



(Company No.: 15379-V)

**ECOFIRST CONSOLIDATED BHD
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL REPORT
FOR THE QUARTER AND NINE MONTHS ENDED
29 FEBRUARY 2020**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter / Period 29/02/2020 RM'000	Preceding Year Corresponding Quarter / Period 28/02/2019 RM'000	Current Year To Date 29/02/2020 RM'000	Preceding Year Corresponding Period 28/02/2019 RM'000
Revenue	43,301	57,491	125,696	159,495
Cost of sales	(27,701)	(44,611)	(87,141)	(124,975)
Gross profit	15,600	12,880	38,555	34,520
Other operating income	106	787	2,116	1,434
Distribution costs	(224)	(174)	(647)	(583)
Administration expenses	(3,109)	(3,427)	(9,575)	(9,017)
Other operating expenses	(1,429)	(649)	(3,458)	(2,481)
Profit from operations	10,944	9,417	26,991	23,873
Finance income	321	78	1,019	184
Finance costs	(2,420)	(1,512)	(7,226)	(4,806)
Net finance costs	(2,099)	(1,434)	(6,207)	(4,622)
Profit before tax	8,845	7,983	20,784	19,251
Income tax expense	(3,484)	(1,277)	(5,806)	(3,798)
Net profit for the period	5,361	6,706	14,978	15,453
Attributable to:-				
Owners of the Company	5,365	6,713	14,988	15,471
Non-controlling interests	(4)	(7)	(10)	(18)
Net profit for the period	5,361	6,706	14,978	15,453
Other comprehensive income, net of tax				
Fair value loss on equity investments designated at fair value through other comprehensive income	-	-	-	(2)
Total comprehensive income for the period	5,361	6,706	14,978	15,451
Total comprehensive income				
Attributable to:-				
Owners of the Company	5,365	6,713	14,988	15,469
Non-controlling interests	(4)	(7)	(10)	(18)
	5,361	6,706	14,978	15,451
Basic earnings per ordinary share (sen)	0.67	0.84	1.88	1.93
Diluted earnings per ordinary share (sen)	0.67	0.84	1.88	1.93

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2019.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2020**

	(Unaudited) 29/02/2020 RM'000	(Audited) 31/5/2019 RM'000
Non-current assets		
Plant and equipment	871	2,115
Right-of-use assets	1,360	-
Investment properties	371,784	367,241
Other financial assets	1,060	1,060
Deferred tax assets	1,028	1,028
Land held for development	138,103	137,815
	<u>514,206</u>	<u>509,259</u>
Current assets		
Inventories	83,747	85,504
Contract costs	1,014	7,990
Trade receivables	46,826	20,321
Other receivables, deposits and prepayments	25,937	23,292
Tax recoverable	12	22
Other financial assets	11,732	8,716
Cash and bank balances	28,097	51,554
	<u>197,365</u>	<u>197,399</u>
TOTAL ASSETS	<u>711,571</u>	<u>706,658</u>
Equity		
Share capital	125,500	123,753
Reserves	222,240	207,557
Equity attributable to shareholders of the Company	<u>347,740</u>	<u>331,310</u>
Non-controlling interests	14,687	14,697
Total equity	<u>362,427</u>	<u>346,007</u>
Non-current liabilities		
Deferred tax liabilities	606	606
Lease liabilities	217	580
Borrowings	148,678	160,444
Trade payables	10,025	7,971
Tax payable	4,447	7,782
	<u>163,973</u>	<u>177,383</u>
Current liabilities		
Contract liabilities	15,158	10,624
Trade payables	67,180	70,800
Other payables and accruals	67,459	65,843
Lease liabilities	1,110	436
Borrowings	11,922	12,655
Tax payable	22,342	22,910
	<u>185,171</u>	<u>183,268</u>
TOTAL EQUITY AND LIABILITIES	<u>711,571</u>	<u>706,658</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.4355	0.4125

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

	Share capital RM'000	Warrant / other reserves 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 2019	123,753	4,199	-	(2,987)	206,345	331,310	14,697	346,007
Issuance of shares pursuant to conversion of warrants	1,747	(114)	-	-	-	1,633	-	1,633
Share repurchased	-	-	-	(191)	-	(191)	-	(191)
Fair value loss on equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	14,988	14,988	(10)	14,978
Total comprehensive income for the year	-	-	-	-	14,988	14,988	(10)	14,978
At 29 February 2020	<u>125,500</u>	<u>4,085</u>	<u>-</u>	<u>(3,178)</u>	<u>221,333</u>	<u>347,740</u>	<u>14,687</u>	<u>362,427</u>
At 1 June 2018 (as previously stated)	123,753	4,199	4	-	172,711	300,667	14,241	314,908
Effect of adopting MFRS	-	-	-	-	11,020	11,020	-	11,020
At 1 June 2018	<u>123,753</u>	<u>4,199</u>	<u>4</u>	<u>-</u>	<u>183,731</u>	<u>311,687</u>	<u>14,241</u>	<u>325,928</u>
Share repurchased	-	-	-	(480)	-	(480)	-	(480)
Fair value loss on equity investments designated at fair value through other comprehensive income	-	-	(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
At 28 February 2019	<u>123,753</u>	<u>4,199</u>	<u>2</u>	<u>(480)</u>	<u>199,202</u>	<u>326,676</u>	<u>14,223</u>	<u>340,899</u>

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 2019.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

	9 months ended 29/02/2020 RM'000	9 months ended 28/02/2019 RM'000
Cash flows (used in)/from operating activities		
Profit before tax	20,784	19,251
Adjustments for:-		
- Non-cash items	976	584
- Non-operating items	1,019	(184)
Operating profit before working capital changes	22,779	19,651
Changes in working capital		
- Inventories	1,757	6,817
- Trade and other receivables	(29,150)	28,156
- Trade and other payables	5,673	17,335
- Development costs	13,188	22,692
Cash generated from operations	14,247	94,651
- Income tax paid	(9,709)	(2,508)
- Interest paid	(7,226)	(3,798)
Net cash (used in)/from operating activities	(2,688)	88,345
Cash flows (used in)/from investing activities		
- Increase in investment properties	(4,543)	(6,908)
- Increase in other financial assets	(3,016)	-
- Net dividend and interest received	1,119	184
- Proceeds from disposal of plant and equipment	-	15
- Payment for plant and equipment	(389)	(70)
Net cash used in investing activities	(6,829)	(6,779)
Cash flows from/(used in) financing activities		
- Proceeds from issuance of shares pursuant to conversion of warrants	1,633	-
- Interest paid	(2,313)	(6,666)
- Repayments of lease liabilities	(570)	(317)
- Shares repurchase	(191)	(480)
- Repayments of bridging and term loans	(12,499)	(67,882)
Net cash used in financing activities	(13,940)	(75,345)
Net (decrease)/increase in cash and cash equivalents	(23,457)	6,221
Cash and cash equivalents at beginning of period	44,954	24,674
Cash and cash equivalents at end of period	21,497	30,895
Cash and cash equivalents comprise: -		
	RM'000	RM'000
Cash and bank balances	28,097	37,495
Less : Cash deposits pledged	(6,600)	(6,600)
	21,497	30,895

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2019.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2020****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 2019. 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 2019.

2. Significant Accounting Policies

The significant accounting policies adopted in the interim financial report are consistent with those of the audited financial statements for the financial year ended 31 May 2019, except for the adoption of all the new MFRSs, Amendments to MFRS and IC Interpretations that are effective for the Group's financial year beginning 1 June 2019.

Other than MFRS 16: Leases, the adoption of the above Amendments to MFRS and IC Interpretations does not have significant impact on the interim financial report of the Group.

The Group adopted MFRS 16 using the modified retrospective approach with the date of initial application of 1 June 2019. Under this approach, the comparative information is not restated and the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability, using the Group's current incremental borrowing rate.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

The nature and effect of the changes as a result of the adoption of MFRS 16 are described below: -

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 was applied to these leases from 1 June 2019.

Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short term leases and leases of low value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

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 2019 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

During the financial period to-date, 3,915,390 ordinary shares were issued pursuant to the conversion of 3,915,390 warrants at the exercise price of RM0.30 per ordinary share.

At the 46th Annual General Meeting of the Company held on 24 October 2019, the shareholders of the Company renewed their approval for the Company’s plan to repurchase its own ordinary shares.

As at 29 February 2020, the Company repurchased a total of 509,000 of its issued ordinary shares from the open market for a total consideration of RM191,028. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

Subsequent to 29 February 2020 and up to 06 May 2020, a total of 7,624,800 shares were repurchased from the open market for a total consideration of RM2,674,886.

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 Operating Revenue</u> RM'000	<u>Profit/(Loss) Before Tax</u> RM'000
Property Investment	70,256	1,651
Property Development	114,210	26,929
Property Management	1,980	128
Investment and Others	4,343	(698)
	<u>190,789</u>	<u>28,010</u>
Elimination Inter-Group	(65,093)	-
Finance Costs	-	(7,226)
	<u>125,696</u>	<u>20,784</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 06 May 2020, there were no material subsequent events that have not been reflected in the financial statements for the current financial period.

11. Significant 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 24 October 2019.

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

12. Significant Related Party Transactions (Cont’d)

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> 29/02/2020 RM'000	<u>Cumulative Year To-Date</u> 29/02/2020 RM'000
PBSB	Billings for sub-contractor costs	<u>27,279</u>	<u>50,788</u>
Mercury	Billings for rental	<u>58</u>	<u>173</u>

13. Effect of Changes in the Composition of the Group

The Group had on 17 September 2019 entered into Sale and Purchase of Shares Agreement for the disposal of its 100% equity interest in Tashima Development Sdn Bhd, comprising 2,800,000 ordinary shares at a cash consideration of RM2.00.

The above disposal was completed on 22 October 2019 and the above company ceased to be the subsidiary of the Company then.

14. 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>29/02/2020</u> RM'000
Bank guarantee issued for: -	
- government authority	<u>6,600</u>

Inland Revenue Board (“IRB”) had initiated civil proceedings against Pujian Development Sendirian Berhad (“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 this contingent liabilities are presented in Note B9(ii) 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**

For the third quarter ended 29 February 2020 (“3Q20”), the Group’s 3Q20 revenue dipped by 24.7% to RM43.3 million from RM57.5 million a year ago, which is attributable to Phase 1 of its Ampang Ukay flagship development, known as Liberty @ Ampang Ukay, reaching the tail-end of construction progress.

Nonetheless, the Group’s profit before tax (“PBT”) enhanced 10.8% to RM8.8 million in 3Q20 from RM8.0 million. The slight PBT growth is due to higher profit recognition and development cost savings in Liberty @ Ampang Ukay.

For the nine-month period ended 29 February 2020 (“9M20”), the Group recorded 21.2% decline in revenue to RM125.7 million compared to RM159.5 million, which is in line with lower property sales.

Meanwhile, the Group recorded 8.0% PBT improvement to RM20.8 million from RM19.3 million in the same period last year, which was in line with ongoing progress of Liberty @ Ampang Ukay as well as development savings.

2. Variation of Results against Preceding Quarter

The Group’s revenue and PBT for the current quarter at RM43.3 million and RM8.8 million are lower than preceding quarter ended 30 November 2019 (“2Q20”) at RM48.5 million and RM9.3 million, respectively. The decline of 10.7% in revenue and 4.9% in PBT in 3Q20 are primarily attributable to Liberty @ Ampang Ukay being in the final stage of development progress.

3. Current Financial Year’s Prospects

Despite the challenging operating environment, the Group is expected to remain profitable in the financial year ending 31 May 2020 (“FY2020”).

The Group has also successfully completed the Liberty @ Ampang Ukay, the first phase of the Group’s flagship Ampang Ukay development on 10 Jan 2020.

As at 06 May 2020, Liberty @ Ampang Ukay has recorded a take-up rate of 99% since its launch in 2016. The commendable take-up rate is a testament to the Group’s ability to provide the right homes in tandem with market demand.

Moving forward, the Group is currently making preparations on launches for the subsequent phases of its Ampang Ukay flagship development.

Additionally, the Group’s property investment segment via South City Plaza is expected to contribute rental income despite the disruptions from the Movement Control Order (MCO). In the long-term, the Board expects the mall’s vibrancy and footfall to improve with the addition of the upcoming Seri Kembangan MRT line connectivity.

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

3. Current Financial Year's Prospects (Cont'd)

On the corporate front, the Group will mitigate the challenging operating landscape by increasing its development efficiency to enhance turnaround time, and in turn boost cash flow generation for better resource mobilisation.

Nevertheless, the Group will continue to identify prospective lands in strategic locations in Malaysia to be developed solely or in joint partnerships in order to sustain growth plans.

4. Variance of Profit Forecast / Profit Guarantee

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

5. Notes to the Consolidated Statement of Comprehensive Income

	<u>Current</u> <u>Quarter Ended</u> 29/02/2020 RM'000	<u>Cumulative</u> <u>Quarter Ended</u> 28/02/2019 RM'000	<u>9 Months</u> <u>Cumulative</u> <u>Ended</u> 29/02/2020 RM'000	<u>9 Months</u> <u>Cumulative</u> <u>Ended</u> 28/02/2019 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Depreciation and amortisation	253	255	976	584
Finance income	(321)	(78)	(1,019)	(184)
Finance costs				
- Interest expense	2,420	1,512	7,266	4,806
Tax penalty and interest	-	83	617	105
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6. Income Tax Expense

	<u>Current Quarter</u> <u>Ended</u> 29/02/2020 RM'000	<u>Cumulative</u> <u>Year To-Date</u> 29/02/2020 RM'000
Income tax		
- current year	3,484	5,806
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7. Status of Corporate Proposals Announced

There are no corporate proposals which have been announced but not completed as at 06 May 2020.

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 29 February 2020 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	148,895	-	148,895
	<u>148,895</u>	<u>-</u>	<u>148,895</u>
Short-Term Borrowings			
Current portion of long term borrowings	12,032	-	12,032
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>12,032</u>	<u>1,000</u>	<u>13,032</u>
Total Group Borrowings	<u>160,927</u>	<u>1,000</u>	<u>161,927</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 06 May 2020 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 Pujian Development Sendirian Berhad ("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 RM1,000 to each plaintiff.

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

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. The Court has fixed 17 September 2019 for the decision for Enclosure 45. On 17 September 2019, the Plaintiffs were awarded the following, in respect of the 12 units under the rescinded sale and purchase agreements: -

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)
- a) Out of pocket expenses totalling RM1,512,216.75;
 - b) Loan sum according to the loan agreements totalling RM2,330,151.70;
 - c) Interest at the rate 10% on the total amount of item (i) and (ii) totalling RM4,833,904.55 (calculated from the date of the breach of sale and purchase agreements until 3 December 2010); and
 - d) Interest at the rate of 5% on the total amount of item (i) and (ii) totalling RM1,689,589.33 (calculated from 4 December 2010 until 17 September 2019).

The High Court has allowed the cost of RM50,000.00 to be paid joint and severally by PDSB to the Plaintiffs within 30 days from 17 September 2019.

PDSB and the Plaintiffs have filed an appeal to the Judge in Chambers against the above said decision on 27 September 2019. The Plaintiffs' Appeal (Enclosure 78) and PDSB's Appeal (Enclosure 79) is fixed for Case Management on 11 June 2020.

Further, the Defendant had filed an application for the Stay of Execution of Enclosure 45 (Enclosure 85). On 19 February 2020, both parties agreed on the conditional stay of execution of Enclosure 45 pending the Appeals (Enclosure 78 & 79) with the conditions that: -

- a) PDSB to pay the total judgment sum for Enclosure 45 (RM10,365,862.41) payable in 12 monthly instalments (all dated end of the month from February 2020 onwards) to the joint solicitors account under the joint name of Messrs A.J. Ariffin, Yeo & Harpal & Messrs Gan & Zul;
- b) Interest follow event;
- c) Cost RM51,000.00 paid by PDSB on 29 February 2020;
- d) In the event PDSB in default of any payment as abovementioned, the outstanding sum is deemed to be due and payable immediately and the conditional stay shall lapse;
- e) Plaintiffs shall return and reassign all the 12 units of properties to PDSB upon settlement of the judgment sum pursuant to the final appeal; and
- f) PDSB withdrawn Enclosure 85 with no liberty to file afresh and with no order as to cost.

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 dismissed with costs of RM2,000. PDSB then filed an appeal to the Judge in Chambers on 8 March 2019. The Shah Alam High Court has fixed 7 November 2019 for hearing. The Court had on 28 November 2019 dismissed PDSB's appeal. PDSB had further file an appeal to the Court of Appeal on 18 December 2019. The Court has fixed the said appeal for a case management on 21 July 2020 and hearing on 4 August 2020.

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 case management on 29 April 2020. In view of the extended Movement Control Order from 28 April 2020 to 12 May 2020, the Court has adjourned the case management to 2 July 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 had 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.

10. Dividend

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

B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD
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	Cumulative Quarter Ended	Current Year To Date	Cumulative Year To Date
	29/02/2020	28/02/2019	29/02/2020	28/02/2019
Earnings	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings attributable to ordinary shareholders	5,365	6,713	14,988	15,471
	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares (Basic)	798,155	803,162	798,533	803,162
	(sen)	(sen)	(sen)	(sen)
Basic earnings per ordinary share	0.67	0.84	1.88	1.93
	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares (Diluted)	798,155	803,162	798,533	803,162
	(sen)	(sen)	(sen)	(sen)
Diluted earnings per ordinary share	0.67	0.84	1.88	1.93