



(Company No.: 15379-V)

**ECOFIRST CONSOLIDATED BERHAD
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL REPORT
FOR THE QUARTER AND TWELVE MONTHS ENDED
31 MAY 2019**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MAY 2019**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31/05/2019 RM'000	(Restated) Preceding Year Corresponding Quarter 31/05/2018 RM'000	Current Year To Date 31/05/2019 RM'000	(Restated) Preceding Year Corresponding Period 31/05/2018 RM'000
Revenue	61,593	60,765	221,088	181,285
Cost of sales	(37,203)	(46,987)	(162,178)	(132,988)
Gross profit	24,390	13,778	58,910	48,297
Other operating income	1,928	2,719	3,362	31,755
Distribution costs	(722)	(818)	(1,305)	(2,420)
Administration expenses	(3,342)	(1,639)	(12,359)	(15,565)
Other operating expenses	(2,373)	(2,539)	(4,854)	(4,476)
Profit from operations	19,881	11,501	43,754	57,591
Finance income	538	120	722	559
Finance costs	(6,608)	(2,844)	(11,414)	(6,940)
Net finance costs	(6,070)	(2,724)	(10,692)	(6,381)
Profit before tax	13,811	8,777	33,062	51,210
Income tax expense	(5,070)	(363)	(8,868)	(5,511)
Net profit for the period	8,741	8,414	24,194	45,699
Attributable to:				
Owners of the Company	8,288	8,443	23,759	45,768
Non-controlling interests	453	(29)	435	(69)
Net profit for the period	8,741	8,414	24,194	45,699
Other comprehensive income				
Available-for-sales financial assets - (Loss)/Gain on fair value changes	(1)	(2)	(3)	1
Total comprehensive income for the period	8,740	8,412	24,191	45,700
Attributable to:				
Owners of the Company	8,287	8,441	23,756	45,769
Non-controlling interests	453	(29)	435	(69)
Total comprehensive income for the period	8,740	8,412	24,191	45,700
Basic earnings per ordinary share (sen)	1.04	1.05	2.97	5.70
Diluted earnings per ordinary share (sen)	1.04	1.05	2.97	5.70

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 31 MAY 2019**

	(Unaudited) 31/05/2019 RM'000	(Restated) 31/5/2018 RM'000	(Restated) 1/6/2017 RM'000
Non-current assets			
Plant and equipment	2,115	2,618	3,266
Investment properties	367,241	356,421	280,500
Other financial assets	1,060	1,064	1,063
Deferred tax assets	1,198	-	450
Land held for development	137,815	137,298	-
	<u>509,429</u>	<u>497,401</u>	<u>285,279</u>
Current assets			
Inventories	25,343	32,490	2,454
Property development costs	67,589	86,899	278,833
Assets classified as held for sale	-	-	101,600
Trade receivables	13,853	53,124	52,796
Other receivables, deposits and prepayments	10,328	12,431	15,607
Tax recoverable	22	10	63
Fixed deposits with licensed banks	-	-	563
Cash and bank balances	60,409	31,274	19,666
	<u>177,544</u>	<u>216,228</u>	<u>471,582</u>
TOTAL ASSETS	<u>686,973</u>	<u>713,629</u>	<u>756,861</u>
Equity			
Share capital	123,753	123,753	123,753
Reserves	205,985	185,216	139,720
Equity attributable to shareholders of the Company	<u>329,738</u>	<u>308,969</u>	<u>263,473</u>
Non-controlling interests	<u>14,524</u>	<u>14,241</u>	<u>14,310</u>
Total equity	<u>344,262</u>	<u>323,210</u>	<u>277,783</u>
Non-current liabilities			
Deferred tax liabilities	606	682	606
Hire purchase liabilities	580	850	1,343
Borrowings	162,112	182,991	179,250
Trade payables	14,628	8,209	8,345
Other payables	309	1,421	3,897
Tax payable	7,782	-	-
	<u>186,017</u>	<u>194,153</u>	<u>193,441</u>
Current liabilities			
Trade payables	74,653	43,416	53,755
Other payables and accruals	47,338	84,386	131,873
Hire purchase liabilities	434	489	667
Borrowings	10,988	43,841	66,679
Tax payable	23,281	24,134	29,456
Liabilities classified as held for sale	-	-	3,207
	<u>156,694</u>	<u>196,266</u>	<u>285,637</u>
TOTAL EQUITY AND LIABILITIES	<u>686,973</u>	<u>713,629</u>	<u>756,861</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.4158	0.3847	0.3280

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MAY 2019**

	Share capital RM'000	Warrant reserve RM'000	Fair value adjustment reserve RM'000	Treasury shares RM'000	Retained profits RM'000	Equity attributable to Owners of the Company RM'000	Non-controlling interests RM'000	Total equity 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	-	-	-	-	8,302	8,302	-	8,302
At 1 June 2018 (restated)	123,753	4,199	4	-	181,013	308,969	14,241	323,210
Repurchase of treasury shares	-	-	-	(2,987)	-	(2,987)	-	(2,987)
Loss on fair value changes for available-for-sale financial assets	-	-	(3)	-	-	(3)	-	(3)
Disposal of subsidiary companies	-	-	-	-	-	-	(152)	(152)
Other comprehensive income for the year	-	-	(3)	-	-	(3)	(152)	(155)
Net profit for the year	-	-	-	-	23,759	23,759	435	24,194
Total comprehensive income for the year	-	-	(3)	-	23,759	23,756	283	24,039
At 31 May 2019	123,753	4,199	1	(2,987)	204,772	329,738	14,524	344,262
At 1 June 2017 (as previously stated)	123,753	4,199	3	-	127,463	255,418	14,310	269,728
Effect of adopting MFRS	-	-	-	-	8,055	8,055	-	8,055
At 1 June 2017 (restated)	123,753	4,199	3	-	135,518	263,473	14,310	277,783
Gain on fair value changes for available-for-sale financial assets	-	-	1	-	-	1	-	1
Other comprehensive income for the year	-	-	1	-	-	1	-	1
Net profit for the year	-	-	-	-	45,768	45,768	(69)	45,699
Total comprehensive income for the year	-	-	1	-	45,768	45,769	(69)	45,700
At 31 May 2018	123,753	4,199	4	-	181,286	309,242	14,241	323,483

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 31 MAY 2019**

	12 months ended 31/05/2019 RM'000	(Restated) 12 months ended 31/05/2018 RM'000
Cash flows from/(used in) operating activities		
Profit before tax	33,062	51,210
Adjustments for :		
- Non-cash items	9,000	(1,223)
- Non-operating items	10,278	(22,720)
Operating profit before working capital changes	52,340	27,267
Changes in working capital		
- Inventories	7,147	4
- Trade and other receivables	35,034	(4,107)
- Trade and other payables	(2,204)	(63,645)
- Development costs	21,022	22,905
Cash generated from/(used in) operations	113,339	(17,576)
- Income tax paid	(3,292)	(10,254)
- Interest paid	(7,319)	(14,541)
Net cash from/(used in) operating activities	102,728	(42,371)
Cash flows (used in)/from investing activities		
- Increase in investment properties	(10,731)	(59,275)
- Decrease in cash deposits pledged with a licensed bank	-	723
- Net dividend/interest received	797	559
- Proceeds from disposal of assets classified as held for sale	-	101,993
- Proceeds from disposal of investment properties	-	37,000
- Proceeds from disposal of plant and equipment	15	62
- Payment for plant and equipment	(114)	(215)
Net cash (used in)/from investing activities	(10,033)	80,847
Cash flows from/(used in) financing activities		
- Proceeds from bridging and term loans	24,000	69,405
- Interest paid	(6,243)	(6,629)
- Repurchase of treasury shares	(2,987)	-
- Repayments of hire purchase liabilities	(598)	(671)
- Repayments of bridging and term loans	(77,732)	(88,813)
Net cash used in financing activities	(63,560)	(26,708)
Net increase in cash and cash equivalents	29,135	11,768
Cash and cash equivalents at beginning of period	24,674	12,906
Cash and cash equivalents at end of period	53,809	24,674
Cash and cash equivalents comprise:		
	RM'000	RM'000
Cash and bank balances	60,409	31,274
Fixed deposit with licensed banks	-	-
	60,409	31,274
Less : Cash deposits pledged	(6,600)	(6,600)
	53,809	24,674

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 31 MAY 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

1. 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) <u>Previously stated</u> RM'000	<u>Effects of MFRS</u> RM'000	<u>Restated</u> RM'000
<u>At 31 May 2018</u>			
Deferred tax assets	3,391	(3,391)	-
Property development costs	72,242	14,657	86,899
Trade receivables	56,012	(2,888)	53,124
Reserves	176,914	8,302	185,216
Deferred tax liabilities	606	76	682
<u>At 1 June 2017</u>			
Deferred tax assets	3,487	(3,037)	450
Property development costs	265,815	13,018	278,833
Trade receivables	54,722	(1,926)	52,796
Reserves	131,665	8,055	139,720

(ii) Condensed Consolidated Statement of Comprehensive Income

	(Audited) <u>Previously stated</u> RM'000	<u>Effects of MFRS</u> RM'000	<u>Restated</u> RM'000
<u>Cumulative period ended 31 May 2018</u>			
Cost of sales	(126,287)	(6,701)	(132,988)
Gross profit	54,998	(6,701)	48,297
Distribution costs	(10,894)	8,474	(2,420)
Profit before tax	50,260	950	51,210
Income tax expense	(5,081)	(430)	(5,511)
Net profit for the period	45,179	520	45,699
Net profit attributable to owners of the Company	45,248	520	45,768
Total comprehensive income attributable to owners of the Company	45,249	520	45,769

A. DISCLOSURE REQUIREMENTS AS PER MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**2. 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.

3. Seasonal or Cyclical Factors

There are no seasonal factors affecting the Group performance.

4. Material Changes in Estimates

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

5. Debt and Equity Securities

At the 45th 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 31 May 2019, the Company repurchased a total of 10,072,700 of its issued ordinary shares from the open market for a total consideration of RM2,986,675. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

On 23 July 2019, 6,700 ordinary shares were issued upon conversion of 6,700 warrants.

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

6. 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

7. Segmental Reporting

	<u>Gross</u> <u>Operating</u> <u>Revenue</u> RM'000	<u>Profit/(Loss)</u> <u>Before Tax</u> RM'000
Property Investment	150,385	2,453
Property Development	204,922	40,715
Property Management	2,669	436
Investment and Others	41,799	871
	<u>399,775</u>	<u>44,475</u>
Elimination Inter-Group	(178,687)	-
Finance Costs	-	(11,414)
	<u>221,088</u>	<u>33,061</u>

8. Valuation of Plant and Equipment

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

9. Material Subsequent Events

As at 25 July 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

10. Recurrent Related Party Transactions

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

Name of Related Party	Relationship
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> 31/05/2019 RM’000	<u>Cumulative Year To-Date</u> 31/05/2019 RM’000
PBSB	Billings for sub-contractor costs	<u>28,604</u>	<u>117,794</u>
Mercury	Billings for rental	<u>53</u>	<u>212</u>

11. Effect of Changes in the Composition of the Group

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 9 March 2019 and FBSB ceased to be the wholly-owned subsidiary of the Company subsequent to current financial period.

On 23 April 2019, the Company and its subsidiaries, respectively entered into a SPSA with Mohd Taufik Sri Bin Abdullah for the disposal entire equity interest in the following subsidiaries at a total cash consideration of RM10.00:-

- 1) Earth Revolution Sdn Bhd;
- 2) EcoFirst-YPM Sdn Bhd;
- 3) Gabema Sdn Bhd;
- 4) Pengangkutan Gabema Sdn Bhd; and
- 5) Gangsa Etnik Sdn Bhd.

The above disposals were completed on 29 May 2019 and the above companies ceased to be the subsidiaries of the Company then.

**A. DISCLOSURE REQUIREMENTS AS PER MALAYSIA FINANCIAL REPORTING STANDARDS
("MFRS") 134, INTERIM FINANCIAL REPORTING****12. 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:-

	<u>31/05/2019</u> RM'000
Bank guarantee issued for:-	
- government authority	<u>6,600</u>

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 twelve month period ended 31 May 2019 at RM221.1 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 RM33.1 million as compared to RM51.2 million in the preceding year corresponding period. Profit before tax for the preceding year corresponding period of RM51.2 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 RM24.4 million and RM13.8 million as compared to preceding quarter ended 31 May 2018 at RM13.8 million and RM8.8 million respectively. The increase in profit from RM8.8 million to RM13.8 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 currently working on preparations for its next phase of development. The Board expect the coming phase of development to build on the success of Phase 1 of Ampang Ukay, 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 Quarter Ended</u>	<u>Comparative Quarter Ended</u>	<u>12 Month Cumulative Ended</u>	<u>12 Month Cumulative Ended</u>
	31/05/2019	31/05/2018	31/05/2019	31/05/2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-				
Allowance for doubtful debts no longer required	(68)	(475)	(68)	(484)
Allowance for doubtful debts	6,581	-	6,581	24
Depreciation of plant and equipment	203	198	787	822
Finance income	(538)	393	(722)	(559)
Finance costs				
- Interest expense	6,608	3,154	11,414	6,940
- Amortisation of financial liabilities carried at amortised cost	-	1	-	311
Gain on disposal of				
- Investment properties	-	-	-	(28,376)
- Plant and equipment	-	-	15	(26)
- Subsidiary companies	(324)	-	(324)	-
Tax penalty and interest	63	(79)	168	811
Waiver of tax penalty interest	(1,660)	-	(1,698)	-

6. Income Tax Expense

	<u>Current Quarter Ended</u>	<u>Cumulative Year To-Date</u>
	31/05/2019	31/05/2019
	RM'000	RM'000
Income tax		
- current year	4,971	9,478
- under provision in prior year	499	733
Deferred tax		
- current year	(400)	(1,343)
Income tax expense	<u>5,070</u>	<u>8,868</u>

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

The Board of Directors of the Company announced on 27 December 2018 that:-

(i) Proposed Subscription

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.

(ii) Proposed Acquisition

The Company announced that the Company had on 27 December 2018 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.

On 17 May 2019, the Company served a notice of termination to GVSB to terminate the SA and SSA due to:-

- (i) the parties were not able to mutually agreed to the extension of the cut-off date as described in the respective SA and SSA; and
- (ii) the approval as stated in the respective clauses of the SA and SSA have not been satisfied or fulfilled within the respective cut-off date as described in the respective SA and SSA.

Save for the above, there are no other corporate proposals announced by the Company but not completed as at 25 July 2019.

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 31 May 2019 are as follows:-

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Total</u> RM'000
Long-Term Borrowings			
Amount repayable after twelve months	162,692	-	162,692
	<u>162,692</u>	<u>-</u>	<u>162,692</u>
Short-Term Borrowings			
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>172,844</u>	<u>1,000</u>	<u>173,844</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 25 July 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 17 September 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 29 July 2019 to fix a date for Decision.

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 29 July 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 recovery proceedings against PDSB in respect of the notice of additional assessment raised by the Director General of Inland Revenue (“DGIR”) for an additional income tax payable amounting to RM30,713,484.26 and tax penalties amounting to RM4,760,590.05 for the year of assessment 2004. 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”). On 5 January 2018, the High Court granted an 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 fixed for hearing on 30 January 2020 and 31 January 2020. 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 Quarter Ended 31/05/2019 (RM'000)	(Restated) Comparative Quarter Ended 31/05/2018 (RM'000)	Current Year To Date 31/05/2019 (RM'000)	(Restated) Comparative Year To Date 31/05/2018 (RM'000)
Earnings				
Net earnings attributable to ordinary shareholders	8,288	8,443	23,759	45,768
Weighted average number of ordinary shares (Basic)	('000) 795,936	('000) 803,162	('000) 801,305	('000) 803,162
Basic earnings per ordinary share	(sen) 1.04	(sen) 1.05	(sen) 2.97	(sen) 5.70
Weighted average number of ordinary shares (Diluted)	('000) 795,936	('000) 803,162	('000) 801,305	('000) 803,162
Diluted earnings per ordinary share	(sen) 1.04	(sen) 1.05	(sen) 2.97	(sen) 5.70