



Registration No. 197301001881 (15379-V)

**ECOFIRST CONSOLIDATED BHD
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL REPORT
FOR THE QUARTER AND PERIOD ENDED
28 FEBRUARY 2022**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 FEBRUARY 2022**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter / Period 28/02/2022 RM'000	Preceding Year Corresponding Quarter / Period 28/02/2021 RM'000	Current Year To Date 28/02/2022 RM'000	Preceding Year Corresponding Period 28/02/2021 RM'000
Revenue	9,795	4,510	16,185	28,525
Cost of sales	(6,860)	(3,038)	(10,819)	(17,321)
Gross profit	2,935	1,472	5,366	11,204
Other operating income	395	319	1,860	669
Distribution costs	(19)	(114)	(54)	(256)
Administration expenses	(3,734)	(2,688)	(8,347)	(7,314)
Other operating expenses	(297)	(325)	(1,447)	(1,193)
Net allowance for expected credit loss of receivables	-	-	-	2,601
(Loss)/Profit from operations	(720)	(1,336)	(2,622)	5,711
Finance income	9	28	23	49
Finance costs	(1,303)	(1,871)	(3,571)	(6,769)
Net finance costs	(1,294)	(1,843)	(3,548)	(6,720)
Loss before tax	(2,014)	(3,179)	(6,170)	(1,009)
Income tax expense	(8)	(786)	(10)	(931)
Net loss for the period	(2,022)	(3,965)	(6,180)	(1,940)
Attributable to:-				
Owners of the Company	(1,585)	(3,961)	(5,570)	(1,928)
Non-controlling interests	(437)	(4)	(610)	(12)
Net loss for the period	(2,022)	(3,965)	(6,180)	(1,940)
Other comprehensive income, net of tax				
Fair value loss on equity investments designated at fair value through other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(2,022)	(3,965)	(6,180)	(1,940)
Total comprehensive loss				
Attributable to:-				
Owners of the Company	(1,585)	(3,961)	(5,570)	(1,928)
Non-controlling interests	(437)	(4)	(610)	(12)
	(2,022)	(3,965)	(6,180)	(1,940)
Basic loss per ordinary share (sen)	(0.14)	(0.48)	(0.50)	(0.24)
Diluted loss per ordinary share (sen)	(0.14)	(0.48)	(0.50)	(0.24)

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 28 FEBRUARY 2022**

	(Unaudited) 28/02/2022 RM'000	(Restated) (Audited) 31/05/2021 RM'000	(Restated) (Audited) 01/06/2020 RM'000
Non-current assets			
Plant and equipment	753	1,024	1,051
Right of use assets	1,241	1,942	2,767
Investment properties	597,571	392,510	378,756
Inventories	187,953	186,819	138,627
Other financial assets	1,060	1,060	1,060
Deferred tax assets	3,348	3,348	3,415
	<u>791,926</u>	<u>586,703</u>	<u>525,676</u>
Current assets			
Inventories	149,203	73,741	77,961
Contract costs	-	-	893
Trade receivables	21,499	22,987	48,954
Other receivables, deposits and prepayments	15,808	26,207	26,123
Tax recoverable	4	4	14
Other financial assets	6	9	22
Cash and bank balances	9,930	7,670	26,572
	<u>196,450</u>	<u>130,618</u>	<u>180,539</u>
TOTAL ASSETS	<u>988,376</u>	<u>717,321</u>	<u>706,215</u>
Equity			
Share capital	258,712	147,796	129,585
Reserves	227,260	232,830	216,911
Equity attributable to shareholders of the Company	<u>485,972</u>	<u>380,626</u>	<u>346,496</u>
Non-controlling interests	97,519	14,739	14,754
Total equity	<u>583,491</u>	<u>395,365</u>	<u>361,250</u>
Non-current liabilities			
Lease liabilities	550	1,138	1,699
Borrowings	172,535	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>203,077</u>	<u>183,786</u>	<u>170,759</u>
Current liabilities			
Contract liabilities	-	-	17,911
Trade payables	29,575	32,522	42,561
Other payables and accruals	133,660	67,608	76,110
Lease liabilities	946	978	989
Borrowings	18,060	16,915	16,764
Tax payable	19,567	20,147	19,871
	<u>201,808</u>	<u>138,170</u>	<u>174,206</u>
TOTAL EQUITY AND LIABILITIES	<u>988,376</u>	<u>717,321</u>	<u>706,215</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.4132	0.4430	0.4285

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 28 FEBRUARY 2022**

	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	-	-	(228)	(228)	-	(228)
At 1 June 2021	147,796	(3,943)	236,773	380,626	14,739	395,365
Transactions with owners:						
Issue of shares pursuant to private placements	110,916	-	-	110,916	-	110,916
Subscription of shares in subsidiary	-	-	-	-	4,362	4,362
Acquisition of subsidiary	-	-	-	-	79,028	79,028
Total transactions with owners	110,916	-	-	110,916	83,390	194,306
Net loss/Total comprehensive loss for the year	-	-	(5,570)	(5,570)	(610)	(6,180)
At 28 February 2022	258,712	(3,943)	231,203	485,972	97,519	583,491
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	-	-	(667)	(667)	-	(667)
At 1 June 2020	129,585	(5,853)	222,764	346,496	14,754	361,250
Transactions with owners:						
Issue of shares pursuant to private placements	9,917	-	-	9,917	-	9,917
Disposal of treasury shares	-	-	-	-	-	-
Total transactions with owners	9,917	-	-	9,917	-	9,917
Net loss/Total comprehensive loss for the year	-	-	(1,928)	(1,928)	(12)	(1,940)
At 28 February 2021	139,502	(5,853)	220,836	354,485	14,742	369,227

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 28 FEBRUARY 2022**

	9 months ended 28/02/2022 RM'000	9 months ended 28/02/2021 RM'000
Cash flows from/(used in) operating activities		
Loss before tax	(6,170)	(1,009)
Adjustments for:-		
- Non-cash items	267	757
- Non-operating items	3,421	6,644
Operating (loss)/profit before working capital changes	(2,482)	6,392
Changes in working capital		
- Inventories	(55,596)	3,898
- Trade and other receivables	11,887	2,775
- Trade and other payables	48,549	(38,788)
- Contract costs / assets / liabilities	-	(6,099)
Cash from/(used in) operations	2,358	(31,822)
- Income tax paid	(590)	(1,778)
- Interest paid	-	(246)
Net cash from/(used in) operating activities	1,768	(33,846)
Cash flows from/(used in) investing activities		
- Increase in investment properties	(61)	(83)
- Decrease in other financial assets	3	13
- Decrease in fixed deposit pledged	-	5,280
- Net dividend received	150	125
- Proceeds from disposal of plant and equipment	51	-
- Net cash inflow on acquisition of subsidiary	686	-
Net cash from investing activities	829	5,335
Cash flows from/(used in) financing activities		
- Proceeds from private placement	9,948	9,917
- Proceeds from issuance of shares to non-controlling interests	2,402	-
- Drawdown from term loans	11,000	11,354
- Interest paid	(3,571)	(6,523)
- Repayments of lease liabilities	(620)	(505)
- Sales of treasury shares	-	1,676
- Repayments of term loans	(19,488)	(4,538)
Net cash (used in)/from financing activities	(329)	11,381
Net increase/(decrease) in cash and cash equivalents	2,268	(17,130)
Cash and cash equivalents at beginning of period	359	19,972
Cash and cash equivalents at end of period	2,627	2,842
Cash and cash equivalents comprise: -		
	RM'000	RM'000
Cash and bank balances	9,930	4,162
Less : Bank overdraft	(5,983)	-
Less : Cash deposits pledged	(1,320)	(1,320)
	2,627	2,842

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 28 FEBRUARY 2022**

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 28 FEBRUARY 2021**

	28/02/2021 As previously stated RM'000	Current Year Quarter Effects of the adoption of Agenda Decision RM'000	28/02/2021 As restated RM'000
Revenue	4,510		4,510
Cost of sales	(3,048)	10	(3,038)
Gross profit	1,462		1,472
Other operating income	319		319
Distribution costs	(114)		(114)
Administration expenses	(2,688)		(2,688)
Other operating expenses	(325)		(325)
Net allowance for expected credit loss of receivables	-		-
Loss from operations	(1,346)		(1,336)
Finance income	28		28
Finance costs	(2,228)	357	(1,871)
Net finance costs	(2,200)		(1,843)
Loss before tax	(3,546)	367	(3,179)
Income tax expense	(786)		(786)
Net loss for the period	(4,332)		(3,965)
Attributable to:-			
Owners of the Company	(4,328)	367	(3,961)
Non-controlling interests	(4)		(4)
Net loss for the period	(4,332)		(3,965)
Other comprehensive income, net of tax			
Fair value loss on equity investments designated at fair value through other comprehensive income	-		-
Total comprehensive loss for the period	(4,332)		(3,965)
Total comprehensive loss			
Attributable to:-			
Owners of the Company	(4,328)	367	(3,961)
Non-controlling interests	(4)		(4)
	(4,332)		(3,965)

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 28 FEBRUARY 2021**

	28/02/2021 As previously stated RM'000	Current Year To Date Effects of the adoption of Agenda Decision RM'000	28/02/2021 As restated RM'000
Revenue	28,525		28,525
Cost of sales	(17,509)	188	(17,321)
Gross profit	11,016		11,204
Other operating income	669		669
Distribution costs	(256)		(256)
Administration expenses	(7,314)		(7,314)
Other operating expenses	(1,193)		(1,193)
Net allowance for expected credit loss of receivables	2,601		2,601
Profit from operations	5,523		5,711
Finance income	49		49
Finance costs	(6,769)		(6,769)
Net finance costs	(6,720)		(6,720)
Loss before tax	(1,197)	188	(1,009)
Income tax expense	(931)		(931)
Net loss for the period	(2,128)		(1,940)
Attributable to:-			
Owners of the Company	(2,116)	188	(1,928)
Non-controlling interests	(12)		(12)
Net loss for the period	(2,128)		(1,940)
Other comprehensive income, net of tax			
Fair value loss on equity investments designated at fair value through other comprehensive income	-		-
Total comprehensive loss for the period	(2,128)		(1,940)
Total comprehensive loss			
Attributable to:-			
Owners of the Company	(2,116)	188	(1,928)
Non-controlling interests	(12)		(12)
	(2,128)		(1,940)

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	(228)	73,741
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		130,618
TOTAL ASSETS	717,549		717,321
Equity			
Share capital	147,796		147,796
Reserves	233,058	(228)	232,830
Equity attributable to shareholders of the Company	380,854		380,626
Non-controlling interests	14,739		14,739
Total equity	395,593		395,365
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		717,321

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
	<u>525,676</u>		<u>525,676</u>
Current assets			
Inventories	78,628	(667)	77,961
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
	<u>181,206</u>		<u>180,539</u>
TOTAL ASSETS	<u>706,882</u>		<u>706,215</u>
Equity			
Share capital	129,585		129,585
Reserves	217,578	(667)	216,911
Equity attributable to shareholders of the Company	<u>347,163</u>		<u>346,496</u>
Non-controlling interests	<u>14,754</u>		<u>14,754</u>
Total equity	<u>361,917</u>		<u>361,250</u>
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
	<u>170,759</u>		<u>170,759</u>
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
	<u>174,206</u>		<u>174,206</u>
TOTAL EQUITY AND LIABILITIES	<u>706,882</u>		<u>706,215</u>

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 28 FEBRUARY 2021**

	28/02/2021 As previously stated RM'000	Effects of the adoption of Agenda Decision RM'000	28/02/2021 As restated RM'000
Cash flows from/(used in) operating activities			
Loss before tax	(1,197)	188	(1,009)
Adjustments for:-			
- Non-cash items	757		757
- Non-operating items	6,644		6,644
Operating profit before working capital changes	6,204		6,392
Changes in working capital			
- Inventories	4,086	(188)	3,898
- Trade and other receivables	2,775		2,775
- Trade and other payables	(38,788)		(38,788)
- Contract costs / assets / liabilities	(6,099)		(6,099)
Cash used in operations	(31,822)		(31,822)
- Income tax paid	(1,778)		(1,778)
- Interest paid	(246)		(246)
Net cash used in operating activities	(33,846)		(33,846)
Cash flows from/(used in) investing activities			
- Increase in investment properties	(83)		(83)
- Decrease in other financial assets	13		13
- Decrease in fixed deposit pledged	5,280		5,280
- Net dividend and interest received	125		125
Net cash from investing activities	5,335		5,335
Cash flows from/(used in) financing activities			
- Proceeds from private placement	9,917		9,917
- Drawdown from term loans	11,354		11,354
- Interest paid	(6,523)		(6,523)
- Repayments of lease liabilities	(505)		(505)
- Sales of treasury shares	1,676		1,676
- Repayments of bridging and term loans	(4,538)		(4,538)
Net cash from financing activities	11,381		11,381
Net decrease in cash and cash equivalents	(17,130)		(17,130)
Cash and cash equivalents at beginning of period	19,972		19,972
Cash and cash equivalents at end of period	2,842		2,842
Cash and cash equivalents comprise: -			
	RM'000		RM'000
Cash and bank balances	4,162		4,162
Less : Cash deposits pledged	(1,320)		(1,320)
	2,842		2,842

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 third quarter of financial period ended 28 February 2022 (“3QFY2022”), 60,000,000 ordinary shares of EcoFirst (“Consideration Shares”) at an issue price of RM0.35 per Consideration Share were issued pursuant to the Damansara Damai Land Acquisition. With the allotment of the new shares, the Company’s issued shares and paid-up capital have increased from 1,116,125,387 ordinary shares to 1,176,125,387.

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</u> <u>Operating</u> <u>Revenue</u> RM'000	<u>Profit/(Loss)</u> <u>Before Tax</u> RM'000
Property Investment	8,281	1,130
Property Development	5,903	(4,197)
Property Management	1,980	587
Investment and Others	4,023	(119)
	<u>20,187</u>	<u>(2,599)</u>
Elimination Inter-Group	(4,002)	-
Finance Costs	-	(3,571)
	<u>16,185</u>	<u>(6,170)</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 25 April 2022, 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> 28/02/2022 RM'000	<u>Cumulative Year To Date</u> 28/02/2022 RM'000
PBSB	Billings for sub-contractor costs	-	10
Mercury	Billings for rental	58	174

12. Effect of Changes in the Composition of the Group

Save as disclosed below, there were no changes in the composition of the Group during the current interim financial period.

On 27 December 2021, EcoFirst announced the subscription of the following shares of its wholly-owned subsidiaries by Urbansonic Sdn Bhd:-

- (i) 2,402,056 new ordinary shares in EcoFirst Horizon Sdn Bhd (formally known as Opal Horizon Sdn Bhd) (“EHSB”), representing 49.0% of the enlarged equity interest in EHSB; and
- (ii) 26 new ordinary shares in EcoFirst Opal Sdn Bhd (“EOSB”), representing 26.0% of the enlarged equity interest in EOSB,

for a total cash consideration of RM2,402,082. The shares issuance was completed on 27 December 2021. Pursuant thereto, EOSB and EHSB have respectively become 74%-owned subsidiary and a 51%-owned subsidiary of EcoFirst.

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>28/02/2022</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 third quarter of financial year ended 28 February 2022 (“3QFY2022”), the Group recorded revenue of RM16.2 million, representing a decrease of 43.2% from RM28.5 million in the corresponding quarter of the preceding financial year. The Group recorded loss before tax (“LBT”) of RM6.2 million in 3QFY2022, representing an increase of 520.0% from LBT of RM1.0 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.

2. Variation of Results against Preceding Quarter

The Group’s revenue of RM9.8 million in 3QFY2022 was 164.9% higher than the preceding quarter’s revenue of RM3.7 million. The increase in revenue is due to contribution from the property development segment.

For the 3QFY2022, the Group recorded LBT of RM2.0 million compared to LBT of RM2.1 million recorded in the preceding quarter. This was mainly due to postponement in the launching of new development.

3. Current Financial Year’s Prospects

The Malaysian economy grew by 3.6% in the fourth quarter of 2021 as compared to a 4.5% contraction in the third quarter of 2021 and this is attributed to the easing of containment measures under the government’s movement control order (MCO). As economic activities resume in the country, the recovery remained slow and Bank Negara had trimmed the earlier projected growth of between 5.5% to 6.5% to a lower growth of between 5.3% to 6.3%.

The outlook for the property sector remained challenging given the adverse market conditions arising from the prolonged Covid-19 pandemic situation in Malaysia. However, the government has undertaken several measures such as lowering interest rates and exemption of the Real Property Gains Tax for residential properties to boost the property sector demands.

Nevertheless, the Group is cautiously managing the consequential economic challenges following the Covid-19 pandemic for the financial year ending 31 May 2022. We have acquired prime and strategic land in Klang Valley locations viz. Shah Alam, Sungai Besi and Damansara Damai, where we will commence development of features tailored to the requirements of the mass-market segment at attractive prices.

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

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> 28/02/2022 RM'000	(Restated) <u>Comparative</u> <u>Quarter</u> <u>Ended</u> 28/02/2021 RM'000	<u>9 Months</u> <u>Cumulative</u> <u>Ended</u> 28/02/2022 RM'000	(Restated) <u>9 Months</u> <u>Cumulative</u> <u>Ended</u> 28/02/2021 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):-				
Depreciation and amortisation	403	275	1,008	817
Finance income	(9)	(28)	(23)	(49)
Gain on disposal of property, plant & equipment	-	-	(51)	-
Finance costs				
- Interest expense	1,303	1,871	3,571	6,769

6. Income Tax Expense

	<u>Current</u> <u>Quarter Ended</u> 28/2/2022 RM'000	<u>Current Year</u> <u>To-Date</u> 28/2/2022 RM'000
Income tax expense	10	10

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 following corporate proposals as announced by the Company have not been completed as at 25 April 2022.

Status of Utilisation of Proceeds

The Company had completed the issuance of 27,694,500, 22,845,800 and 28,499,598 new ordinary shares at RM0.36, RM0.3547 and RM0.35 per share via private placement on 15 January 2021, 3 May 2021 and 1 October 2021 respectively. The status of utilisation of net proceeds raised from the issuance of ordinary shares, amounting to RM28,048,000 is as follows:

Description of utilisation	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Intended timeframe for utilisation
Development expenditure for the Group's project and land acquisition	23,001	19,335	3,666	Within 17 months
General working capital	4,681	4,681	-	
Expenses for the Private Placement	366	366	-	
	<u>28,048</u>	<u>24,382</u>	<u>3,666</u>	

8. Group Borrowings and Debt Securities

Total Group borrowings as at 28 February 2022 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	172,535	-	172,535
	<u>172,535</u>	<u>-</u>	<u>172,535</u>
Short-Term Borrowings			
Current portion of long term borrowings	17,060	-	17,060
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>17,060</u>	<u>1,000</u>	<u>18,060</u>
Total Group Borrowings	<u>189,595</u>	<u>1,000</u>	<u>190,595</u>

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

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 April 2022 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, seeking for rescission of the sale purchase agreements entered into with PDSB in respect of the retail units in South City Plaza ("SPAs"). The Shah Alam High Court ("Court") has allowed the Plaintiffs' claims. In respect of the assessment of damages, the Court had on 17 September 2019 awarded the Plaintiffs with a total judgement sum of RM10.4 million (Enclosure 45). Plaintiffs and the PDSB had filed an appeal against the decision of Enclosure 45 (Enclosure 78 and 79).

PDSB had obtained a conditional Stay of Execution of Enclosure 45 (Enclosure 85) pending the appeals (Enclosure 78 and 79).

In respect of the Plaintiffs' appeal (Enclosure 78), the Court had dismissed the Plaintiffs' appeal with cost of RM2,000. The Plaintiffs have appeal against the decision of Enclosure 78 to the Court of Appeal and the said appeal is fixed for case management on 15 June 2022.

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 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 on 20 April 2022. The appeal by PDSB to the Court of Appeal against part of the decision of Enclosure 79 is fixed for Hearing on 8 August 2022.

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 15 August 2022.

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) Inland Revenue Board ("IRB") v PDSB

The IRB initiated civil recovery proceedings against PDSB, a wholly-owned subsidiary of the Company in respect of the additional income tax assessment of RM30.7 million and tax penalties of RM4.8 million to PDSB for the tax assessment year 2004. PDSB filed an application to the Kuala Lumpur High Court ("Court") to stay the civil proceedings. On 5 January 2018, the Court granted an order in terms in respect of PDSB's stay application until the full and final determination of its appeal on the same matter to the Special Commissioners of Income Tax ("SCIT").

The appeal before the SCIT is fixed for hearing on 15 August 2022 and 16 August 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.

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/(Loss) Per Share

The earnings/(loss) per share have been calculated based on the consolidated net earnings/(loss) attributable to owners of the Company 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
	28/02/2022	28/02/2021	28/02/2022	28/02/2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net loss attributable to owners of the Company	(1,585)	(3,961)	(5,570)	(1,928)
Weighted average number of ordinary shares (Basic)	('000) 1,110,104	('000) 819,777	('000) 1,110,104	('000) 819,777
Basic loss per ordinary share	(sen) (0.14)	(sen) (0.48)	(sen) (0.50)	(sen) (0.24)
Weighted average number of ordinary shares (Diluted)	('000) 1,110,104	('000) 819,777	('000) 1,110,104	('000) 819,777
Diluted loss per ordinary share	(sen) (0.14)	(sen) (0.48)	(sen) (0.50)	(sen) (0.24)

12. Comparative Figures

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