of 11.48% as compared to a LossBT of RM1.586 million in 2Q2022. For FY2023, the LossBT of RM3.070 million decreased by 14.03% as compared to LossBT of RM3.571 million in FY2022. LossBT for FY2023 decreased was expected with lower gross profit margin products generated from the Company's affordable housing in Bidor, Perak.

(ii) Trading

Trading revenue for 2Q2023 and FY2023 of RM0.122 million and RM0.253 million represented a decrease of 49.59% and 21.67% respectively as compared to the revenue of RM0.242 million in 2Q2022 and RM0.323 million in FY2022. Trading revenue was derived mainly from the supply of building materials to contractors.

The trading segment registered a ProfitBT of RM0.01 million for the 2Q2023 and RM0.015 million for FY2023 represented a decrease of 99.85% and 99.88% respectively as compared to the ProfitBT of RM6.793 million for 2Q2022 and RM12.555 million for FY2022. The ProfitBT in 2Q2022 and FY2022 was mainly due to the Group's gain on disposal of a subsidiary in People's Republic of China.

(iii) Investment & Others

The ProfitBT of the investment segment and others for 2Q2023 of RM0.263 million increased by 70.78% as compared to PBT of RM0.154 million for 2Q2022. ProfitBT for FY2023 of RM0.435 million represented an increase of 177.07% as compared to the ProfitBT of RM0.157 million for FY2022.

The ProfitBT for 2Q2023 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

	Current Year Quarter 30-Jun 2023 RM'000	Immediate Preceding Quarter 31-Mar 2023 RM'000	Changes (%)
Revenue	4,346	3,820	13.77%
Operating Loss	(1,800)	(1,312)	37.20%
Loss Before Interest and Tax	(1,537)	(140)	997.86%
Loss Before Tax	(1,495)	(1,125)	32.89%
Loss After Tax	(1,502)	(1,133)	32.57%
Loss Attributable to Ordinary Equity Holders of the Parent	(1,506)	(1,149)	31.07%

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

The Group's revenue of RM4.346 million for the current financial quarter (2Q2023) increased by 13.77% as compared to the revenue of RM3.820 million for the immediate preceding financial quarter (1Q2023). The increase in revenue for 2Q2023 were attributable to the sales, progress billings and vacant possession of the Company's residential project in Bidor, Perak and BBAI, Penang.

The LossBT of RM1.495 million for the current financial quarter (2Q2023) increased by 32.89% as compared to LossBT of RM1.125 million for the immediate preceding financial quarter (1Q2023) was intandem expected with lower gross profit margin products generated from the Company's affordable housing in Bidor,Perak.

B3. Prospect For Current Financial Year

The Board of Director is of the view that the recovery of the residential property market is expected to continue in 2023 albeit at a slower pace amid rising borrowing costs and growing inflationary pressures. Nevertheless, the Group will continue to adopt a more cautious stance and defer some of the launching of new projects or stagger the new launches of the Company's existing affordable pricing landed residential projects in Taman Impiana Bidor, Perak into smaller phases for cost efficiency and better cashflow planning for the Group.

For the financial year 2023, the Company had launched Phase 4A of Taman Impiana Bidor in March 2023 comprising 78 units of 1-storey affordable terrace houses. In our effort to align with the evolving market demands on affordable pricing landed properties, the Company plans to launch Phase 7A comprising 14 units of 1-storey semi-detached houses in 4th quarter of 2023 upon obtaining approval from the relevant authorities. With various marketing activities the Group is undertaking, the Group is optimistic to lock-in sales for the new launches and the balance completed residential properties in Taman Impiana Bidor if the property market remains resilient.

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

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 30/6/2023 RM'000	Preceding Year Corresponding Quarter 30/6/2022 RM'000	Current Year Cumulative 30/6/2023 RM'000	Preceding Year Cumulative 30/6/2022 RM'000
current taxation in respect of prior years	(7)	(4)	(15)	(8)
	-	-	-	-
	-----	-----	-----	-----
	(7)	(4)	(15)	(8)
	=====	=====	=====	=====

(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 24 August 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 24 August 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 new/fresh material litigations as at 24 August 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) 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.

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.

B9. Material Litigations (Continued)

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. The Court of Appeal has fixed 8 August 2023 for case management as the Penang High Court's grounds of judgment is still pending. On 8 August 2023, the Court has fixed next case management on 3 October 2023 to update status of Ground of Judgment.

- 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").

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 had 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 were vacated by the Court as the Company had 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 had concluded and the Judge 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 had fixed decision date on 18 July 2023.

On 18 July 2023, the Ipoh High Court ruled that the Defendants have breached certain undertakings made to the Company by their collective failure to remove and/or relocate the TNB high tension cables that were situated on the Lands situated at Gopeng. The Ipoh High Court has awarded FGMB special damages of RM255,634.53 and legal costs of RM20,000.00.

The particulars of special damages awarded are as follows:-

Consultancy fees	RM 74,200.00
Removal of pylons	RM 37,194.53
Consent letter for compensation	RM140,000.00
Appointment of surveyor	RM 4,240.00
Total	RM255,634.53

However, the Ipoh High Court did not allow the following claims sought by FGMB:-

1. Management time cost, travel costs and allowance;
2. Loss of income/expenses due to change in housing policy; and
3. General damages.

FGMB intends to file an appeal to the Court of Appeal in due course on the claims especially the general damages that was not allowed by the High Court.

B9. Material Litigations (Continued)

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.

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.

B9. Material Litigations (Continued)

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. 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.

B9. Material Litigations (Continued)

BSSB will effect the settlement of LAD upon advice from its solicitor on the actual total amount of LAD to be paid to the plaintiff. Meanwhile, the settlement of LAD will not have any material financial impact on BSSB and the Group as the LAD had been fully provided in the financial statement of the Group.

**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>30/6/2023</u>	<u>Preceding Year</u> <u>Corresponding Quarter</u> <u>30/6/2022</u>	<u>Current Year To-date</u> <u>30/6/2023</u>	<u>Preceding Year</u> <u>Corresponding Period</u> <u>30/6/2022</u>
(a) Net (loss)/profit for the period attributable to owners of the Company (RM'000)	(1,506)	5,353	(2,655)	9,128
(b) Weighted average number of ordinary shares ('000)	153,026	153,026	153,026	153,026
(c) Basic (loss)/earnings per share (sen)	(0.98)	3.50	(1.74)	5.97

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) :

	<u>Current Quarter Ended</u> <u>30/6/2023</u> <u>RM'000</u>	<u>Current Year To Date</u> <u>30/6/2023</u> <u>RM'000</u>
Interest income	(42)	(57)
Other income including investing income	(408)	(795)
Interest expense	-	-
Depreciation and amortisation	105	219
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.