



(Company No.: 15379-V)

**ECOFIRST CONSOLIDATED BERHAD  
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED  
INTERIM FINANCIAL REPORT  
FOR THE QUARTER AND NINE MONTHS ENDED  
28 FEBRUARY 2019**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 28 FEBRUARY 2019**

|  | INDIVIDUAL PERIOD                                   |  | CUMULATIVE PERIOD                                   |   |
|--|---|--|---|---|
|  | Current Year<br>Quarter<br><br>28/02/2019<br>RM'000 | (Restated)<br>Preceding Year<br>Corresponding<br>Quarter<br>28/02/2018<br>RM'000 | Current Year<br>To Date<br><br>28/02/2019<br>RM'000 | (Restated)<br>Preceding Year<br>Corresponding<br>Period<br>28/02/2018<br>RM'000 |
| <b>Revenue</b>                                   | <b>57,491</b>                                       | 35,301   | <b>159,495</b>                                      | 120,520   |
| Cost of sales                                    | (44,611)  | (26,667)   | (124,975)   | (86,001)  |
| <b>Gross profit</b>                              | <b>12,880</b>                                       | 8,634  | <b>34,520</b>                                       | 34,519  |
| Other operating income                           | 787   | 144  | 1,434   | 29,036  |
| Distribution costs                               | (174)   | (273)  | (583)   | (1,040)   |
| Administration expenses                          | (3,427)   | (3,358)  | (9,017)   | (11,738)  |
| Other operating expenses                         | (649)   | (706)  | (2,481)   | (5,200)   |
| <b>Profit from operations</b>                    | <b>9,417</b>  | 4,441  | <b>23,873</b>                                       | 45,577  |
| Finance income                                   | 78  | 122  | 184   | 952   |
| Finance costs                                    | (1,512)   | (904)  | (4,806)   | (4,096)   |
| Net finance costs                                | (1,434)   | (782)  | (4,622)   | (3,144)   |
| <b>Profit before tax</b>                         | <b>7,983</b>  | 3,659  | <b>19,251</b>                                       | 42,433  |
| Income tax expense                               | (1,277)   | (1,636)  | (3,798)   | (5,148)   |
| <b>Net profit for the period</b>                 | <b>6,706</b>  | 2,023  | <b>15,453</b>                                       | 37,285  |
| Attributable to:                                 |   |  |   |   |
| Owners of the Company                            | 6,713   | 2,052  | 15,471  | 37,349  |
| Non-controlling interests                        | (7)   | (29)   | (18)  | (64)  |
| <b>Net profit for the period</b>                 | <b>6,706</b>  | 2,023  | <b>15,453</b>                                       | 37,285  |
| <b>Other comprehensive income</b>                |   |  |   |   |
| Available-for-sales financial assets             |   |  |   |   |
| - Loss on fair value changes                     | -   | (2)  | (2)   | -   |
| <b>Total comprehensive income for the period</b> | <b>6,706</b>  | 2,021  | <b>15,451</b>                                       | 37,285  |
| Attributable to:                                 |   |  |   |   |
| Owners of the Company                            | 6,713   | 2,050  | 15,469  | 37,349  |
| Non-controlling interests                        | (7)   | (29)   | (18)  | (64)  |
| <b>Total comprehensive income for the period</b> | <b>6,706</b>  | 2,021  | <b>15,451</b>                                       | 37,285  |
| Basic earnings per ordinary share (sen)          | <b>0.84</b>   | 0.26   | <b>1.93</b>   | 4.65  |
| Diluted earnings per ordinary share (sen)        | <b>0.84</b>   | 0.26   | <b>1.93</b>   | 4.65  |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2018.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2019**

|   | (Unaudited)<br>28/02/2019<br>RM'000 | (Restated)<br>31/5/2018<br>RM'000 | (Restated)<br>1/6/2017<br>RM'000 |
|---|-------------------------------------|-----------------------------------|----------------------------------|
| <b>Non-current assets</b>   |                                     |                                   |                                  |
| Plant and equipment   | 2,089                               | 2,618                             | 3,266                            |
| Investment properties   | 363,329                             | 356,421                           | 280,500                          |
| Other financial assets  | 1,062                               | 1,064                             | 1,063                            |
| Deferred tax assets   | 867                                 | -                                 | 450                              |
| Land held for development   | 140,429                             | 137,298                           | -                                |
|   | <u>507,776</u>                      | <u>497,401</u>                    | <u>285,279</u>                   |
| <b>Current assets</b>   |                                     |                                   |                                  |
| Inventories   | 25,673                              | 32,490                            | 2,454                            |
| Property development costs  | 66,801                              | 86,966                            | 278,766                          |
| Assets classified as held for sale  | -                                   | -                                 | 101,600                          |
| Trade receivables   | 24,830                              | 56,012                            | 54,722                           |
| Other receivables, deposits and prepayments   | 15,457                              | 12,431                            | 15,607                           |
| Tax recoverable   | 10                                  | 10                                | 63                               |
| Fixed deposits with licensed banks  | -                                   | -                                 | 563                              |
| Cash and bank balances  | 37,495                              | 31,274                            | 19,666                           |
|   | <u>170,266</u>                      | <u>219,183</u>                    | <u>473,441</u>                   |
| <b>TOTAL ASSETS</b>   | <u>678,042</u>                      | <u>716,584</u>                    | <u>758,720</u>                   |
| <b>Equity</b>   |                                     |                                   |                                  |
| Share capital   | 123,753                             | 123,753                           | 123,753                          |
| Reserves  | 203,160                             | 188,171                           | 141,579                          |
| <b>Equity attributable to shareholders<br/>of the Company</b>                       | <u>326,913</u>                      | <u>311,924</u>                    | <u>265,332</u>                   |
| <b>Non-controlling interests</b>  | <u>14,223</u>                       | <u>14,241</u>                     | <u>14,310</u>                    |
| Total equity  | <u>341,136</u>                      | <u>326,165</u>                    | <u>279,642</u>                   |
| <b>Non-current liabilities</b>  |                                     |                                   |                                  |
| Deferred tax liabilities  | 606                                 | 682                               | 606                              |
| Hire purchase liabilities   | 540                                 | 850                               | 1,343                            |
| Borrowings  | 143,478                             | 182,991                           | 179,250                          |
| Trade payables  | 17,068                              | 8,209                             | 8,345                            |
| Other payables  | 470                                 | 1,421                             | 3,897                            |
| Tax payable   | 8,894                               | -                                 | -                                |
|   | <u>171,056</u>                      | <u>194,153</u>                    | <u>193,441</u>                   |
| <b>Current liabilities</b>  |                                     |                                   |                                  |
| Trade payables  | 60,822                              | 43,416                            | 53,755                           |
| Other payables and accruals   | 76,403                              | 84,386                            | 131,873                          |
| Hire purchase liabilities   | 432                                 | 489                               | 667                              |
| Borrowings  | 10,720                              | 43,841                            | 66,679                           |
| Tax payable   | 17,473                              | 24,134                            | 29,456                           |
| Liabilities classified as held for sale   | -                                   | -                                 | 3,207                            |
|   | <u>165,850</u>                      | <u>196,266</u>                    | <u>285,637</u>                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <u>678,042</u>                      | <u>716,584</u>                    | <u>758,720</u>                   |
| Net assets per share attributable to ordinary<br>equity holders of the Company (RM) | 0.4079                              | 0.3884                            | 0.3304                           |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 28 FEBRUARY 2019**

|   | Share<br>capital<br>RM'000 | Warrant<br>reserve<br>RM'000 | Fair value<br>adjustment<br>reserve<br>RM'000 | Treasury<br>shares<br>RM'000 | Retained<br>profits<br>RM'000 | Equity<br>attributable<br>to Owners<br>of the Company<br>RM'000 | Non-controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
|---|----------------------------|------------------------------|---|------------------------------|-------------------------------|---|--|---------------------------|
| At 1 June 2018 (as previously stated)                                 | 123,753                    | 4,199                        | 4   | -                            | 172,711                       | 300,667   | 14,241                                 | 314,908                   |
| Effect of adopting MFRS   | -                          | -                            | -   | -                            | 11,257                        | 11,257  | -                                      | 11,257                    |
| At 1 June 2018 (restated)   | 123,753                    | 4,199                        | 4   | -                            | 183,968                       | 311,924   | 14,241                                 | 326,165                   |
| Repurchase of treasury shares   | -                          | -                            | -   | (480)                        | -                             | (480)   | -                                      | (480)                     |
| Loss on fair value changes for<br>available-for-sale financial assets | -                          | -                            | (2)   | -                            | -                             | (2)   | -                                      | (2)                       |
| Other comprehensive income for the year                               | -                          | -                            | (2)   | -                            | -                             | (2)   | -                                      | (2)                       |
| Net profit for the year   | -                          | -                            | -   | -                            | 15,471                        | 15,471  | (18)                                   | 15,453                    |
| Total comprehensive income for the year                               | -                          | -                            | (2)   | -                            | 15,471                        | 15,469  | (18)                                   | 15,451                    |
| <b>At 28 February 2019</b>  | <b>123,753</b>             | <b>4,199</b>                 | <b>2</b>                                      | <b>(480)</b>                 | <b>199,439</b>                | <b>326,913</b>  | <b>14,223</b>                          | <b>341,136</b>            |
| At 1 June 2017 (as previously stated)                                 | 123,753                    | 4,199                        | 3   | -                            | 127,463                       | 255,418   | 14,310                                 | 269,728                   |
| Effect of adopting MFRS   | -                          | -                            | -   | -                            | 9,914                         | 9,914   | -                                      | 9,914                     |
| At 1 June 2017 (restated)   | 123,753                    | 4,199                        | 3   | -                            | 137,377                       | 265,332   | 14,310                                 | 279,642                   |
| Gain on fair value changes for<br>available-for-sale financial assets | -                          | -                            | -   | -                            | -                             | -   | -                                      | -                         |
| Other comprehensive income for the year                               | -                          | -                            | -   | -                            | -                             | -   | -                                      | -                         |
| Net profit for the year   | -                          | -                            | -   | -                            | 37,349                        | 37,349  | (64)                                   | 37,285                    |
| Total comprehensive income for the year                               | -                          | -                            | -   | -                            | 37,349                        | 37,349  | (64)                                   | 37,285                    |
| <b>At 28 February 2018</b>  | <b>123,753</b>             | <b>4,199</b>                 | <b>3</b>                                      | <b>-</b>                     | <b>174,726</b>                | <b>302,681</b>  | <b>14,246</b>                          | <b>316,927</b>            |

The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2018.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 28 FEBRUARY 2019**

|  | <b>9 months<br/>ended<br/>28/02/2019<br/>RM'000</b> | <b>(Restated)<br/>9 months<br/>ended<br/>28/02/2018<br/>RM'000</b> |
|--|---|--|
| <b>Cash flows from/(used in) operating activities</b>          |   |  |
| Profit before tax  | 19,251  | 42,433   |
| Adjustments for :  |   |  |
| - Non-cash items   | 584   | 958  |
| - Non-operating items  | <u>(184)</u>  | <u>(25,636)</u>  |
| <b>Operating profit before working capital changes</b>         | <b>19,651</b>                                       | <b>17,755</b>  |
| <b>Changes in working capital</b>                              |   |  |
| - Inventories  | 6,817   | 3  |
| - Trade and other receivables                                  | 28,156  | 47   |
| - Trade and other payables                                     | 17,335  | (65,515)   |
| - Development costs  | <u>22,692</u>                                       | <u>(10,650)</u>  |
| <b>Cash generated from/(used in) operations</b>                | <b>94,651</b>                                       | <b>(58,360)</b>  |
| - Income tax paid  | <u>(2,508)</u>                                      | <u>(4,938)</u>   |
| <b>Net cash from/(used in) operating activities</b>            | <b>92,143</b>                                       | <b>(63,298)</b>  |
| <b>Cash flows (used in)/from investing activities</b>          |   |  |
| - Increase in investment properties                            | (6,908)   | (64,795)   |
| - Decrease in cash deposits pledged with a licensed bank       | -   | 723  |
| - Net dividend/interest received                               | 184   | 952  |
| - Proceeds from disposal of assets classified as held for sale | -   | 104,000  |
| - Proceeds from disposal of investment properties              | -   | 37,000   |
| - Proceeds from disposal of plant and equipment                | 15  | 61   |
| - Payment for plant and equipment                              | <u>(70)</u>   | <u>(180)</u>   |
| <b>Net cash (used in)/from investing activities</b>            | <b>(6,779)</b>                                      | <b>77,761</b>  |
| <b>Cash flows from/(used in) financing activities</b>          |   |  |
| - Proceeds from bridging and term loans                        | -   | 70,468   |
| - Interest paid  | (10,464)  | (3,786)  |
| - Repurchase of treasury shares                                | (480)   | -  |
| - Repayments of hire purchase liabilities                      | (317)   | (591)  |
| - Repayments of bridging and term loans                        | <u>(67,882)</u>                                     | <u>(69,195)</u>  |
| <b>Net cash used in financing activities</b>                   | <b>(79,143)</b>                                     | <b>(3,104)</b>   |
| Net increase in cash and cash equivalents                      | 6,221   | 11,359   |
| Cash and cash equivalents at beginning of period               | 24,674  | 12,906   |
| <b>Cash and cash equivalents at end of period</b>              | <b>30,895</b>                                       | <b>24,265</b>  |
| Cash and cash equivalents comprise:                            |   |  |
|  | <b>RM'000</b>                                       | <b>RM'000</b>  |
| Cash and bank balances   | 37,495  | 25,040   |
| Fixed deposit with licensed banks                              | -   | 5,825  |
|  | <u>37,495</u>                                       | <u>30,865</u>  |
| Less : Cash deposits pledged                                   | <u>(6,600)</u>                                      | <u>(6,600)</u>   |
|  | <b>30,895</b>                                       | <b>24,265</b>  |

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2018.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 28 FEBRUARY 2019**

**A. DISCLOSURE REQUIREMENTS AS PER MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**

**1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with requirements of MFRS 134: Interim Financial Reporting and the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2018. The explanatory notes attached to the interim report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2018.

For the periods up to and including the financial year ended 31 May 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”). The Group with effect from 1 June 2018 has adopted the MFRS framework issued by the Malaysian Accounting Standards Board.

The interim financial report has applied the MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. The financial effects of the transition from FRS to MFRS are presented in Note 2 below.

**2. Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 May 2018, except for the following new and amendments to MFRSs which are applicable for annual financial periods on or after 1 January 2018:-

|   |  |
|---|--|
| MFRS 9  | Financial Instruments                                    |
| MFRS 15   | Revenue from Contracts with Customers                    |
| MFRS 140  | Transfer of Investment Property (Amendments to MFRS 140) |
| Annual Improvements to MFRS Standards 2014 - 2016 Cycle |  |

**A. DISCLOSURE REQUIREMENTS AS PER MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**

**2. Significant Accounting Policies (Cont’d)**

The financial effects of the transition from FRS to MFRS are as follows:-

(i) Condensed Consolidated Statement of Financial Position

|                            | (Audited)<br><u>Previously<br/>stated</u><br>RM'000 | <u>Effects of<br/>MFRS</u><br>RM'000 | <u>Restated</u><br>RM'000 |
|----------------------------|---|--------------------------------------|---------------------------|
| <u>At 31 May 2018</u>      |   |                                      |                           |
| Deferred tax assets        | 3,391   | (3,391)                              | -                         |
| Property development costs | 72,242  | 14,724                               | 86,966                    |
| Reserves                   | 176,914   | 11,257                               | 188,171                   |
| Deferred tax liabilities   | 606   | 76                                   | 682                       |
| <br><u>At 1 June 2017</u>  |   |                                      |                           |
| Deferred tax assets        | 3,487   | (3,037)                              | 450                       |
| Property development costs | 265,815   | 12,951                               | 278,766                   |
| Reserves                   | 131,665   | 9,914                                | 141,579                   |

(ii) Condensed Consolidated Statement of Comprehensive Income

|   | (Announced)<br><u>Previously<br/>stated</u><br>RM'000 | <u>Effects of<br/>MFRS</u><br>RM'000 | <u>Restated</u><br>RM'000 |
|---|---|--------------------------------------|---------------------------|
| <u>Cumulative period ended 28 February 2018</u>                     |   |                                      |                           |
| Cost of sales   | (82,088)  | (3,913)                              | (86,001)                  |
| Gross profit  | 38,432  | (3,913)                              | 34,519                    |
| Distribution costs  | (7,257)   | 6,217                                | (1,040)                   |
| Profit before tax   | 40,129  | 2,304                                | 42,433                    |
| Income tax expense  | (4,595)   | (553)                                | (5,148)                   |
| Net profit for the period   | 35,534  | 1,751                                | 37,285                    |
| Net profit attributable to owners of the<br>Company                 | 35,598  | 1,751                                | 37,349                    |
| Total comprehensive income attributable<br>to owners of the Company | 35,598  | 1,751                                | 37,349                    |

**A. DISCLOSURE REQUIREMENTS AS PER MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**

**3. Qualification of Audit Report**

The audit report of the financial statements of the Group for the financial year ended 31 May 2018 was not qualified.

**4. Seasonal or Cyclical Factors**

There are no seasonal factors affecting the Group performance.

**5. Material Changes in Estimates**

There were no material changes in estimates that have had a material effect in the financial period to-date results.

**6. Debt and Equity Securities**

At the 45<sup>th</sup> Annual General Meeting of the Company held on 26 October 2018, the shareholders of the Company renewed their approval for the Company’s plan to repurchase its own ordinary shares.

As at 28 February 2019, the Company repurchased a total of 1,626,000 of its issued ordinary shares from the open market for a total consideration of RM480,031. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

Subsequent to 28 February 2019 and up to 18 April 2019, a total of 8,402,700 shares were repurchased from the open market for a total consideration of RM2,493,400.

Save for the above, there were no other cancellation, repurchases, resale and repayments of debts and equity securities during the financial period to-date.

**7. Dividends Paid**

There were no dividends paid during the financial period to-date.



**A. DISCLOSURE REQUIREMENTS AS PER MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**

**8. Segmental Reporting**

|                         | <u>Gross</u><br><u>Operating</u><br><u>Revenue</u><br>RM'000 | <u>Profit/(Loss)</u><br><u>Before Tax</u><br>RM'000 |
|-------------------------|--|---|
| Property Investment     | 116,322  | 3,125   |
| Property Development    | 160,491  | 21,260  |
| Property Management     | 2,009  | 294   |
| Investment and Others   | 40,070   | (622)   |
|                         | <u>318,892</u>   | <u>24,057</u>                                       |
| Elimination Inter-Group | (159,397)  | -   |
| Finance Costs           | -  | (4,806)   |
|                         | <u>159,495</u>   | <u>19,251</u>                                       |

**9. Valuation of Plant and Equipment**

The valuation of plant and equipment has been brought forward, without amendments from the previous annual report.

**10. Material Subsequent Events**

As at 18 April 2019, there were no material subsequent events that have not been reflected in the financial statements for the current financial period.

**A. DISCLOSURE REQUIREMENTS AS PER MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**

**11. Recurrent Related Party Transactions**

Details of the relationship between the Group and its related parties are as described below:-

| <b>Name of Related Party</b>          | <b>Relationship</b>   |
|---------------------------------------|---|
| Paramount Bounty Sdn Bhd (“PBSB”)     | PBSB is a subsidiary of Mercury Industries Berhad (“Mercury”) in which Dato’ Tiong Kwing Hee is the Managing Director and major shareholder of Mercury. |
| Mercury Industries Berhad (“Mercury”) | Dato’ Tiong Kwing Hee is the Managing Director and major shareholder of Mercury.  |

Shareholders’ mandate had already been obtained at the last Annual General Meeting held on 26 October 2018.

The information on the transactions which have been entered into with PBSB and Mercury during the period is as follows:-

| <u>Related Party</u> | <u>Nature of Transactions</u>     | <u>Current Quarter Ended</u><br>28/02/2019<br>RM’000 | <u>Cumulative Year To-Date</u><br>28/02/2019<br>RM’000 |
|----------------------|-----------------------------------|--|--|
| PBSB                 | Billings for sub-contractor costs | <u>36,534</u>  | <u>89,190</u>  |
| Mercury              | Billings for rental               | <u>53</u>  | <u>159</u>   |

**12. Effect of Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current interim financial period.

The Company had on 27 February 2019 entered into Sale and Purchase of Shares Agreement (“SPSA”) for the disposal of its 100% equity interest in Fantasy Bowl Sdn Bhd (“FBSB”), comprising 2 ordinary shares at a cash consideration of RM2.00.

The SPSA was completed on 8 March 2019 and FBSB ceased to be the wholly-owned subsidiary of the Company subsequent to current financial period.

**A. DISCLOSURE REQUIREMENTS AS PER MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**

**13. Changes in Contingent Liabilities/Contingent Assets**

The following contingent liabilities have not been provided for in the financial statements, as it is not anticipated that any material liabilities will arise from these contingencies:-

28/02/2019

RM'000

Bank guarantee issued for:-

- government authority

6,600

Inland Revenue Board (“IRB”) had initiated civil proceedings against Pujian Development Sdn Bhd (“PDSB”), a subsidiary of the Company, in respect of the notice of additional tax assessment for income tax amounting to RM30,713,484.26 and tax penalties amounting to RM4,750,590.05. The details of these contingent liabilities are presented in Note B9 in the interim financial report.

**B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of Performance**

The Group's revenue for the nine month period ended 28 February 2019 at RM159.5 million was contributed mainly from the Group's development projects, Phase 1 of Ampang Ukay, known as Liberty @ Ampang Ukay ("Liberty"), the sale of completed residential properties at Upper East @ Tiger Lane ("Upper East") in Ipoh, Perak and recurring income from the retail mall of the Group.

The Group's recorded profit before tax for current period at RM19.3 million as compared to RM42.4 million in the preceding year corresponding period. Profit before tax for the preceding year corresponding period of RM42.4 million included the gain from disposal of land of RM28.4 million.

**2. Variation of Results against Preceding Quarter**

The Group's revenue and profit before tax for the current quarter at RM57.5 million and RM8.0 million as compared to preceding quarter ended 30 November 2018 at RM57.3 million and RM5.2 million respectively. The increase in profit from RM5.2 million to RM8.0 million was contributed by higher billings in Liberty project and sales of completed properties in Upper East

**3. Current Financial Year's Prospects**

The Group is on track to sustain its profitability, with Liberty project progressing well according to schedule and on track to meet its full completion in November 2019. Currently, Liberty is 97 percent sold, demonstrating the Group's ability to create the right products at the right time to meet market demand.

The Group is now working on preparations for Phase 2 of Ampang Ukay which, in addition to prime appeal of Ampang Ukay's strategic location, will offer excellent value with larger living spaces for growing families with children. The Board expects Phase 2 to build on the success of Phase 1, and it is targeted to be launched soon pending approval from authorities.

South City Plaza shall continue to contribute rental income to the Group and with the upcoming Seri Kembangan MRT line connectivity, the Board expects to see a boost in vibrancy and visitor footfall at the mall.

The Group remains focused on increasing efficiency and maintaining fast turnaround time, generating better cash flow and ability to mobilize resources for other new projects.

**4. Variance of Profit Forecast / Profit Guarantee**

Not applicable as the Group has not issued profit forecast or profit guarantee in a public document.

**B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**5. Notes to the Consolidated Statement of Comprehensive Income**

|   | <u>Current</u><br><u>Quarter Ended</u><br>28/02/2019<br>RM'000 | <u>Comparative</u><br><u>Quarter Ended</u><br>28/02/2018<br>RM'000 | <u>9 Month</u><br><u>Cumulative</u><br><u>Ended</u><br>28/02/2019<br>RM'000 | <u>9 Month</u><br><u>Cumulative</u><br><u>Ended</u><br>28/02/2018<br>RM'000 |
|---|--|--|---|---|
| Profit before tax is arrived at after charging/(crediting) :      |  |  |   |   |
| Allowance for doubtful debts no longer required                   | -  | (9)  | -   | (9)   |
| Bad debts written off   | -  | 9  | -   | 24  |
| Depreciation of plant and equipment                               | 255  | 202  | 584   | 624   |
| Finance income  | (78)   | (122)  | (184)   | (952)   |
| Finance costs   |  |  |   |   |
| - Interest expense  | 1,512  | 904  | 4,806   | 3,786   |
| - Amortisation of financial liabilities carried at amortised cost | -  | -  | -   | 310   |
| Gain on disposal of   |  |  |   |   |
| - Investment properties   | -  | -  | -   | (28,376)  |
| - Plant and equipment   | 15   | -  | 15  | (26)  |
| Tax penalty and interest  | 83   | 851  | 105   | 890   |
| Waiver of tax penalty interest                                    | (38)   | -  | (38)  | -   |
|   | <hr/>  | <hr/>  | <hr/>   | <hr/>   |

**6. Income Tax Expense**

|                                 | <u>Current</u><br><u>Quarter Ended</u><br>28/02/2019<br>RM'000 | <u>Cumulative</u><br><u>Year To-Date</u><br>28/02/2019<br>RM'000 |
|---------------------------------|--|--|
| Income tax                      |  |  |
| - current year                  | 1,986  | 4,507  |
| - under provision in prior year | 234  | 234  |
| Deferred tax                    |  |  |
| - current year                  | (943)  | (943)  |
| Income tax expense              | <hr/>  | <hr/>  |
|                                 | 1,277  | 3,798  |

**B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**7. Status of Corporate Proposals Announced**

Save for the following, there are no other corporate proposals announced by the Company but not completed as at 18 April 2019:

(i) Proposed Subscription

The Board of Directors of the Company announced on 27 December 2018 that the Company had on 26 December 2018 entered into a subscription agreement (“SA”) with Geo Valley Sdn Bhd (“GVSB”) for the subscription of 1,333,346 new ordinary shares in the capital of GVSB for a cash consideration of RM13,333.46 subject to the terms and conditions stipulated in the SA (“Proposed Subscription”).

Pursuant to the SA, the completion period for the above Proposed Subscription is thirteen (13) days from the date of approvals of which the Company is granted three (3) months from the agreement date or such further extended period as may be agreed between the parties to undertake the necessary approvals.

Upon completion of the Proposed Subscription, the Company will hold 20% of the equity interest in GVSB.

(ii) Proposed Acquisition

On 27 December 2018, the Company announced that the Company had on even date entered into a share sale agreement (“SSA”) for the acquisition of 3,333,330 ordinary shares in GVSB (“Sale Shares”), representing 50% of the equity interest of GVSB, at a purchase consideration of RM44,000,000.00 (“Purchase Price”) only subject to terms and conditions as contained in the SSA (“Proposed Acquisition”).

Pursuant to the SSA, the completion period for the above Proposed Acquisition is fourteen (14) business days from the date of approvals of which the Company is granted three (3) months from the agreement date or such further extended period as may be agreed between the parties to undertake the necessary approvals.

Upon completion of the Proposed Acquisition and Proposed Subscription, the Company will hold 70% of the equity interest in GVSB.

The Proposed Acquisition is not subject and conditional to the Proposed Subscription. In the event the Proposed Acquisition is not completed, the existing shareholders of GVSB shall be entitled to terminate the agreement for the Proposed Subscription mentioned in item (i) above.

**B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**8. Group Borrowings and Debt Securities**

Total Group borrowings as at 28 February 2019 are as follows:-

|  | <u>Secured</u><br>RM'000 | <u>Unsecured</u><br>RM'000 | <u>Total</u><br>RM'000 |
|--|--------------------------|----------------------------|------------------------|
| <b>Long-Term Borrowings</b>                  |                          |                            |                        |
| Amount repayable after twelve months         | 144,018                  | -                          | 144,018                |
|  | <u>144,018</u>           | <u>-</u>                   | <u>144,018</u>         |
| <b>Short-Term Borrowings</b>                 |                          |                            |                        |
| Current portion of long term borrowings      | 10,152                   | -                          | 10,152                 |
| Non-Convertible Redeemable Preference Shares | -                        | 1,000                      | 1,000                  |
|  | <u>10,152</u>            | <u>1,000</u>               | <u>11,152</u>          |
| Total Group Borrowings                       | <u>154,170</u>           | <u>1,000</u>               | <u>155,170</u>         |

**9. Changes in Material Litigation**

Further to the disclosure in the previous quarter's report on material litigation, the changes in material litigation as at 18 April 2019 are as follows:-

In respect of the litigation cases stated in (i) below, for accounting purposes, all the amounts owed have been provided for in the financial statements.

(i) 24 purchasers of South City Plaza v PDSB

The Shah Alam High Court has allowed the Plaintiffs' claims pursuant to a Judgment dated 3 December 2010 as follows:-

- (a) sale and purchase agreements rescinded;
- (b) damages to be assessed; and
- (c) cost of RM1,000 to each plaintiff.

PDSB has filed an appeal to the Court of Appeal. The Court of Appeal dismissed PDSB's appeal with cost on 3 October 2011.

**B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**9. Changes in Material Litigation (Cont'd)**

(i) 24 purchasers of South City Plaza v PDSB (Cont'd)

Plaintiffs filed application for assessment of damages on 29 July 2011 at the Shah Alam High Court by way of Enclosure 45. The Shah Alam High Court has directed this matter to be settled by way of mediation. On 5 September 2016, the mediator had directed the matter to the Shah Alam High Court to continue the proceedings for assessment of damages. The hearing of the assessment of damages in Enclosure 45 had ended on 21 May 2018 and the Shah Alam High Court had directed the parties to file in written submission for Enclosure 45 on or before 14 September 2018. PDSB has filed its submission on 1 December 2018 and submission in reply on 11 January 2019. The Court has fixed the decision for Enclosure 45 on 25 June 2019.

Plaintiffs also have filed application for interim payment on 14 May 2018 at the Shah Alam High Court by way of Enclosure X. All cause papers have been filed by both parties and the written submission for Enclosure X had been filed on 12 July 2018. The Shah Alam High Court has fixed the Enclosure X for submission in reply/clarification/decision on 14 September 2018. On 14 September 2018, the Shah Alam High Court dismissed the Plaintiffs' application in Enclosure X. Plaintiffs then filed an appeal for Enclosure X on 27 September 2018. The appeal is now fixed for further case management on 25 April 2019 to fix the Hearing date.

Further, PDSB has filed an application under Order 40A Rule 3 of the Rules of Court 2012 to expunge the expert witness' evidence in Enclosure 45 (Enclosure 60) which the same has been fixed for a Case Management on 2 November 2018. PDSB has filed its written submission for Enclosure 60 on 11 January 2019. On 25 February 2019, the Court has dismissed Enclosure 60 with costs of RM2,000.00. PDSB then filed an appeal to the Judge in Chambers on 8 March 2019. The Shah Alam High Court has fixed 6 May 2019 for further case management.

PDSB has also filed an application under Order 32 Rule 13 of the Rules of Court 2012 to expunge the Plaintiffs' Notice of Intention dated 4 September 2018 (Enclosure 50). PDSB has filed its written submission for Enclosure 50 on 11 January 2019. The Shah Alam High Court has on 25 January 2019 allowed PDSB's application with cost of RM1,000.00.

Further, Plaintiffs also have filed an application under Order 34 Rule 2 of the Rules of Court 2012, i.e., to enter judgment for the alleged of PDSB's failure to comply with the Court's direction (Enclosure 65). The same has been fixed for a Case Management on 2 November 2018. On 25 January 2019, the Shah Alam High Court has struck out the Plaintiff's application with no order as to cost.



**B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**9. Changes in Material Litigation (Cont'd)**

(ii) IRB v PDSB

The IRB initiated civil proceedings against PDSB in respect of the notice of additional assessment for income tax amounting to RM30,713,484.26 and tax penalties amounting to RM4,760,590.05. Subsequently, PDSB filed an application to the High Court to stay the civil proceedings on the ground that it has filed an appeal against the said assessment to the Special Commissioners of Income Tax ("SCIT"). The appeal is fixed for hearing on 23 July 2019 and 24 July 2019. On 5 January 2018, the High Court granted order in terms in respect of PDSB's stay application and as a result, the effect and enforcement of the said notice of additional assessment will be stayed pending the disposal of PDSB's appeal at the SCIT. The appeal before the SCIT is tentatively fixed for hearing on 23 July 2019 and 24 July 2019. On 25 February 2019, the High Court confirmed that the stay of proceedings is still in effect and will maintain until the conclusion of PDSB's appeal before the SCIT.

The IRB has filed a Notice of Appeal on 2 February 2018 to the Court of Appeal against the High Court's decision in granting a stay of proceedings. The IRB subsequently withdrew the appeal on 16 October 2018.

Upon consulting its tax solicitors, the Board is of the view that there are reasonable grounds to challenge the validity of the said notice of additional assessment raised by the DGIR and the penalties imposed.

(iii) PDSB v IRB

In view of the additional assessment raised by IRB as per item (ii) above, PDSB had filed a Writ and Statement of Claim on 25 May 2017 against IRB to set aside the 3 judgments amounting to RM30,660,624.96 previously obtained by IRB on the income tax matters.

On 25 July 2017, IRB filed an application to the Shah Alam High Court to strike out PDSB's Writ and Statement of Claim. On 15 September 2017, High Court has dismissed IRB's application with cost of RM2,000.

IRB had on 19 October 2017 appealed to the Court of Appeal against the High Court decision and apply to stay the proceedings pending IRB's appeal to the Court of Appeal. On 5 February 2018, the High Court allowed the stay proceeding pending the outcome from the Court of Appeal. On 10 April 2018, the Court of Appeal had dismissed IRB's appeal with cost of RM5,000.

On 5 March 2019, PDSB had successfully obtained a Consent Judgment which has set aside the 3 judgments. PDSB and the IRB entered into an agreement whereby the IRB accepted a much lower sum to be paid by PDSB and on instalment basis.

**B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**10. Dividend**

No dividend has been declared for the current financial period to-date.

**11. Earnings Per Share**

The earnings per share have been calculated based on the consolidated net earnings attributable to ordinary shareholders for the period and the weighted average number of ordinary shares in issue during the period.

|   | Current<br>Quarter Ended<br>28/02/2019<br>(RM'000) | (Restated)<br>Comparative<br>Quarter Ended<br>28/02/2018<br>(RM'000) | Current<br>Year To Date<br>28/02/2019<br>(RM'000) | (Restated)<br>Comparative<br>Year To Date<br>28/02/2018<br>(RM'000) |
|---|--|--|---|---|
| <b>Earnings</b>   |  |  |   |   |
| Net earnings attributable to ordinary shareholders          | 6,713  | 2,052  | 15,471  | 37,349  |
| <b>Weighted average number of ordinary shares (Basic)</b>   | ('000)<br>803,018                                  | ('000)<br>803,162  | ('000)<br>803,115                                 | ('000)<br>803,162   |
| <b>Basic earnings per ordinary share</b>                    | (sen)<br>0.84                                      | (sen)<br>0.26  | (sen)<br>1.93                                     | (sen)<br>4.65   |
| <b>Weighted average number of ordinary shares (Diluted)</b> | ('000)<br>802,060                                  | ('000)<br>803,162  | ('000)<br>802,157                                 | ('000)<br>803,162   |
| <b>Diluted earnings per ordinary share</b>                  | (sen)<br>0.84                                      | (sen)<br>0.26  | (sen)<br>1.93                                     | (sen)<br>4.65   |