

PASUKHAS GROUP BERHAD
(Company No. 686389-A)
(Incorporated in Malaysia)

RESUME OF DISCUSSION AT THE FOURTEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT WISMA MODAL KHAS, LOT 5815-A, JALAN MAWAR, TAMAN BUKIT SERDANG, SEKSYEN 9, 43300 SERI KEMBANGAN, SELANGOR DARUL EHSAN ON TUESDAY, 28 MAY 2019 AT 10.30 A.M.

ITEM 1 - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (“AFS”)

A shareholder, noted that the Group recorded a total loss after taxation amounting to RM8,288,441 for the financial year ended 31 December 2018 as compared to total profit after taxation of RM724,560 for the financial year ended 31 December 2017 and inquired as to the reasons for resulting such big variance in profit.

Mr Wan Thean Hoe, the Chief Executive Officer, replied the Group's results for the financial year ended 31 December 2018 was mainly affected by the following: -

M&E Engineering Services and Construction

For Construction segment, the Company had acquired 70% equity stake in Pasukhas Construction Sdn. Bhd. (“PCSB”) in year 2016. The purpose of the acquisition was to facilitate the Company to undertake sub-contract works with Samsung C&T Corporation UEM Corporation Construction JV Sdn. Bhd. (“Samsung”). Nonetheless, the contract was subsequently terminated by the Group due to excessive delay in the completion date and numerous technical issues arose which could lead to additional funding requirements to be injected into the construction works and was not in favour of the Group's cash flow position at that time and thus the Group was in dispute with Samsung for fee settlement. Subsequently, PCSB had secured certain construction projects but the profit made could only sustain the daily operation and did not contribute to the profit of the Group. Further, the goodwill of PCSB had been written off (RM3,099,691).

For M&E Engineering Services, the Company had carried out manufacturing of LV Switchboards and involved in sub-distribution for the generation, transmission, distribution and conversion of electric energy and for the control of equipment that consume electric energy. The demand for the LV Switchboards was low and the Company did not secure any government project for Switchboards distribution during the financial year and hence the division contributed losses to the Group's revenue for the financial year ended 31 December 2018.

Property Development

For Property Development segment, the Group would engage in a civil engineering and construction of 32 stories serviced apartment in the area of Jalan Tun Razak, a Joint Venture project with Yayasan Veteran ATM but the project was pending approval of the development order from Dewan Bandaraya Kuala Lumpur.

Besides, the Group had entered into a Sale and Purchase Agreement with MTM Millennium Holdings Sdn. Bhd. (In-liquidation) to acquire a freehold land in Pahang for construction of hotel.

Renewable Energy

The Group had invested in a hydro energy power plant in Kelantan, which had contributed consistent revenue to the Group and would continue to look for alternative energy power plant at different areas to generate additional revenue stream for the Group. The major expense incurred for a energy power plant was the interest paid for the loan and thus, the energy power plant could only contribute to the revenue to the Group upon settlement of the loan with the Bank.

Coal Trading

The Group had diversified into coal trading business in year 2018 and secured potential buyers to purchase the coals. The Group had received coal orders from Taiwan and Singapore Companies throughout the financial year but it took time to collect payment from the buyers. Management hoped to secure more orders and sell all the available coal stocks to improve the cash flow liquidity of the Group.

Mr Wan commented that the Group had put in effort on improving trade receivables while continue exploring new business opportunities to boost revenue in year 2019.