

The Board of Directors is pleased to announce the following :
UNAUDITED INTERIM REPORT OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	Current Quarter Ended 30/06/2021 RM'000	Preceding Year Quarter Ended 30/06/2020 RM'000	Changes Amount RM'000	%	Current Year To Date 30/06/2021 RM'000	Preceding Year To Date 30/06/2020 RM'000	Changes Amount RM'000	%
Revenue	(27)	1,443	(1,469)	-101.9%	82	4,370	(4,288)	-98.1%
Cost of Sales	(181)	(1,190)	1,009	-84.8%	(606)	(3,670)	3,064	-83.5%
Gross (Loss)/ Profit	(208)	253	(461)	-182.0%	(524)	700	(1,223)	-174.8%
Other Income	375	6	369	6157.2%	400	158	242	153.1%
Operating Expenses	(1,801)	(1,069)	(732)	68.5%	(2,782)	(2,257)	(525)	23.3%
Loss from Operations	(1,634)	(810)	(823)	101.6%	(2,906)	(1,399)	(1,508)	107.7%
Finance Costs	(79)	(151)	71	-47.3%	(209)	(573)	364	-63.6%
Loss Before Tax	(1,713)	(961)	(753)	78.3%	(3,115)	(1,972)	(1,144)	58.0%
Income Tax	-	-	-	0.0%	-	-	-	0.0%
Loss For The Period	(1,713)	(961)	(753)	78.3%	(3,115)	(1,972)	(1,143)	57.9%
Other Comprehensive Income, Net Of Tax	-	-	-		-	-	-	
Total Comprehensive Loss for the period	(1,713)	(961)	(753)	78.3%	(3,115)	(1,972)	(1,143)	57.9%
Total Comprehensive Loss attributable to Owners of the Company	(1,713)	(961)	(753)	78.3%	(3,115)	(1,972)	(1,143)	57.9%
Losses per share (Sen)	(3.89)	(2.39)			(7.40)	(4.91)		

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 2020.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 30/06/2021 RM'000	Audited As At 31/12/2020 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,306	1,963
Goodwill on consolidation	31,509	31,509
Investment properties	5,010	5,010
Trade receivables	19,609	19,609
Deferred tax assets	1,549	1,549
Fixed deposits	3,270	3,243
	<u>62,253</u>	<u>62,883</u>
Current Assets		
Trade receivables	29,010	34,628
Other receivables	893	784
Contract assets	2,075	2,075
Other investments	157	161
Tax recoverable	196	182
Cash and bank balances	223	166
	<u>32,554</u>	<u>37,996</u>
TOTAL ASSETS	<u>94,807</u>	<u>100,879</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	125,038	122,001
Accumulated losses	(61,068)	(57,953)
Equity attributable to owners of the Company	<u>63,970</u>	<u>64,048</u>
Non current Liabilities		
Term loan > 12 months	299	535
Lease liabilities	128	311
Deferred tax liabilities	14	14
	<u>441</u>	<u>860</u>
Current Liabilities		
Trade payables	10,077	12,629
Others payables	2,643	2,613
Contract liabilities	13,556	13,391
Amount due to director	950	750
Lease liabilities	539	891
Term loan < 12 months	552	514
Bank overdrafts	2,079	3,002
Bank borrowings	-	2,068
Tax payable	-	113
	<u>30,396</u>	<u>35,971</u>
TOTAL EQUITY AND LIABILITIES	<u>94,807</u>	<u>100,879</u>
Net assets per share (RM)	1.5920	1.5939

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable To Owners</i>		
	<i><----- Of The Company -----></i>		
	Issued Capital	Accumulated Loss	Total Equity
	RM'000	RM'000	RM'000
Balance as of 1.1.2021	122,001	(57,953)	64,048
Issuance of new shares	3,037	-	3,037
Total Comprehensive Loss For The Period	-	(3,115)	(3,115)
Balance as of 30.6.2021	<u>125,038</u>	<u>(61,068)</u>	<u>63,970</u>
Balance as of 1.1.2020	122,001	(53,836)	68,165
Total Comprehensive Loss For The Period	-	(1,972)	(1,972)
Balance as of 30.6.2020	<u>122,001</u>	<u>(55,808)</u>	<u>66,193</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 2020.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The Group	6 months ended 30/06/2021 RM'000	6 months ended 30/06/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,115)	(1,972)
Adjustment for non-cash items	845	1,237
Operating Profit Before Working Capital Changes	<u>(2,270)</u>	<u>(735)</u>
Changes in working capital:		
Receivables	5,509	49,506
Customers on contract	165	(2,942)
Payables	(2,323)	(14,915)
Income tax refund	-	-
Income tax paid	(127)	(321)
Net Cash From Operating Activities	<u>954</u>	<u>30,593</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2)	-
Placement of fixed deposits pledged	(28)	(110)
Interest received	27	69
Net Cash Used In Investing Activities	<u>(3)</u>	<u>(41)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Drawdown of Banker's Acceptance	-	1,768
Finance costs paid	(209)	(573)
Repayment of bankers' acceptance	(2,068)	-
Repayment of finance lease liabilities	(534)	(588)
Repayment of factoring facility	-	(29,316)
Repayment of term loan	(197)	(207)
Issuance of new shares	3,037	-
Net Cash From/(Used In) Financing Activities	<u>29</u>	<u>(28,916)</u>
CASH AND CASH EQUIVALENTS		
Net changes	980	1,636
Balance as of 1 January	(2,836)	(2,966)
Balance as at end of financial period	<u>(1,856)</u>	<u>(1,330)</u>

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

	As at 30/06/2021 RM'000	As at 30/06/2020 RM'000
Cash and bank balances	223	1,607
Bank overdrafts	(2,079)	(2,937)
Fixed deposits	3,270	3,166
Less: Fixed deposits pledged	<u>(3,270)</u>	<u>(3,166)</u>
	<u>(1,856)</u>	<u>(1,330)</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 2020.

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 2020.

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 2020.

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 2020.

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 2021. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on 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 2020.

4. Segmental Reporting

Segmental report for the financial period ended 30 June 2021 is as follows:

	Trading RM'000	Construction RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
6 Months Ended 30/6/2021					
Revenue					
External revenue	80	2	-	-	82
Inter-segment revenue	3	-	600	(603)	-
Total revenue	<u>83</u>	<u>2</u>	<u>600</u>	<u>(603)</u>	<u>82</u>
Results					
Segment loss	(178)	(2,459)	(296)	-	(2,933)
Interest income	18	9	-	-	27
Finance cost	(149)	(54)	(6)	-	(209)
Loss before tax	<u>(309)</u>	<u>(2,504)</u>	<u>(302)</u>	<u>-</u>	<u>(3,115)</u>
6 Months Ended 30/6/2020					
Revenue					
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>
Results					
Segment (loss)/profit	(134)	(1,123)	2,789	(3,000)	(1,468)
Interest income	46	23	-	-	69
Finance cost	(198)	(369)	(6)	-	(573)
(Loss)/Profit before tax	<u>(286)</u>	<u>(1,469)</u>	<u>2,783</u>	<u>(3,000)</u>	<u>(1,972)</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 dividends paid during the current financial quarter under review (2020: nil).

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

There were no issuance, cancellation, repurchases, resale and repayments of debt securities for the current financial quarter ended 30 June 2021, except that on 5 April 2021, the Company had issued 4,018,200 new shares under private placement.

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

On 1 April 2021, the Company acquired 100% equity interest in Plutovest Sdn Bhd which has a paid-up capital of RM1.00. Plutovest Sdn Bhd is currently dormant.

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 2021.

13. Contingent Liabilities/Assets

The Company has issued unsecured corporate guarantees totalling RM101.4 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. Mr An has since resigned as director of PBSB on 24/5/2021.

* Shareholders' mandate has already been obtained at the last Annual General Meeting held on 1 June 2021.

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
	30/06/2021	30/06/2021
	RM'000	RM'000
(a) Pujian		
(i) Civil & construction works for Pujian	27	145
(ii) Rental of office space and parking lots from Pujian	61	123

15. Material Subsequent Events

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, the Group's performance continued to be negatively impacted by the Covid-19 pandemic lockdown. Group's revenue decreased by RM1.47 million (-101.9%) while Group's pretax loss increased by RM0.75 million (+78.3%) as compared to the revenue of RM1.44 million and pretax loss of RM0.96 million achieved in the corresponding quarter in 2020. There were minimal activity due to the Movement Control Orders.

For the Construction Segment, it continue to face difficulties in replenishing its orderbook with new construction projects in the tough operating environment of pandemic lockdown and a supply overhang of completed properties. It has no revenue and suffered a pretax loss of RM1.37 million in the quarter, as compared to the revenue of RM0.74 million and pretax loss of RM0.68 million achieved in the corresponding quarter of 2020. However, on 28/7/2021, it managed to secure a construction contract valued at RM450.0 million to construct three tower blocks of condominium comprising 2,432 apartment units in Johor Bharu.

For the Trading Segment, it has minimal revenue and incurred a pretax loss of RM0.14 million in the quarter as compared to the revenue of RM0.7 million and pretax loss of RM0.19 million achieved in the corresponding quarter of 2020. With the securing of a major project by its sister company, the performance of this segment is expected to improve from the fourth quarter of 2021.

With regards to the Covid-19 pandemic, the Group is likely to experience: (i) work disruptions in the new project as and when the government order new or extended lockdowns, (ii) possible delay in debt collection from its customers.

17. Comparison With Previous Quarter's Results

	Current Quarter	Previous Quarter	Changes	
	30/06/2021	31/03/2021	RM'000	%
Revenue	(27)	109	(136)	(124.8)
Operating Loss	(1,634)	(1,273)	(361)	28.4
Loss Before Interest and Tax	(1,634)	(1,273)	(361)	28.4
Loss Before Tax	(1,713)	(1,402)	(311)	22.1
Loss After Tax	(1,713)	(1,402)	(311)	22.1
Loss Attributable to Owners of the Company	(1,713)	(1,402)	(311)	22.1

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

	Investment		Eliminations	Total
	Trading	Construction		
	RM'000	RM'000	RM'000	RM'000
a) Turnover				
i) For the current quarter ended 30/6/2021	12	(37)	300	(27)
ii) For the previous quarter ended 31/3/2021	71	39	300	109
Variance (value)	(59)	(76)	-	(136)
Variance (%)	-83.0%	-194.6%	0.0%	-124.8%
b) Pretax Profit/ (Loss)				
i) For the current quarter ended 30/6/2021	(141)	(1,370)	(202)	(1,713)
ii) For the previous quarter ended 31/3/2021	(168)	(1,134)	(100)	(1,402)
Variance (value)	(27)	236	102	311
Variance (%)	-16.2%	20.8%	101.6%	22.1%

For the current quarter, revenue decreased by RM0.14 million (-124.8%) while pretax loss increased by RM0.31 million (+22.1%) as compared to the previous quarter. The increase in pretax loss in the current quarter was due to the higher operating expenses and loss on disposal of property, plant and equipment.

18. Prospects For 2021

The Board expects the full benefit of the new construction contract of RM450 million will only be realised from 2022 onwards as the mobilisation for the construction works will only, barring any unforeseen circumstances, commence from September 2021 onwards. Therefore, the Board expects the performance of the Group in 2021 will still be adversely impacted by the pandemic lockdown and slowing economic activities. However, if the development project in Tg Kling Melaka, under the Development Rights Agreement can commence in the fourth quarter of this year, it will help to alleviate the negative impacts of the pandemic.

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	Corresponding Quarter	Year to date	Year to date
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
After charging:				
Depreciation & amortisation	325	356	658	735
Fair value adjustment on other investments	10	-	4	-
Interest expenses	79	151	209	573
Rental expense	79	41	158	99
Loss on sale of property, plant and equipment	363	-	363	-
And after crediting:				
Interest income	14	43	27	69
Rental income	4	5	9	17

21. Income Tax Expense

	Current Quarter 30/06/2021 RM'000	Year to date 30/06/2021 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. Status of Utilisation of Private Placement Proceeds

Purpose	Proposed Utilisation	Actual Utilisation As At 30 June 2021	Initial Timeframe For Utilisation Of Proceeds From Date of Placement (5 April 2021)	Balance Of Unutilised Proceeds
	RM'000	RM'000		RM'000
(a) Repayment of bank borrowings	1,816	1,816	Within 6 months	Nil
(b) Working capital purposes	1,101	1,118	Within 6 months	(17)
(c) Defray expenses of private placement #	120	103	Within 1 month	17
Total	3,037	3,037		-

Remaining balance of RM17,000 had been utilised as working capital purposes of the Company.

26. Group Borrowings And Debt Securities

(a) The Group's borrowings as of 30 June 2021 are as follows:

	As At Period Ended 30/6/2021		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured:-			
Term loan	299	552	851
Bank overdrafts	-	2,079	2,079
	<u>299</u>	<u>2,631</u>	<u>2,930</u>

	As At Period Ended 30/6/2020		
	Long term	Short term	Total borrowings
	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>
Total	<u>704</u>	<u>11,366</u>	<u>12,070</u>

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

27. Changes In Material Litigation

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

28. Dividend Payable

The Board has not proposed any dividend for the current financial quarter under review (2020: nil).

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:-

	<u>Current Quarter</u>		<u>Year to date</u>	
	<u>30/06/2021</u>	<u>30/06/2020</u>	<u>30/06/2021</u>	<u>30/06/2020</u>
Loss attributable to Owners of the Company (RM'000)	(1,713)	(961)	(3,115)	(1,972)
Weighted average number of ordinary shares in issue ('000)	44,024	40,182	42,113	40,182
Basic losses per share (Sen)	<u>(3.89)</u>	<u>(2.39)</u>	<u>(7.40)</u>	<u>(4.91)</u>