

The Board of Directors is pleased to announce the following :

UNAUDITED INTERIM REPORT OF THE GROUP FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD					
	Current Quarter Ended 31/12/2020 RM'000	Preceding Year Quarter Ended 31/12/2019 RM'000		Changes Amount RM'000	%	Current Year To Date 31/12/2020 RM'000	Preceding Year To Date 31/12/2019 RM'000		Changes Amount RM'000	%
Revenue	4,907	4,705	202	4.3%	10,471	85,424	(74,953)	-87.7%		
Cost of Sales	(1,355)	(5,437)	4,082	-75.1%	(6,083)	(75,452)	69,369	-91.9%		
Gross Profit/(Loss)	3,552	(732)	4,284	-585.2%	4,388	9,972	(5,584)	-56.0%		
Other Income	71	84	(13)	-16.0%	350	578	(228)	-39.5%		
Operating Expenses	(2,847)	(2,056)	(791)	38.5%	(6,246)	(5,881)	(365)	6.2%		
Profit/(Loss) from Operations	776	(2,704)	3,480	-128.7%	(1,508)	4,669	(6,177)	-132.3%		
Finance Costs	(1,702)	(1,469)	(233)	15.9%	(2,582)	(3,042)	460	-15.1%		
(Loss)/Profit Before Tax	(926)	(4,173)	3,247	-77.8%	(4,090)	1,627	(5,717)	-351.4%		
Income Tax	6	669	(663)	-99.1%	7	(964)	971	-100.7%		
(Loss)/Profit For The Period	(920)	(3,504)	2,584	-73.7%	(4,083)	663	(4,746)	-715.8%		
Other Comprehensive Income, Net Of Tax	-	-	-	-	-	-	-	-		
Total comprehensive (loss)/income for the period	(920)	(3,504)	2,584	-73.7%	(4,083)	663	(4,746)	-715.8%		
Total comprehensive (loss)/income attributable to:										
Owners of the Company	(920)	(3,504)	2,584	-73.7%	(4,083)	(215)	(3,868)	1799.1%		
Non-controlling interests	-	-	-	-	-	878	(878)	-100.0%		
Total comprehensive (loss)/income for the period	(920)	(3,504)	2,584	-73.7%	(4,083)	663	(4,746)	-715.8%		
Earnings per share (Sen)	(2.29)	(8.72)			(10.16)	(0.54)				

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 31/12/2020 RM'000	Audited As At 31/12/2019 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,963	3,407
Goodwill on consolidation	31,509	31,509
Investment properties	5,010	5,680
Deferred tax assets	1,596	1,101
	<u>40,078</u>	<u>41,697</u>
Current Assets		
Trade receivables	54,499	120,773
Other receivables	566	1,008
Contract assets	2,075	2,279
Other investments	161	115
Tax recoverable	55	395
Fixed deposits	3,243	3,056
Cash and bank balances	166	41
	<u>60,765</u>	<u>127,667</u>
TOTAL ASSETS	<u>100,843</u>	<u>169,364</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	122,001	122,001
Accumulated losses	(57,919)	(53,836)
Equity attributable to owners of the Company	<u>64,082</u>	<u>68,165</u>
Non current Liabilities		
Term loan > 12 months	485	1,001
Lease liabilities	311	1,072
Deferred tax liabilities	14	43
	<u>810</u>	<u>2,116</u>
Current Liabilities		
Trade payables	13,003	29,409
Others payables	2,290	7,149
Contract liabilities	13,391	21,861
Amount due to director	750	755
Lease liabilities	891	1,014
Term loan < 12 months	556	466
Bank overdrafts	3,002	3,008
Bank borrowings	2,068	35,421
	<u>35,951</u>	<u>99,083</u>
TOTAL EQUITY AND LIABILITIES	<u>100,843</u>	<u>169,364</u>
Net assets per share (RM)	1.5948	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 Loss For The Period	-	(4,083)	(4,083)	-	(4,083)
Balance as of 31.12.2020	<u>122,001</u>	<u>(57,919)</u>	<u>64,082</u>	<u>-</u>	<u>64,082</u>
Balance as of 1.1.2019	122,001	(48,404)	73,597	11,005	84,602
Total Comprehensive (Loss)/ Income For The Period	-	(215)	(215)	878	663
Acquisition of 30% Equity in Subsidiary	-	(5,217)	(5,217)	(11,883)	(17,100)
Balance as of 31.12.2019	<u>122,001</u>	<u>(53,836)</u>	<u>68,165</u>	<u>-</u>	<u>68,165</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

	12 months ended 31/12/2020	12 months ended 31/12/2019
The Group	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(4,090)	1,627
Adjustment for non-cash items	5,696	5,114
Operating Profit Before Working Capital Changes	<u>1,606</u>	<u>6,741</u>
Changes in working capital:		
Inventories	-	2,079
Receivables	63,849	(4,643)
Customers on contract	(8,266)	12,922
Payables	(21,271)	854
Bills payable	-	1,520
Income tax refund	233	244
Income tax paid	(411)	(1,581)
Net Cash From Operating Activities	<u>35,740</u>	<u>18,136</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of subsidiary company, net of cash acquired	-	(17,100)
Purchase of property, plant and equipment	-	(64)
Placement of fixed deposits pledged	(187)	(781)
Proceeds from disposal of property, plant & equipment	80	41
Interest received	96	274
Net Cash Used In Investing Activities	<u>(11)</u>	<u>(17,630)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Finance costs paid	(937)	(3,042)
Repayment of bankers' acceptance	(4,037)	-
Repayment of finance lease liabilities	(883)	(780)
Repayment of factoring facility	(29,316)	(2,975)
Repayment of term loan	(426)	(425)
Net Cash Used In Financing Activities	<u>(35,599)</u>	<u>(7,222)</u>
CASH AND CASH EQUIVALENTS		
Net changes	130	(6,716)
Balance as of 1 January	(2,966)	3,750
Balance as at end of financial period	<u>(2,836)</u>	<u>(2,966)</u>

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

	As at 31/12/2020	As at 31/12/2019
	RM'000	RM'000
Cash and bank balances	166	41
Bank overdrafts	(3,002)	(3,007)
Fixed deposits	3,243	3,056
Less: Fixed deposits pledged	<u>(3,243)</u>	<u>(3,056)</u>
	<u>(2,836)</u>	<u>(2,966)</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 December 2020 is as follows:

	Trading	Construction	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
12 Months Ended 31/12/2020					
Revenue					
External revenue	905	9,566	-	-	10,471
Inter-segment revenue	5,883	-	4,200	(10,083)	-
Total revenue	<u>6,788</u>	<u>9,566</u>	<u>4,200</u>	<u>(10,083)</u>	<u>10,471</u>
Results					
Segment profit	(342)	(938)	2,676	(3,000)	(1,604)
Interest income	65	31	-	-	96
Finance cost	(500)	(2,070)	(12)	-	(2,582)
(Loss)/Profit before tax	<u>(777)</u>	<u>(2,977)</u>	<u>2,664</u>	<u>(3,000)</u>	<u>(4,090)</u>
12 Months Ended 31/12/2019					
Revenue					
External revenue	615	84,807	2	-	85,424
Inter-segment revenue	14,347	-	3,000	(17,347)	-
Total revenue	<u>14,962</u>	<u>84,807</u>	<u>3,002</u>	<u>(17,347)</u>	<u>85,424</u>
Results					
Segment profit	643	4,403	1,155	(1,806)	4,395
Interest income	53	221	-	-	274
Finance cost	(456)	(2,574)	(12)	-	(3,042)
Profit before tax	<u>240</u>	<u>2,050</u>	<u>1,143</u>	<u>(1,806)</u>	<u>1,627</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 31 December 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 December 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 December 2020.

13. Contingent Liabilities/Assets

The Company has issued unsecured corporate guarantees totalling RM109.95 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 Industries Berhad.

(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 Quarter 31/12/2020 RM'000	Year to date 31/12/2020 RM'000
(a) Pujian	(i) Civil & construction works for Pujian	19	1,188
	(ii) Rental of office space and parking lots from Pujian	56	231
(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 increased by RM0.2 million (+4.3%) to RM4.91 million as compared to RM4.71 million achieved in the corresponding quarter in 2019, while Group's profitability improved by RM3.25 million (+77.8%) to a pretax loss of RM0.93 million as compared to Group's pretax loss of RM4.17 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, in view of the extension of the Movement Control Order and the negative impact and uncertainties generated by the Covid-19 pandemic, the Group had difficulty in replenishing its orderbook with new construction projects as its developer clients delayed the launching of their new development projects. Revenue remained unchanged at RM4.70 million for the respective quarters in 2020 and 2019. However, profitability improved by RM2.98 million (+80.8%) to a pretax loss of RM0.71 million as compared to a pretax loss of RM3.69 million in the corresponding quarter of 2019. The increase in profitability was mainly due to the finalisation of construction costs of certain projects which resulted in positive revenue and improved profit margin adjustments. In spite of the difficult operating environment, the construction subsidiary is still actively pursuing to secure new contracts.

For the Trading Segment, revenue increased by RM1.21 million (+529.1%) to RM1.44 million while profitability improved by RM0.23 million to a pretax loss of RM0.14 million as compared to the revenue of RM0.23 million and pretax loss of RM0.37 million achieved in the corresponding quarter of 2019. Profitability improved due to the increase in revenue. Revenue continue to remain low 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 during the current economic downturn.

For the Investment Holding Segment, it recorded a pretax loss of RM0.07 million during the current quarter as compared to the pretax loss of RM0.11 million in the corresponding quarter of 2019. The reduction in pretax loss was due to a reduction in operating expenses.

For the current financial year, the Group achieved a revenue of RM10.47 million and pretax loss of RM4.09 million as compared to the revenue of RM85.42 million and pretax profit of RM1.63 million in 2019. The poorer performance was mainly due to the lack of construction works and sales of building materials amidst the negative effects of the Covid-19 pandemic in the country.

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.

17. Comparison With Previous Quarter's Results

	Current Quarter	Previous Quarter	Changes	
	31/12/2020	30/9/2020	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	4,907	1,194	3,713	311.0
Operating Profit/(Loss)	776	(885)	1,661	187.7
Profit/(Loss) Before Interest and Tax	776	(885)	1,661	187.7
Loss Before Tax	(926)	(1,192)	(266)	(22.3)
Loss After Tax	(920)	(1,191)	(271)	(22.7)
Loss Attributable to Owners of the Company	(920)	(1,191)	(271)	(22.7)

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 31/12/2020	1,439	4,702	300	(1,534)	4,907
ii) For the previous quarter ended 30/9/2020	6	1,194	300	(306)	1,194
Variance (value)	1,433	3,508	-	(1,228)	3,713
Variance (%)	23,883.8%	293.8%	0.0%	401.3%	311.0%

	Trading	Construction	Investment Holding	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
b) Pretax Loss					
i) For the current quarter ended 31/12/2020	(141)	(712)	(73)	-	(926)
ii) For the previous quarter ended 30/9/2020	(349)	(797)	(46)	-	(1,192)
Variance (value)	208	85	(27)	-	266
Variance (%)	59.6%	10.7%	-58.7%	-	22.3%

For the current quarter, revenue increased by RM3.71 million (+311.0%) while pretax loss decreased by RM0.27 million (-22.3%) as compared to the previous quarter. The increase in revenue was mainly due to the finalisation of construction costs resulting in revenue adjustment, and the sale of building materials to third parties. Reduction in pretax loss was due to the increase in revenue.

18. Prospects For 2021

With the resurgence of the Covid-19 pandemic in Malaysia and throughout the world, the negative impact of the pandemic on the economic activities and rising unemployment in Malaysia will exacerbate the problems associated with the high overhang of unsold completed properties. It will prolong the tough operating environment in the residential properties and construction sector. However, the Group's construction arm is hopeful of securing some new construction projects from its developer clients in 2021.

In spite of the extension of the Movement Control Order and the economic uncertainties arising from the Covid-19 pandemic, the Board is cautiously optimistic that the performance of the Group in 2021 can be better than that of 2020 when new construction projects are secured.

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 31/12/2020	Corresponding Quarter 31/12/2019	Year to date 31/12/2020	Year to date 31/12/2019
	RM'000	RM'000	RM'000	RM'000
After charging:				
Depreciation & amortisation	342	415	1,424	1,670
Fair value adjustment on other investments	9	(19)	(46)	(12)
Allowance for impairment loss on receivable	1,317	790	1,317	790
Interest expenses	1,702	1,469	2,582	3,042
Rental expense	50	58	207	229
And after crediting:				
Interest income	17	126	96	274
Rental income	1	23	19	140
Gain on sale of property, plant and equipment	-	-	60	30

21. Income Tax Expense

	Current Quarter 31/12/2020	Year to date 31/12/2020
	RM'000	RM'000
Provision for current taxation		
- Current year	(505)	(505)
- Under/(Overprovision) in prior year	(14)	(13)
Provision for deferred taxation	525	525
	<u>6</u>	<u>7</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 December 2020 are as follows:

	As At Period Ended 31/12/2020		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured:-			
Term loan	485	556	1,041
Bank overdraft	-	2,008	2,008
Bankers' acceptance	-	2,068	2,068
	<u>485</u>	<u>4,632</u>	<u>5,117</u>
Unsecured:-			
Bank overdraft	-	994	994
Total	<u>485</u>	<u>5,626</u>	<u>6,111</u>

	As At Period Ended 31/12/2019		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured:-			
Term loan	1,001	466	1,467
Bank overdraft	-	2,011	2,011
Bankers' acceptance	-	4,088	4,088
	<u>1,001</u>	<u>6,565</u>	<u>7,566</u>
Unsecured:-			
Bank overdraft	-	997	997
Bankers' acceptance	-	2,017	2,017
Factoring loan	-	29,316	29,316
	-	<u>32,330</u>	<u>32,330</u>
Total	<u>1,001</u>	<u>38,895</u>	<u>39,896</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. Basing on the unaudited results for the financial year ended 31 December 2020, MBS has achieved a cumulative unaudited PAT of RM1.18 million over the three financial years. Therefore, there is a shortfall in guaranteed profit amounting to RM1.82 million.

29. Losses Per Ordinary Share

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

	Current Quarter		Year to date	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Loss attributable to Owners of the Company (RM'000)	(920)	(3,504)	(4,083)	(215)
Weighted average number of ordinary shares in issue ('000)	40,182	40,182	40,182	40,182
Basic losses per share (Sen)	<u>(2.29)</u>	<u>(8.72)</u>	<u>(10.16)</u>	<u>(0.54)</u>