

PASUKHAS GROUP BERHAD Registration No.: 200501009342 (686389-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 30TH SEPTEMBER 2020

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR	PRECEDING YEAR	CHANGES	CURRENT YEAR	PRECEDING YEAR	CHANGES
	QUARTER	CORRESPONDING	(AMOUNT / %)	TO DATE	CORRESPONDING	(AMOUNT / %)
	30 Sep 2020	30 Sep 2019	RM'000	30 Sep 2020	30 Sep 2019	RM'000
	RM'000	RM'000		RM'000	RM'000	
Revenue	2,568	5,709	(3,141) / -55%	6,197	23,376	(17,179) / -73%
Contract Expenses	(1,935)	(4,692)		(4,945)	(19,465)	
Gross Profit	633	1,017	(384) / -38%	1,252	3,911	(2,659) / -68%
Other Operating Income	566	444		919	611	
	1,199	1,461		2,171	4,522	
Administrative Expenses	(2,199)	(2,628)		(5,834)	(7,633)	
Other Expenses	(855)	(222)		(1,690)	(585)	
Finance Costs	(484)	(656)		(1,677)	(1,919)	
Net Impairment Losses on Financial Assets and Contract Assets	-	-		-	-	
Loss Before Taxation	(2,339)	(2,045)	(294) / 14%	(7,030)	(5,615)	(1,415) / 25%
Income Tax Expense	14	-		41	-	
Loss After Taxation	(2,325)	(2,045)	(280) / 14%	(6,989)	(5,615)	(1,374) / 24%
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Expenses For The Financial Period	(2,325)	(2,045)		(6,989)	(5,615)	
Loss After Taxation Attributable To :-						
Owners of the Company	(2,162)	(1,980)	(182) / 9%	(6,273)	(5,491)	(782) / 14%
Non-controlling interests	(163)	(65)		(716)	(124)	
	(2,325)	(2,045)		(6,989)	(5,615)	
Total Comprehensive Expenses Attributable To :-						
Owner of the Company	(2,162)	(1,980)	(182) / 9%	(6,273)	(5,491)	(782) / 14%
Non-Controlling Interests	(163)	(65)		(716)	(124)	
	(2,325)	(2,045)		(6,989)	(5,615)	
Weighted average number of shares in issue ('000)	818,578	813,438		818,578	813,438	
Loss per share attributable to the equity holders of the Company (sen)	(0.26)	(0.24)		(0.77)	(0.68)	

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 2019 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 2020

	UNAUDITED AS AT END OF CURRENT QUARTER 30 Sep 2020 RM'000	AUDITED AS AT 31 Dec 2019 RM'000
ASSETS		
NON-CURRENT ASSETS		
Plant and equipment	25,924	27,474
Investment properties	9,255	8,424
Right-of-use assets	2,009	2,688
Deferred tax assets	1,087	1,655
Other investments	54	54
	38,329	40,295
CURRENT ASSETS		
Inventories	584	565
Contract assets	22,037	23,789
Trade receivables	15,575	19,815
Other receivables, deposits and prepayments	47,481	46,666
Current tax assets	247	217
Fixed deposits with licensed banks	1,779	9,250
Cash and bank balances	9,286	2,873
	96,989	103,175
TOTAL ASSETS	135,318	143,470
EQUITY AND LIABILITIES		
EQUITY		
Share capital	98,091	89,922
Merger deficit	(10,500)	(10,500)
Fair value reserve	17	17
Foreign exchange translation reserve	(1)	-
Accumulated lossess	(22,224)	(15,951)
	65,383	63,488
NON-CONTROLLING INTERESTS	4,225	4,941
TOTAL EQUITY	69,608	68,429
NON-CURRENT LIABILITIES		
Lease liabilities	778	1,545
Islamic medium term notes	13,745	14,969
Deferred tax liabilities	526	1,136
	15,049	17,650
CURRENT LIABILITIES		
Trade payables	21,358	20,814
Other payables and accruals	5,301	5,752
Amount owing to directors	492	492
Amount owing to shareholders	2,938	2,938
Lease liabilities	1,094	1,017
Islamic medium term notes	1,198	1,098
Bankers' acceptance	1,097	2,627
Revolving credits	-	3,000
Bank overdrafts	17,183	19,653
	50,661	57,391
TOTAL LIABILITIES	65,710	75,041
TOTAL EQUITY AND LIABILITIES	135,318	143,470
Net assets per share (RM)	0.09	0.08

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 2019 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 30TH SEPTEMBER 2020

	<----- Non-Distributable ----->				-----> Distributable			
	Share Capital	Merger Deficit	Fair Value Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	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
<u>Current period to date ended 30 September 2020</u>								
Balance at 1 January 2020 (Audited)	89,922	(10,500)	17	-	(15,951)	63,488	4,941	68,429
Loss after taxation / Total comprehensive expenses for the financial period	-	-	-	-	(6,273)	(6,273)	(716)	(6,989)
Contributions by and distributions to owners of the Company:-								
- Private Placement	8,169	-	-	-	-	8,169	-	8,169
- Foreign exchange translation differences	-	-	-	(1)	-	(1)	-	(1)
Balance at 30 September 2020 (Unaudited)	<u>98,091</u>	<u>(10,500)</u>	<u>17</u>	<u>(1)</u>	<u>(22,224)</u>	<u>65,383</u>	<u>4,225</u>	<u>69,608</u>
<u>Preceding period to date ended 30 September 2019</u>								
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>

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 2019 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 2020

	UNAUDITED CURRENT PERIOD TO DATE 30 Sep 2020 RM'000	UNAUDITED PRECEDING PERIOD TO DATE 30 Sep 2019 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Loss before taxation	(7,030)	(5,615)
Adjustments for:-		
Depreciation of plant and equipment	1,721	1,645
Depreciation of investment properties	164	220
Depreciation of right-of-use assets	680	-
Interest expense	1,709	1,877
Interest income	(201)	(246)
Loss on disposal of investment properties	447	-
Unrealised gain on foreign exchange	(11)	(313)
Operating loss before working capital changes	(2,521)	(2,432)
(Increase)/Decrease in inventories	(19)	152
Net decrease in contract assets/(liabilities)	1,750	4,804
Decrease in trade and other receivables	3,426	9,037
Increase/(Decrease) in trade and other payables	93	(13,451)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES	2,729	(1,890)
Interest paid	(1,709)	(1,877)
Income tax Paid	(31)	(217)
Income tax refunded	-	562
NET CASH FROM/(FOR) OPERATING ACTIVITIES	989	(3,422)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	201	246
Purchase of investment properties	(2,193)	-
Purchase of plant and equipment	(171)	(453)
Withdrawal of fixed deposits pledged and/or with maturity period more than 3 months	8,822	362
Proceeds from disposal of investment properties	750	-
NET CASH FROM INVESTING ACTIVITIES	7,409	155
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	8,169	139
Net repayment of bankers' acceptances	(1,530)	(3,138)
Net repayment of revolving credits	(3,000)	-
Repayment of lease liabilities	(691)	(212)
Net (repayment)/drawdown of Islamic medium term notes	(1,124)	17,085
Net repayment of term loan	-	(11,617)
NET CASH FROM FINANCING ACTIVITIES	1,824	2,257
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,222	(1,010)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	11	18
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(16,351)	(11,955)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(6,118)	(12,947)

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 2019 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 2019. 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 2019.

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 2019.

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The Group has not applied in advance the following accounting standards and/or 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 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2019.

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, except for issuance of 81,441,000 new ordinary shares pursuant to the Private Placement at the exercise price of RM0.1003 per share.

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 RM'000	Manufacturing of LV switchboards RM'000	Civil Engineering and Construction Services RM'000	Trading of Transformer and Steam Coal RM'000	Rental Income RM'000	Energy Utilities Services and Power Generation RM'000	Group RM'000
Revenue							
External revenue	1,228	1,205	406	-	-	3,358	6,197
Inter-segment revenue	-	-	-	-	-	-	-
Total segment revenue	<u>1,228</u>	<u>1,205</u>	<u>406</u>	<u>-</u>	<u>-</u>	<u>3,358</u>	<u>6,197</u>
Segment result	321	223	(1,084)	-	-	1,792	1,252
Other operating income							919
Administrative expenses							(5,834)
Other expenses							(1,690)
Finance costs							(1,677)
Net Impairment Losses on Financial Assets and Contract Assets							-
Tax expense							41
Loss after taxation							<u>(6,989)</u>

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 2020	
	RM'000	%
Malaysia	6,197	100
	<u>6,197</u>	<u>100</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2020 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 2019:-

	Current Quarter Ended 30 Sep 2020 RM'000	Preceding Financial Year Ended 31 Dec 2019 RM'000
Contingent Liability		
- Bank guarantee issued	-	2,956

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 2020 RM'000	Cumulative Year-To-Date 30 Sep 2020 RM'000
Nature of transaction		
Rental of premises	195	586
	<u>195</u>	<u>586</u>

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 RM2.568 million for the current financial quarter under review as compared to RM5.709 million in the preceding corresponding quarter representing a decrease of RM3.141 million or 55.02%. 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 RM0.633 million as compared to a gross profit before tax of RM1.017 million in the corresponding quarter of the preceding year.

The energy utilities services and power generation segment provided the largest contribution of RM1.792 million or 143.13% to the Group with a revenue of RM3.358 million or 54.19%. Further information is disclosed in Note A9.

The Group recorded a positive cash flow for operating activities amounting to RM2.729 million and a positive net cash flow for operating activities of RM0.989 million after adjusting for interest and income tax paid. The positive cash flow are mainly due to decrease in trade receivables.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 30 Sep 2020 RM'000	Preceding Quarter 30 Jun 2020 RM'000	Variance RM'000
Revenue	2,568	2,231	337
Loss before tax	(2,339)	(1,812)	(527)

Revenue of the Group increased from RM2.538 million to RM2.231 million which amounting to RM0.337 million or 15.11% for the current financial quarter as compared to immediate preceding financial quarter mainly due to increased of revenue contributed from M&E Engineering Services. The Group reported a net loss before tax of RM2.339 million for the current financial quarter as compared to a net loss before tax of RM1.812 million in the immediate preceding quarter.

B3. Prospects

The revenue driver of the Group for the financial year under review primarily from Energy Utilities Services & Power Generation segment. Moving forward, the Group shall continue developing and expanding its foothold in this segment, as well as the Civil Engineering & Construction Services and M&E Engineering Services.

The year 2020 will no doubt bring a fair share of challenges and opportunities to the Group. With the Coronavirus disease 2019 (COVID-19) pandemic outbreak worldwide, 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.

The Board believe that with the continuous growth in the 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. On top of the above, the Group will kick start its development project and expand into River Sand Extraction cum Trading segment in the near future.

To fund the said projects and expansion, the Group has on 18 September 2020, completed the private placement of up to 81,440,000 new ordinary shares in the Company, representing 10% of the total number of issued shares of the Company. On 12 October 2020, the Company had further proposed to undertake a private placement of up to 268,757,000 new ordinary shares in the Company, representing 30% of the total number of issued shares of the Company.

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 2020 RM'000	Cumulative Period-To-Date 30 Sep 2020 RM'000
Current tax expenses:		
- for the financial year	-	-
Deferred tax expense:		
- for the financial year	14	41
Current Tax for the current financial period	14	41

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 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.

- (ii) 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").

Both parties are still preparing proposals. There is no material development on the status of this Proposed Acquisition as announced previously.

- (iii) On 8 September 2020, Mercury Securities Sdn Bhd ("Mercury Securities") announced on behalf of the Board that the Company proposes to undertake the private placement of up to 81,441,000 new ordinary shares in the Company ("Shares"), representing 10% of the total number of issued shares of the Company, to independent third-party investor(s) to be identified later at an issue price to be determined later ("Placement Shares") ("Proposed Private Placement").

On 11 September 2020, Bursa Securities had vide its letter, approved the listing and quotation of up to 81,441,000 Placement Shares to be issued pursuant to the Proposed Private Placement.

The approval by Bursa Securities for the above is subject to the following conditions:-

- (a) the Company and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (b) the Company and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Private Placement; and
- (c) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

On 14 September 2020, the Board has on to-date ("Price-fixing Date") fixed the issue price of the Placement Shares at RM0.1003 per Placement Share ("Issue Price").

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B6. Status of Corporate Proposals (Continued)

- (iii) The Issue Price represents a discount of 9.96% to the 5-day VWAP of the Shares up to and including 11 September 2020 of RM0.1114, being the last market day immediately preceding the Price-fixing Date.

On 17 September 2020, the Company allotted and issued 81,441,000 Shares at RM0.1003 per share to the private placees and these Shares listed on 18 September 2020.

On 18 September 2020, the Company announced that the Proposed Private Placement has been completed following the listing and quotation of 81,441,000 Placement Shares on the ACE Market of Bursa Securities on 18 September 2020.

- (iv) On 12 October 2020, Mercury Securities Sdn Bhd ("Mercury Securities") announced on behalf of the Board that the Company proposes to undertake the following:-

- (a) private placement of up to 268,757,000 new ordinary shares in the Company ("Shares"), representing 30% of the total number of issued shares of the Company, to independent third-party investor(s) to be identified later and at an issue price to be determined later ("Placement Shares") ("Proposed Private Placement"); and
- (b) establishment of an employees' share option scheme ("ESOS") involving up to 30% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries ("Proposed ESOS")

On 21 October 2020, Bursa Securities has vide its letter, approved the following:-

- (a) listing and quotation of up to 268,757,000 Placement Shares to be issued pursuant to the Proposed Private Placement.
- (b) listing of such number of new Shares, representing up to 30% of the total number of issued Shares (excluding treasury shares) to be issued pursuant to the Proposed ESOS.

The approval by Bursa Securities for the above is subject to the following conditions:-

- (a) the Company and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;
- (b) the Company and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;
- (c) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed;
- (d) the Company to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the Proposed ESOS, as at the end of each quarter together with a detailed computation of listing fees payable;
- (e) Mercury Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy ("CTC") of the resolution passed by the Shareholders in general meeting; and
- (f) a CTC of the resolutions passed by Shareholders at the extraordinary general meeting for the Proposals.

On 26 October 2020, the Company announced that an Extraordinary General Meeting ("EGM") of the Company will be held at Menara Lien Hoe on Thursday, 12 November 2020 at 11a.m. and Circular to Shareholder dated 27 October 2020.

On 12 November 2020, the Company announced that all resolutions as set out in the Notice of the EGM of the Company were duly passed by the shareholders of the Company at the EGM held on 12 November 2020.

All the resolutions were voted on poll and the results of the poll were validated by Sharepolls Sdn Bhd, the independent scrutineer appointed by the Company.

On 13 November 2020, the Board had on to-date ("Price-fixing Date") fixed the issue price for the placement of 60,000,000 Placement Shares at RM0.0637 per Placement Share ("Issue Price"). The Issue Price represents a discount of 19.97% to the 5-day VWAP of the Shares up to and including 12 November 2020 of RM0.0796, being the last market day immediately preceding the Price-fixing Date.

On 17 November 2020, the Board had on to-date ("Price-fixing Date") fixed the issue price for the placement of 100,000,000 Placement Shares at RM0.0648 per Placement Share ("Issue Price"). The Issue Price represents a discount of 19.90% to the 5-day VWAP of the Shares up to and including 16 November 2020 of RM0.0809, being the last market day immediately preceding the Price-fixing Date.

On 19 November 2020, the Company allotted and issued 60,000,000 Shares at RM0.0637 per share to the private placees and these Shares listed on 20 November 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B7. Status of Utilisation of Proceeds

The Company had on 8 September 2020 proposed to undertake a private placement of up to 81,441,000 new ordinary shares in the Company representing approximately ten percent (10%) of the total issued and paid-up share capital of the Company ("Private Placement") to independent third party investor(s) to be identified.

With the completion of the Private Placement on 18 September 2020, the Company has raised a total proceeds of RM8.169 million, which have been utilised in the following manner:-

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation upon Listing Date
Working capital	8,042	5,960	2,082	Within 12 months
Expenses for private placement	127	127	-	Immediate
	<u>8,169</u>	<u>6,087</u>	<u>2,082</u>	

B8. Group Borrowings and Debt Securities

The total borrowings of the Group as at 30 Sep 2020 are as follows:-

	Short Term RM'000	Long Term RM'000	Total borrowings RM'000
As at 3rd Quarter ended 30 Sep 2020			
Secured			
Lease liabilities	1,094	778	1,872
Islamic medium term notes	1,198	13,745	14,943
Bankers' acceptances (90 days to 150 days)	1,097	-	1,097
Revolving credits	-	-	-
	<u>3,389</u>	<u>14,523</u>	<u>17,912</u>
As at 3rd Quarter ended 30 Sep 2019			
Secured			
Lease liabilities	295	295	590
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>

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. 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 2019 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" or "Claimant") and Pasukhas Construction Sdn Bhd ("PCSB" or "Respondent")**

On 28 August 2017, the Company announced that PCSB had received a Notice of Arbitration dated 24 August 2017 from Samsung-UEM 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B9. Material Litigation (Continued)

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

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

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.

On 16 November 2020, the Company announced that PCSB had on 13 November 2020 made a full and final settlement to Samsung-UEM for works executed in the Subcontract.

Both parties have mutually agreed that neither party shall have further claims against each other of whatsoever nature in respect of the Subcontract and that all and any litigation and/or other proceedings initiated by either party in relation to the Subcontract should be forthwith ceased and withdrawn without liberty to file afresh.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B9. 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 6 February 2018, the wholly-owned subsidiary of the Company, Pasukhas Sdn Bhd ("PSB" or "Claimant") 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"), 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.

On 26 April 2018, PSB had 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.

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 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.

On 8 October 2018, EMSB filed an application to transfer the enforcement proceeding to Ipoh High Court. EMSB's application was dismissed.

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 5 March 2019, EMSB has filed a Notice of Appeal against High Court's decision dated 12 February 2019.

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.

EMSB was given time until 2 April 2019, to pay the adjudicated sum before PSB take a further step to file a winding up petition on EMSB.

Before winding-up proceedings could be commenced, EMSB applied for and obtained an ex parte Fortuna injunction against PSB restraining PSB from presenting the winding-up petition. This ex parte injunction was subsequently affirmed by the learned High Court judge sitting in Ipoh on 27 March 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B9. 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 appealed against the Ipoh High Court's decision. The next hearing date fixed on 27 May 2021 by way of e-appellate. The Parties are instructed to file the Common Core Bundle, written subs and executive summary by 26 April 2021; and next case management to ensure compliance fixed on 5 May 2021.

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. The next case management is fixed on 2 August 2021.

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

(iii) In the matter of an adjudication between Pasukhas Sdn Bhd ("PSB" or "Judgement Creditor") and Empire Multiple Sdn Bhd ("EMSB" or "Judgement Debtor") - IPOH HIGH COURT SUIT NO. AA-37J-2-06/2020

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 and the application to transfer has been approved during hearing on 16 January 2020.

The next Hearing for the JDS suit is fixed on 25 February 2021.

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

(iv) In the matter of an adjudication between Pasukhas Sdn Bhd ("PSB" or "Plaintiff") vs Empire Multiple Sdn Bhd and 8 others ("Defendants") - Ipoh High Court Suit No. AA-22NCC-7-02/2020

On 14 February 2020, PSB filed a Writ of Summons ("Writ") against EMSB, EMSB's directors and EMSB's auditor at Ipoh High Court. The list of Plaintiff and Defendants as follows:-

Plaintiff

1. Pasukhas Sdn Bhd ("PSB")

Defendants

1. Empire Multiple Sdn Bhd ("EMSB" or "D1")
2. Lee Kong Choong ("D2")
3. Yee Loon Ming ("D3")
4. Tan Chuan Swee ("D4")
5. Ho Seng Loong ("D5")
6. Yee Kok Ching ("D6")
7. Chai Pin Fah ("D7")
8. Phuan Eng Sing ("D8")
9. Messrs Peter Ooi & Co ("D9")

The Plaintiff claiming for, amongst others, that the 2nd to 6th defendants to the suit had carried on the business of EMSB with the intention to defraud PSB.

On 30 March 2020, the 9th defendant filed a counter-claim against PSB claiming, amongst others, for general damages for tort of abuse of process, aggravated damages and exemplary damages.

Then next case management is fixed on 7 January 2021.

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

B10. Dividends

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B11. 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 2020	Preceding Year Corresponding Quarter Ended 30 Sep 2019	Current Year To Date 30 Sep 2020	Preceding Year Corresponding Period To Date 30 Sep 2019
Loss attributable to the equity holders of the Company (RM'000)	(2,162)	(1,980)	(6,273)	(5,491)
Weighted average number of ordinary shares in issue ('000)	818,578	813,438	818,578	813,438
Basic loss per share (sen)	(0.26)	(0.24)	(0.77)	(0.68)

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.

B12. Loss for the Period

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

	Current Quarter Ended 30 Sep 2020 RM'000	Cumulative Year-To-Date 30 Sep 2020 RM'000
(a) Interest income	(24)	(201)
(b) Other income	(542)	(718)
(c) Interest expense	495	1,709
(d) Depreciation and amortisation	849	2,565
(e) Loss on disposal of investment properties	447	447
(f) Unrealised loss/(gain) on foreign exchange	6	(11)

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

B13. 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 26 November 2020.

By Order of the Board of Directors

WAN THEAN HOE
CHIEF EXECUTIVE OFFICER
26 November 2020