

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

UNAUDITED RESULTS OF THE GROUP FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEPT 2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEPT 2023 RM'000	CURRENT YEAR TO DATE 30 SEPT 2024 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPT 2023 RM'000
REVENUE	4,561	2,983	8,042	11,149
Operating Expenses	(5,254)	(5,389)	(17,727)	(17,026)
Other Operating Income	2,433	260	2,743	620
PROFIT/(LOSS) FROM OPERATIONS	<u>1,740</u>	<u>(2,146)</u>	<u>(6,942)</u>	<u>(5,257)</u>
Interest Income	11	24	72	81
Interest Expense	(4)	-	(13)	-
Investing Results	169	233	329	668
PROFIT/(LOSS) BEFORE TAXATION	<u>1,916</u>	<u>(1,889)</u>	<u>(6,554)</u>	<u>(4,508)</u>
Taxation	(204)	(7)	(217)	(22)
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	<u>1,712</u>	<u>(1,896)</u>	<u>(6,771)</u>	<u>(4,530)</u>
Other Comprehensive Loss	-	-	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	<u><u>1,712</u></u>	<u><u>(1,896)</u></u>	<u><u>(6,771)</u></u>	<u><u>(4,530)</u></u>
PROFIT/(LOSS) ATTRIBUTABLE TO :				
Owners Of The Company	1,715	(1,899)	(6,769)	(4,553)
Non-controlling interests	(3)	3	(2)	23
	<u>1,712</u>	<u>(1,896)</u>	<u>(6,771)</u>	<u>(4,530)</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS) ATTRIBUTABLE TO :				
Owners Of The Company	1,715	(1,899)	(6,769)	(4,553)
Non-controlling interests	(3)	3	(2)	23
	<u>1,712</u>	<u>(1,896)</u>	<u>(6,771)</u>	<u>(4,530)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY :				
Basic Earnings/(Loss) Per Ordinary Share (Sen) (Based on no of 153,025,613 (2023:153,025,613) ordinary shares)	1.12	(1.24)	(4.42)	(2.98)
	<u>1.12</u>	<u>(1.24)</u>	<u>(4.42)</u>	<u>(2.98)</u>
Diluted Earnings/(Loss) Per Ordinary Share (Sen) (Based on no of 153,025,613 (2023:153,025,613) ordinary shares)	1.12	(1.24)	(4.42)	(2.98)
	<u>1.12</u>	<u>(1.24)</u>	<u>(4.42)</u>	<u>(2.98)</u>

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

FARLIM GROUP (MALAYSIA) BHD (82275 A)
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UNAUDITED RESULTS OF THE GROUP FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30 SEPT 2024 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31 DEC 2023 RM'000
ASSETS :		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	3,212	3,319
RIGHT-Of-USE ASSETS	596	685
INVESTMENT PROPERTIES	8,679	11,348
INVESTMENT IN ASSOCIATES	5,720	-
OTHER INVESTMENTS	37	35
INVENTORIES	48,637	48,535
GOODWILL ON CONSOLIDATION	2,970	2,970
	<u>69,851</u>	<u>66,892</u>
<u>CURRENT ASSETS</u>		
INVENTORIES	38,266	29,191
CONTRACT ASSETS	1,589	1,029
OTHER INVESTMENTS	17,091	28,889
TRADE AND OTHER RECEIVABLES	14,672	14,874
PREPAYMENTS	65	111
TAX RECOVERABLE	102	65
CASH AND CASH EQUIVALENTS	6,044	5,317
	<u>77,829</u>	<u>79,476</u>
TOTAL ASSETS	<u>147,680</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	(47,059)	(40,290)
	<u>116,860</u>	<u>123,629</u>
NON-CONTROLLING INTERESTS	295	297
TOTAL EQUITY	<u>117,155</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	6,213	4,623
CONTRACT LIABILITY	102	-
PROVISIONS	23,723	17,285
LEASE LIABILITIES	23	89
TAX PAYABLE	76	57
	<u>30,137</u>	<u>22,054</u>
TOTAL LIABILITIES	<u>30,525</u>	<u>22,442</u>
TOTAL EQUITY AND LIABILITIES	<u>147,680</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)	0.76	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 THIRD QUARTER ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TODATE 30 SEPT 2024 RM'000	PRECEDING YEAR TODATE 30 SEPT 2023 RM'000
LOSS BEFORE TAXATION	(6,554)	(4,508)
Adjustments for :-		
Non-cash items	4,411	450
Non-operating items	(2,511)	(847)
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL	(4,654)	(4,905)
Changes in working capital :		
Net change in current assets	(6,466)	(9,945)
Net change in contract assets	(559)	1,003
Net change in current liabilities	1,551	(1,905)
Net change in contract liabilities	-	(130)
Interest received	72	81
Tax paid	(235)	(90)
Compensation/Liquidated and ascertained damages paid	-	(30)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(10,291)	(15,921)
Investing activities :		
Investment income received	208	666
Proceeds from disposal of property, plant and equipment	5,500	101
Investment in associates company	(5,600)	-
Redemption/(Investment) in short term investment	11,798	12,836
Net change in amount owing to directors	-	2
Purchase of property, plant and equipment	(15)	(696)
Purchase of investment properties	(794)	-
NET CASH GENERATING FROM INVESTING ACTIVITIES	11,097	12,909
Financing activities :		
Drawdown of lease liability	-	575
Payment to finance lease liabilities	(66)	(18)
Interest paid	(13)	-
NET CASH (USED IN)/GENERATING FROM FINANCING ACTIVITIES	(79)	557
NET (DECREASED)/ INCREASE IN CASH AND CASH EQUIVALENTS	727	(2,455)
CASH AND CASH EQUIVALENTS - AT START OF PERIOD	5,317	7,563
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	6,044	5,108
ANALYSIS OF CASH AND CASH EQUIVALENTS :		
Cash and bank balances	6,044	5,108
CASH AND CASH EQUIVALENTS	6,044	5,108

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)
(Incorporated In Malaysia)

UNAUDITED RESULTS OF THE GROUP FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 July 2023	169,042	(5,123)	-	(36,109)	127,810	275	128,085
Loss for the financial period	-	-	-	(1,899)	(1,899)	3	(1,896)
As At 30 September 2023	169,042	(5,123)	-	(38,008)	125,911	278	126,189
As At 1 July 2024	169,042	(5,123)	-	(48,774)	115,145	298	115,443
Profit for the financial period	-	-	-	1,715	1,715	(3)	1,712
As At 30 September 2024	169,042	(5,123)	-	(47,059)	116,860	295	117,155

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 third quarter ended 30 September 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 new MFRSs and amendments to MFRSs that have been issued but not yet effective:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2024/ 1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ 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/ 1 January 2026
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-Sep 2024 RM'000	Preceding Year Corresponding Quarter 30-Sep 2023 RM'000	Increase / (Decrease) (%)	Current Year To-date 30-Sep 2024 RM'000	Preceding Year Corresponding Period 30-Sep 2023 RM'000	Increase / (Decrease) (%)
Operating Revenue	4,545	2,776	63.72%	7,861	10,667	(26.31%)
Cost of sales	(2,428)	(2,072)	17.18%	(4,981)	(8,239)	(39.54%)
Results						
Segment Results	(680)	(2,403)	(71.70%)	(9,659)	(5,868)	64.60%
Other Income	2,425	254	854.72%	2,723	595	357.65%
Interest Income	11	24	(54.17%)	72	81	(11.11%)
Interest expense	(4)	-	100.00%	(13)	-	100.00%
Profit/(Loss) Before Tax	1,752	(2,125)	(182.45%)	(6,877)	(5,192)	32.45%

B) Trading Segment

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Sep 2024 RM'000	Preceding Year Corresponding Quarter 30-Sep 2023 RM'000	Increase / (Decrease) (%)	Current Year To-date 30-Sep 2024 RM'000	Preceding Year Corresponding Period 30-Sep 2023 RM'000	Increase / (Decrease) (%)
Operating Revenue	2	203	(99.01%)	153	456	(66.45%)
Cost of sales	(177)	(195)	(9.23%)	(259)	(441)	(41.27%)
Results						
Segment Results	(11)	(2)	450.00%	(23)	(6)	283.33%
Other Income	8	6	33.33%	20	25	(20.80%)
Interest Income	-	-	(0.00%)	-	-	(0.00%)
(Loss)/Profit Before Tax	(3)	4	(175.00%)	(3)	19	(116.84%)

C) Investment Segment & Others

	Individual Quarter			Cumulative Period		
	Current Year Quarter 30-Sep 2024 RM'000	Preceding Year Corresponding Quarter 30-Sep 2023 RM'000	Increase / (Decrease) (%)	Current Year To-date 30-Sep 2024 RM'000	Preceding Year Corresponding Period 30-Sep 2023 RM'000	Increase / (Decrease) (%)
Operating Revenue	14	4	(250.00%)	28	26	7.7%
Cost of sales	-	-	0.00%	-	-	0.00%
Results						
Segment Results	(2)	(1)	(100.00%)	(3)	(3)	(0.00%)
Investing income	169	233	(27.47%)	329	668	(50.75%)
Profit/(Loss) Before Tax	167	232	(28.02%)	326	665	(50.98%)

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 28 November 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 28 November 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-Sep 2024 RM'000	Preceding Year Corresponding Quarter 30-Sep 2023 RM'000	Increase / (Decrease) (%)	Current Year To date 30-Sep 2024 RM'000	Preceding Year Corresponding Period 30-Sep 2023 RM'000	Increase / (Decrease) (%)
Revenue	4,561	2,983	52.90%	8,042	11,149	(27.87%)
Operating Profit/(Loss)	1,740	(2,146)	(181.08%)	(6,942)	(5,257)	32.05%
Profit/(Loss) Before Interest and Tax	1,909	(1,913)	(199.79%)	(6,613)	(4,589)	44.11%
Profit/(Loss) Before Tax	1,916	(1,889)	(201.43%)	(6,554)	(4,508)	45.39%
Profit/(Loss) After Tax	1,712	(1,896)	(190.30%)	(6,771)	(4,530)	49.47%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,715	(1,899)	(190.31%)	(6,769)	(4,553)	48.67%

The Group's revenue of RM4.561 million for the current financial quarter (3Q2024) represented an increase of 52.90% as compared to RM2.983 million for the preceding year corresponding quarter (3Q2023). Revenue for the financial period from 1 January 2024 to 30 September 2024 (FY2024) of RM8.042 million decreased by 27.87% as compared to revenue of RM11.149 million for the preceding year corresponding period from 1 January 2023 to 30 September 2023 (FY2023). The revenue for 3Q2024 and FY2024 was mainly contributed by the property segment.

The Group's Profit Before Tax (ProfitBT) for 3Q2024 of RM1.916 million represented an increase of 201.43% from Loss Before Tax (LossBT) of RM1.889 million in 3Q2023. LossBT for FY2024 of RM6.554 million represented an increase of 45.39% as compared to the LossBT of RM4.508 million for FY2023. The ProfitBT for 3Q2024 was mainly attributable to the gain on disposal of 2 units of investment properties of the Company.

(b) Segment Analysis

(i) Property

The Group's property segment registered a revenue of RM4.545 million in 3Q2024 and RM7.861 million in FY2024. The revenue increased by 63.72% in 3Q2024 as compared to RM2.776 million in 3Q2023 and revenue for FY2024 of RM7.861 million decreased by 26.31% from RM10.667 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 and sale of a vacant bungalow land at Bandar Baru Ayer Itam (BBAI), Penang

ProfitBT for 3Q2024 of RM1.752 million represented an increase of 182.45% from a LossBT of RM2.125 million in 3Q2023. The ProfitBT was mainly attributable to the gain on disposal of 2 units of investment properties of the Company.

For FY2024, the LossBT of RM6.877 million increased by 32.45% as compared to LossBT of RM5.192 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 Management Corporation (COMC) 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 COMC which a Court has ruled in favour of COMC.

(ii) Trading

Trading segment registered an insignificant revenue of RM0.002 million for 3Q2024 and RM0.153 million for FY2024 represented a decrease of 99.01% and 66.45% respectively as compared to the revenue of RM0.203 million in 3Q2023 and RM0.456 million in FY2023. Trading revenue was derived mainly from the supply of building materials to contractors.

The trading segment registered a LossBT of RM0.003 million for 3Q2024 and FY2024 represented a decrease of 175.00% and 116.84% from the ProfitBT of RM0.004 million and RM0.019 million for 3Q2023 and FY2023 respectively. The LossBT was in tandem with the lower revenue and the insignificant gross profit generated.

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

(b) Segment Analysis (Continued)

(iii) Investment & Others

The ProfitBT of the investment segment and others for 3Q2024 of RM0.167 million represented a decrease of 28.02% as compared to ProfitBT of RM0.232 million for 3Q2023. ProfitBT for FY2024 of RM0.326 million decreased by 50.98% as compared to the ProfitBT of RM0.665 million for FY2023. The ProfitBT for 3Q2024 was mainly contributed by the investing income mainly derived from the cash management fund with an investment management company and 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-Sep 2024 RM'000	Immediate Preceding Quarter 30-Jun 2024 RM'000	Changes (%)
Revenue	4,561	1,307	248.97%
Operating Loss	1,740	(6,537)	(126.62%)
Profit/(Loss) Before Interest and Tax	1,909	(6,571)	(129.05%)
Profit/(Loss) Before Tax	1,916	(6,539)	(129.30%)
Profit/(Loss) After Tax	1,712	(6,546)	(126.15%)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,715	(6,544)	(126.21%)

The Group's revenue of RM4.561 million for the current financial quarter (3Q2024) increased by 248.97% as compared to the revenue of RM1.307 million for the immediate preceding financial quarter (2Q2024). The revenue in 3Q2024 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, the sales and progress billings of a 2-storey terrace house and sale of a vacant bungalow land at BBAI, Penang.

The ProfitBT of RM1.916 million for the current financial quarter (3Q2024) increased by 129.30% from the LossBT of RM6.539 million for the immediate preceding financial quarter (2Q2024) was mainly attributable to the gain from disposal of two units of investment properties of the Company. The LossBT for the immediate preceding financial quarter (2Q2024) was mainly attributable to the provision of compensation of RM3.965 million to COMC in relation to the material litigation between LJHSB and COMC which a Court has ruled in favour of COMC.

B3. Prospect For Current Financial Year

The economic outlook for the residential property market continues to be positive due to ongoing momentum in domestic and consumer spending. Inflation continues to moderate underpinning positive consumer and business sentiments and a stable Overnight Policy Rate (OPR) of 3% provides a conducive and positive platform for the Company's planned residential property development at its Taman Impiana Bidor, Perak township for the remainder of the year 2024 and new project launches into the next financial year.

For long term sustainability of the Group, a wholly-owned subsidiary company has on 25 September 2024 signed a conditional sale and purchase agreement (SPA) to unlock and monetize the value of a leasehold housing scheme with 1205 individual leasehold titles in Mukim Teja, District of Kampar, Perak for a cash consideration of RM33.0 million to improve the Group's financial position and to enable the Group to acquire new strategic landbanks for future property development. Barring any unforeseen circumstances the SPA is expected to be completed in the 2nd quarter of 2025.

Moving forward, ongoing efforts to evaluate business plans and activities to further strengthen the Group's operation, active sourcing of land banks opportunities in Selangor, Perak and Penang by way of outright acquisition and/or joint venture, improve management effectiveness and efficiency, 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 30/9/2024 RM'000	Preceding Year Corresponding Quarter 30/9/2023 RM'000	Current Year Quarter Cumulative 30/9/2024 RM'000	Preceding Year Cumulative 30/9/2023 RM'000
Current taxation	(6)	(10)	(19)	(25)
Real Property Gain Tax	(199)	-	(199)	-
In respect of prior years	1	3	1	3
	<u>(204)</u>	<u>(7)</u>	<u>(217)</u>	<u>(22)</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.

B5. Taxation (Continued)

(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 28 November 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.

- ii) On 25 September 2024, the Company had announced that Farlim (Perak) Sdn Bhd, a wholly-owned subsidiary entered into a conditional sale and purchase agreement with Gabong Holding Sdn Bhd for a disposal of a leasehold housing scheme with individual title consisting of 1,201 pieces of individual leasehold titles, 3 pieces of Tenaga Nasional Berhad substation leasehold titles and 1 piece of Sistem Suis Utama tapak electric leasehold title, held under Title No. HSD 16599 to 17802 and 183566, Lot No.PT21779 to PT22982 and PT24754, Mukim of Teja, District of Kampar, State of Perak together with reserved land for infrastructure, utilities, amenities and services (collectively referred to as the “**Gopeng Land**”), measuring total gross land area of approximately 39.174 hectares (96.800 acres) for a total cash consideration of RM33,000,000 (“**Proposed Disposal**”).

B7. Group Borrowings and Debt Securities

Total borrowings of the Group as at 30 September 2024 were as follows:

	Long Term Borrowing RM'000	Short Term Borrowing RM'000	Total RM'000
<u>Secured</u> Lease liability	352	23	375
	352	23	375

B8. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 28 September 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 28 November 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.

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. On 13 November 2024, the Court has fixed case management on 2 December 2024 for Appellant to finalise the counsel and to fix new hearing date.

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

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

The Defendants had jointly sold and the Company had purchased, pursuant to a Share Sale Agreement dated 15 November 2016 (hereinafter referred to as "the Agreement") one million (1,000,000) ordinary shares (hereinafter referred to as "the shares") in a company known as MH Consortium Sdn Bhd (currently known as Farlim (Perak) Sdn Bhd) (hereinafter referred to as "FPSB") for a total purchase consideration of RM2,579,000.00 (hereafter referred to as "the Purchase Price").

In addition to the Purchase Price, the Company also agreed to discharge certain shareholders' advances, trade creditors and other creditors and accruals owed by FPSB totalling RM16,157,399.69.

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

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

B9. Material Litigations (Continued)

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

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

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

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

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	<u>RM255,634.53</u>

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. On 19 November 2024, the Company was informed that the appeal hearing on 3 January 2024 has been vacated and that a case management via e-Review will be held on 19 December 2024 to fix a new appeal hearing date. Further, the Company was informed that a motion to adduce new evidence will be heard on 3 January 2025.

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 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.

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. On 2 October 2024 case management, our lawyer had filed all the relevant record of appeal in the Court's system except for the ground judgement. Hence, the Court has directed to file the grounds of judgement in the Supplementary Record of Appeal and fixed the next case management on 14 January 2025 to complete the Record of Appeal. The provision on the estimated compensation sum has been made in the financial results of the Group.

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 ("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.

On 2 September 2024, BSSB's solicitor wrote to request the plaintiff's solicitor to instruct the plaintiff to get the redemption statement from PIBB 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.

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 vacated the hearing of appeal on 21 June 2024 to 9 September 2024 and fixed next case management on 19 February 2025 and hearing on 5 March 2025.

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

a) Basic Earnings/(Loss) Per Share

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year Quarter</u> 30/9/2024	<u>Preceding Year Corresponding Quarter</u> 30/9/2023	<u>Current Year To-date</u> 30/9/2024	<u>Preceding Year Corresponding Period</u> 30/9/2023
(a) Net profit/(loss) for the period attributable to owners of the Company (RM'000)	1,715	(1,899)	(6,769)	(4,553)
(b) Weighted average number of ordinary shares ('000)	153,026	153,026	153,026	153,026
(c) Basic earnings/(loss) per share (sen)	1.12	(1.24)	(4.42)	(2.98)

b) Diluted Earnings/(Loss) Per Share

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

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

	<u>Current Quarter Ended</u> 30/9/2024 RM'000	<u>Current Year To Date</u> 30/9/2024 RM'000
Interest income	(11)	(72)
Other income including investing income	(2,602)	(3,072)
Interest expense	4	13
Depreciation and amortisation	128	417
Impairment loss on investments	N/A	N/A
Provision for compensation	-	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.