

The Board of Directors is pleased to announce the following :

UNAUDITED INTERIM REPORT OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	Current Quarter Ended 31/3/2020 RM'000	Preceding Year Quarter Ended 31/3/2019 RM'000	Changes		Current Year To Date 31/3/2020 RM'000	Preceding Year To Date 31/3/2019 RM'000	Changes	
			Amount RM'000	%			Amount RM'000	%
Revenue	2,927	38,731	(35,804)	-92.4%	2,927	38,731	(35,804)	-92.4%
Cost of Sales	(2,480)	(33,331)	30,851	-92.6%	(2,480)	(33,331)	30,851	-92.6%
Gross Profit	447	5,400	(4,953)	-91.7%	447	5,400	(4,953)	-91.7%
Other Income	151	218	(67)	-30.5%	151	218	(67)	-30.5%
Operating Expenses	(1,188)	(1,353)	165	-12.2%	(1,188)	(1,353)	165	-12.2%
Profit/(Loss) from Operations	(590)	4,265	(4,855)	-113.8%	(590)	4,265	(4,855)	-113.8%
Finance Costs	(422)	(629)	207	-32.9%	(422)	(629)	207	-32.9%
Profit/(Loss) Before Tax	(1,012)	3,636	(4,648)	-127.8%	(1,012)	3,636	(4,648)	-127.8%
Income Tax	-	(928)	928	-100.0%	-	(928)	928	-100.0%
Profit/(Loss) For The Period	(1,012)	2,708	(3,720)	-137.4%	(1,012)	2,708	(3,720)	-137.4%
Other Comprehensive Income, Net Of Tax	-	-	-		-	-	-	
Total comprehensive income/(loss) for the period	(1,012)	2,708	(3,720)	-137.4%	(1,012)	2,708	(3,720)	-137.4%
Total comprehensive income/(loss) attributable to:								
Owners of the Company	(1,012)	1,977	(2,989)	-151.2%	(1,012)	1,977	(2,989)	-151.2%
Non-controlling interests	-	731	(731)	-100.0%	-	731	(731)	-100.0%
Total comprehensive income/(loss) for the period	(1,012)	2,708	(3,720)	-137.4%	(1,012)	2,708	(3,720)	-137.4%
Earnings per share (Sen)	(2.52)	4.92			(2.52)	4.92		

The Condensed Consolidated Statements of Profit or Loss And Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31/3/2020 RM'000	Audited As At 31/12/2019 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	3,027	3,407
Goodwill on consolidation	31,509	31,509
Investment properties	5,680	5,680
Deferred tax assets	1,101	1,101
	<u>41,317</u>	<u>41,697</u>
Current Assets		
Trade receivables	76,105	120,773
Other receivables	607	1,008
Contract assets	2,367	2,279
Other investments	115	115
Tax recoverable	639	395
Fixed deposits	3,104	3,056
Cash and bank balances	373	41
	<u>83,310</u>	<u>127,667</u>
TOTAL ASSETS	<u>124,627</u>	<u>169,364</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	122,001	122,001
Accumulated losses	(54,848)	(53,836)
Equity attributable to owners of the Company	<u>67,153</u>	<u>68,165</u>
Non current Liabilities		
Term loan > 12 months	799	1,001
Lease liabilities	870	1,072
Deferred tax liabilities	43	43
	<u>1,712</u>	<u>2,116</u>
Current Liabilities		
Trade payables	17,131	29,409
Others payables	7,084	7,149
Contract liabilities	19,581	21,861
Amount due to director	750	755
Lease liabilities	852	1,014
Term loan < 12 months	556	466
Bank overdrafts	1,948	3,008
Bank borrowings	7,860	35,421
	<u>55,762</u>	<u>99,083</u>
TOTAL EQUITY AND LIABILITIES	<u>124,627</u>	<u>169,364</u>
Net assets per share (RM)	1.6712	1.6964

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable To Owners</i>			Non- Controlling Interest	Total Equity
	<i><----- Of The Company -----></i>				
	Issued Capital	Accumulated Loss	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1.1.2020	122,001	(53,836)	68,165	-	68,165
Total Comprehensive Income For The Period	-	(1,012)	(1,012)	-	(1,012)
Balance as of 31.3.2020	<u>122,001</u>	<u>(54,848)</u>	<u>67,153</u>	<u>-</u>	<u>67,153</u>
Balance as of 1.1.2019	122,001	(48,404)	73,597	11,005	84,602
Total Comprehensive Income For The Period	-	1,977	1,977	731	2,708
Balance as of 31.3.2019	<u>122,001</u>	<u>(46,427)</u>	<u>75,574</u>	<u>11,736</u>	<u>87,310</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The Group	3 months ended 31/3/2020 RM'000	3 months ended 31/3/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(1,012)	3,636
Adjustment for non-cash items	776	945
Operating (Loss)/Profit Before Working Capital Changes	<u>(236)</u>	<u>4,581</u>
Changes in working capital:		
Inventories	-	2,079
Receivables	45,068	6,567
Customers on contract	(2,367)	(5,154)
Payables	(12,347)	1,666
Bills payable	-	1,012
Income tax paid	(245)	(327)
Net Cash From Operating Activities	<u>29,873</u>	<u>10,424</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(32)
Placement of fixed deposits pledged	(48)	(331)
Proceeds from disposal of property, plant & equipment	-	30
Interest received	25	71
Net Cash Used In Investing Activities	<u>(23)</u>	<u>(262)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Drawdown of Banker's Acceptance	1,755	-
Finance costs paid	(422)	(629)
Repayment of finance lease liabilities	(364)	(37)
Repayment of factoring facility	(29,316)	(6,263)
Repayment of term loan	(112)	(104)
Net Cash Used In Financing Activities	<u>(28,459)</u>	<u>(7,033)</u>
CASH AND CASH EQUIVALENTS		
Net changes	1,391	3,129
Balance as of 1 January	(2,966)	3,750
Balance as at end of financial period	<u>(1,575)</u>	<u>6,879</u>

Cash and cash equivalents at the end of the financial period comprise the following balance amount:

	As at 31/3/2020 RM'000	As at 31/3/2019 RM'000
Cash and bank balances	373	7,774
Bank overdrafts	(1,948)	(895)
Fixed deposits	3,104	2,606
Less: Fixed deposits pledged	<u>(3,104)</u>	<u>(2,606)</u>
	<u>(1,575)</u>	<u>6,879</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

Part A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard 134

1. Basis of Preparation

The interim financial report is unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 - Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the Annual Financial Statements of the Group for the year ended 31 December 2019.

Apart from the above, the quarterly financial statements are to be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019.

2. Malaysian Financial Reporting Standards

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2019.

The Group has adopted the Malaysian Financial Reporting Standards ("MFRSs") framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRSs") framework with the International Financial Reporting Standards ("IFRSs") framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption of the MFRSs on the financial statements of the Group.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2020. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact upon the financial statements of the Group.

MFRSs and IC Interpretations that were issued but are not yet effective have not been early adopted by the Group.

3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification of the Group audited financial statements for the year ended 31 December 2019.

4. Segmental Reporting

Segmental report for the financial period ended 31 March 2020 is as follows:

	Trading RM'000	Construction RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
3 Months Ended 31/3/2020					
Revenue					
External revenue	-	2,927	-	-	2,927
Inter-segment revenue	4,640	-	3,300	(7,940)	-
Total revenue	<u>4,640</u>	<u>2,927</u>	<u>3,300</u>	<u>(7,940)</u>	<u>2,927</u>
Results					
Segment profit	(22)	(467)	2,874	(3,000)	(615)
Interest income	16	9	-	-	25
Finance cost	(91)	(328)	(3)	-	(422)
Profit before tax	<u>(97)</u>	<u>(786)</u>	<u>2,871</u>	<u>(3,000)</u>	<u>(1,012)</u>
3 Months Ended 31/3/2019					
Revenue					
External revenue	615	38,116	-	-	38,731
Inter-segment revenue	7,245	-	300	(7,545)	-
Total revenue	<u>7,860</u>	<u>38,116</u>	<u>300</u>	<u>(7,545)</u>	<u>38,731</u>
Results					
Segment profit	800	3,621	(227)	-	4,194
Interest income	-	71	-	-	71
Finance cost	(141)	(485)	(3)	-	(629)
Profit before tax	<u>659</u>	<u>3,207</u>	<u>(230)</u>	<u>-</u>	<u>3,636</u>

Sales Revenue By Geographical Market

The Group's revenue is derived wholly from its operating activities in Malaysia.

5. Unusual Item Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

6. Change Of Estimates Used

There was no material change in estimates for the current financial quarter under review.

7. Seasonality Or Cyclical Of Interim Operations

The Group's operations are not significantly affected by any seasonal or cyclical factors.

8. Dividends Paid

There was no dividend paid during the current financial quarter under review (2019: nil).

9. Issuance, Cancellation, Repurchases, Resale and Repayments Of Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current financial quarter ended 31 March 2020.

10. Material Events Not Reflected In The Financial Statements

There were no material events in the current financial quarter under review that have not been reflected in the financial statements for the said period.

11. Changes In The Composition Of The Group

There were no changes in the composition of the Group for the current financial quarter ended 31 March 2020.

12. Capital Commitments

There is no capital commitment which has not been reflected in the interim financial statements for the current financial quarter ended 31 March 2020.

13. Contingent Liabilities/Assets

The Company has issued unsecured corporate guarantees totalling RM110.2 million to certain financial institutions and building materials suppliers for credit facilities granted to its subsidiary companies. Accordingly, the Company is contingently liable to such financial institutions and suppliers to the extent of the amount of credit facilities utilised. There is no contingent assets as at the date of this report.

14. Recurrent Related Party Transactions

Details of the relationship between the Group and its related parties are as described below.

Name of Related Parties

Relationship

(a) Pujian Development Sdn Bhd ("Pujian") *

Pujian is a subsidiary of Ecofirst Consolidated Berhad in which Dato' Tiong Kwing Hee ("Dato' Tiong") is the Group Chief Executive Officer, Director and major shareholder. Dato' Tiong is also the Managing Director and major shareholder of Mercury.

(b) Cova Design & Contract Sdn Bhd ("Cova") #

Mr An Siew Chong, who is a director of Paramount Bounty Sdn Bhd ("PBSB") is also a director and shareholder in Cova.

* Shareholders' mandate has already been obtained at the last Annual General Meeting held on 28 May 2019.

Shareholders' mandate to be obtained at the forthcoming Annual General Meeting to be held on 24 June 2020.

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

Nature of Transactions	Current Quarter	Year to date	
	31/3/2020	31/3/2020	
	RM'000	RM'000	
(a) Pujian	(i) Civil & construction works for Pujian	449	449
	(ii) Rental of office space and parking lots from Pujian	61	61
(b) Cova	(i) Rental of equipment from PBSB	111	111

15. Material Subsequent Event

There were no material events subsequent to the end of the financial period under review that have not been reflected in the financial statements for the said period.

Part B - Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

16. Review Of Performance

During the current financial quarter under review, Group's revenue decreased by RM35.80 million (-92.4%) to RM2.93 million as compared to RM38.73 million achieved in the corresponding quarter in 2019, while Group's pretax loss increased by RM4.65 million (-127.8%) to RM1.01 million as compared to Group's pretax profit of RM3.64 million achieved in the corresponding quarter of 2019. The explanation for the variances is as elaborated in the segmental review below.

For the Construction Segment, due to the completion of construction works at its Ampang project in 2019, revenue decreased by RM35.2 million (-92.3%) to RM2.93 million while profitability decreased by RM3.99 million (-124.4%) due to the reduction in revenue, to a pretax loss of RM0.79 million as compared to the pretax profit of RM3.21 million in the corresponding quarter of 2019.

For the Trading Segment, revenue decreased by RM3.22 million (-41.0%) to RM4.6 million while profitability decreased by RM0.76 million (-114.7%) to a pretax loss of RM0.10 million as compared to the revenue of RM7.86 million and pretax profit of RM0.66 million in the corresponding quarter of 2019. The decrease in both revenue and profitability was due to its sister company, Paramount Bounty Sdn Bhd ('PBSB') having completed its construction works at its Ampang project.

For the Investment Holding Segment, it recorded a pretax profit of RM2.87 million during the current quarter as compared to the pretax loss of RM0.23 million in the corresponding quarter of 2019, due to the receipt of a dividend of RM3.0 million from a subsidiary company.

With regards to the Covid-19 pandemic, the Group is likely to experience; (i) a delay in securing new construction projects as housing developers postpone the launching of new projects and (ii) a delay in debts collection from its customers which may result in the Group failing to meet its bank borrowing repayment obligations on time.

17. Comparison With Previous Quarter's Results

	Current Quarter	Previous Quarter	Changes	
	31/3/2020	31/12/2019	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	2,927	4,705	(1,778)	(37.8)
Operating Profit	(590)	(2,705)	2,115	(78.2)
Profit Before Interest and Tax	(590)	(2,705)	2,115	(78.2)
Profit Before Tax	(1,012)	(4,174)	3,162	(75.8)
Profit After Tax	(1,012)	(3,504)	2,492	(71.1)
Profit Attributable to Owners of the Company	(1,012)	(3,504)	2,492	(71.1)

The comparison of the performance over the two quarters can be explained by the following breakdown:

	Trading	Construction	Investment Holding	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
a) Turnover					
i) For the current quarter ended 31/3/2020	4,640	2,927	3,300	(7,940)	2,927
ii) For the previous quarter ended 31/12/2019	229	4,705	300	(529)	4,705
Variance (value)	4,411	(1,778)	3,000	(7,411)	(1,778)
Variance (%)	1,928.5%	-37.8%	1,000.0%	1,401.7%	-37.8%
b) Pretax Profit/ (Loss)					
i) For the current quarter ended 31/3/2020	(97)	(786)	2,871	(3,000)	(1,012)
ii) For the previous quarter ended 31/12/2019	(367)	(3,697)	(110)	-	(4,174)
Variance (value)	270	2,911	2,981	(3,000)	3,162
Variance (%)	73.6%	78.7%	2,716.3%	100.0%	75.8%

For the current financial quarter, revenue decreased by RM1.78 million (-37.8%) while pretax loss decreased by RM3.16 million (-75.8%) as compared to the previous quarter. The decrease in revenue was because there was no construction project in the current quarter since the completion of its last project in 2019. The reduction in pretax loss was because in the previous quarter the profitability was adversely impacted by the reversal of prior years' profit due to the increase in construction cost, higher impairment loss on trade debtors and higher interest expenses.

18. Prospects For 2020

The global economic activities have been badly disrupted by the movement lockdowns in most nations arising from the Covid-19 pandemic. Coupled with the weakening ringgit, rising unemployment and the high overhang of unsold completed properties in Malaysia, it will be another very challenging year for the residential properties and construction sector. This tough operating environment is expected to prolong well beyond 2020.

In view of the economic uncertainties as stated above and until there is clear visibility on which direction the Malaysian economic growth is taking, the Board expects 2020 to be a very challenging year for the Group unless new construction contracts can be secured within the next few months. Moreover, in view of the depressed market conditions of the residential properties and construction industry, the trading subsidiary is very cautious in extending supplies of building materials to contractors.

19. Variance From Profit Forecast

This note is not applicable.

20. Profit/(Loss) For The Period

Profit/(Loss) for the period is arrived at:

	Current Quarter 31/3/2020 RM'000	Corresponding Quarter 31/3/2019 RM'000	Year to date 31/3/2020 RM'000	Year to date 31/3/2019 RM'000
After charging:				
Depreciation & amortisation	379	418	379	418
Interest expenses	422	629	422	629
Rental expense	58	57	58	57
And after crediting:				
Interest income	25	71	25	71
Rental income	11	58	11	58
Gain on sale of property, plant and equipment	-	30	-	30

21. Income Tax Expense

	Current Quarter 31/3/2020 RM'000	Year to date 31/3/2020 RM'000
Provision for current taxation		
- Current year	<u>-</u>	<u>-</u>

22. Gain or Loss On Derivatives

This is not applicable as the Group does not deal in derivatives.

23. Exceptional Items

There were no exceptional items during the current financial quarter under review.

24. Status Of Corporate Proposals

There is no outstanding corporate proposal as at the end of the current financial quarter.

25. Group Borrowings And Debt Securities

(a) The Group's borrowings as of 31 March 2020 are as follows:

	As At Period Ended 31/3/2020		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured:-			
Term loan	799	556	1,355
Bank overdrafts	-	1,948	1,948
Bankers' acceptance	-	5,851	5,851
	<u>799</u>	<u>8,355</u>	<u>9,154</u>
Unsecured:-			
Bankers' acceptance	-	2,009	2,009
	<u>-</u>	<u>2,009</u>	<u>2,009</u>
Total	<u>799</u>	<u>10,364</u>	<u>11,163</u>

	As At Period Ended 31/3/2019		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured:-			
Term loan	1,385	403	1,788
Bank overdrafts	-	895	895
Bankers' acceptance	-	5,597	5,597
	<u>1,385</u>	<u>6,895</u>	<u>8,280</u>
Unsecured:-			
Factoring loan	-	26,027	26,027
	<u>-</u>	<u>26,027</u>	<u>26,027</u>
Total	<u>1,385</u>	<u>32,922</u>	<u>34,307</u>

(b) There were no borrowings or debt securities denominated in foreign currencies.

26. Changes In Material Litigation

There is no material litigation as of the date of this report.

27. Dividend Payable

The Board has not proposed any dividend for the current financial quarter under review (2019: nil).

28. Profit Guarantee

In the acquisition of the 100% equity interest in MBS, the vendors have guaranteed that MBS will achieve an audited Profit After Tax ("PAT") of RM1.0 million per annum for each of the financial years ending 31 December 2018, 2019 and 2020. For the two financial years ended 31 December 2018 and 2019, MBS has achieved a cumulative PAT of RM1.874 million. MBS has another year in 2020 to achieve the total cumulative guaranteed PAT of RM3.0 million.

29. Earnings Per Ordinary Share

The basic earnings per share is calculated by dividing the profit for the period attributable to the Owners of the Company by the weighted average number of ordinary shares in issue during the period:-

	<u>Current Quarter</u>		<u>Year to date</u>	
	<u>31/3/2020</u>	<u>31/3/2019</u>	<u>31/3/2020</u>	<u>31/3/2019</u>
Profit attributable to Owners of the Company (RM'000)	(1,012)	1,977	(1,012)	1,977
Weighted average number of ordinary shares in issue ('000)	40,182	40,182	40,182	40,182
Basic earnings per share (Sen)	<u>(2.52)</u>	<u>4.92</u>	<u>(2.52)</u>	<u>4.92</u>