

The Board of Directors is pleased to announce the following :

**UNAUDITED INTERIM REPORT OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	Current Quarter Ended 30/6/2020 RM'000	Preceding Year Quarter Ended 30/6/2019 RM'000	Changes		Current Year To Date 30/6/2020 RM'000	Preceding Year To Date 30/6/2019 RM'000	Changes	
			Amount	%			Amount	%
Revenue	1,443	27,775	(26,332)	-94.8%	4,370	66,507	(62,137)	-93.4%
Cost of Sales	(1,190)	(24,403)	23,213	-95.1%	(3,670)	(57,735)	54,065	-93.6%
Gross Profit	253	3,372	(3,119)	-92.5%	700	8,772	(8,072)	-92.0%
Other Income	6	136	(169)	-123.9%	158	354	(235)	-66.4%
Operating Expenses	(1,069)	(1,249)	219	-17.5%	(2,257)	(2,602)	384	-14.8%
(Loss)/Profit from Operations	(810)	2,259	(3,069)	-135.9%	(1,399)	6,524	(7,923)	-121.4%
Finance Costs	(151)	(608)	457	-75.2%	(573)	(1,237)	664	-53.7%
(Loss)/Profit Before Tax	(961)	1,651	(2,612)	-158.2%	(1,972)	5,287	(7,259)	-137.3%
Income Tax	-	(514)	514	-100.0%	-	(1,442)	1,442	-100.0%
<b>(Loss)/Profit For The Period</b>	<b>(961)</b>	<b>1,137</b>	<b>(2,098)</b>	<b>-184.6%</b>	<b>(1,972)</b>	<b>3,845</b>	<b>(5,817)</b>	<b>-151.3%</b>
<b>Other Comprehensive Income, Net Of Tax</b>	-	-	-		-	-	-	
<b>Total comprehensive (loss)/profit for the period</b>	<b>(961)</b>	<b>1,137</b>	<b>(2,098)</b>	<b>-184.6%</b>	<b>(1,972)</b>	<b>3,845</b>	<b>(5,817)</b>	<b>-151.3%</b>
<b>Total comprehensive (loss)/profit attributable to:</b>								
Owners of the Company	(961)	990	(1,951)	-197.1%	(1,972)	2,967	(4,939)	-166.5%
Non-controlling interests	-	147	(147)	-100.0%	-	878	(878)	-100.0%
<b>Total comprehensive (loss)/profit for the period</b>	<b>(961)</b>	<b>1,137</b>	<b>(2,098)</b>	<b>-184.6%</b>	<b>(1,972)</b>	<b>3,845</b>	<b>(5,817)</b>	<b>-151.3%</b>
<b>Earnings per share (Sen)</b>	<b>(2.39)</b>	<b>2.46</b>			<b>(4.91)</b>	<b>7.38</b>		

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**

	<b>Unaudited As At 30/6/2020 RM'000</b>	<b>Audited As At 31/12/2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	2,673	3,407
Goodwill on consolidation	31,509	31,509
Investment properties	5,680	5,680
Deferred tax assets	1,101	1,101
	<u>40,963</u>	<u>41,697</u>
<b>Current Assets</b>		
Trade receivables	71,668	120,773
Other receivables	607	1,008
Contract assets	2,367	2,279
Other investments	115	115
Tax recoverable	716	395
Fixed deposits	3,166	3,056
Cash and bank balances	1,607	41
	<u>80,246</u>	<u>127,667</u>
<b>TOTAL ASSETS</b>	<b><u>121,209</u></b>	<b><u>169,364</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	122,001	122,001
Accumulated losses	(55,808)	(53,836)
<b>Equity attributable to owners of the Company</b>	<b><u>66,193</u></b>	<b><u>68,165</u></b>
<b>Non current Liabilities</b>		
Term loan > 12 months	704	1,001
Lease liabilities	652	1,072
Deferred tax liabilities	43	43
	<u>1,399</u>	<u>2,116</u>
<b>Current Liabilities</b>		
Trade payables	17,846	29,409
Others payables	3,802	7,149
Contract liabilities	19,007	21,861
Amount due to director	750	755
Lease liabilities	846	1,014
Term loan < 12 months	556	466
Bank overdrafts	2,937	3,008
Bank borrowings	7,873	35,421
	<u>53,617</u>	<u>99,083</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>121,209</u></b>	<b><u>169,364</u></b>
<b>Net assets per share (RM)</b>	<b>1.65</b>	<b>1.70</b>

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>			<b>Non- Controlling Interest</b>	<b>Total Equity</b>
	<----- <i>Of The Company</i> ----->				
	<b>Issued Capital</b>	<b>Accumulated Loss</b>	<b>Total</b>		
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as of 1.1.2020</b>	122,001	(53,836)	68,165	-	68,165
Total Comprehensive Income For The Period	-	(1,972)	(1,972)	-	(1,972)
<b>Balance as of 30.6.2020</b>	<u>122,001</u>	<u>(55,808)</u>	<u>66,193</u>	<u>-</u>	<u>66,193</u>
<b>Balance as of 1.1.2019</b>	122,001	(48,404)	73,597	11,005	84,602
Total Comprehensive Income For The Period	-	2,967	2,967	878	3,845
Acquisition of 30% Equity in subsidiary	-	-	-	(11,883)	(11,883)
<b>Balance as of 30.6.2019</b>	<u>122,001</u>	<u>(45,437)</u>	<u>76,564</u>	<u>-</u>	<u>76,564</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**

<b>The Group</b>	<b>6 months ended 30/6/2020 RM'000</b>	<b>6 months ended 30/6/2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(1,972)	5,287
Adjustment for non-cash items	1,237	(3,291)
Operating (Loss)/Profit Before Working Capital Changes	<u>(735)</u>	<u>1,996</u>
Changes in working capital:		
Inventories	-	1,795
Receivables	49,506	10,963
Customers on contract	(2,942)	(4,676)
Payables	(14,915)	8,551
Bills payable	-	177
Income tax refund	-	70
Income tax paid	(321)	(795)
<b>Net Cash From Operating Activities</b>	<u>30,593</u>	<u>18,081</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Acquisition of subsidiary company, net of cash acquired	-	(11,883)
Purchase of property, plant and equipment	-	(37)
Placement of fixed deposits pledged	(110)	(666)
Proceeds from disposal of property, plant & equipment	-	30
Interest received	69	118
<b>Net Cash Used In Investing Activities</b>	<u>(41)</u>	<u>(12,438)</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Drawdown of Banker's Acceptance	1,768	-
Finance costs paid	(573)	(1,237)
Repayment of finance lease liabilities	(588)	(362)
Repayment of factoring facility	(29,316)	(3,007)
Repayment of term loan	(207)	(208)
<b>Net Cash Used In Financing Activities</b>	<u>(28,916)</u>	<u>(4,814)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	1,636	829
Balance as of 1 January	(2,966)	3,750
<b>Balance as at end of financial period</b>	<u><u>(1,330)</u></u>	<u><u>4,579</u></u>

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

	<b>As at 30/6/2020 RM'000</b>	<b>As at 30/6/2019 RM'000</b>
Cash and bank balances	1,607	6,475
Bank overdrafts	(2,937)	(1,896)
Fixed deposits	3,166	2,941
Less: Fixed deposits pledged	<u>(3,166)</u>	<u>(2,941)</u>
	<u><u>(1,330)</u></u>	<u><u>4,579</u></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 30 June 2020 is as follows:

	Trading RM'000	Construction RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
<b>6 Months Ended 30/6/2020</b>					
<b>Revenue</b>					
External revenue	700	3,670	-	-	4,370
Inter-segment revenue	4,643	-	3,600	(8,243)	-
Total revenue	<u>5,343</u>	<u>3,670</u>	<u>3,600</u>	<u>(8,243)</u>	<u>4,370</u>
<b>Results</b>					
Segment profit	(134)	(1,123)	2,789	(3,000)	(1,468)
Interest income	46	23	-	-	69
Finance cost	(198)	(369)	(6)	-	(573)
Profit before tax	<u>(286)</u>	<u>(1,469)</u>	<u>2,783</u>	<u>(3,000)</u>	<u>(1,972)</u>
<b>6 Months Ended 30/6/2019</b>					
<b>Revenue</b>					
External revenue	615	65,890	2	-	66,507
Inter-segment revenue	10,112	-	1,900	(12,012)	-
Total revenue	<u>10,727</u>	<u>65,890</u>	<u>1,902</u>	<u>(12,012)</u>	<u>66,507</u>
<b>Results</b>					
Segment profit	934	5,903	869	(1,300)	6,406
Interest income	3	115	-	-	118
Finance cost	(259)	(972)	(6)	-	(1,237)
Profit before tax	<u>678</u>	<u>5,046</u>	<u>863</u>	<u>(1,300)</u>	<u>5,287</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 Cyclicity 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 30 June 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 30 June 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 30 June 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

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

### Relationship

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 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	Year
		Quarter	to date
		30/6/2020	30/6/2020
		RM'000	RM'000
(a) Pujian	(i) Civil & construction works for Pujian	164	613
	(ii) Rental of office space and parking lots from Pujian	44	105
(b) Cova	(i) Rental of equipment from PBSB	-	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 RM26.33 million (-94.8%) to RM1.44 million as compared to RM27.78 million achieved in the corresponding quarter in 2019, while Group's profitability decreased by RM2.61 million (-158.2%) to a pretax loss of RM0.96 million as compared to Group's pretax profit of RM1.65 million achieved in the corresponding quarter of 2019. The explanation for the variances is as stated in the segmental review below.

For the Construction Segment, due to the Covid-19 pandemic and the negative impact of the Movement Control Order, many of the Group's developer clients had decided to delay the launching of their new development projects due to the uncertainties generated by the pandemic. Without the replenishment of new construction projects, revenue has decreased by RM27.03 million (-97.3%) to RM0.74 million while profitability also decreased by RM2.52 million (-137.1%) to a pretax loss of RM0.68 million as compared to the revenue of RM27.77 million and pretax profit of RM1.84 million achieved in the corresponding quarter of 2019. In spite of the difficult operating environment, the construction subsidiary is still actively pursuing to secure new contracts.

For the Trading Segment, revenue decreased by RM2.16 million (-75.5%) to RM0.7 million while profitability decreased by RM0.21 million to a pretax loss of RM0.19 million as compared to the revenue of RM2.87 million and pretax profit of RM0.02 million achieved in the corresponding quarter of 2019. The decrease in both revenue and pretax profit was due to the absence of new construction project by its sister company, Paramount Bounty Sdn Bhd and the restriction on sales to external customers due to the credit risk on debt collectability.

For the Investment Holding Segment, it recorded a pretax loss of RM0.09 million during the current quarter as compared to the pretax profit of RM0.87 million in the corresponding quarter of 2019. In the corresponding quarter, there was a dividend income of RM1.3 million from a subsidiary company.

For the current year to-date period, Group's revenue decreased by RM62.14 million (-93.4%) to RM4.37 million while Group's profitability decreased by RM7.26 million (-137.3%) to a pretax loss of RM1.97 million as compared to the revenue of RM66.51 million and pretax profit of RM5.29 million achieved in the corresponding quarter in 2019. The factors contributing to the poorer performance in 2020 are as elaborated above.

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	
	30/6/2020	31/3/2020	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	1,443	2,927	(1,484)	(50.7)
Operating Loss	(810)	(590)	220	37.3
Loss Before Interest and Tax	(810)	(590)	220	37.3
Loss Before Tax	(961)	(1,012)	51	5.0
Loss After Tax	(961)	(1,012)	51	5.0
Loss Attributable to Owners of the Company	(961)	(1,012)	51	5.0

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
<b>a) Turnover</b>					
i) For the current quarter ended 30/6/2020	703	743	300	(303)	1,443
ii) For the previous quarter ended 31/3/2020	4,640	2,927	3,300	(7,940)	2,927
<b>Variance (value)</b>	<b>(3,937)</b>	<b>(2,184)</b>	<b>(3,000)</b>	<b>7,637</b>	<b>(1,484)</b>
<b>Variance (%)</b>	<b>-84.9%</b>	<b>-74.6%</b>	<b>-90.9%</b>	<b>96.2%</b>	<b>-50.7%</b>
<b>b) Pretax Profit/ (Loss)</b>					
i) For the current quarter ended 30/6/2020	(189)	(683)	(89)	-	(961)
ii) For the previous quarter ended 31/3/2020	(97)	(786)	2,871	(3,000)	(1,012)
<b>Variance (value)</b>	<b>(92)</b>	<b>103</b>	<b>(2,960)</b>	<b>3,000</b>	<b>51</b>
<b>Variance (%)</b>	<b>-94.8%</b>	<b>13.1%</b>	<b>-103.1%</b>	<b>100.0%</b>	<b>5.0%</b>

For the current financial quarter, revenue decreased by RM1.48 million (-50.7%) while pretax loss decreased by RM0.05 million (5.0%) as compared to the previous quarter. In spite of lower revenue, pretax loss has decreased due to a reduction in operating overheads and interest expense.

## 18. Prospects For 2020

Due to the Covid-19 pandemic, the global economic activities continue to be badly disrupted by the movement lockdowns which have also impacted adversely the economic activities in Malaysia. 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 as developers delay the launch of new projects. This tough operating environment is expected to prolong well beyond 2020.

In view of the economic uncertainties as stated above, 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. (Loss)/Profit For The Period

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

	<b>Current Quarter 30/6/2020</b>	<b>Corresponding Quarter 30/6/2019</b>	<b>Year to date 30/6/2020</b>	<b>Year to date 30/6/2019</b>
	RM'000	RM'000	RM'000	RM'000
<b>After charging:</b>				
Depreciation & amortisation	356	418	735	836
Interest expenses	151	608	573	1,237
Rental expense	41	57	99	113
<b>And after crediting:</b>				
Interest income	43	47	69	118
Rental income	5	35	17	93
Gain on sale of property, plant and equipment	-	-	-	30

## 21. Income Tax Expense

	<b>Current Quarter 30/6/2020</b>	<b>Year to date 30/6/2020</b>
	RM'000	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 30 June 2020 are as follows:

	<b>As At Period Ended 30/6/2020</b>		
	<b>Long term</b>	<b>Short term</b>	<b>Total borrowings</b>
	RM'000	RM'000	RM'000
Secured:-			
Term loan	704	556	1,260
Bank overdrafts	-	2,937	2,937
Bankers' acceptance	-	5,851	5,851
	<u>704</u>	<u>9,344</u>	<u>10,048</u>
Unsecured:-			
Bankers' acceptance	-	2,022	2,022
	<u>-</u>	<u>2,022</u>	<u>2,022</u>
<b>Total</b>	<b><u>704</u></b>	<b><u>11,366</u></b>	<b><u>12,070</u></b>



	<b>As At Period Ended 30/6/2019</b>		
	<b>Long term</b>	<b>Short term</b>	<b>Total borrowings</b>
	RM'000	RM'000	RM'000
Secured:-			
Term loan	1,273	411	1,684
Bank overdrafts	-	1,896	1,896
Bankers' acceptance	-	4,762	4,762
	<u>1,273</u>	<u>7,069</u>	<u>8,342</u>
Unsecured:-			
Factoring loan	-	29,284	29,284
	<u>-</u>	<u>29,284</u>	<u>29,284</u>
<b>Total</b>	<b><u>1,273</u></b>	<b><u>36,353</u></b>	<b><u>37,626</u></b>

(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:-

	<b>Current Quarter</b>		<b>Year to date</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>	<b>30/6/2020</b>	<b>30/6/2019</b>
Profit attributable to Owners of the Company (RM'000)	(961)	990	(1,972)	2,967
Weighted average number of ordinary shares in issue ('000)	40,182	40,182	40,182	40,182
Basic earnings per share (Sen)	<u>(2.39)</u>	<u>2.46</u>	<u>(4.91)</u>	<u>7.38</u>