

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

UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 MAR 2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAR 2023 RM'000	CURRENT YEAR TO DATE 31 MAR 2024 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 MAR 2023 RM'000
REVENUE	2,174	3,820	2,174	3,820
Operating Expenses	(4,471)	(5,347)	(4,471)	(5,347)
Other Operating Income	152	215	152	215
LOSS FROM OPERATIONS	(2,145)	(1,312)	(2,145)	(1,312)
Interest Income	25	15	25	15
Interest Expense	(5)	-	(5)	-
Investing Results	194	172	194	172
LOSS BEFORE TAXATION	(1,931)	(1,125)	(1,931)	(1,125)
Taxation	(6)	(8)	(6)	(8)
LOSS FOR THE FINANCIAL PERIOD	(1,937)	(1,133)	(1,937)	(1,133)
Other Comprehensive Loss	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD	(1,937)	(1,133)	(1,937)	(1,133)
LOSS ATTRIBUTABLE TO :				
Owners Of The Company	(1,940)	(1,149)	(1,940)	(1,149)
Non-controlling interests	3	16	3	16
	(1,937)	(1,133)	(1,937)	(1,133)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO :				
Owners Of The Company	(1,940)	(1,149)	(1,940)	(1,149)
Non-controlling interests	3	16	3	16
	(1,937)	(1,133)	(1,937)	(1,133)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY :				
Basic Loss Per Ordinary Share (Sen)	(1.27)	(0.75)	(1.27)	(0.75)
(Based on no of 153,025,613 (2022:153,025,613) ordinary shares)	(1.27)	(0.75)	(1.27)	(0.75)
Diluted Loss Per Ordinary Share (Sen)	(1.27)	(0.75)	(1.27)	(0.75)
(Based on no of 153,025,613 (2022:153,025,613) ordinary shares)	(1.27)	(0.75)	(1.27)	(0.75)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2023.

FARLIM GROUP (MALAYSIA) BHD (82275 A)
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UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31 MAR 2024 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31 DEC 2023 RM'000
ASSETS :		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	3,292	3,319
RIGHT-Of-USE ASSETS	656	685
INVESTMENT PROPERTIES	11,452	11,348
INVESTMENT IN ASSOCIATES	5,618	-
OTHER INVESTMENTS	41	35
INVENTORIES	48,554	48,535
GOODWILL ON CONSOLIDATION	2,970	2,970
	<u>72,583</u>	<u>66,892</u>
<u>CURRENT ASSETS</u>		
INVENTORIES	30,381	29,191
CONTRACT ASSETS	1,128	1,029
OTHER INVESTMENTS	25,954	28,889
TRADE AND OTHER RECEIVABLES	8,861	14,874
PREPAYMENTS	16	111
TAX RECOVERABLE	65	65
CASH AND CASH EQUIVALENTS	5,421	5,317
	<u>71,826</u>	<u>79,476</u>
TOTAL ASSETS	<u>144,409</u>	<u>146,368</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	(42,230)	(40,290)
	<u>121,689</u>	<u>123,629</u>
NON-CONTROLLING INTERESTS	300	297
TOTAL EQUITY	<u>121,989</u>	<u>123,926</u>
<u>NON-CURRENT LIABILITIES</u>		
LEASE LIABILITIES	352	352
DEFERRED TAXATION	36	36
	<u>388</u>	<u>388</u>
<u>CURRENT LIABILITIES</u>		
TRADE AND OTHER PAYABLES	4,654	4,623
CONTRACT LIABILITY	69	-
PROVISIONS	17,189	17,285
LEASE LIABILITIES	67	89
TAX PAYABLE	53	57
	<u>22,032</u>	<u>22,054</u>
TOTAL LIABILITIES	<u>22,420</u>	<u>22,442</u>
TOTAL EQUITY AND LIABILITIES	<u>144,409</u>	<u>146,368</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT (RM)		
(Based on 153,025,613 Ordinary Shares)	0.80	0.81

The Condensed Consolidated Statement of Financial Position should be read in conjunction with

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

UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TODATE 31 MAR 2024 RM'000	PRECEDING YEAR TODATE 31 MAR 2023 RM'000
LOSS BEFORE TAXATION	(1,931)	(1,125)
Adjustments for :-		
Non-cash items	182	157
Non-operating items	(196)	(236)
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL	(1,945)	(1,204)
Changes in working capital :		
Net change in current assets	4,793	447
Net change in contract assets	(99)	(440)
Net change in current liabilities	53	(1,898)
Net change in contract liabilities	1	144
Interest received	25	15
Tax paid	(11)	(20)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	2,817	(2,956)
Investing activities :		
Investment income received	171	174
Proceeds from disposal of property, plant and equipment	-	3
Investment in associates company	(5,600)	-
Redemption/(Investment) in short term investment	2,936	5,540
Net change in amount owing to directors	-	2
Purchase of property, plant and equipment	(16)	(9)
Purchase of investment properties	(177)	-
NET CASH (USED IN)/GENERATING FROM INVESTING ACTIVITIES	(2,686)	5,710
Financing activities :		
Payment to finance lease liabilities	(22)	-
Interest paid	(5)	-
NET CASH (USED IN)/GENERATING FROM FINANCING ACTIVITIES	(27)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	104	2,754
CASH AND CASH EQUIVALENTS - AT START OF PERIOD	5,317	7,563
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	5,421	10,317
ANALYSIS OF CASH AND CASH EQUIVALENTS :		
Cash and bank balances	5,421	10,317
CASH AND CASH EQUIVALENTS	5,421	10,317

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2023.

FARLIM GROUP (MALAYSIA) BHD (82275 A)
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UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2024
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 January 2023	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)
As At 31 March 2023	169,042	(5,123)	-	(34,603)	129,316	272	129,588
As At 1 January 2024	169,042	(5,123)	-	(40,290)	123,629	297	123,926
Loss for the financial period	-	-	-	(1,940)	(1,940)	3	(1,937)
As At 31 March 2024	169,042	(5,123)	-	(42,230)	121,689	300	121,989

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 2023.

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report for the first quarter ended 31 March 2024 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 2023.

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 2023 except for the adoption of the following Malaysia Financial Reporting Standards (“MFRSs”), new MFRS and amendments to MFRSs effective for the financial periods beginning on or after 1 January 2024 :

New MFRS

MFRS 17 Insurance Contracts

Amendments to MFRS

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

The Group has not adopted the following amendments/improvements to MFRSs that have been issued but not yet effective:

		Effective for financial periods beginning on or after
<u>Amendments to MFRSs</u>		
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

A3. Audit Report

The audit report of the Group for the preceding annual financial statements for the financial year ended 31 December 2023 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 2024 RM'000	Preceding Year Corresponding Quarter 31-Mar 2023 RM'000	Increase / (Decrease) (%)	Current Year To-date 31-Mar 2024 RM'000	Preceding Year Corresponding Period 31-Mar 2023 RM'000	Increase / (Decrease) (%)
Operating Revenue	2,089	3,689	(43.37%)	2,089	3,689	(43.37%)
Cost of sales	(1,627)	(2,691)	(39.54%)	(1,627)	(2,691)	(39.54%)
Results						
Segment Results	(2,296)	(1,524)	50.66%	(2,296)	(1,524)	50.66%
Other Income	145	207	(29.95%)	145	207	(29.95%)
Interest Income	25	15	66.67%	25	15	66.67%
Interest expense	(5)	-	100.00%	(5)	-	100.00%
Loss Before Tax	(2,131)	(1,302)	63.67%	(2,131)	(1,302)	63.67%

B) Trading Segment

	Individual Quarter			Cumulative Period		
	Current Year Quarter 31-Mar 2024 RM'000	Preceding Year Corresponding Quarter 31-Mar 2023 RM'000	Increase / (Decrease) (%)	Current Year To-date 31-Mar 2024 RM'000	Preceding Year Corresponding Period 31-Mar 2023 RM'000	Increase / (Decrease) (%)
Operating Revenue	85	131	(35.11%)	85	131	(35.11%)
Cost of sales	(82)	(129)	(36.43%)	(82)	(129)	(36.43%)
Results						
Segment Results	(1)	(3)	(66.67%)	(1)	(3)	(66.67%)
Other Income	7	8	(12.50%)	7	8	(12.50%)
Interest Income	-	-	(0.00%)	-	-	(0.00%)
Profit Before Tax	6	5	20.00%	6	5	20.00%

C) Investment Segment & Others

	Individual Quarter			Cumulative Period		
	Current Year Quarter 31-Mar 2023 RM'000	Preceding Year Corresponding Quarter 31-Mar 2023 RM'000	Increase / (Decrease) (%)	Current Year To-date 31-Mar 2023 RM'000	Preceding Year Corresponding Period 31-Mar 2023 RM'000	Increase / (Decrease) (%)
Operating Revenue	-	-	(0.00%)	-	-	(0.00%)
Cost of sales	-	-	0.00%	-	-	0.00%
Results						
Segment Results	(1)	-	100.00%	(1)	-	100.00%
Investing income	195	172	13.37%	195	172	13.37%
Profit Before Tax	194	172	12.79%	194	172	12.79%

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 29 May 2024 (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 2 February 2024, the Company announced that a dormant subsidiary, Kapland Sdn Bhd had upon application submitted on 18 October 2023 been struck off from the Register of Suruhanjaya Syarikat Malaysia (SSM) following the publication in the Gazette by SSM on 23 January 2024 pursuant to Section 551(3) of the Companies Act 2016 which appeared in the website of SSM on 2 February 2024.
- ii) On 23 February 2024, the Company had announced that the Company entered into a Share Sale Agreement with Lim Gait Tong Holdings Sdn. Bhd. for the acquisition of 175,000 ordinary shares representing a 35% equity interest in Entity Consolidated Sdn. Bhd. for a total purchase consideration of RM5,600,000.00 representing RM32.00 per Sale Share ("Proposed Acquisition").

On 13 March 2024, the Company announced that the Proposed Acquisition had been completed on 12 March 2024.

A13. Changes In Contingent Liabilities

There were no contingent liabilities as at 29 March 2024 (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 2024 RM'000	Preceding Year Corresponding Quarter 31-Mar 2023 RM'000	Increase / (Decrease) (%)	Current Year To date 31-Mar 2024 RM'000	Preceding Year Corresponding Period 31-Mar 2023 RM'000	Increase / (Decrease) (%)
Revenue	2,174	3,820	(43.09%)	2,174	3,820	(43.09%)
Operating (Loss)/Profit	(2,145)	(1,312)	63.49%	(2,145)	(1,312)	63.49%
Loss Before Interest and Tax	(1,951)	(1,140)	71.14%	(1,952)	(1,140)	71.23%
Loss Before Tax	(1,931)	(1,125)	71.64%	(1,931)	(1,125)	71.64%
Loss After Tax	(1,937)	(1,133)	70.96%	(1,937)	(1,133)	70.96%
Loss Attributable to Ordinary Equity Holders of the Parent	(1,940)	(1,149)	68.84%	(1,940)	(1,149)	68.84%

The Group's revenue of RM2.174 million for the current financial quarter (1Q2024) and financial period from 1 January 2024 to 31 March 2024 (FY2024) represented a decrease of 43.09% as compared to RM3.820 million for the preceding year corresponding quarter (1Q2023) and preceding year corresponding period from 1 January 2023 to 31 March 2023 (FY2023). The revenue for 1Q2024 and FY2024 was mainly contributed by the property segment.

The Group's LossBT for 1Q2024 and FY2024 of RM1.931 million represented an increase of 71.64% as compared to the LossBT of RM1.125 million in 1Q2023 and FY2023 was mainly attributable to the nominal margin of the Company's affordable housing in Bidor, Perak and the lower sales achieved due to weaker property market sentiments.

(b) Segment Analysis

(i) Property

The Group's property segment registered a revenue of RM2.089 million in 1Q2024 and FY2024. The revenue for 1Q2024 and FY2024 represented a decrease of 43.37% as compared to RM3.689 million in 1Q2023 and FY2023. The revenue in the 1Q2024 and for the FY2024 was contributed by the sales and progress billings of the Company's on-going housing projects of 1-storey terrace houses in Phase 4A, sale of the balance completed unit of Phase 3C 1-storey terrace affordable houses in Taman Impiana Bidor, Perak and the sales and progress billings of a 2-storey terrace houses at BBAI, Penang

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

(b) Segment Analysis (Continued)

(i) Property (Continued)

LossBT for 1Q2024 and FY2024 of RM2.131 million represented an increase of 63.67% as compared to the LossBT of RM1.302 million in 1Q2023 and FY2023. The LossBT was mainly attributable to the nominal margin of the Company's affordable housing in Bidor, Perak and the lower sales achieved due to weaker property market sentiments.

(ii) Trading

Trading revenue for 1Q2024 and FY2024 of RM0.085 million represented a decrease of 35.11% as compared to the revenue of RM0.131 million in 1Q2023 and FY2023. Trading revenue is mainly derived from the supply of building materials to contractors.

The trading segment registered a PBT of RM0.006 million for the 1Q2024 and FY2024 represented an increase of 20.00% as compared to the ProfitBT of RM0.005 million for 1Q2023 and FY2023.

(iii) Investment & Others

The ProfitBT of the investment segment and others for 1Q2024 and FY2024 of RM0.194 million increased by 12.79% as compared to ProfitBT of RM0.172 million in 1Q2023 and FY2023. The ProfitBT for 1Q2024 and FY2024 was mainly contributed by the investing income mainly derived from the investment in cash management fund with investment management companies and the share of profit from an associate company which just acquired for a 35% equity interest on 23 February 2024.

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

	Current Year Quarter 31-Mar 2024 RM'000	Immediate Preceding Quarter 31-Dec 2023 RM'000	Changes (%)
Revenue	2,174	4,227	(48.57%)
Operating Loss	(2,145)	(2,567)	(16.44%)
Loss Before Interest and Tax	(1,951)	(2,251)	(13.33%)
Loss Before Tax	(1,931)	(2,231)	(13.45%)
Loss After Tax	(1,937)	(2,264)	(14.44%)
Loss Attributable to Ordinary Equity Holders of the Parent	(1,940)	(2,282)	(14.99%)

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

The Group's revenue of RM2.174 million for the current financial quarter (1Q2024) decreased by 48.57% as compared to the revenue of RM4.227 million for the immediate preceding financial quarter (4Q2023). The revenue in 1Q2024 were attributable to the sales and progress billings of the Company's ongoing Phase 4A residential project, sale of the balance completed unit of Phase 3C 1-storey terrace affordable houses in Taman Impiana Bidor, Perak and the sales and progress billings of a 2-storey terrace houses at BBAI, Penang.

The LossBT of RM1.931 million for the current financial quarter (1Q2024) decreased by 13.45% as compared to LossBT of RM2.231 million for the immediate preceding financial quarter (4Q2023) was mainly due to the additional provision of interest in relation to the material litigation between the Company and AIPSB up to 31 December 2023 of RM0.435 million in 4Q2023.

B3. Prospect For Current Financial Year

The Malaysian economy will continue to show resilience as long of ongoing strong consumer spending in 2024. Riding on the economy resilience, the Board of Director is of the view that the recovery of the residential property market is expected to continue in 2024 albeit at a slower pace amid rising borrowing costs and growing inflationary pressures. Nonetheless, the Group remain cautiously optimistic of the residential property development of the Company's Taman Impiana Bidor Perak township. The Group will continue to adopt a cautious stance to stagger and roll out new launches of affordable pricing residential properties in its Taman Impiana Bidor, Perak township for long term sustainability.

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 the state authorities and/or private landowners. In mid - March 2024, the Company has signed a letter of intent and paid a 2% refundable deposit for a proposed acquisition of lands held under Lot 10393 to 10418, Mukim 6, Pondok Upeh, Daerah Barat Daya, Pulau Pinang together with the Approval Development by Majlis Bandaraya Pulau Pinang for the proposed development of 24 units of 2-storey terrace houses. The Sale & Purchase Agreement is expected to be signed in the 2nd quarter of 2024. Barring any unforeseen circumstances, the Company plans to launch the project and commence development during the 4th quarter of 2024 upon the necessary approvals being obtained from all relevant authorities.

Moving forward, ongoing efforts to improve efficiency and effectiveness in the operation and management of the Group, taking the appropriate measures to conserve financial resources, scale down expenses, reallocate resources and maximize value creation are the top priorities for the Group.

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 31/3/2024 RM'000	Preceding Year Corresponding Quarter 31/3/2023 RM'000	Current Year Quarter Cumulative 31/3/2024 RM'000	Preceding Year Cumulative 31/3/2024 RM'000
Current taxation	(6)	(8)	(6)	(8)
In respect of prior years	-	-	-	-
	<u>(6)</u>	<u>(8)</u>	<u>(6)</u>	<u>(8)</u>

(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 29 May 2024 (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 February 2024, the Company had announced that the Company entered into a Share Sale Agreement with Lim Gait Tong Holdings Sdn. Bhd. for the acquisition of 175,000 ordinary shares representing a 35% equity interest in Entity Consolidated Sdn. Bhd. for a total purchase consideration of RM5,600,000.00 representing RM32.00 per Sale Share (hereinafter referred to as “the Proposed Acquisition”).

On 13 March 2024, the Company announced that the Proposed Acquisition had been completed on 12 March 2024.

B7. Group Borrowings and Debt Securities

Total borrowings of the Group as at 31 March 2024 were as follows:

<u>Secured</u>	Long Term Borrowing RM'000	Short Term Borrowing RM'000	Total RM'000
Lease liability	352	67	419
	<u>352</u>	<u>67</u>	<u>419</u>

B8. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 29 May 2024 (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 29 May 2024 (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.

B9. Material Litigations (Continued)

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% pa.

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 had 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 had fixed case management for the appeal application on 6 June 2023 via e-review. The Court of Appeal had fixed 8 August 2023 for case management as the Penang High Court's grounds of judgment was still pending. On 8 August 2023, the Court had fixed the next case management on 3 October 2023 to update the status of Ground of Judgment.

On 3 October 2023, the case management was deferred to 9 October 2023 and the Court of Appeal had fixed the hearing date on 1 August 2024 via Zoom and the next case management on 18 July 2024 to update the status of cause paper.

- 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.

B9. Material Litigations (Continued)

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.

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 had 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

B9. Material Litigations (Continued)

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 intended 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. On 15 August 2023, FGMB had filed a Notice of Appeal and the Court of Appeal had fixed for e-review on 14 November 2023.

On 14 November 2023 e-review, the Court of Appeal had fixed the following:

- i) Submission to be filed on 22 July 2024
- ii) Submission in reply to be filed on 6 August 2024
- iii) Case management fixed on 7 August 2024
- iv) Appeal hearing fixed on 21 August 2024 via zoom.

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 car park 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 had 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 of 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 matter proceeded to trial for two days at the Shah Alam High Court on 8 January 2024 and 31 January 2024. Subsequent to the trial, the High Court has ordered for written submissions to be filed in April 2024 and replies to be filed on/before 14 May 2024. The clarification is fixed on 29 May 2024 via zoom.

B9. Material Litigations (Continued)

- 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 had 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 fixed the next case management on 15 March 2023 and hearing on 30 March, 2023.

Further to the Notice dated 12 August 2022 received on 15 August 2022 as mentioned above, our solicitors had 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.

B9. Material Litigations (Continued)

On 23 August 2022, our solicitors 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 was 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 had allowed an amount of RM3,704.64 to be paid to the Plaintiff as Liquidated Ascertain Damages (LAD) calculated from 25 November 2004 until 1 February 2005 and an interest payment of 5% per annum on the amount of RM3,704.64 from the filing date i.e. 25 April 2018 until full settlement by BSSB. Meanwhile, the plaintiff's solicitor had agreed to withdraw the Winding-up Notice dated 12 August 2022.

On 4 October 2023, BSSB had paid an amount of RM30,088.04 to the plaintiff's solicitor being settlement of the following after deducted the cost awarded to BSSB of RM3,500 being the plaintiff appeal against the stay of winding up proceedings and the cost of application for amendment by the plaintiff:

1. LAD calculated from 25-11-2004 until 1-2-2005 with 10% per annum on purchase price amounting to RM3,704.64
2. Deposit refund for the sum of RM19,883.40
3. Cost of the High Court's suit under Suit No: BA-22NCC-52-08/2018 for the sum of RM10,000.00

On 7 October 2023, plaintiff's solicitor wrote to BSSB solicitor demanding payment for the sum of RM596,628-56 instead of the amount paid by BSSB to the plaintiff. The difference between the amount demanded by the plaintiff's solicitor and the amount paid by BSSB is mainly on the outstanding housing loan that supposed to be settled to the financier; ie. Public Islamic Bank Berhad. On 30 October 2023, BSSB solicitor wrote to plaintiff's solicitor to deny their demand and BSSB will proceed to request the redemption statement from the financier as per the Court of Appeal Order under Appeal No: B-02(NCC)(W)-1083-06/2022 to redeem the property.

Meanwhile, the said demand will not have any material financial impact on BSSB and the Group as it had been provided in the financial statement of the Group. BSSB will proceed the payment (if any) upon receive the redemption statement from the financier.

B9. Material Litigations (Continued)

- v) Shah Alam High Court Civil Suit No:BA-24NCVC-1683-10/2022
Rayuan B-02(NCVC)(A)-1133-07/2023
Bandar Subang Sdn Bhd -v- Persatuan Penganut Sri Maha
Mariamman Kajang Selangor (PPSMM)

Bandar Subang Sdn Bhd (“**BSSB**”), a wholly owned subsidiary of Farlim Group (Malaysia), in May 2022 commenced development of 23 units of 2-storey terrace houses at Saujana Impian Kajang, Selangor in accordance with approved development order and building plan from Majlis Perbandaran Kajang. Saujana Impian Kajang is a housing scheme partly developed by BSSB that comprises of 830 housing units.

A Hindu temple known as the Sri Maha Mariamman Kajang Temple (“**the Temple**”) is situated within the housing scheme of Saujana Impian Kajang. The land on which the Temple is situated has been incorporated in the approved plan endorsed by the Majlis Perbandaran Kajang, in accordance with the state of Selangor’s guidelines for temples.

On 11 October 2022, the Persatuan Penganut Sri Maha Mariamman, Kajang, Selangor (acting as the trustee and manager of the Temple) (“**the Plaintiff**”) initiated a legal suit against BSSB at the Shah Alam High Court (“**the Court**”).

The details of the suit are essentially as follows:

- (i) a declaration that 14 plots of development land under PT 70054 No H.S.(D)134913 to PT 70060 No H.S.(D)134919, PT 70068 No H.S.(D)134927 to PT 70070 No H.S.(D) 134929 and PT 70081 No H.S.(D) 134940 to PT 70084 No H.S.(D) 134943 all at Seksyen 9, Bandar Kajang, Daerah Ulu Langat, Selangor be handed over by BSSB to the Temple (“**the Lands**”);
- (ii) an injunction preventing BSSB from continuing with any development activity on the Lands; and
- (iii) a court order requiring BSSB to deposit original titles for the Lands to the Court until disposal of the current legal proceedings.

The Court allowed the Plaintiff’s application on 23 June 2023. BSSB has, through its solicitors, filed a notice of appeal on 14 July 2023. The Court of Appeal has fixed the hearing for 21 June 2024.

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

a) Basic Loss Per Share

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year Quarter</u> 31/3/2024	<u>Preceding Year Corresponding Quarter</u> 31/3/2023	<u>Current Year To-date</u> 31/3/2024	<u>Preceding Year Corresponding Period</u> 31/3/2023
(a) Net loss for the period attributable to owners of the Company (RM'000)	(1,940)	(1,149)	(1,940)	(1,149)
(b) Weighted average number of ordinary shares ('000)	153,026	153,026	153,026	153,026
(c) Basic loss per share (sen)	(1.27)	(0.75)	(1.27)	(0.75)

b) Diluted 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. Loss Before Tax Is Stated After Charging/(Crediting) :

	Current Quarter Ended 31/3/2024 RM'000	Current Year To Date 31/3/2024 RM'000
Interest income	(25)	(25)
Other income including investing income	(346)	(346)
Interest expense	5	5
Depreciation and amortisation	144	144
Impairment loss on investments	N/A	N/A
Provision for compensation	-	-
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.