

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

UNAUDITED RESULTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2024
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUNE 2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2023 RM'000	CURRENT YEAR TO DATE 30 JUNE 2024 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUNE 2023 RM'000
REVENUE	1,307	4,346	3,481	8,166
Operating Expenses	(8,002)	(6,291)	(12,473)	(11,638)
Other Operating Income	158	145	310	360
LOSS FROM OPERATIONS	(6,537)	(1,800)	(8,682)	(3,112)
Interest Income	36	42	61	57
Interest Expense	(4)	-	(9)	-
Investing Results	(34)	263	160	435
LOSS BEFORE TAXATION	(6,539)	(1,495)	(8,470)	(2,620)
Taxation	(7)	(7)	(13)	(15)
LOSS FOR THE FINANCIAL PERIOD	(6,546)	(1,502)	(8,483)	(2,635)
Other Comprehensive Loss	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD	(6,546)	(1,502)	(8,483)	(2,635)
LOSS ATTRIBUTABLE TO :				
Owners Of The Company	(6,544)	(1,506)	(8,484)	(2,655)
Non-controlling interests	(2)	4	1	20
	(6,546)	(1,502)	(8,483)	(2,635)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO :				
Owners Of The Company	(6,544)	(1,506)	(8,484)	(2,655)
Non-controlling interests	(2)	4	1	20
	(6,546)	(1,502)	(8,483)	(2,635)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY :				
Basic Loss Per Ordinary Share (Sen)	(4.28)	(0.98)	(5.54)	(1.74)
(Based on no of 153,025,613 (2022:153,025,613) ordinary shares)	(4.28)	(0.98)	(5.54)	(1.74)
Diluted Loss Per Ordinary Share (Sen)	(4.28)	(0.98)	(5.54)	(1.74)
(Based on no of 153,025,613 (2022:153,025,613) ordinary shares)	(4.28)	(0.98)	(5.54)	(1.74)

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 SECOND QUARTER ENDED 30 JUNE 2024
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30 JUNE 2024 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31 DEC 2023 RM'000
ASSETS :		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	3,250	3,319
RIGHT-Of-USE ASSETS	626	685
INVESTMENT PROPERTIES	11,379	11,348
INVESTMENT IN ASSOCIATES	5,704	-
OTHER INVESTMENTS	43	35
INVENTORIES	48,629	48,535
GOODWILL ON CONSOLIDATION	2,970	2,970
	<u>72,601</u>	<u>66,892</u>
<u>CURRENT ASSETS</u>		
INVENTORIES	31,209	29,191
CONTRACT ASSETS	1,116	1,029
OTHER INVESTMENTS	18,663	28,889
TRADE AND OTHER RECEIVABLES	13,379	14,874
PREPAYMENTS	37	111
TAX RECOVERABLE	69	65
CASH AND CASH EQUIVALENTS	4,672	5,317
	<u>69,145</u>	<u>79,476</u>
TOTAL ASSETS	<u>141,746</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	(48,774)	(40,290)
	<u>115,145</u>	<u>123,629</u>
NON-CONTROLLING INTERESTS	298	297
TOTAL EQUITY	<u>115,443</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	4,376	4,623
CONTRACT LIABILITY	102	-
PROVISIONS	21,345	17,285
LEASE LIABILITIES	45	89
TAX PAYABLE	47	57
	<u>25,915</u>	<u>22,054</u>
TOTAL LIABILITIES	<u>26,303</u>	<u>22,442</u>
TOTAL EQUITY AND LIABILITIES	<u>141,746</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)	0.75	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 SECOND QUARTER ENDED 30 JUNE 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TODATE 30 JUNE 2024 RM'000	PRECEDING YEAR TODATE 30 JUNE 2023 RM'000
LOSS BEFORE TAXATION	(8,470)	(2,620)
Adjustments for :-		
Non-cash items	4,253	157
Non-operating items	(109)	(236)
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL	(4,326)	(2,699)
Changes in working capital :		
Net change in current assets	(456)	447
Net change in contract assets	(86)	(440)
Net change in current liabilities	(342)	(1,898)
Net change in contract liabilities	102	144
Interest received	61	15
Tax paid	(27)	(20)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(5,074)	(4,451)
Investing activities :		
Investment income received	49	174
Proceeds from disposal of property, plant and equipment	-	3
Investment in associates company	(5,600)	-
Redemption/(Investment) in short term investment	10,226	5,540
Net change in amount owing to directors	-	2
Purchase of property, plant and equipment	(15)	(9)
Purchase of investment properties	(178)	-
NET CASH GENERATING FROM INVESTING ACTIVITIES	4,482	5,710
Financing activities :		
Payment to finance lease liabilities	(44)	-
Interest paid	(9)	-
NET CASH (USED IN)/GENERATING FROM FINANCING ACTIVITIES	(53)	-
NET (DECREASED)/ INCREASE IN CASH AND CASH EQUIVALENTS	(645)	1,259
CASH AND CASH EQUIVALENTS - AT START OF PERIOD	5,317	7,563
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	4,672	8,822
ANALYSIS OF CASH AND CASH EQUIVALENTS :		
Cash and bank balances	4,672	8,822
CASH AND CASH EQUIVALENTS	4,672	8,822

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 SECOND QUARTER ENDED 30 JUNE 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 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
As At 1 April 2024	169,042	(5,123)	-	(42,230)	121,689	300	121,989
Loss for the financial period	-	-	-	(6,544)	(6,544)	(2)	(6,546)
As At 30 June 2024	169,042	(5,123)	-	(48,774)	115,145	298	115,443

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 second quarter ended 30 June 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 30-Jun 2024 RM'000	Preceding Year Corresponding Quarter 30-Jun 2023 RM'000	Increase / (Decrease) (%)	Current Year To-date 30-Jun 2024 RM'000	Preceding Year Corresponding Period 30-Jun 2023 RM'000	Increase / (Decrease) (%)
Operating Revenue	1,227	4,202	(70.80%)	3,316	7,891	(57.98%)
Cost of sales	(926)	(3,476)	(73.36%)	(2,553)	(6,067)	(57.92%)
Results						
Segment Results	(6,682)	(1,901)	251.50%	(8,979)	(3,425)	162.16%
Other Income	153	120	27.50%	298	327	(8.87%)
Interest Income	36	13	176.92%	61	28	117.86%
Interest expense	(4)	-	100.00%	(9)	-	100.00%
Loss Before Tax	(6,497)	(1,768)	267.48%	(8,629)	(3,070)	181.07%

B) Trading Segment

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Jun 2024 RM'000	Preceding Year Corresponding Quarter 30-Jun 2023 RM'000	Increase / (Decrease) (%)	Current Year To-date 30-Jun 2024 RM'000	Preceding Year Corresponding Period 30-Jun 2023 RM'000	Increase / (Decrease) (%)
Operating Revenue	66	122	(45.90%)	151	253	(40.32%)
Cost of sales	-	(117)	(100.00%)	(200)	(246)	(18.70%)
Results						
Segment Results	(11)	(1)	1000.00%	(12)	(4)	208.15%
Other Income	5	11	(54.55%)	12	19	(36.84%)
Interest Income	-	-	(0.00%)	-	-	(0.00%)
(Loss)/Profit Before Tax	(6)	10	(160.00%)	(0)	15	(102.17%)

C) Investment Segment & Others

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Jun 2024 RM'000	Preceding Year Corresponding Quarter 30-Jun 2023 RM'000	Increase / (Decrease) (%)	Current Year To-date 30-Jun 2024 RM'000	Preceding Year Corresponding Period 30-Jun 2023 RM'000	Increase / (Decrease) (%)
Operating Revenue	14	22	(36.36%)	14	22	(36.36%)
Cost of sales	-	-	0.00%	-	-	0.00%
Results						
Segment Results	-	(2)	100.00%	(1)	(2)	(50.00%)
Investing income	(34)	265	(112.83%)	160	437	(63.39%)
(Loss) / Profit Before Tax	(34)	263	(112.93%)	159	435	(63.45%)

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 August 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 on the website of SSM on 2 February 2024.
- ii) On 23 February 2024, the Company had announced that it had 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 August 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 the Group's Financial Performance

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Jun 2024 RM'000	Preceding Year Corresponding Quarter 30-Jun 2023 RM'000	Increase / (Decrease) (%)	Current Year To date 30-Jun 2024 RM'000	Preceding Year Corresponding Period 30-Jun 2023 RM'000	Increase / (Decrease) (%)
Revenue	1,307	4,346	(69.93%)	3,481	8,166	(57.37%)
Operating (Loss)/Profit	(6,537)	(1,800)	263.17%	(8,682)	(3,112)	178.98%
Loss Before Interest and Tax	(6,571)	(1,537)	327.52%	(8,522)	(2,677)	218.34%
Loss Before Tax	(6,539)	(1,495)	337.39%	(8,470)	(2,620)	223.28%
Loss After Tax	(6,546)	(1,502)	335.82%	(8,483)	(2,635)	221.94%
Loss Attributable to Ordinary Equity Holders of the Parent	(6,544)	(1,506)	334.53%	(8,484)	(2,655)	219.55%

The Group's revenue of RM1.307 million for the current financial quarter (2Q2024) represented a decrease of 69.93% as compared to RM4.346 million for the preceding year corresponding quarter (2Q2023). Revenue for the financial period from 1 January 2024 to 30 June 2024 (FY2024) of RM3.481 million decreased by 57.37% as compared to revenue of RM8.166 million for the preceding year corresponding period from 1 January 2023 to 30 June 2023 (FY2023). The revenue for 2Q2024 and FY2024 was mainly contributed by the property segment.

The Group's Loss Before Tax (LossBT) for 2Q2024 and FY2024 of RM6.539 million and RM8.470 million represented an increase of 337.39% and 223.28% respectively as compared to the LossBT of RM1.495 million and RM2.620 million in 2Q2023 and FY2023. The LossBT for 2Q2024 and FY2024 was mainly attributable to the slow sales and the low profit margin of the Company's affordable housing product in Bidor, Perak and the provision of compensation of RM3.965 million to City One Management Corporation (City One) in respect of the maintenance charges of approximately RM3.940 million together with cost of RM0.025 million in relation to the material litigation between LJ Harta Sdn Bhd (LJHSB), a wholly owned subsidiary, and City One which a Court has ruled in favour of City One.

(b) Segment Analysis

(i) Property

The Group's property segment registered a revenue of RM1.227 million in 2Q2024 and RM3.316 million in FY2024. The revenue decreased by 70.80% in 2Q2024 as compared to RM4.202 million in 2Q2023 and revenue for FY2024 of RM3.316 million decreased by 57.98% from RM7.891 million in FY2023.

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

(b) Segment Analysis (Continued)

(i) Property (Continued)

The revenue 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, 1-storey semi-detached houses in Phase 7A, 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 house at BBAI, Penang

LossBT for 2Q2024 of RM6.497 million represented an increase of 267.48% as compared to a LossBT of RM1.768 million in 2Q2023. For FY2024, the LossBT of RM8.629 million increased by 181.07% as compared to LossBT of RM3.070 million in FY2023. LossBT for FY2024 was mainly due to the slow sales and the low profit margin generated from the Company's affordable housing in Bidor, Perak and the provision of compensation of RM3.965 million to City One in respect of the maintenance charges of approximately RM3.940 million together with cost of RM0.025 million in relation to the material litigation between LJHSB and City One which a Court has ruled in favour of City One.

(ii) Trading

Trading revenue for 2Q2024 and FY2024 of RM0.066 million and RM0.151 million represented a decrease of 45.90% and 40.32% respectively as compared to the revenue of RM0.122 million in 2Q2023 and RM0.253 million in FY2023. Trading revenue was derived mainly from the supply of building materials to contractors.

The trading segment registered a LossBT of RM0.006 million for the 2Q2024 represented a decrease of 160.00% as compared to the Profit Before Tax (ProfitBT) of RM0.01 million for 2Q2023. For the FY2024, the trading segment registered an insignificant LossBT as compared to the ProfitBT of RM0.015 million in FY2023.

(iii) Investment & Others

The LossBT of the investment segment and others for 2Q2024 of RM0.034 million represented a decrease of 112.93% as compared to ProfitBT of RM0.263 million for 2Q2023. ProfitBT for FY2024 of RM0.159 million decreased by 63.45% as compared to the ProfitBT of RM0.435 million for FY2023. The LossBT for 2Q2024 was mainly contributed by the realized loss on Net Assets Value (NAV) derived from the full redemption of a cash management fund with an investment management company and after netting off the share of profit from the associate company which was acquired on 23 February 2024.

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

	Current Year Quarter 30-Jun 2024 RM'000	Immediate Preceding Quarter 31-Mar 2024 RM'000	Changes (%)
Revenue	1,307	2,174	(39.88%)
Operating Loss	(6,537)	(2,145)	204.76%
Loss Before Interest and Tax	(6,571)	(1,951)	236.80%
Loss Before Tax	(6,539)	(1,931)	238.63%
Loss After Tax	(6,546)	(1,937)	237.95%
Loss Attributable to Ordinary Equity Holders of the Parent	(6,544)	(1,940)	237.32%

The Group's revenue of RM1.307 million for the current financial quarter (2Q2024) decreased by 39.88% as compared to the revenue of RM2.174 million for the immediate preceding financial quarter (1Q2024). The revenue in 2Q2024 were attributable to the sales and progress billings of the Company's ongoing Phase 4A and Phase 7A 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 house at BBAI, Penang.

The LossBT of RM6.539 million for the current financial quarter (2Q2024) increased by 238.63% as compared to LossBT of RM1.931 million for the immediate preceding financial quarter (1Q2024) was mainly attributable to the slow sale and low profit margin generated from the Company's affordable housing in Bidor, Perak and the provision of compensation of RM3.965 million to City One in respect of the maintenance charges of approximately RM3.940 million together with cost of RM0.025 million in relation to the material litigation between LJHSB and City One which a Court has ruled in favour of City One.

B3. Prospect For Current Financial Year

The stability of the Malaysian residential property market appears promising for 2024. With Bank Negara Malaysia maintaining the Overnight Policy Rate (OPR) at 3% and the projected moderate inflation rate of 2% - 3.5%, the Board of Directors is of the view that residential property market in 2024 would continue to be buoyed by resilient domestic demand. Nonetheless, the Group remains 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 our new launches of affordable residential properties in its Taman Impiana Bidor Perak township for long term sustainability.

B3. Prospect For Current Financial Year (Continued)

In view of long term sustainability, the Group has been actively sourcing for land bank opportunities in Selangor, Perak and Penang by way of outright acquisition and/or joint venture. In June 2024, the Company has signed a Sale and Purchase Agreement for the 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 Perbandaran Pulau Pinang for the proposed development of 24 units of 2-storey terrace houses. 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 30/6/2024 RM'000	Preceding Year Corresponding Quarter 30/6/2023 RM'000	Current Year Quarter Cumulative 30/6/2024 RM'000	Preceding Year Quarter Cumulative 30/6/2024 RM'000
Current taxation	(7)	(7)	(13)	(15)
In respect of prior years	-	-	-	-
	<u>(7)</u>	<u>(7)</u>	<u>(13)</u>	<u>(15)</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 August 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 30 June 2024 were as follows:

<u>Secured</u>	Long Term Borrowing RM'000	Short Term Borrowing RM'000	Total RM'000
Lease liability	352	45	397
	352	45	397

B8. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 29 August 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 August 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:

B9. Material Litigations (Continued)

- 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.

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% 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.

On 21 June 2024, the Court has vacated the original hearing date of 1 August 2024 and fixed a new hearing date of 2 December 2024.

- 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”).

B9. Material Litigations (Continued)

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.

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 continued on 22 to 23 November 2022 and 13 to 15 February 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.

B9. Material Litigations (Continued)

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.

The Company filed a notice and appeal to the Court of Appeal on 15 August 2023. The hearing before the Court of Appeal which was originally scheduled on 21 August 2024 has been vacated and the Court of Appeal has fixed a new hearing date on 3 January 2025.

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.

B9. Material Litigations (Continued)

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.

On 4 June 2024, the Shah Alam High Court ruled that the Plaintiff is allowed to claim a sum of RM3,940,199.08 for maintenance charges together with an interest and cost of RM25,000.00. However, the Plaintiff's claim towards the electricity charges was dismissed.

The Defendant has filed an appeal along with the stay application with the Court of Appeal against Shah Alam High Court's judgement that were unfavourable to the Defendant. Pending the appeal process running its course, a provision on the estimated compensation sum has been made in the financial results of the Group.

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)

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 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.

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 ("PIBB"). 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.

B9. Material Litigations (Continued)

During a follow up meeting on 14 May 2024, PIBB informed that the plaintiff has not given consent to PIBB to issue the redemption statement to BSSB. BSSB solicitor wrote to plaintiff's solicitor to state that failing in issuing the redemption statement to BSSB, the plaintiff shall be liable to pay further cost and expenses incurred by BSSB.

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.

- 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 postponed the hearing of appeal on 21 June 2024 to 9 September 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> 30/6/2024	<u>Preceding Year Corresponding Quarter</u> 30/6/2023	<u>Current Year To-date</u> 30/6/2024	<u>Preceding Year Corresponding Period</u> 30/6/2023
(a) Net loss for the period attributable to owners of the Company (RM'000)	(6,544)	(1,506)	(8,484)	(2,655)
(b) Weighted average number of ordinary shares ('000)	153,026	153,026	153,026	153,026
(c) Basic loss per share (sen)	(4.28)	(0.98)	(5.54)	(1.74)

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 30/6/2024 RM'000	Current Year To Date 30/6/2024 RM'000
Interest income	(36)	(61)
Other income including investing income	(124)	(470)
Interest expense	4	9
Depreciation and amortisation	145	289
Impairment loss on investments	N/A	N/A
Provision for compensation	3,965	3,965
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.