



Registration No. 197301001881 (15379-V)

**ECOFIRST CONSOLIDATED BHD
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL REPORT
FOR THE QUARTER AND PERIOD ENDED
28 FEBRUARY 2023**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 FEBRUARY 2023**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	28/02/2023 RM'000	28/02/2022 RM'000	28/02/2023 RM'000	28/02/2022 RM'000
Revenue	4,330	9,795	13,625	16,185
Cost of sales	(1,914)	(6,860)	(7,004)	(10,819)
Gross profit	2,416	2,935	6,621	5,366
Other operating income	8	395	167	1,860
Distribution costs	(157)	(19)	(469)	(54)
Administration expenses	(3,229)	(3,734)	(8,371)	(8,347)
Other operating expenses	(1,829)	(297)	(2,705)	(1,447)
Allowance for expected credit loss no longer required	12,475	-	12,475	-
Profit/(Loss) from operations	9,684	(720)	7,718	(2,622)
Finance income	10	9	49	23
Finance costs	(4,660)	(1,303)	(12,324)	(3,571)
Net finance costs	(4,650)	(1,294)	(12,275)	(3,548)
Profit/(Loss) before tax	5,034	(2,014)	(4,557)	(6,170)
Income tax expense	(188)	(8)	(188)	(10)
Net profit/(loss) for the period	4,846	(2,022)	(4,745)	(6,180)
Attributable to:-				
Owners of the Company	5,842	(1,585)	(2,636)	(5,570)
Non-controlling interests	(996)	(437)	(2,109)	(610)
Net profit/(loss) for the period	4,846	(2,022)	(4,745)	(6,180)
Other comprehensive income, net of tax				
Fair value loss on equity investments designated at fair value through other comprehensive income	-	-	-	-
Total comprehensive profit/(loss) for the period	4,846	(2,022)	(4,745)	(6,180)
Total comprehensive profit/(loss)				
Attributable to:-				
Owners of the Company	5,842	(1,585)	(2,636)	(5,570)
Non-controlling interests	(996)	(437)	(2,109)	(610)
	4,846	(2,022)	(4,745)	(6,180)
Basic earnings/(loss) per ordinary share (sen)	0.50	(0.14)	(0.23)	(0.50)
Diluted earnings/(loss) per ordinary share (sen)	0.50	(0.14)	(0.23)	(0.50)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2022.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 28 FEBRUARY 2023**

	(Unaudited) 28/02/2023 RM'000	(Audited) 31/05/2022 RM'000
Non-current assets		
Plant and equipment	1,644	1,771
Right of use assets	739	1,571
Investment properties	393,577	393,410
Inventories	190,926	188,979
Other financial assets	2,560	1,060
Deferred tax assets	663	663
	<u>590,109</u>	<u>587,454</u>
Current assets		
Inventories	378,695	349,295
Trade receivables	4,967	7,441
Other receivables, deposits and prepayments	10,620	6,864
Tax recoverable	127	4
Other financial assets	6	6
Cash and bank balances	9,980	8,234
	<u>404,395</u>	<u>371,844</u>
TOTAL ASSETS	<u>994,504</u>	<u>959,298</u>
Equity		
Share capital	269,390	258,713
Reserves	224,052	222,986
Equity attributable to shareholders of the Company	<u>493,442</u>	<u>481,699</u>
Non-controlling interests	98,302	100,411
Total equity	<u>591,744</u>	<u>582,110</u>
Non-current liabilities		
Lease liabilities	10	535
Borrowings	171,879	160,517
Other payables	8,400	8,400
Deferred tax liabilities	3,149	3,149
	<u>183,438</u>	<u>172,601</u>
Current liabilities		
Trade payables	25,513	17,998
Other payables and accruals	130,956	128,203
Lease liabilities	793	1,156
Borrowings	35,473	28,757
Tax payable	26,587	28,473
	<u>219,322</u>	<u>204,587</u>
TOTAL EQUITY AND LIABILITIES	<u>994,504</u>	<u>959,298</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.4085	0.4096

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2022.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2023**

	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 2022	258,713	(3,943)	226,929	481,699	100,411	582,110
Transactions with owners:						
Disposal of treasury shares	386	3,702	-	4,088	-	4,088
Issue of shares pursuant to private placements	10,291	-	-	10,291	-	10,291
Total transactions with owners	10,677	3,702	-	14,379	-	14,379
Net loss/Total comprehensive loss for the period	-	-	(2,636)	(2,636)	(2,109)	(4,745)
At 28 February 2023	<u>269,390</u>	<u>(241)</u>	<u>224,293</u>	<u>493,442</u>	<u>98,302</u>	<u>591,744</u>
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	<u>147,796</u>	<u>(3,943)</u>	<u>236,773</u>	<u>380,626</u>	<u>14,739</u>	<u>395,365</u>
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 period	-	-	(5,570)	(5,570)	(610)	(6,180)
At 28 February 2022	<u>258,712</u>	<u>(3,943)</u>	<u>231,203</u>	<u>485,972</u>	<u>97,519</u>	<u>583,491</u>

The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2022.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 28 FEBRUARY 2023**

	9 months ended 28/02/2023 RM'000	9 months ended 28/02/2022 RM'000
Cash flows from/(used in) operating activities		
Loss before tax	(4,557)	(6,170)
Adjustments for:-		
- Allowance for expected credit loss no longer required	(12,475)	-
- Depreciation	1,309	972
- Discount on acquisition of subsidiary	-	(654)
- Dividend income	(75)	(150)
- Gain on disposal of plant and equipment	(80)	(51)
- Plant and equipment written off	265	-
- Finance costs	12,324	3,571
- Interest income	(49)	-
Operating loss before working capital changes	(3,338)	(2,482)
Changes in working capital		
- Inventories	(31,347)	(55,596)
- Trade and other receivables	11,193	11,887
- Trade and other payables	7,102	48,549
Cash (used in)/generated from operations	(16,390)	2,358
Income tax paid	(2,197)	(590)
Net cash (used in)/generated from operating activities	(18,587)	1,768
Cash flows from/(used in) investing activities		
- Increase in investment properties	(167)	(61)
- (Increase)/Decrease in other financial assets	(1,500)	3
- Changes in fixed deposit pledged	1,320	-
- Net dividend and interest received	124	150
- Proceeds from disposal of plant and equipment	80	51
- Net cash inflow on acquisition of subsidiary	-	686
- Addition to plant and equipment	(615)	-
Net cash (used in)/generated from investing activities	(758)	829
Cash flows from/(used in) financing activities		
- Net proceeds from private placement	10,291	9,948
- Proceeds from issuance of shares to non-controlling interests	-	2,402
- Drawdown from term loans	20,924	11,000
- Interest paid	(9,158)	(3,571)
- Repayments of lease liabilities	(888)	(620)
- Proceed from sales of treasury shares	4,088	-
- Repayments of term loans	(5,809)	(19,488)
Net cash generated from/(used in) financing activities	19,448	(329)
Net increase in cash and cash equivalents	103	2,268
Cash and cash equivalents at beginning of period	938	359
Cash and cash equivalents at end of period	1,041	2,627
Cash and cash equivalents comprise: -		
	RM'000	RM'000
Cash and bank balances	9,980	9,930
Less : Bank overdraft	(8,939)	(5,983)
Less : Cash deposits pledged	-	(1,320)
	1,041	2,627

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2022.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2023****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 2022. 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 2022.

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 2022, except for the adoption of the following MFRS, Amendments to MFRS and IC interpretation.

a) New MFRS adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') that are effective for the Group's financial year beginning 1 June 2022:-

MFRS 3	Reference to the Conceptual Framework
MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRSs 2018-2020

The adoption of the above amendments to MFRSs does not have any significant impact on the interim financial report of the Group.

b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023.

The Standards that are issued but not in effect up to the date of issuance of the financial statements of the Group are disclosed below. The Group intends to adopt these Standards, if applicable, when they become effective.

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

2. Significant Accounting Policies (Cont’d)

Title	Effective Date
MFRS17 Insurance contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts Initial Application of MFRS 17 and MFRS 9 — Comparative Information	1 January 2023
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for future financial years.

3. Qualification of Audit Report

The audit report of the financial statements of the Group for the financial year ended 31 May 2022 was not qualified.

4. Seasonal or Cyclical Factors

There are no seasonal factors affecting the Group’s performance.

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

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

(a) Treasury shares

At the 49th AGM of the Company held on 23 November 2022, shareholders’ approval was obtained for the proposed renewal of share buy back authority. The authority conferred by this resolution will commence immediately until the conclusion of the next Annual General Meeting (“AGM”) of the Company to be convened in 2023.

For the period ended 28 February 2023, the Company resold a total of 11,500,000 of its shares from the open market for a total consideration of RM4,089,052. Subsequent to 28 February 2023 and up to date of this announcement, no shares were resold to the open market. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

(b) Issuance of ordinary shares through private placement

During the third quarter of financial period ended 28 February 2023 (“3QFY2023”), 31,800,000 ordinary shares were issued pursuant to the Private Placement at an issue price of RM0.325 per ordinary share. With the allotment of the new shares, the Company issued shares and paid-up capital has increased from 1,176,125,387 ordinary shares to 1,207,925,387 ordinary shares.

Save to 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.

8. Segmental Reporting (financial period ended 28 February 2023)

	<u>Gross</u> <u>Operating</u> <u>Revenue</u> RM'000	<u>Profit/(Loss)</u> <u>Before Tax</u> RM'000
Property Investment	10,163	1,917
Property Development	9,337	8,834
Property Management	1,980	95
Investment and Others	4,127	(2,604)
	25,607	8,244
Elimination Inter-Group	(11,982)	(475)
	13,625	4,557

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 26 April 2023, 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. Mr Tan You Tiong is a substantial shareholder of Mercury.

Shareholders’ mandate had already been obtained at the Annual General Meeting held on 23 November 2022.

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

<u>Related Party</u>	<u>Nature of Transactions</u>	<u>Current Quarter Ended</u> 28/02/2023 RM’000	<u>Cumulative Period To Date</u> 28/02/2023 RM’000
PBSB	Billings for sub-contractor cost	-	86
Mercury	Billings for rental	58	174

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

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**

Revenue of RM4.33 million for the current quarter ended 28 February 2023 was 56% lower as compared to RM9.94 million for the corresponding quarter in 2022 was mainly due to no sale transaction in the property inventories reported in the current quarter. The Group recorded a profit before tax of RM5.03 million in the current quarter ended 28 February 2023, as compared to loss before tax of RM2.01 million for the corresponding quarter in 2022. The profit before tax of current quarter is mainly due to the provision of doubtful debts no longer required despite increase in finance cost after the end of the moratorium.

Revenue of RM13.63 million for the period ended 28 February 2023 was 17% lower as compared to RM16.34 million for the corresponding period in 2022 was mainly attributed to lower sales of inventories despite improved rental income from investment property. The loss before tax of RM4.56 million for the period ended 28 February 2023 was 26% lower as compared to RM6.17 million for the period ended 28 February 2022 was mainly due to the provision of doubtful debts no longer required despite increase in finance cost after the end of the moratorium.

2. Variation of Results against Preceding Quarter

The Group's revenue of RM4.33 million in 3QFY2023 was 15% lower than the preceding quarter's revenue of RM5.07 million. The decrease in revenue was mainly due to reasons stated in B1 above.

For the 3QFY2023, the Group recorded a profit before tax of RM5.03 million compared to a loss before tax of RM4.67 million in the preceding quarter. The profit before tax in 3QFY2023 was mainly due to contribution of the provision of doubtful debts no longer required.

3. Current Financial Year's Prospects

After a strong economic recovery in 2022, Malaysia's economic growth is expected to be in the range of 4% to 5% in 2023 with Retail Group Malaysia forecasting a growth rate of 3.5% for the retail industry. Consumers in Malaysia continues to be cautious in their spending due to the uncertainties in the domestic and global economy of inflationary pressures, rising cost of living besides the projected slowdown in the international economy. However, despite these challenges, it is expected that domestic demand will anchor the economy amid a steady recovery in the labour market as well as further strengthening in the tourism-related sectors leading to an increase in corporate earnings. The reopening of China's borders will also attract Chinese tourists that would spur the local economy and tourism business.

Retail sales is expected to normalise. South City Plaza Mall being Malaysia largest mobile phone accessories retail cum wholesale hub will enjoy increasing rental income. With incoming Econsave Cash & Carry hypermarket replacing outgoing Giant-GCH Retail as South City Plaza anchor tenant, the Mall is expected to improve its retail and product mix.

Going forward the Group is confident that property sector will perform better in 2023 as compare to 2022. With our strategic initiatives to roll out our new property launch, EcoFirst is confident that the Group will return to profitability in the near-term.

The Sungai Besi project is progressing according to schedule and barring unforeseen circumstances, the Group is targeting to officially launch the project in May 2023. With an estimated gross development value of approximately RM1.0 billion, the Group is optimistic on the prospects of this new property development given its strategic location, attractive pricing, with good products and features.

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> 28/02/2023 RM'000	<u>Comparative</u> <u>Quarter</u> <u>Ended</u> 28/02/2022 RM'000	<u>9 Months</u> <u>Cumulative</u> <u>Ended</u> 28/02/2023 RM'000	<u>9 Months</u> <u>Cumulative</u> <u>Ended</u> 28/02/2022 RM'000
Profit/(Loss) before tax is arrived at after charging:-				
Depreciation and amortisation	407	403	1,309	1,008
Finance income	(10)	(9)	(49)	(23)
Finance costs				
- Interest expense	4,660	1,303	12,324	3,571
Gain on disposal of				
- Plant and equipment	(80)	(51)	(80)	(51)
Plant and equipment written off	265	-	265	-

6. Income Tax Expense

	<u>Current</u> <u>Quarter Ended</u> 28/02/2023 RM'000	<u>Current Period</u> <u>To-Date</u> 28/02/2023 RM'000
Income tax expense	188	188

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 26 April 2023.

(i) 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 (“Bursa Securities”) for the listing of and quotation for up to 56,386,600 Shares to be issued pursuant to the Private Placement, subject to the conditions.

On 1 December 2022, an application has been submitted to Bursa Securities on even date to seek its approval for an extension of time for the Company to complete the implementation of the Private Placement.

Bursa Securities had, vide its letter dated 5 December 2022, resolved to approve the Company’s application for an extension of time of 6 months until 14 June 2023 for the Company to complete the implementation of the Private Placement.

On 17 February 2023, 31,800,000 new ordinary shares of RM0.3250 were listed on Bursa Malaysia Securities Berhad (“Bursa Securities”) pursuant to the first tranche of the Private Placement. The status of utilization proceeds of RM10,335,000 raised from the issuance of ordinary shares, from the first tranche is as follows:

Description of utilisation	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000
General working capital	10,291	10,291	-
Expenses for the Private Placement	44	44	-
	10,335	10,335	-

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 (Cont'd)

(ii) Proposed BCM acquisition

The Company had on 23 September 2022, entered into a conditional share sale agreement (“SSA”) with Mr Tan You Tiong (“Mr Tan”) for the proposed acquisition of the remaining 49% equity interests in BCM Holdings Sdn Bhd (“BCM”) comprising of 980,000 ordinary shares and 1,960,000 redeemable convertible preference shares of the proforma issued share capital of the Company upon completion of the Proposed BCM Selective Capital Reduction for a cash consideration of RM78.4 million, subject to the terms and conditions of the SSA.

At the EGM of the Company held on 14 December 2022, shareholders’ approval was obtained for the Proposed Acquisition of the remaining 49% equity interest in BCM Holdings Sdn Bhd (“BCM”) not owned by EcoFirst Consolidated Bhd for a cash consideration of RM78.4 Million (“Proposed BCM Acquisition”).

On 21 March 2023, the Company announced that the Company and Mr Tan had vide an agreement dated 21 March 2023, mutually agreed to extend the cut-off date for a further 6 months, from 23 March 2023 to 22 September 2023.

(iii) Proposed EHSB disposal

The Company and its subsidiary EcoFirst Opal Sdn Bhd (“EOSB”) had on 7 October 2022, entered into a conditional share sale agreement (“SSA”) with Urbansonc Sdn Bhd (“USB”) for the acquisition of 26.0% equity interest in EOSB from USB for a total cash consideration of RM26 and the simultaneous disposal by EOSB of its entire 51.0% equity interest in EcoFirst Horizon Sdn Bhd (“EHSB”) to USB for a total cash consideration of RM2,500,100, subject to the terms of the SSA.

On 6 April 2023, the Company announced that ECB, EOSB and USB had on even date agreed in writing to extend the Approvals Period by another month, from 7 April 2023 to 6 May 2023.

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 28 February 2023 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	171,879	-	171,879
	<u>171,879</u>	<u>-</u>	<u>171,879</u>
Short-Term Borrowings			
Current portion of long term borrowings	34,473	-	34,473
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>34,473</u>	<u>1,000</u>	<u>35,473</u>
Total Group Borrowings	<u>206,352</u>	<u>1,000</u>	<u>207,352</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 26 April 2023 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. 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. On 15 August 2022, the said appeal has been consolidated with all the other appeals and the Court has fixed the date of the hearing of all the main appeals on 16 January 2023. On 16 January 2023, the Court of Appeal has dismissed Plaintiff's appeal with cost.

B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**9. Changes in Material Litigation (Cont'd)**

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 RM10.4 million to RM5.5 million. Both Plaintiffs and PDSB have appeal against part of the decision of Enclosure 79. On 15 August 2022, both the appeals have been consolidated with all the other appeals and the Court has fixed the date of hearing of all the main appeals on 16 January 2023. Plaintiff has further filed a motion to strike out PDSB's appeal against Enclosure 79 (Enclosure 37) on 8 August 2022 and the Court has fixed 5 December 2022 for hearing of this motion. On 5 December 2022, the Court has dismissed Plaintiff's motion with cost. On 16 January 2023, the Court of Appeal has allowed Plaintiff's part appeal on Enclosure 79 with cost and dismissed PDSB's part appeal on Enclosure 79 with cost. Hence, the judgment sum revised from RM5.5 million to RM10.4 million.

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) and the Court has dismissed PDSB's application. PDSB's appeal against the decision of Enclosure 60 (Enclosure 75) has dismissed by the Court. PDSB then filed an appeal against Enclosure 75 to the Court of Appeal. On 15 August 2022, the said appeal has been consolidated with all the other appeals and the Court has fixed the date of hearing of all main appeals on 16 January 2023. Plaintiff has further filed a motion to strike out PDSB's appeal (Enclosure 47) on 8 August 2022 and the Court has fixed 5 December 2022 for hearing of this motion. On 5 December 2022, the Court has dismissed Plaintiff's motion with cost. On 16 January 2023, PDSB withdrawn the said appeal with no order as to cost.

On 9 March 2023, Plaintiffs' solicitor issued a S466 Notice to PDSB for the amount of RM1,729,404.82, being the alleged additional interest incurred under Order 42 Rule 12 of the Rules of Court 2012 pursuant to the Order dated 17 September 2019 for Enclosure 45 which was affirmed by the High Court on 5 January 2021 and Court of Appeal on 16 January 2023. PDSB has on 28 March 2023 filed an Originating Summons to the Shah Alam High Court to seek for amongst others, an order of injunction against the Defendants (Enclosure 1). At the same time, PDSB has on 28 March 2023 filed a Notice of Application (ex-parte) for an order of interim injunction (Enclosure 4) to the Shah Alam High Court. On 17 April 2023, the Plaintiffs' solicitor has confirmed an undertaking before the Shah Alam High Court that they will not be filing any winding-up petition against PDSB pending the disposal of PDSB's Fortuna Injunction application and the Shah Alam High Court has fixed 10 May 2023 for pre-trial case management.

On 21 March 2023, Plaintiffs' solicitors issued Notice to Show Cause pursuant to Order 52 Rule 2B, Rules of Court 2012 to PDSB and its directors. PDSB and its directors have replied to the show cause on 29 March 2023. On 6 April 2023, the Plaintiffs' solicitors issued a letter dated 6 April 2023 in reply to PDSB's reply to the show cause notice dated 29 March 2023. On 20 April 2023, PDSB and its directors have further replied to the Plaintiffs' solicitors letter dated 6 April 2023.

(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").

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)

The appeal before the SCIT is fixed for Trial on 18 March 2024 and 19 March 2024.

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.

11. Profit/(Loss) Per Share

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

	Current Quarter Ended	Cumulative Quarter Ended	Current Year To Date	Cumulative Year To Date
	28/02/2023	28/02/2022	28/02/2023	28/02/2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net profit/(loss) attributable to owners of the Company	5,842	(1,585)	(2,636)	(5,570)
Weighted average number of ordinary shares (Basic)	(^{'000}) 1,171,053	(^{'000}) 1,110,104	(^{'000}) 1,171,053	(^{'000}) 1,110,104
Basic profit/(loss) per ordinary shares	(sen) 0.50	(sen) (0.14)	(sen) (0.23)	(sen) (0.50)
Weighted average number of ordinary shares (Diluted)	(^{'000}) 1,171,053	(^{'000}) 1,110,104	(^{'000}) 1,171,053	(^{'000}) 1,110,104
Diluted profit/(loss) per ordinary shares	(sen) 0.50	(sen) (0.14)	(sen) (0.23)	(sen) (0.50)