

PASUKHAS GROUP BERHAD Registration No.: 200501009342 (686389-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 30TH SEPTEMBER 2019

	INDIVIDUAL QUARTER		CHANGES (AMOUNT / %)	CUMULATIVE QUARTER		CHANGES (AMOUNT / %)
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER		CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD	
	30 Sep 2019 RM'000	30 Sep 2018 RM'000		30 Sep 2019 RM'000	30 Sep 2018 RM'000	
Revenue	5,709	10,962	(5,253) / -48%	23,376	83,231	(59,855) / -72%
Contract Expenses	(4,692)	(10,068)		(19,465)	(75,773)	
Gross Profit	1,017	894	123 / 14%	3,911	7,458	(3,547) / -48%
Other Operating Income	444	345		611	1,771	
	1,461	1,239		4,522	9,229	
Administrative Expenses	(2,628)	(3,188)		(7,633)	(8,632)	
Other Expenses	(222)	(257)		(585)	(981)	
Finance Costs	(656)	(676)		(1,919)	(2,165)	
Loss Before Taxation	(2,045)	(2,882)	837 / -29%	(5,615)	(2,549)	(3,066) / >100%
Income Tax Expense	-	30		-	30	
Loss After Taxation	(2,045)	(2,852)	807 / -28%	(5,615)	(2,519)	(3,096) / >100%
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Expenses For The Financial Period	<u>(2,045)</u>	<u>(2,852)</u>		<u>(5,615)</u>	<u>(2,519)</u>	
Loss After Taxation Attributable To :-						
Owners of the Company	(1,980)	(2,954)	974 / -33%	(5,491)	(2,493)	(2,998) / >100%
Non-controlling interests	(65)	102		(124)	(26)	
	<u>(2,045)</u>	<u>(2,852)</u>		<u>(5,615)</u>	<u>(2,519)</u>	
Total Comprehensive Expenses Attributable To :-						
Owner of the Company	(1,980)	(2,954)	974 / -33%	(5,491)	(2,493)	(2,998) / >100%
Non-Controlling Interests	(65)	102		(124)	(26)	
	<u>(2,045)</u>	<u>(2,852)</u>		<u>(5,615)</u>	<u>(2,519)</u>	
Weighted average number of shares in issue ('000)	813,438	811,573		813,438	811,573	
Loss per share attributable to the equity holders of the Company (sen)	<u>(0.24)</u>	<u>(0.36)</u>		<u>(0.68)</u>	<u>(0.31)</u>	

Notes:-

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Pasukhas Group Berhad and its subsidiaries ("Group") for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.

PASUKHAS GROUP BERHAD Registration No.: 200501009342 (686389-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE THIRD (3RD) QUARTER ENDED 30TH SEPTEMBER 2019

	UNAUDITED AS AT END OF CURRENT QUARTER 30 Sep 2019 RM'000	AUDITED AS AT 31 Dec 2018 RM'000
ASSETS		
NON-CURRENT ASSETS		
Investment properties	8,537	8,758
Plant and equipment	28,941	30,133
Deferred tax assets	367	367
Other investments	104	104
	37,949	39,362
CURRENT ASSETS		
Inventories	844	996
Contract assets	28,423	33,228
Trade receivables	20,176	30,234
Other receivables, deposits and prepayments	49,742	48,400
Current tax assets	464	808
Fixed deposits with licensed banks	8,438	8,800
Cash and bank balances	4,451	7,120
	112,538	129,586
TOTAL ASSETS	150,487	168,948
EQUITY AND LIABILITIES		
EQUITY		
Share capital	89,922	89,783
Merger deficit	(10,500)	(10,500)
Fair value reserve	17	17
Foreign exchange translation reserve	-	(1)
Accumulated lossess	(10,524)	(5,033)
	68,915	74,266
NON-CONTROLLING INTERESTS	5,048	5,172
TOTAL EQUITY	73,963	79,438
NON-CURRENT LIABILITIES		
Hire purchase payables	295	517
Term loan	-	10,240
Islamic medium term notes	15,800	-
	16,095	10,757
CURRENT LIABILITIES		
Trade payables	24,987	38,632
Other payables and accruals	6,770	6,552
Amount owing to directors	492	492
Amount owing to shareholders	2,938	2,938
Hire purchase payables	295	285
Term loan	-	1,377
Islamic medium term notes	1,285	-
Bankers' acceptance	3,264	6,402
Revolving credits	3,000	3,000
Bank overdrafts	17,398	19,075
	60,429	78,753
TOTAL LIABILITIES	76,524	89,510
TOTAL EQUITY AND LIABILITIES	150,487	168,948
Net assets per share (RM)	0.09	0.10

Notes:-

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

	<----- Non-Distributable ----->			-----> Distributable				
	Share Capital	Merger Deficit	Fair Value Reserve	Foreign Exchange Translation Reserve	Accumulated Losses / Retained Profits	Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current period to date ended 30 September 2019								
Balance at 1 January 2019 (Audited)	89,783	(10,500)	17	(1)	(5,033)	74,266	5,172	79,438
Loss after taxation / Total comprehensive expenses for the financial period	-	-	-	-	(5,491)	(5,491)	(124)	(5,615)
Contributions by and distributions to owners of the Company:-								
- Special Issue	139	-	-	-	-	139	-	139
- Foreign exchange translation differences	-	-	-	1	-	1	-	1
Balance at 30 September 2019 (Unaudited)	<u>89,922</u>	<u>(10,500)</u>	<u>17</u>	<u>-</u>	<u>(10,524)</u>	<u>68,915</u>	<u>5,048</u>	<u>73,963</u>
Preceding period to date ended 30 September 2018								
Balance at 1 January 2018 (Audited)	89,783	(10,500)	17	1	2,672	81,973	6,194	88,167
Changes in accounting policies	-	-	-	-	(439)	(439)	-	(439)
Balance at 1 January 2018 (restated)	89,783	(10,500)	17	1	2,233	81,534	6,194	87,728
Loss after taxation / Total comprehensive expenses for the financial period	-	-	-	-	(2,493)	(2,493)	(26)	(2,519)
Contributions by and distributions to owners of the Company:-								
- Foreign exchange translation differences	-	-	-	(1)	-	(1)	-	(1)
Balance at 30 September 2018 (Unaudited)	<u>89,783</u>	<u>(10,500)</u>	<u>17</u>	<u>-</u>	<u>(260)</u>	<u>79,040</u>	<u>6,168</u>	<u>85,208</u>

Notes:-

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.

PASUKHAS GROUP BERHAD Registration No.: 200501009342 (686389-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30TH SEPTEMBER 2019

	UNAUDITED CURRENT PERIOD TO DATE 30 Sep 2019 RM'000	UNAUDITED PRECEDING PERIOD TO DATE 30 Sep 2018 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(5,615)	(2,549)
Adjustments for:-		
Depreciation of plant and equipment	1,645	1,884
Depreciation of investment properties	220	95
Interest expense	1,877	1,934
Interest income	(246)	(559)
Loss on disposal of plant and equipment	-	26
Unrealised gain on foreign exchange	(313)	(670)
Operating (loss)/profit before working capital changes	(2,432)	161
Decrease/(Increase) in inventories	152	(99)
Net decrease in contract assets/(liabilities)	4,804	851
Decrease/(Increase) in trade and other receivables	9,037	(23,382)
Decrease in trade and other payables	(13,451)	(4,817)
CASH FLOWS FOR OPERATING ACTIVITIES	(1,890)	(27,286)
Interest paid	(1,877)	(1,934)
Income tax Paid	(217)	(320)
Income tax refunded	562	1,232
NET CASH FOR OPERATING ACTIVITIES	(3,422)	(28,308)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	246	559
Purchase of plant and equipment	(453)	(609)
Withdrawal of fixed deposit pledged	362	12,706
Proceeds from disposal of plant and equipment	-	1,840
NET CASH FROM INVESTING ACTIVITIES	155	14,496
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	139	-
Net (repayment)/drawdown in bankers' acceptances	(3,138)	2,890
Repayment of hire purchase obligations	(212)	(232)
Drawdown of Islamic medium term notes	17,085	-
Repayment of term loan	(11,617)	(936)
NET CASH FROM FINANCING ACTIVITIES	2,257	1,722
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,010)	(12,090)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	18	669
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(11,955)	(2,659)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(12,947)	(14,080)

Notes:-

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 : INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("**MFRS**") 134 : Interim Financial Reporting in Malaysia and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2018. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018.

The Group adopted the following Standards, Amendments and IC Interpretations:-

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A2. Changes in Accounting Policies (Continued)

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period.

MFRS and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

A3. Auditor's Report on Preceding Annual Financial Statements

There were no audit qualification to the annual audited financial statements of the Group for the financial year ended 31 December 2018.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter and financial year-to-date under review.

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the current financial quarter under review and financial year-to-date.

A7. Changes in Debts and Equity Securities

There were no issuances, cancellations or repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current financial quarter under review and financial year-to-date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A8. Dividend

There were no dividends declared or paid during the financial year to date under review.

A9. Segmental Information

The segmental revenue and results for the financial year-to-date under review are as follows:-

Revenue by Operating Segments

	M&E Engineering Services	Manufacturing of LV switchboards	Civil Engineering and Construction Services	Trading of Transformer and Steam Coal	Rental Income	Energy Utilities Services and Power Generation	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	2,065	1,550	17,363	-	-	2,398	23,376
Inter-segment revenue	-	-	-	-	-	-	-
Total segment revenue	2,065	1,550	17,363	-	-	2,398	23,376
Segment result	442	1,235	1,349	-	-	885	3,911
Other operating income							611
Administrative expenses							(7,633)
Other expenses							(585)
Finance costs							(1,919)
Tax expense							-
Loss after taxation							(5,615)

All the business segments are held by subsidiaries, thus the Group's contract expenses, operating expenses, income taxes, assets and liabilities are managed on a group basis and are not allocated to operating segments.

Revenue by Geographical Markets

	Current Year To Date 30 Sep 2019	
	RM'000	%
Malaysia	23,376	100
	23,376	100

A10. Valuation of Plant and Equipment

There was no valuation of plant and equipment in the current financial quarter under review.

A11. Subsequent Material Events

There was no material event subsequent to the end of the financial quarter ended 30 September 2019 that has not been reflected in this interim financial statements.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

A13. Contingent Assets or Liabilities

Save as disclosed below, there were no contingent assets or contingent liabilities since the last audited financial statements of the Group for the financial year ended 31 December 2018:-

	Current Quarter Ended 30 Sep 2019 RM'000	Preceding Financial Year Ended 31 Dec 2018 RM'000
Contingent Liability		
- Bank guarantee issued	2,956	25

A14. Capital Commitments

The Group does not have any material capital commitments in respect of plant and equipment as at the end of the current financial quarter under review.

A15. Capital Expenditure

There were no major additions and disposals of the plant and equipment during the current financial quarter under review.

A16. Related Party Transactions

Save as disclosed below, there were no related party transactions for the current financial quarter under review and financial year-to-date:-

	Current Quarter Ended 30 Sep 2019 RM'000	Cumulative Year-To-Date 30 Sep 2019 RM'000
Nature of transaction		
Rental of premises	195	586

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

The Group recorded a revenue of RM5.709 million for the current financial quarter under review as compared to RM10.962 million in the preceding corresponding quarter representing a decrease of RM5.253 million or 47.92%. The decrease was mainly attributable to slowdown in activities on ongoing projects for local Civil Engineering and Construction services projects. The Group's revenue was derived solely from Malaysia.

The Group recorded a gross profit before tax of RM1.017 million as compared to a gross profit before tax of RM0.894 million in the corresponding quarter of the preceding year.

The Civil Engineering and Construction Services provided the largest contribution of RM1.349 million or 34.49% to the Group with a revenue of RM17.363 million or 74.28%. Further information is disclosed in Note A9.

The Group recorded a negative cash flow for operating activities amounting to RM1.890 million and a negative net cash flow for operating activities of RM3.422 million after adjusting for interest and income tax paid. The negative cash flow are mainly due to decrease in trade and other payables.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 30 Sep 2019 RM'000	Preceding Quarter 30 Jun 2019 RM'000	Variance RM'000
Revenue	5,709	7,960	(2,251)
Loss before tax	(2,045)	(1,320)	(725)

Revenue of the Group decreased by 28.28% amounting to RM2.251 million for the current financial quarter as compared to immediate preceding financial quarter mainly due to slowdown in activities on ongoing projects for local Civil Engineering and Construction services. The Group reported a net loss before tax of RM2.045 million for the current financial quarter as compared to a net loss before tax of RM1.320 million in the immediate preceding quarter.

B3. Prospects

The revenue driver of the Group for the financial year under review is the Trading segment and Civil Engineering & Construction Services. Moving forward, the Group shall continue developing and expanding its foothold in these segments.

The year 2019 will no doubt bring a fair share of challenges and opportunities to the Group. Like other companies in the same industry, the immediate prospects for the Group are not encouraging in the event that the macro economic and political climate do not improve drastically. The Group has implemented cost cutting measures pending a more vibrant economic outlook.

Nevertheless, the Group remains reasonably optimistic as it will continue to leverage on its clients base, internal strength and marketing efforts to secure new contracts from both local and overseas clients. With its solid foundation, and keen eye for integrating suitable acquisition and mergers into its expansion, the Group is expected to maintain sustainable growth and improved profitability for the foreseeable financial years.

Furthermore, the Board is confident of the future prospects of the Group in anticipation of the improved economy. The Board believe that with the continuous growth in the trading segment and energy utilities services and power generation segment will contribute positively to the financial performance of the Group. The Renewable Energy, i.e. energy utilities services and power generation business, with the long term stable income stream derived from the energy utilities services continue to contribute positively to long term revenue and profits of the Group.

Nonetheless, the Group will continue to focus and review its strategies to improve the cost, quality and delivery of its products and services as well as overall operational efficiencies in order to remain competitive in the industries the Group operate in.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B4. Taxation

	Current Quarter Ended 30 Sep 2019 RM'000	Cumulative Period-To-Date 30 Sep 2019 RM'000
Current tax expenses:		
- for the financial period	-	-
- under provision in the previous financial period	-	-
Deferred tax expense:		
- for the financial period	-	-
- over provision in the previous financial period	-	-
Current Tax for the current financial period	<u>-</u>	<u>-</u>

The statutory tax rate for the current financial year is 24%.

B5. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee during the current financial quarter under review.

B6. Status of Corporate Proposals

There were no corporate proposals pending completion as at the date of issuance of this interim report, except for the following:

- (i) On 30 May 2017, the Company announced that its wholly-owned subsidiary, Pasukhas Energy Sdn Bhd ("PESB") had entered into a Memorandum of Understanding ("MOU") with PT. CHD Power Plant Operation Indonesia (hereinafter referred to as "PT. CHD") (PESB and PT.CHD hereinafter collectively referred to as the "Parties") to establish the basis for further discussions between the Parties in exploring the feasibility of entering into a joint venture to undertake the development/explore potential business opportunities in power generation project(s) in Indonesian market.

There is no material development on the status of this MOU as announced previously.

- (ii) On 11 July 2017, the Company announced that its wholly-owned subsidiary, Pasukhas Energy Sdn Bhd ("PESB" or "the Purchaser") had entered into a Memorandum of Understanding ("MOU") with IR Hariyanto (IC No: 3174043011620003) ("the Vendor") for the proposed acquisition of 61% equity interest in the share capital of PT Indomuda Satria Internusa ("PT Indomuda") from the Vendor.

There is no material development on the status of this MOU as announced previously.

- (iii) On 22 November 2017, the Company announced that its wholly-owned subsidiary, Pasukhas Products Sdn. Bhd. ("PPSB") had entered into a Preliminary Share Sales Agreement ("PSSA") with Masrani (KTP. 6305-0101-0868-0005), Agus Triono (KTP. 6371-0319-0969-0007), Akhmad Syaifullah (KTP. 6371-0127-0479-0011) and Khutut Jalu Prasajo (KTP. 3174-0903-0365-0014) ("the Vendors") in relation to the acquisition of 150 ordinary shares, representing 60% of the issued and paid-up share capital of PT Berkah Bumi Luhur ("PT BBL") for a total cash consideration of IDR3,300,000,000 or equivalent to approximately RM1,000,000, upon the terms and conditions stipulated in the PSSA.

On 1 March 2018, the Company announced that PT Berkah Bumi Luhur is now known as PT Berkah Bumi Leluhur ("PT BBLeluhur") had undertaken their internal restructuring. PPSB had on 1 March 2018 entered into a Conditional Sale and Purchase of Shares Agreement ("CSPA") with Akhmad Syaifullah, Kutut Jalu Prasajo, Joko Purnomo, Agus Triono and Masrani (collectively as "the Vendors") in relation to the acquisition of 1,650 shares ("Sale Shares"), representing 60% of the issued and paid-up share capital of PT BBLeluhur for a total cash consideration of IDR3.3 billion ("Purchase Price") or equivalent to approximately RM1.0 million, upon the terms and conditions as stipulated in the CSPA ("Proposed Acquisition").

There is no material development on the status of this Proposed Acquisition as announced previously.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B7. Group Borrowings and Debt Securities

The total borrowings of the Group as at 30 Sep 2019 are as follows:-

	Short Term RM'000	Long Term RM'000	Total borrowings RM'000
As at 3rd Quarter ended 30 Sep 2019			
Secured			
Hire purchase payables	295	295	590
Term loan	-	-	-
Islamic medium term notes	1,285	15,800	17,085
Bankers' acceptances (90 days to 150 days)	3,264	-	3,264
Revolving credits	3,000	-	3,000
	<u>7,844</u>	<u>16,095</u>	<u>23,939</u>

	Short Term RM'000	Long Term RM'000	Total borrowings RM'000
As at 3rd Quarter ended 30 Sep 2018			
Secured			
Hire purchase payables	315	651	966
Term loan	1,349	10,603	11,952
Bankers' acceptances (90 days to 150 days)	6,678	-	6,678
Revolving credits	3,000	-	3,000
	<u>11,342</u>	<u>11,254</u>	<u>22,596</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B8. Material Litigation

There were no material litigation, involving the Group since the date of the last annual statement of financial position of the Group as at 31 December 2018 up to the date of this interim report, except for the following:-

(i) In the matter of an arbitration between Samsung C&T Corporation UEM Construction JV Sdn Bhd ("Samsung-UEM") (Claimant) and Pasukhas Construction Sdn Bhd (Respondent)

On 28 August 2017, the Company announced that PCSB had received a Notice of Arbitration dated 24 August 2017 from Samsung C&T Corporation UEM Corporation Construction JV Sdn. Bhd. ("the Claimant") vide its solicitors, Messrs Wong & Partners to resolve the disputes between Claimant and Respondent in relation to the sub contract works: RC Works for the tower contract no. SSUEM/201512/DSC/4 in regards to the project known as "Cadangan Membina 1 Blok Bangunan Perdagangan Bercampur 118 Tingkat di atas Lot 795, 796, 799, 800 & Sebahagian Lot 743, 746, 802, 803, Rezab Jalan & Laman, Mukim Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan for PNB Merdeka Ventures Sdn Berhad ("the Subcontract").

Previously the Subcontract was subject to adjudication proceedings whereby the Adjudicator in his Decision dated 16 August 2017 had decided in favour of the Respondent.

The Claimant is claiming in the Arbitration for the following in regards to the Subcontract:-

- (1) Wrongful repudiation of the Subcontract by the Respondent and the damages suffered by the Claimant;
- (2) Amounts due and owing to the Claimant arising from the applicable back charges under the Subcontract as a result of the Respondent's failures, omissions and/or negligence in the performance of the Subcontract works;
- (3) Other damages suffered by the Claimant arising from the Respondent's breaches under the Subcontract;
- (4) The estimated quantum of claim against the Respondent is approximately RM14,000,000.00

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B8. Material Litigation (Continued)

(i) In the matter of an arbitration between Samsung C&T Corporation UEM Construction JV Sdn Bhd ("Samsung-UEM") (Claimant) and Pasukhas Construction Sdn Bhd (Respondent) (Continued)

In summary, the Claimant is seeking the following relief:-

- (1) A declaration that the Respondent wrongly repudiated the Subcontract;
- (2) Damages arising from the wrongful repudiation of the Subcontract;
- (3) Damages arising from back charges to the Claimant pursuant to the Subcontract;
- (4) General damages;
- (5) An order that the Respondent pays costs to the Claimant;
- (6) Interest on all sums ordered to be paid to the Claimant at the annual rate of 5% from the date of the Award until the full and final realisation of the Award.

The Respondent on 21 September 2017 counter-claim against the Claimant for:

- (a) unpaid value of works done pursuant to interim Progress Claim No. 12a;
- (b) formwork wastage;
- (c) unpaid value of variation works including:
 - (i) supply of labour;
 - (ii) supply of materials;
 - (iii) supply of plant, tools & equipment;
 - (iv) casting lean concrete;
 - (v) additional concrete grouting to crusher run;
 - (vi) additional rebar works;
- (d) loss and expense claims arising from the 1st disruption to the works, namely bored pile rectification and late handover by BP02 contractor;
- (e) loss and expense claims arising from the 2nd disruption to the works, namely the discontinuity of concrete pouring;
- (f) release of the full retention sum withheld by the Claimant;
- (g) costs;
- (h) interest; and
- (i) further reliefs to be particularised during the filing of the Statement of Defence and Counterclaim

The Respondent estimates its counter-claim to be in the region of RM4,000,000.00.

The case is currently pending the appointment of an Arbitrator. PCSB's solicitor is unable to ascertain the full extent of the claim as this matter has yet to progress beyond initial stages.

The Company will make further announcements on any material development on this matter.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B8. Material Litigation (Continued)

(ii) In the matter of an adjudication between Pasukhas Sdn Bhd ("PSB" or "Claimant") and Empire Multiple Sdn Bhd (EMSB" or "Respondent)

On 27 April 2018, the Company received an updates from its solicitors, Messrs Kheng Hoe that Pasukhas Sdn Bhd ("PSB" or "Claimant"), the wholly-owned subsidiary of PGB had served 1 Payment Claim under Section 5 of the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") against Empire Multiple Sdn Bhd ("EMSB" or "Respondent") on 6 February 2018, claiming total amount of RM6,332,275.63 ("CIPAA Payment Claim") being outstanding sum due and owing by EMSB.

The CIPAA Payment Claim is related to the project known as "Sub-contract for the Supply of Materials, Labour, Machineries, Equipment & Tools for Structural Works Only for Construction & Completion of Apartment Housing Scheme which includes : (1) Apartment Block A (14 Storey) (i) 13 Storey (130 Units) Apartment (ii) 1 Storey Carpark (iii) 1 unit electrical Sub-station (2) Apartment Block B (14 Storey) (i) 13 Storey (130 units) Apartment (ii) 1 Storey Carpark (3) 1 Storey Club House and Swimming Pool (4) Guard House On lot 208397, 69040, 69041, 69042 and 69043, Taman Bintang, Bandaraya Ipoh, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan for Messrs Empire Multiple.

PSB had on 28 February 2018 instituted adjudication proceedings under the CIPAA against EMSB and both parties have been unable to agree on an adjudicator to determine the dispute.

PSB had on 26 April 2018 received a letter of acceptance of appointment as adjudicator dated 26 April 2018 from Mr James P Monteiro, the appointed Adjudicator in relation to the Proposed Terms of Appointment to act as Adjudicator under Section 23(1) of the CIPAA.

The adjudication proceedings are not expected to have a material impact on the earnings per share and the net assets per share of the Company for the financial year ending 31 December 2018.

None of the directors or substantial shareholders of the Company or persons connected to them has any interest, direct or indirect, in the aforesaid proceedings.

The parties have filed the respective documents to the Adjudicator and parties are awaiting decision by the Adjudicator.

On 20 Aug 2018, PSB received the Adjudicator Decision pursuant to CIPAA dated 17 August 2018.

The Adjudicator's Decision was as follows:

(a) For the Adjudicated Sum:

- (i) The Respondents shall pay to the Claimant the sum of RM4,799,321.99; and
- (ii) Interest on the sum of RM4,799,321.99 commencing from 6 February 2018 until full settlement at a rate of 5% per annum.

(b) For the Adjudicated Costs:

- (i) The sum of RM40,000.00 as party to party costs within 10 working days from the date of release of the Adjudication Decision;
- (ii) Costs of adjudication which includes Asian International Arbitration Centre's ("AIAC") (previously known as KLRCA) registration of adjudication fee of RM265.00, appointment of adjudicator RM424.00 and administrative costs of RM60,000.00 (and GST if any) within 10 working days; and
- (iii) Interest of 5% per annum on such costs in the event of default until full settlement.

On 20 September 2018, PSB filed an application to enforce the CIPAA decision dated 17 August 2018 at Kuala Lumpur High Court. On 8 October 2018, EMSB filed an application to transfer the enforcement proceeding to Ipoh High Court. EMSB's application was dismissed.

On 28 September 2018, EMSB filed an application to stay the enforcement of the CIPAA decision & set aside the CIPAA decision dated 17 August 2018 in Ipoh High Court. PSB filed application to transfer EMSB's setting aside & stay proceeding to Kuala Lumpur High Court. The case management for the application to transfer EMSB's application was on 22 November 2018.

On 12 February 2019, the Kuala Lumpur High Court allowed PSB's application to enforce the CIPAA decision dated 17.8.2018 and dismissed EMSB's application to set aside and stay the CIPAA decision.

On 7 March 2019, PSB served a winding up notice against EMSB. EMSB have then applied for and obtained an ex-parte injunction against PSB's winding up proceeding on 27 March 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B8. Material Litigation (Continued)

(ii) In the matter of an adjudication between Pasukhas Sdn Bhd ("PSB" or "Claimant") and Empire Multiple Sdn Bhd (EMSB" or "Respondent) (Continued)

On 19 June 2019, the Ipoh High Court allowed EMSB's application for a Fortuna Injunction.

PSB is appealing against the Ipoh High Court's decision and the hearing date has been fixed on 2 March 2020.

On 8 October 2019, PSB's motion to strike out Empire Multiple's appeal against the judgment dated 12 February 2019 has been fixed for hearing before the learned Judges at the Court of Appeal. Continued hearing date has been fixed on 6 December 2019.

On 31 October 2019, PSB filed a Judgment Debtor Summons ("JDS Suit") at the Kuala Lumpur High Court to summon EMSB's directors and officer for examination of EMSB's asset. EMSB has filed an application to transfer the JDS Suit to Ipoh High Court. Hearing dates of both JDS and the application to transfer have not been fixed yet.

The Company will make further announcements on any material development on this matter.

(iii) In the matter of Writ of Summons and Statement of Claims by Emerald Capital (Ipoh) Sdn Bhd in the Ipoh High Court (Civil Suit No. AA-22NCVC-61-05/2018)

On 23 May 2018, the Company announced that its wholly-owned subsidiary, Pasukhas Sdn Bhd ("PSB" or "First Defendant") and PSB's 55%-owned subsidiary, Essential Value Sdn Bhd ("Second Defendant") (jointly referred to as "the Defendants") had on 21 May 2018 been served with a sealed Writ of Summons with Statement of Claim dated 11 May 2018 filed by Emerald Capital (Ipoh) Sdn Bhd ("ECSB" or "the Plaintiff") via its solicitors Messrs Y.C. Wong.

Pursuant to the Writ and the Statement of Claim, the Plaintiff is claiming the following:-

- (a) The Defendants shall jointly and severally pay to the Plaintiff a sum of RM1.0 million together with the interest rate of 8% calculated on a daily basis from 29 April 2014 until the date of the full settlement;
- (b) A declaration that the Property Rental Agreement dated 1 November 2014 in respect of the Property Office Store known as Parcel No. Station 63 on Level 1, Festival Walk, Perak Tourism Hub, Ipoh Perak erected on H.S.(D) 175377, PT 225117, Mukim Hulu Kinta which was handled by the Plaintiff and Second Defendant ("Property Rental Agreement 63") is null and void;
- (c) A declaration that the Property Rental Agreement dated 1 November 2014 in in respect of the Property Office Store known as Parcel No. Station 63A on Level 2, Festival Walk, Perak Tourism Hub, Ipoh Perak erected on H.S.(D) 175377, PT 225117, Mukim Hulu Kinta which was handled by the Plaintiff and Second Defendant ("Property Rental Agreement 63A") is null and void;
- (d) The Second Defendant is to return all rental payments of RM971,635.00 received by the Second Defendant pursuant to the Property Rental Agreement 63 and Property Rental Agreement 63A with interest rate at 5% per annum calculated from 31 October 2016 until the date of the full settlement;
- (e) Interest on all monetary awards ordered by the Court at the rate of 5% per annum from the date of judgment to the date of full settlement;
- (f) Cost; and
- (g) Other reliefs which are considered reasonable and expedient by the Court.

PSB filed for application for stay pending the disposal of the arbitration supported by affidavit on 25 June 2018 and ECSB has replied to PSB's affidavit on 26 July 2018 and PSB has further replied to ECSB's affidavit on 10 August 2018.

On 14 November 2018, the Ipoh High Court held that the entire dispute pursuant to case No. Civil Suit No. AA-22NCVC-61-05/2018 shall be stayed and be referred to arbitration. PSB's application is allowed.

On 27 November 2018, ECSB had filed a Notice Of Appeal against the Ipoh High Court's decision.

On 1 April 2019, the Court of Appeal dismissed ECSB's appeal against the Ipoh High Court's decision

The Company will make further announcements on any material development on this matter.

B9. Dividends

There were no dividends declared or paid during the financial year-to-date under review.

B10. Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of shares in issue for the financial period.

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 Sep 2019	Preceding Year Corresponding Quarter Ended 30 Sep 2018	Current Year To Date 30 Sep 2019	Preceding Year Corresponding Period To Date 30 Sep 2018
Loss attributable to the equity holders of the Company (RM'000)	(1,980)	(2,954)	(5,491)	(2,493)
Weighted average number of ordinary shares in issue ('000)	813,438	811,573	813,438	811,573
Basic loss per share (sen)	(0.24)	(0.36)	(0.68)	(0.31)

Note :

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

B11. Loss for the Period

Loss before taxation is arrived at after charging / (crediting):-

	Current Quarter Ended 30 Sep 2019 RM'000	Cumulative Year-To-Date 30 Sep 2019 RM'000
(a) Interest income	(101)	(246)
(b) Other income	(343)	(365)
(c) Interest expense	642	1,877
(d) Depreciation and amortisation	653	1,865
(e) Unrealised Gain on Foreign Exchange	(305)	(313)

Other disclosure items pursuant to Note 16 of Appendix 9B of the Listing Requirements are not applicable.

B12. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 November 2019.

By Order of the Board of Directors

WAN THEAN HOE
CHIEF EXECUTIVE OFFICER
 25 November 2019