



Registration No. 197301001881 (15379-V)

**ECOFIRST CONSOLIDATED BHD
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL REPORT
FOR THE QUARTER AND PERIOD ENDED
31 AUGUST 2021**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 AUGUST 2021**

	INDIVIDUAL PERIOD (Restated)		CUMULATIVE PERIOD (Restated)	
	Current Year Quarter / Period 31/08/2021 RM'000	Preceding Year Corresponding Quarter / Period 31/08/2020 RM'000	Current Year To Date 31/08/2021 RM'000	Preceding Year Corresponding Period 31/08/2020 RM'000
Revenue	2,717	16,177	2,717	16,177
Cost of sales	(1,924)	(10,931)	(1,924)	(10,931)
Gross profit	793	5,246	793	5,246
Other operating income	876	228	876	228
Distribution costs	(11)	(130)	(11)	(130)
Administration expenses	(2,318)	(1,956)	(2,318)	(1,956)
Other operating expenses	(558)	(795)	(558)	(795)
(Loss)/Profit from operations	(1,218)	2,593	(1,218)	2,593
Finance income	5	8	5	8
Finance costs	(889)	(2,550)	(889)	(2,550)
Net finance costs	(884)	(2,542)	(884)	(2,542)
(Loss)/Profit before tax	(2,102)	51	(2,102)	51
Income tax expense	-	(7)	-	(7)
Net (loss)/profit for the period	(2,102)	44	(2,102)	44
Attributable to:-				
Owners of the Company	(2,100)	48	(2,100)	48
Non-controlling interests	(2)	(4)	(2)	(4)
Net (loss)/profit for the period	(2,102)	44	(2,102)	44
Other comprehensive income, net of tax				
Fair value loss on equity investments designated at fair value through other comprehensive income	-	-	-	-
Total comprehensive (loss)/income for the period	(2,102)	44	(2,102)	44
Total comprehensive (loss)/income				
Attributable to:-				
Owners of the Company	(2,100)	48	(2,100)	48
Non-controlling interests	(2)	(4)	(2)	(4)
	(2,102)	44	(2,102)	44
Basic (loss)/earnings per ordinary share (sen)	(0.20)	0.01	(0.20)	0.01
Diluted (loss)/earnings per ordinary share (sen)	(0.20)	0.01	(0.20)	0.01

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2021.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021**

	(Unaudited) 31/08/2021 RM'000	(Restated) (Audited) 31/05/2021 RM'000	(Restated) (Audited) 01/06/2020 RM'000
Non-current assets			
Plant and equipment	920	1,024	1,051
Right of use assets	1,694	1,942	2,767
Investment properties	597,510	392,510	378,756
Inventories	187,220	186,819	138,627
Other financial assets	1,060	1,060	1,060
Deferred tax assets	3,348	3,348	3,415
	<u>791,752</u>	<u>586,703</u>	<u>525,676</u>
Current assets			
Inventories	75,968	73,840	80,829
Contract costs	-	-	893
Trade receivables	22,173	22,987	48,954
Other receivables, deposits and prepayments	25,686	26,207	26,123
Tax recoverable	4	4	14
Other financial assets	9	9	22
Cash and bank balances	6,244	7,670	26,572
	<u>130,084</u>	<u>130,717</u>	<u>183,407</u>
TOTAL ASSETS	<u>921,836</u>	<u>717,420</u>	<u>709,083</u>
Equity			
Share capital	227,764	147,796	129,585
Reserves	230,829	232,929	219,779
Equity attributable to shareholders of the Company	<u>458,593</u>	<u>380,725</u>	<u>349,364</u>
Non-controlling interests	93,765	14,739	14,754
Total equity	<u>552,358</u>	<u>395,464</u>	<u>364,118</u>
Non-current liabilities			
Lease liabilities	899	1,138	1,699
Borrowings	177,046	171,072	144,829
Trade payables	-	-	8,867
Other payables	8,400	8,400	8,857
Tax payable	-	-	4,938
Deferred tax liabilities	21,592	3,176	1,569
	<u>207,937</u>	<u>183,786</u>	<u>170,759</u>
Current liabilities			
Contract liabilities	-	-	17,911
Trade payables	31,606	32,522	42,561
Other payables and accruals	87,714	67,608	76,110
Lease liabilities	1,003	978	989
Borrowings	21,224	16,915	16,764
Tax payable	19,994	20,147	19,871
	<u>161,541</u>	<u>138,170</u>	<u>174,206</u>
TOTAL EQUITY AND LIABILITIES	<u>921,836</u>	<u>717,420</u>	<u>709,083</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.4216	0.4431	0.4420

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2021.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2021**

	Share capital 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 2021 (as previously stated)	147,796	(3,943)	237,001	380,854	14,739	395,593
Effect of adoption of IFRIC Agenda Decision on MFRS 123						
Borrowing Costs	-	-	(129)	(129)	-	(129)
At 1 June 2021	147,796	(3,943)	236,872	380,725	14,739	395,464
Transactions with owners:						
Issuance of shares	79,968	-	-	79,968	-	79,968
Acquisition of subsidiary	-	-	-	-	79,028	79,028
Total transactions with owners	79,968	-	-	79,968	79,028	158,996
Net (loss)/Total comprehensive (loss) for the year	-	-	(2,100)	(2,100)	(2)	(2,102)
At 31 August 2021	227,764	(3,943)	234,772	458,593	93,765	552,358
At 1 June 2020 (as previously stated)	129,585	(5,853)	223,431	347,163	14,754	361,917
Effect of adoption of IFRIC Agenda Decision on MFRS 123						
Borrowing Costs	-	-	2,201	2,201	-	2,201
At 1 June 2020	129,585	(5,853)	225,632	349,364	14,754	364,118
Transactions with owners:						
Issue of shares pursuant to private placements	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Net profit/Total comprehensive income for the year	-	-	48	48	(4)	44
At 31 August 2020	129,585	(5,853)	225,680	349,412	14,750	364,162

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 2021.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
 FOR THE PERIOD ENDED 31 AUGUST 2021**

	3 months ended 31/08/2021 RM'000	(Restated) 3 months ended 31/08/2020 RM'000
Cash flows from/(used in) operating activities		
(Loss)/Profit before tax	(2,102)	51
Adjustments for:-		
- Non-cash items	(302)	324
- Non-operating items	889	2,425
Operating (loss)/profit before working capital changes	(1,515)	2,800
Changes in working capital		
- Inventories	(2,529)	2,038
- Trade and other receivables	1,335	7,135
- Trade and other payables	2,674	(5,681)
- Contract costs / assets / liabilities	-	(12,327)
Cash from/(used in) operations	(35)	(6,035)
- Income tax paid	(153)	(487)
- Interest paid	-	(1,396)
Net cash used in operating activities	(188)	(7,918)
Cash flows from/(used in) investing activities		
- Decrease in other financial assets	-	17
- Decrease in fixed deposit pledged	-	5,280
- Net dividend and interest received	-	125
- Net cash inflow on acquisition of subsidiary	686	-
Net cash from investing activities	686	5,422
Cash flows from/(used in) financing activities		
- Interest paid	(889)	(1,154)
- Repayments of lease liabilities	(214)	(132)
- Repayments of bridging and term loans	(819)	(7,844)
Net cash used in financing activities	(1,922)	(9,130)
Net decrease in cash and cash equivalents	(1,424)	(11,626)
Cash and cash equivalents at beginning of period	359	19,972
Cash and cash equivalents at end of period	(1,065)	8,346
Cash and cash equivalents comprise: -		
	RM'000	RM'000
Cash and bank balances	6,244	9,666
Less : Bank overdraft	(5,989)	-
Less : Cash deposits pledged	(1,320)	(1,320)
	(1,065)	8,346

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2021.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2021**

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 2021. 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 2021.

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 2021, except for the adoption of the following Amendments to MFRS that are effective for the Group’s financial year beginning 1 June 2021:-

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
IFRIC Agenda Decision on MFRS 123	Borrowing Costs

The adoption of the above amendments to MFRSs does not have any significant impact on the interim financial report of the Group, except for IRFIC Agenda Decision on MFRS 123, Borrowing Costs, which is discussed below.

IFRIC Agenda Decision on MFRS 123 Borrowing Costs (“Agenda Decision”)

On 18 December 2018, the Malaysian Accounting Standard Board (“MASB”) has issued for public comment six Tentative Agenda Decisions (“TAD”) published by the IFRS Interpretations Committee, including the TAD on International Accounting Standards 23 Borrowing Costs (“IAS 23”) relating to over time transfer of constructed good.

The MASB observed that non-private entities in the real estate industry might need to change their accounting policy as a result if the Agenda Decision on IAS 23. In ensuring consistent application of the MFRSs, which are word-for-word the IFRS Standards, the MASB has decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision on IAS 23 to financial statements of annual periods beginning on or after 1 July 2020.

Effective 1 June 2021, the Group had retrospectively applied the Agenda Decision and comparative figures have been restated as a result of transition requirement under Agenda Decision.

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

2. Significant Accounting Policies (Cont’d)

IFRIC Agenda Decision on MFRS 123 Borrowing Costs (“Agenda Decision”)

The effects of the adoption of the Agenda Decision are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 AUGUST 2020

	31/08/2020 As previously stated RM'000	Effects of the adoption of Agenda Decision RM'000	31/08/2020 As restated RM'000
Revenue	16,177		16,177
Cost of sales	(10,999)	68	(10,931)
Gross profit	5,178		5,246
Other operating income	228		228
Distribution costs	(130)		(130)
Administration expenses	(1,956)		(1,956)
Other operating expenses	(795)		(795)
Profit from operations	2,525		2,593
Finance income	8		8
Finance costs	(2,354)	(196)	(2,550)
Net finance costs	(2,346)		(2,542)
Profit before tax	179	(128)	51
Income tax expense	(7)		(7)
Net profit for the period	172		44
Attributable to:-			
Owners of the Company	176	(128)	48
Non-controlling interests	(4)		(4)
Net profit for the period	172		44
Other comprehensive income, net of tax			
Fair value loss on equity investments designated at fair value through other comprehensive income	-		-
Total comprehensive income for the period	172		44
Total comprehensive income			
Attributable to:-			
Owners of the Company	176	(128)	48
Non-controlling interests	(4)		(4)
	172		44

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

2. Significant Accounting Policies (Cont’d)

IFRIC Agenda Decision on MFRS 123 Borrowing Costs (“Agenda Decision”)

The effects of the adoption of the Agenda Decision are as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2021	31/05/2021 As perviously stated RM'000	Effects of the adoption of Agenda Decision RM'000	31/05/2021 As restated RM'000
Non-current assets			
Plant and equipment	1,024		1,024
Right of use assets	1,942		1,942
Investment properties	392,510		392,510
Inventories	186,819		186,819
Other financial assets	1,060		1,060
Deferred tax assets	3,348		3,348
	586,703		586,703
Current assets			
Inventories	73,969	(129)	73,840
Trade receivables	22,987		22,987
Other receivables, deposits and prepayments	26,207		26,207
Tax recoverable	4		4
Other financial assets	9		9
Cash and bank balances	7,670		7,670
	130,846		130,717
TOTAL ASSETS	717,549		717,420
Equity			
Share capital	147,796		147,796
Reserves	233,058	(129)	232,929
Equity attributable to shareholders of the Company	380,854		380,725
Non-controlling interests	14,739		14,739
Total equity	395,593		395,464
Non-current liabilities			
Lease liabilities	1,138		1,138
Borrowings	171,072		171,072
Other payables	8,400		8,400
Deferred tax liabilities	3,176		3,176
	183,786		183,786
Current liabilities			
Trade payables	32,522		32,522
Other payables and accruals	67,608		67,608
Lease liabilities	978		978
Borrowings	16,915		16,915
Tax payable	20,147		20,147
	138,170		138,170
TOTAL EQUITY AND LIABILITIES	717,549		717,420

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

2. Significant Accounting Policies (Cont’d)

IFRIC Agenda Decision on MFRS 123 Borrowing Costs (“Agenda Decision”)

The effects of the adoption of the Agenda Decision are as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JUNE 2020	31/05/2020 As perviously stated RM'000	Effects of the adoption of Agenda Decision RM'000	01/06/2020 As restated RM'000
Non-current assets			
Plant and equipment	1,051		1,051
Right of use assets	2,767		2,767
Investment properties	378,756		378,756
Inventories	138,627		138,627
Other financial assets	1,060		1,060
Deferred tax assets	3,415		3,415
	525,676		525,676
Current assets			
Inventories	78,628	2,201	80,829
Contract costs	893		893
Trade receivables	48,954		48,954
Other receivables, deposits and prepayments	26,123		26,123
Tax recoverable	14		14
Other financial assets	22		22
Cash and bank balances	26,572		26,572
	181,206		183,407
TOTAL ASSETS	706,882		709,083
Equity			
Share capital	129,585		129,585
Reserves	217,578	2,201	219,779
Equity attributable to shareholders of the Company	347,163		349,364
Non-controlling interests	14,754		14,754
Total equity	361,917		364,118
Non-current liabilities			
Lease liabilities	1,699		1,699
Borrowings	144,829		144,829
Trade payables	8,867		8,867
Other payables	8,857		8,857
Tax payable	4,938		4,938
Deferred tax liabilities	1,569		1,569
	170,759		170,759
Current liabilities			
Contract liabilities	17,911		17,911
Trade payables	42,561		42,561
Other payables and accruals	76,110		76,110
Lease liabilities	989		989
Borrowings	16,764		16,764
Tax payable	19,871		19,871
	174,206		174,206
TOTAL EQUITY AND LIABILITIES	706,882		709,083

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

2. Significant Accounting Policies (Cont’d)

IFRIC Agenda Decision on MFRS 123 Borrowing Costs (“Agenda Decision”)

The effects of the adoption of the Agenda Decision are as follows:

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2020**

	31/08/2020 As previously stated RM'000	Effects of the adoption of Agenda Decision RM'000	31/08/2020 As restated RM'000
Cash flows from/(used in) operating activities			
Profit before tax	179	(128)	51
Adjustments for:-			
- Non-cash items	324		324
- Non-operating items	2,229		2,425
Operating profit before working capital changes	2,732		2,800
Changes in working capital			
- Inventories	1,910	128	2,038
- Trade and other receivables	7,135		7,135
- Trade and other payables	(5,681)		(5,681)
- Contract costs / assets / liabilities	(12,327)		(12,327)
Cash used in operations	(6,231)		(6,035)
- Income tax paid	(487)		(487)
- Interest paid	(1,200)		(1,396)
Net cash used in operating activities	(7,918)		(7,918)
Cash flows from/(used in) investing activities			
- Decrease in other financial assets	17		17
- Decrease in fixed deposit pledged	5,280		5,280
- Net dividend and interest received	125		125
Net cash from investing activities	5,422		5,422
Cash flows from/(used in) financing activities			
- Interest paid	(1,154)		(1,154)
- Repayments of lease liabilities	(132)		(132)
- Repayments of bridging and term loans	(7,844)		(7,844)
Net cash used in financing activities	(9,130)		(9,130)
Net decrease in cash and cash equivalents	(11,626)		(11,626)
Cash and cash equivalents at beginning of period	19,972		19,972
Cash and cash equivalents at end of period	8,346		8,346
Cash and cash equivalents comprise: -	RM'000		RM'000
Cash and bank balances	9,666		9,666
Less : Cash deposits pledged	(1,320)		(1,320)
	8,346		8,346

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 2021 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 first quarter of financial period ended 31 August 2021 (“1QFY2022”), 228,480,000 new ordinary shares of EcoFirst (“Consideration Shares”) at an issue price of RM0.35 per Consideration Share were issued pursuant to the acquisition of 51% equity interest in BCM Holdings Sdn Bhd. With the allotment of the new shares, the Company’s issued shares and paid-up capital have increased from 859,145,789 ordinary shares to 1,087,625,789 ordinary shares.

As at 1 October, 28,499,598 ordinary shares were issued pursuant to the Private Placement at an issue price of 0.35 per ordinary share. With the allotment of the new shares, the Company’s issued shares and paid-up capital have increased from 1,087,625,789 ordinary shares to 1,116,125,387.

Save the above, there were no 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	2,104	40
Property Development	-	(1,086)
Property Management	660	177
Investment and Others	1,458	(344)
	<u>4,222</u>	<u>(1,213)</u>
Elimination Inter-Group	(1,505)	-
Finance Costs	-	(889)
	<u>2,717</u>	<u>(2,102)</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 27 October 2021, 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 Annual General Meeting held on 27 October 2021.

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

11. 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> 31/08/2021 RM'000	<u>Cumulative Year To Date</u> 31/08/2021 RM'000
PBSB	Billings for sub-contractor costs	5	5
Mercury	Billings for rental	58	58

12. Effect of Changes in the Composition of the Group

During the first quarter of financial period ended 31 August 2021, BCM Holdings Sdn Bhd has become a subsidiary of the Company upon completion of the acquisition its 51% equity interest for a purchase consideration of RM81,600,000.

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: -

	<u>31/08/2021</u> RM'000
Bank guarantee issued for: -	
- government authority	1,320

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 RM30.7 million and tax penalties amounting to RM4.8 million. The details of these 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 first quarter of financial year ended 31 August 2021 (“1QFY2022”), the Group recorded revenue of RM2.7 million, representing a decrease of 83.3% from RM16.2 million in the corresponding quarter of the preceding financial year. The Group recorded loss before tax (“LBT”) of RM2.1 million in 1QFY2022, a decrease from profit before tax of RM0.051 million in the corresponding quarter of the preceding financial year.

The decline in performance was mainly due to postponement in the launching of new development and no revenue from the property development segment which continued to be negatively affected by the Covid-19 pandemic.

2. Variation of Results against Preceding Quarter

The Group’s revenue of RM2.7 million in 1QFY2022 was 80.7% lower than the preceding quarter’s revenue of RM14.0 million. The decrease in revenue is due to no contribution from the property development segment.

For the 1QFY2022, the Group recorded LBT of RM2.1 million compared to RM14.2 million profit before tax recorded in the preceding quarter, representing a decrease. This was mainly due to no revenue from property development segment.

3. Current Financial Year’s Prospects

After battling with Covid-19 for more than twenty (20) months, Malaysia is set to move out from a pandemic to an endemic stage. With more than 90% of the adult population having been fully vaccinated, the interstate travel ban was lifted recently in early October 2021, the nation’s economy is projected to improve from the fourth quarter of 2021 onwards as economic activity is gradually increasing to return to normalcy.

The outlook for the property sector is expected to remain challenging given the adverse market conditions left behind during the prolonged Covid-19 pandemic situation in Malaysia. However, the government has undertaken several measures such as lowering interest rates, reintroduction of the Home Ownership Campaign and exemption of the Real Property Gains Tax for residential properties to boost the property sector demands. According to the Housing Bureau Statistics, Malaysia has a shortage of 1.0 million units of affordable residential housing. In view of this, the Group has strategised that the majority of our products will be priced below RM500,000 per unit for the upcoming launches, i.e. Shah Alam and Sungai Besi.

The Group is cautiously optimistic about the prospects during the financial year 2022 and we will focus on developing high-value land in strategic areas, with attractive pricing and development features tailored to the requirements of the mass-market segment.

For the property investment segment, South City Plaza Mall is expected to continue to contribute sustainable rental income during the current financial year.

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)

The mall strictly adheres to the implementation of social distancing and Covid-19 preventive measures in accordance to the government's Standard Operating Procedures, in order to safeguard the health of our customers and employees. In the long term, the Group expects an increase in the vibrancy and footfall of the mall resulting from the proposed pedestrian bridge linking the upcoming Seri Kembangan MRT station to the mall.

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</u> <u>Ended</u>	(Restated) <u>Comparative</u> <u>Quarter</u> <u>Ended</u>	<u>3 Months</u> <u>Cumulative</u> <u>Ended</u>	(Restated) <u>3 Months</u> <u>Cumulative</u> <u>Ended</u>
	31/08/2021	31/08/2020	31/08/2021	31/08/2020
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):-				
Depreciation and amortisation	352	270	352	270
Finance income	(5)	(8)	(5)	(8)
Finance costs				
- Interest expense	889	2,550	889	2,550
	<hr/>	<hr/>	<hr/>	<hr/>

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

6. Income Tax Expense

	<u>Current</u> <u>Quarter Ended</u>	<u>Current Year</u> <u>To-Date</u>
	31/08/2021	31/08/2021
	RM'000	RM'000
Income tax expense	-	-

7. Status of Corporate Proposals Announced

The following corporate proposals as announced by the Company have not been completed as at 27 October 2021.

Proposed acquisition

Ecofirst Horizon Sdn Bhd (“EHSB”) (formally known as Opal Horizon Sdn Bhd), a wholly owned subsidiary of the Company, had on 18 January 2021 entered into a conditional sale and purchase agreement (“SPA”) with Radiant Nature Sdn Bhd (“RNSB”) for the acquisition of seven (7) parcels of commercial land Lots 70296-70302 held under Titles Nos PN22361-22367, Mukim of Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan measuring a total area of approximately 16,824 square metres (“Land”), for a purchase consideration of RM70.0 million. The Land is situated within 400 metres radius from the Damansara Damai MRT2 Station. The said Land is designated as a Transit Oriented Development (“TOD”) which allows for a higher plot ratio and the Group is drawing up the development plan for the Land for submission to the local authorities for development approval.

Pursuant to the SPA, the completion period for the above Acquisition shall be upon the full payment of the Balance Cash Payment paid by EHSB to RNSB within three (3) months from the effective date pursuant to the terms and conditions of the SPA.

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 August 2021 are as follows: -

	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Long-Term Borrowings			
Amount repayable after twelve months	177,046	-	177,046
	<u>177,046</u>	<u>-</u>	<u>177,046</u>
Short-Term Borrowings			
Current portion of long term borrowings	20,224	-	20,224
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>20,224</u>	<u>1,000</u>	<u>21,224</u>
Total Group Borrowings	<u>197,270</u>	<u>1,000</u>	<u>198,270</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 27 October 2021 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) Chan Yoke Hong & 23 Others ("Plaintiffs") v Pujian Development Sdn Bhd ("PDSB")

The Plaintiffs had filed a lawsuit against PDSB, a wholly-owned subsidiary of the Company, in relation to the breach of the sale purchase agreements entered into with PDSB in respect of the retail units in South City Plaza ("SPAs") and seeking rescission of the SPAs. The Shah Alam High Court ("Court") has allowed the Plaintiffs' claims and the hearing of the assessment of damages by way of Enclosure 45 had ended on 21 May 2018. The Court had fixed 17 September 2019 for the decision and the Plaintiffs were awarded with a total judgement sum of RM10.4 million.

Further, PDSB had filed an application for the Stay of Execution of Enclosure 45 (Enclosure 85). On 19 February 2020, the Plaintiffs and PDSB have agreed on the conditional stay of execution of Enclosure 45 pending the appeals (Enclosure 78 and 79) with conditions, among which, PDSB is to pay the total judgment sum for Enclosure 45 payable in 12 monthly instalments to the joint solicitors account.

PDSB and the Plaintiffs had filed an appeal to the Judge in Chambers against the above said decision on 27 September 2019.

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)**

In respect of the Plaintiffs' appeal (Enclosure 78), the Court had dismissed the Plaintiffs' appeal with cost of RM2,000. The Plaintiffs have filed Notice of Appeal to Court of Appeal on 11 November 2020 against the Decision of Enclosure 78. The appeal to the Court of Appeal is fixed for Case Management by way of e-review on 7 December 2021.

In respect of PDSB's appeal (Enclosure 79), the Court has allowed part of the PDSB's appeal on 5 January 2021 and hence the judgement sum has reduced from RM10.4million to RM5.5 million. Both Plaintiffs and PDSB have filed Notice of Appeal to Court of Appeal against part of the Decision of Enclosure 79. The appeal by the Plaintiffs to the Court of Appeal against part of the Decision of Enclosure 79 is fixed for Case Management by way of e-review on 12 November 2021. The appeal by PDSB to the Court of Appeal against part of the Decision of Enclosure 79 is fixed for Case Management by way of e-review on 6 December 2021.

PDSB also 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). On 25 February 2019, the Court had dismissed PDSB's application in Enclosure 60. PDSB then filed an appeal on Enclosure 60 to the Court of Appeal and the said appeal is now fixed for hearing on 3 March 2022.

(ii) Inland Revenue Board ("IRB") v PDSB

IRB had on 3 June 2016, raised a notice of additional income tax assessment of RM30.7 million and tax penalties of RM4.8 million to PDSB for the tax assessment year 2004. PDSB, a wholly-owned subsidiary of the Company has presented its appeal to the Dispute Resolution Division of IRB and they had forwarded the Form Q to Special Commissioners of Income Tax ("SCIT").

The IRB initiated civil recovery proceedings against PDSB in respect of the above notice of additional assessment. Subsequently, PDSB filed an application to the Kuala Lumpur High Court ("Court") to stay the civil proceedings on the ground that it has filed an appeal against the said assessment to the 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 26 January 2022 and 27 January 2022.

Upon consulting PDSB's 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 IRB and the penalties imposed.

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/(Loss) Per Share

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

	Current Quarter Ended	(Restated) Cumulative Quarter Ended	Current Year To Date	(Restated) Cumulative Year To Date
	31/08/2021	31/08/2020	31/08/2021	31/08/2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Earnings				
Net (loss)/earnings attributable to ordinary shareholders	(2,100)	48	(2,100)	48
Weighted average number of ordinary shares (Basic)	('000)	('000)	('000)	('000)
	1,063,679	795,424	1,063,679	795,424
Basic (loss)/earnings per ordinary share	(sen)	(sen)	(sen)	(sen)
	(0.20)	0.01	(0.20)	0.01
Weighted average number of ordinary shares (Diluted)	('000)	('000)	('000)	('000)
	1,063,679	795,424	1,063,679	795,424
Diluted (loss)/earnings per ordinary share	(sen)	(sen)	(sen)	(sen)
	(0.20)	0.01	(0.20)	0.01

12. Comparative Figures

Comparative figures, where applicable, have been modified to conform to the current year presentation.