



Registration No. 197301001881 (15379-V)

**ECOFIRST CONSOLIDATED BHD
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL REPORT
FOR THE QUARTER AND PERIOD ENDED
31 MAY 2022**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MAY 2022**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter / Period 31/05/2022 RM'000	Preceding Year Corresponding Quarter / Period 31/05/2021 RM'000	Current Year To Date 31/05/2022 RM'000	Preceding Year Corresponding Period 31/05/2021 RM'000
Revenue	7,850	13,845	24,035	42,370
Cost of sales	(4,484)	(4,695)	(15,303)	(22,016)
Gross profit	3,366	9,150	8,732	20,354
Other operating income	31	18,730	1,891	19,399
Distribution costs	(365)	(960)	(419)	(1,216)
Administration expenses	(1,387)	(620)	(9,734)	(7,934)
Other operating expenses	(6,409)	(2,335)	(7,856)	(3,528)
Net allowance for expected credit loss of receivables	-	(6,348)	-	(3,747)
(Loss)/Profit from operations	(4,764)	17,617	(7,386)	23,328
Finance income	9	(18)	32	31
Finance costs	(993)	(3,381)	(4,564)	(10,150)
Net finance costs	(984)	(3,399)	(4,532)	(10,119)
(Loss)/Profit before tax	(5,748)	14,218	(11,918)	13,209
Income tax expense	(394)	1,716	(404)	785
Net (loss)/profit for the period	(6,142)	15,934	(12,322)	13,994
Attributable to:-				
Owners of the Company	(4,376)	15,945	(9,946)	14,009
Non-controlling interests	(1,766)	(11)	(2,376)	(15)
Net (loss)/profit for the period	(6,142)	15,934	(12,322)	13,994
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	(6,142)	15,934	(12,322)	13,994
Total comprehensive (loss)/income				
Attributable to:-				
Owners of the Company	(4,376)	15,945	(9,946)	14,009
Non-controlling interests	(1,766)	(11)	(2,376)	(15)
	(6,142)	15,934	(12,322)	13,994
Basic (loss)/earnings per ordinary share (sen)	(0.39)	1.93	(0.89)	1.70
Diluted (loss)/earnings per ordinary share (sen)	(0.39)	1.93	(0.89)	1.70

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022**

	(Unaudited) 31/05/2022 RM'000	(Restated) (Audited) 31/05/2021 RM'000	(Restated) (Audited) 01/06/2020 RM'000
Non-current assets			
Plant and equipment	1,442	1,024	1,051
Right of use assets	1,572	1,942	2,767
Investment properties	393,411	392,510	378,756
Inventories	188,978	186,819	138,627
Other financial assets	1,060	1,060	1,060
Deferred tax assets	3,348	3,348	3,415
	<u>589,811</u>	<u>586,703</u>	<u>525,676</u>
Current assets			
Inventories	349,689	73,741	77,961
Contract costs	-	-	893
Trade receivables	7,412	22,987	48,954
Other receivables, deposits and prepayments	17,619	26,207	26,123
Tax recoverable	4	4	14
Other financial assets	6	9	22
Cash and bank balances	9,051	7,670	26,572
	<u>383,781</u>	<u>130,618</u>	<u>180,539</u>
TOTAL ASSETS	<u>973,592</u>	<u>717,321</u>	<u>706,215</u>
Equity			
Share capital	258,712	147,796	129,585
Reserves	222,884	232,830	216,911
Equity attributable to shareholders of the Company	<u>481,596</u>	<u>380,626</u>	<u>346,496</u>
Non-controlling interests	<u>100,389</u>	<u>14,739</u>	<u>14,754</u>
Total equity	<u>581,985</u>	<u>395,365</u>	<u>361,250</u>
Non-current liabilities			
Lease liabilities	535	1,138	1,699
Borrowings	166,883	171,072	144,829
Trade payables	-	-	8,867
Other payables	8,400	8,400	8,857
Tax payable	-	-	4,938
Deferred tax liabilities	3,149	3,176	1,569
	<u>178,967</u>	<u>183,786</u>	<u>170,759</u>
Current liabilities			
Contract liabilities	-	-	17,911
Trade payables	31,624	32,522	42,561
Other payables and accruals	128,179	67,608	76,110
Lease liabilities	1,156	978	989
Borrowings	23,208	16,915	16,764
Tax payable	28,473	20,147	19,871
	<u>212,640</u>	<u>138,170</u>	<u>174,206</u>
TOTAL EQUITY AND LIABILITIES	<u>973,592</u>	<u>717,321</u>	<u>706,215</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.4095	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 31 MAY 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	-	-	-	-	83,664	83,664
Total transactions with owners	110,916	-	-	110,916	88,026	198,942
Net loss/Total comprehensive loss for the year	-	-	(9,946)	(9,946)	(2,376)	(12,322)
At 31 May 2022	258,712	(3,943)	226,827	481,596	100,389	581,985
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	17,978	-	-	17,978	-	17,978
Disposal of treasury shares	233	1,910	-	2,143	-	2,143
Total transactions with owners	18,211	1,910	-	20,121	-	20,121
Net profit/Total comprehensive income for the year	-	-	14,009	14,009	(15)	13,994
At 31 May 2021	147,796	(3,943)	236,773	380,626	14,739	395,365

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 STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2022**

	12 months ended 31/05/2022 RM'000	12 months ended 31/05/2021 RM'000
Cash flows from/(used in) operating activities		
(Loss)/profit before tax	(11,918)	13,209
Adjustments for:-		
- Non-cash items	1,019	(8,683)
- Non-operating items	4,382	9,994
Operating (loss)/profit before working capital changes	(6,517)	14,520
Changes in working capital		
- Inventories	(58,654)	(43,706)
- Trade and other receivables	24,163	22,136
- Trade and other payables	45,117	(27,865)
- Contract costs / assets / liabilities	-	(17,018)
Cash from/(used in) operations	4,109	(51,933)
- Income tax paid	(1,060)	(2,193)
- Interest paid	-	(266)
Net cash from/(used in) operating activities	3,049	(54,392)
Cash flows from/(used in) investing activities		
- Increase in investment properties	(103)	(54)
- Decrease in other financial assets	3	13
- Decrease in fixed deposit pledged	-	5,280
- Net dividend and interest received	182	156
- Proceeds from disposal of plant and equipment	51	3
- Net cash inflow on acquisition of subsidiary	686	-
- Addition to plant and equipment	(848)	(50)
Net cash (used in)/from investing activities	(29)	5,348
Cash flows from/(used in) financing activities		
- Proceeds from private placement	9,948	17,978
- Proceeds from issuance of shares to non-controlling interests	2,402	-
- Drawdown from term loans	13,265	29,400
- Interest paid	(4,564)	(9,096)
- Repayments of lease liabilities	(425)	(943)
- Sales of treasury shares	-	2,143
- Repayments of term loans	(22,250)	(10,051)
Net cash (used in)/from financing activities	(1,624)	29,431
Net increase/(decrease) in cash and cash equivalents	1,396	(19,613)
Cash and cash equivalents at beginning of period	359	19,972
Cash and cash equivalents at end of period	1,755	359
Cash and cash equivalents comprise: -		
	RM'000	RM'000
Cash and bank balances	9,051	7,670
Less : Bank overdraft	(5,976)	(5,991)
Less : Cash deposits pledged	(1,320)	(1,320)
	1,755	359

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 MAY 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 31 MAY 2021**

	31/05/2021 As previously stated RM'000	Current Year Quarter Effects of the adoption of Agenda Decision RM'000	31/05/2021 As restated RM'000
Revenue	13,845		13,845
Cost of sales	(4,946)	251	(4,695)
Gross profit	8,899		9,150
Other operating income	18,730		18,730
Distribution costs	(960)		(960)
Administration expenses	(620)		(620)
Other operating expenses	(2,335)		(2,335)
Net allowance for expected credit loss of receivables	(6,348)		(6,348)
Profit from operations	17,366		17,617
Finance income	(18)		(18)
Finance costs	(3,381)		(3,381)
Net finance costs	(3,399)		(3,399)
Profit before tax	13,967	251	14,218
Income tax expense	1,716		1,716
Net profit for the period	15,683		15,934
Attributable to:-			
Owners of the Company	15,694	251	15,945
Non-controlling interests	(11)		(11)
Net profit for the period	15,683		15,934
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	15,683		15,934
Total comprehensive income			
Attributable to:-			
Owners of the Company	15,694	251	15,945
Non-controlling interests	(11)		(11)
	15,683		15,934

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 MAY 2021**

	31/05/2021 As previously stated RM'000	Current Year To Date Effects of the adoption of Agenda Decision RM'000	31/05/2021 As restated RM'000
Revenue	42,370		42,370
Cost of sales	(22,455)	439	(22,016)
Gross profit	19,915		20,354
Other operating income	19,399		19,399
Distribution costs	(1,216)		(1,216)
Administration expenses	(7,934)		(7,934)
Other operating expenses	(3,528)		(3,528)
Net allowance for expected credit loss of receivables	(3,747)		(3,747)
Profit from operations	22,889		23,328
Finance income	31		31
Finance costs	(10,150)		(10,150)
Net finance costs	(10,119)		(10,119)
Profit before tax	12,770	439	13,209
Income tax expense	785		785
Net profit for the period	13,555		13,994
Attributable to:-			
Owners of the Company	13,570	439	14,009
Non-controlling interests	(15)		(15)
Net profit for the period	13,555		13,994
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	13,555		13,994
Total comprehensive income			
Attributable to:-			
Owners of the Company	13,570	439	14,009
Non-controlling interests	(15)		(15)
	13,555		13,994

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 previously 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
	<u>586,703</u>		<u>586,703</u>
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
	<u>130,846</u>		<u>130,618</u>
TOTAL ASSETS	<u>717,549</u>		<u>717,321</u>
Equity			
Share capital	147,796		147,796
Reserves	233,058	(228)	232,830
Equity attributable to shareholders of the Company	<u>380,854</u>		<u>380,626</u>
Non-controlling interests	<u>14,739</u>		<u>14,739</u>
Total equity	<u>395,593</u>		<u>395,365</u>
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
	<u>183,786</u>		<u>183,786</u>
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
	<u>138,170</u>		<u>138,170</u>
TOTAL EQUITY AND LIABILITIES	<u>717,549</u>		<u>717,321</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 STATEMENT OF FINANCIAL POSITION AS AT 1 JUNE 2020	31/05/2020 As previously 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	(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
	181,206		180,539
TOTAL ASSETS	706,882		706,215
Equity			
Share capital	129,585		129,585
Reserves	217,578	(667)	216,911
Equity attributable to shareholders of the Company	347,163		346,496
Non-controlling interests	14,754		14,754
Total equity	361,917		361,250
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		706,215

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 CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2021**

	31/05/2021 As previously stated RM'000	Effects of the adoption of Agenda Decision RM'000	31/05/2021 As restated RM'000
Cash flows from/(used in) operating activities			
Profit before tax	12,770	439	13,209
Adjustments for:-			
- Non-cash items	(8,683)		(8,683)
- Non-operating items	9,994		9,994
Operating profit before working capital changes	14,081		14,520
Changes in working capital			
- Inventories	(43,267)	(439)	(43,706)
- Trade and other receivables	22,136		22,136
- Trade and other payables	(27,865)		(27,865)
- Contract costs / assets / liabilities	(17,018)		(17,018)
Cash used in operations	(51,933)		(51,933)
- Income tax paid	(2,193)		(2,193)
- Interest paid	(266)		(266)
Net cash used in operating activities	(54,392)		(54,392)
Cash flows from/(used in) investing activities			
- Increase in investment properties	(54)		(54)
- Decrease in other financial assets	13		13
- Decrease in fixed deposit pledged	5,280		5,280
- Net dividend and interest received	156		156
- Proceeds from disposal of plant and equipment	3		3
- Addition to plant and equipment	(50)		(50)
Net cash from investing activities	5,348		5,348
Cash flows from/(used in) financing activities			
- Proceeds from private placement	17,978		17,978
- Drawdown from term loans	29,400		29,400
- Interest paid	(9,096)		(9,096)
- Repayments of lease liabilities	(943)		(943)
- Sales of treasury shares	2,143		2,143
- Repayments of bridging and term loans	(10,051)		(10,051)
Net cash from financing activities	29,431		29,431
Net decrease in cash and cash equivalents	(19,613)		(19,613)
Cash and cash equivalents at beginning of period	19,972		19,972
Cash and cash equivalents at end of period	359		359
Cash and cash equivalents comprise: -			
	RM'000		RM'000
Cash and bank balances	7,670		7,670
Less : Bank overdraft	(5,991)		(5,991)
Less : Cash deposits pledged	(1,320)		(1,320)
	359		359

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

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.

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	12,081	1,009
Property Development	9,349	(8,414)
Property Management	2,640	771
Investment and Others	5,253	(720)
	29,323	(7,354)
Elimination Inter-Group	(5,288)	-
Finance Costs	-	(4,564)
	24,035	(11,918)

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

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 28 July 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.

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

<u>Related Party</u>	<u>Nature of Transactions</u>	<u>Current Quarter Ended</u> 31/05/2022 RM’000	<u>Cumulative Year To Date</u> 31/05/2022 RM’000
PBSB	Billings for sub-contractor costs	-	10
Mercury	Billings for rental	58	232

A. DISCLOSURE REQUIREMENTS AS PER MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**12. Effect of Changes in the Composition of the Group**

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

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>31/05/2022</u>
	RM'000
Bank guarantee issued for: -	
- government authority	<u>1,320</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 RM30.7 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 fourth quarter of financial year ended 31 May 2022 (“4QFY2022”), the Group recorded revenue of RM24.0 million, representing a decrease of 43.3% from RM42.4 million in the corresponding quarter of the preceding financial year. The Group recorded loss before tax (“LBT”) of RM11.9 million in 4QFY2022 as compared to a profit before tax of RM13.2 million in the corresponding quarter of the preceding financial year.

The decline in performance was mainly due to deferment in the launching of new development pending approval from relevant authorities.

2. Variation of Results against Preceding Quarter

The Group’s revenue of RM7.8 million in 4QFY2022 was 20.4% lower than the preceding quarter’s revenue of RM9.8 million. The decrease in revenue is due to lower contribution from the property development segment.

For the 4QFY2022, the Group recorded LBT of RM5.7 million compared to LBT of RM2.0 million recorded in the preceding quarter. This was mainly due to deferment in the launching of new development pending approval from relevant authorities.

3. Next Financial Year’s Prospects

The outlook for the property development sector remained challenging during the transition to endemic phase of the prolonged Covid-19 of two (2) years and coupled with the onset of inflation felt in the global market. Despite the challenges faced by EcoFirst Group and the property development sector at large, the Group is targeting to launch its Sungai Besi project by end of 2022 with an estimated gross development value exceeding RM900 million.

The strategic location of the Sungai Besi project coupled with attractive products and pricing, the Group is optimistic of its prospects moving forward.

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> 31/05/2022 RM'000	(Restated) <u>Comparative</u> <u>Quarter</u> <u>Ended</u> 31/05/2021 RM'000	<u>12 Months</u> <u>Cumulative</u> <u>Ended</u> 31/05/2022 RM'000	(Restated) <u>12 Months</u> <u>Cumulative</u> <u>Ended</u> 31/05/2021 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):-				
Depreciation and amortisation	412	548	1,420	1,365
Finance income	(9)	18	(32)	(31)
Gain on disposal of property, plant & equipment	-	-	(51)	-
Finance costs				
- Interest expense	993	3,381	4,564	10,150

6. Income Tax Expense

	<u>Current</u> <u>Quarter Ended</u> 31/5/2022 RM'000	<u>Current Year</u> <u>To-Date</u> 31/5/2022 RM'000
Income tax expense	394	404

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 28 July 2022.

(i) 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	20,185	2,816	Within 14 months
General working capital	4,681	4,681	-	
Expenses for the Private Placement	366	366	-	
	28,048	25,232	2,816	

(ii) Private Placement

On 13 June 2022, the Company announced that the Company proposed to undertake a private placement of up to 56,386,600 new ordinary shares in the Company ("Shares"), representing 4.84% of the existing total number of issued Shares (excluding treasury shares), to independent third-party investor(s) to be identified later at an issue price to be determined and announced at a later date ("Private Placement").

The Company had on 15 June 2022, obtained the approval of Bursa Malaysia Securities Berhad for the listing of and quotation for up to 56,386,600 Shares to be issued pursuant to the Private Placement.

As at 28 July 2022, the Company has not issued any Shares pursuant to the Private Placement.

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

8. Group Borrowings and Debt Securities

Total Group borrowings as at 31 May 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	166,883	-	166,883
	<u>166,883</u>	<u>-</u>	<u>166,883</u>
Short-Term Borrowings			
Current portion of long term borrowings	22,208	-	22,208
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>22,208</u>	<u>1,000</u>	<u>23,208</u>
Total Group Borrowings	<u>189,091</u>	<u>1,000</u>	<u>190,091</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 28 July 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 1 August 2022 and 15 August 2022 for Hearing.

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) Chan Yoke Hong & 23 Others ("Plaintiffs") v Pujian Development Sdn Bhd ("PDSB") (cont'd)

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 23 September 2022. The appeal by PDSB to the Court of Appeal against part of the decision of Enclosure 79 is fixed for Hearing on 15 May 2023.

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.

(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. (Loss)/Earnings Per Share

The (loss)/earnings per share have been calculated based on the consolidated net (loss)/earnings 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
	31/05/2022	31/05/2021	31/05/2022	31/05/2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net (loss)/profit attributable to owners of the Company	(4,376)	15,945	(9,946)	14,009
	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares (Basic)	1,123,655	824,807	1,123,655	824,807
	(sen)	(sen)	(sen)	(sen)
Basic (loss)/earnings per ordinary shares	(0.39)	1.93	(0.89)	1.70
	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares (Diluted)	1,123,655	824,807	1,123,655	824,807
	(sen)	(sen)	(sen)	(sen)
Diluted (loss)/earnings per ordinary shares	(0.39)	1.93	(0.89)	1.70

12. Comparative Figures

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