

PASUKHAS GROUP BERHAD (686389-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 30TH SEPTEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 Sept 2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 Sept 2015 RM'000	CURRENT YEAR TO DATE 30 Sept 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 Sept 2015 RM'000
Revenue	9,404	20,312	43,695	48,392
Contract Expenses	(9,309)	(18,179)	(39,531)	(43,094)
Gross Profit	95	2,133	4,164	5,298
Other Operating Income	11	159	243	1,235
	106	2,292	4,407	6,533
Administrative Expenses	(2,359)	(1,610)	(6,294)	(4,824)
Other Expenses	(48)	(28)	(123)	(134)
Finance Costs	(28)	(72)	(162)	(269)
Share of Result from Associates (Net)	(21)	88	223	172
(Loss) / Profit Before Taxation	(2,350)	670	(1,949)	1,478
Income Tax Expenses	(25)	-	(25)	-
(Loss) / Profit After Taxation	(2,375)	670	(1,974)	1,478
Other Comprehensive Income	-	-	-	-
Total Comprehensive (Expense) / Income For The Financial Period	(2,375)	670	(1,974)	1,478
(Loss) / Profit After Taxation Attributable To :-				
Owners of the Company	(2,375)	670	(1,974)	1,478
Non-controlling interests	-	-	-	-
	(2,375)	670	(1,974)	1,478
Total Comprehensive (Expense) / Income Attributable To :-				
Owner of the Company	(2,375)	670	(1,974)	1,478
Non-Controlling Interests	-	-	-	-
	(2,375)	670	(1,974)	1,478
Weighted average number of shares in issue ('000)	324,501	295,001	324,501	295,001
(Loss) / Earnings per share attributable to the equity holders of the Company (sen)	(0.73)	0.23	(0.61)	0.50

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 2015 and the accompanying explanatory notes attached to this interim financial statements.

PASUKHAS GROUP BERHAD (686389-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE THIRD (3RD) QUARTER ENDED 30TH SEPTEMBER 2016

	UNAUDITED AS AT END OF CURRENT QUARTER 30 Sept 2016 RM'000	AUDITED AS AT 31 Dec 2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Investments in associates	713	491
Plant and equipment	3,968	3,768
Deferred tax assets	1,142	1,142
Other investments	104	104
	5,927	5,505
CURRENT ASSETS		
Inventories	2,330	1,929
Amount owing by contract customers	7,673	5,601
Trade receivables	24,030	34,890
Other receivables, deposits and prepayments	5,932	1,289
Amount owing by associates	686	686
Tax refundable	363	362
Short-term investment	6,030	3,008
Fixed deposits with licensed banks	8,827	10,531
Cash and bank balances	4,299	2,823
	60,170	61,119
	66,097	66,624
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	32,450	29,500
Merger deficit	(10,500)	(10,500)
Fair value reserve	17	17
Share premium	2,754	933
Retained profits	8,476	10,450
TOTAL EQUITY	33,197	30,400
NON-CURRENT LIABILITIES		
Hire purchase payables	163	46
	163	46
CURRENT LIABILITIES		
Trade payables	10,849	21,705
Other payables and accruals	2,512	1,804
Amount owing to associates	4,407	-
Hire purchase payables	41	11
Bankers' acceptance	9,936	9,658
Revolving credits	3,000	3,000
Bank Overdrafts	1,992	-
	32,737	36,178
	32,900	36,224
TOTAL LIABILITIES	32,900	36,224
TOTAL EQUITY AND LIABILITIES	66,097	66,624
Net assets per share (RM)	0.10	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 2015 and the accompanying explanatory notes attached to this interim financial statements.

PASUKHAS GROUP BERHAD (686389-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 30TH SEPTEMBER 2016

	Non-Distributable			Distributable			
	Share Capital	Fair Value Reserve	Merger Deficit	Share Premium	Retained Profits	Attributable To Owners Of The Company	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Current period to date ended 30 September 2016</u>							
Balance at 1 January 2016 (Audited)	29,500	17	(10,500)	933	10,450	30,400	30,400
(Loss) after taxation / Total comprehensive expense for the financial period	-	-	-	-	(1,974)	(1,974)	(1,974)
Issuance of share							
- Private Placement	2,950	-	-	1,917	-	4,867	4,867
- Expenses on issuance of Private Placement	-	-	-	(96)	-	(96)	(96)
Balance at 30 September 2016 (Unaudited)	<u>32,450</u>	<u>17</u>	<u>(10,500)</u>	<u>2,754</u>	<u>8,476</u>	<u>33,197</u>	<u>33,197</u>
<u>Preceding period to date ended 30 September 2015</u>							
Balance at 1 January 2015 (Audited)	29,500	17	(10,500)	933	9,553	29,503	29,503
Profit after taxation / Total comprehensive income for the financial period	-	-	-	-	1,478	1,478	1,478
Balance at 30 September 2015 (Unaudited)	<u>29,500</u>	<u>17</u>	<u>(10,500)</u>	<u>933</u>	<u>11,031</u>	<u>30,981</u>	<u>30,981</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 2015 and the accompanying explanatory notes attached to this interim financial statements.

PASUKHAS GROUP BERHAD (686389-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30TH SEPTEMBER 2016

	UNAUDITED CURRENT PERIOD TO DATE 30 Sept 2016 RM'000	UNAUDITED PRECEDING PERIOD TO DATE 30 Sept 2015 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(1,949)	1,478
Adjustments for:-		
Depreciation of plant and equipment	121	132
Gain on foreign exchange - unrealised	(80)	(83)
Interest expense	162	269
Loss / (Gain) on disposal of plant and equipment	2	(21)
Impairment loss on plant and equipment	-	293
Interest income	(252)	(252)
Share of result in associates	(223)	(172)
Operating profit before working capital changes	(2,219)	1,644
(Increase) / Decrease in inventories	(400)	143
Increase in amount owing by contract customers	(2,072)	(4,143)
Decrease / (Increase) in trade and other receivables	6,217	(8,061)
(Decrease) / Increase in trade and other payables	(5,741)	7,869
Net Decrease in amount owing by related parties	-	49
Net Increase in amount owing to related parties	-	4
Decrease in GST payable (Kastam)	-	32
CASH FLOWS FOR OPERATING ACTIVITIES	(4,215)	(2,463)
Interest paid	(162)	(269)
Income tax (Paid) / Refund	(26)	762
NET CASH FOR OPERATING ACTIVITIES	(4,403)	(1,970)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	252	252
Purchase of plant and equipment	(163)	(284)
Advance to associates	-	(706)
Withdrawal of fixed deposit pledged	1,704	560
Proceeds from disposal of plant and equipment	4	180
NET CASH FROM INVESTING ACTIVITIES	1,797	2
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital from Private Placement	4,867	-
Share issuance expenses paid	(96)	-
Net drawdown in bankers' acceptances	278	4,483
Repayment of hire purchase obligations	(17)	(156)
NET CASH FROM FINANCING ACTIVITIES	5,032	4,327
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,426	2,360
FOREIGN EXCHANGE RATE ADJUSTMENT	80	83
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	5,831	3,432
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	8,337	5,875

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 2015 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 2015. 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 2015.

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 2015.

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

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

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 IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until Further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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 2015.

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 share and resale of treasury shares for the current financial quarter under review and financial year-to-date.

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 Equipment	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	10,637	3,404	25,821	3,833	43,695
Inter-segment revenue	-	-	-	-	-
Total segment revenue	<u>10,637</u>	<u>3,404</u>	<u>25,821</u>	<u>3,833</u>	<u>43,695</u>
Segment result	2,178	759	1,379	(152)	4,164
Other operating income					243
Administrative expenses					(6,294)
Other expenses					(123)
Finance costs					(162)
Share of Result from Associates (Net)					223
Tax expense					(25)
Profit after taxation					<u>(1,974)</u>

All 4 main business segments are held by Pasukhas Sdn Bhd, 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 Sept 2016	
	RM'000	%
Malaysia	<u>43,695</u>	<u>100</u>
	<u>43,695</u>	<u>100</u>

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 are no material events subsequent to the financial quarter ended 30 September 2016 that have 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 2015:-

	Current Quarter Ended 30 Sept 2016 RM'000	Preceding Financial Year Ended 31 Dec 2015 RM'000
Contingent Liability		
- Bank guarantee issued	895	6,014

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 Sept 2016 RM'000	Cumulative Year-To-Date 30 Sept 2016 RM'000
Nature of transaction		
Rental of premises	161	482

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 RM9.404 million for the current financial quarter under review as compared to RM20.312 million in the preceding corresponding quarter representing an decrease of RM10.908 million or 53.70%. The decrease was mainly attributable to decrease in activities on ongoing projects for local Civil Engineering and Construction services and M&E Engineering services projects which translates into lower revenue. The Group's revenue was derived only from Malaysia.

The Group recorded a gross profit before tax of RM0.095 million as compared to a gross profit before tax of RM2.133 million in the corresponding quarter of the preceding year due to lower margin derived from C&S Engineering services.

The M&E Engineering services provided the largest contribution to the Group's gross profit of RM2.178 million or 52.31% with a revenue of RM10.637 million or 24.34%. The remaining revenue and gross profit are contributed from the Civil Engineering and Construction Services, Manufacturing of LV Switchboards, and Trading of Equipment.

The Group recorded a negative cash flow from operating activities amounting to RM4.215 million and a negative net cash flow from operating activities of RM4.403 million after adjusting for interest and income tax paid. The negative cash flow are mainly due to increase in amount owing by contract customers, and decrease in trade and other payables.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 30 Sept 2016 RM'000	Preceding Quarter 30 June 2016 RM'000	Variance RM'000
Revenue	9,404	16,096	(6,692)
(Loss) / Profit before tax	(2,350)	78	(2,428)

Revenue of the Group decreased by 41.58% amounting to RM6.692 million for the current financial quarter as compared to immediate preceding financial quarter mainly due to lower progress claim in M&E Engineering and Civil Engineering and Construction business segment. The Group reported a net loss before tax of RM2.350 million for the current financial quarter as compared to a net profit before tax of RM0.078 million in the immediate preceding quarter mainly due to increase in administrative expenses for advisory fees and legal fees.

B3. Prospects

The revenue driver of the Group for the current year to date remain primarily from Civil Engineering and Construction services and M&E Engineering work. Moving forward, the Group is expected to continue seeking to expand its Civil Engineering and Construction services beside M&E Engineering services for the financial year ending 31 December 2016. The Civil Engineering and Construction services business segments shall serve alongside M&E Engineering services business segment to bring the Group towards achieving its future business plans and expansion targets.

Despite the above, the Group has been aggressively seeking for new projects by selectively participating albeit cautious approach in tenders for sizable contracts with reasonable margins to increase the order book as well as seeking new business avenues or joint venture partners.

Barring unforeseen circumstances, the Board of Directors anticipates the results for the financial year ending 31 December 2016 continue to be challenging while attention is continuously given to improving competitiveness, profitability and cost efficiency.

B4. Taxation

	Current Quarter Ended 30 Sept 2016 RM'000	Cumulative Period-To-Date 30 Sept 2016 RM'000
Current tax expenses:		
- for the financial period	-	-
- over/(under)provision in the previous financial period	25	25
Deferred tax expense:		
- for the financial period	-	-
- over provision in the previous financial period	-	-
Current Tax for the current financial period	25	25

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 Proposal

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

On 2 August 2016, Hong Leong Investment Bank Berhad ("**HLIB**"), on behalf of the Company, announced that the Company had on 2 August 2016 entered into the following agreements:-

- (i) a conditional share sale agreement between the Company and Dato' Sri Teng Ah Kiong ("**DSTAK**"), Wee Hiang Chyn and Ong Mei Lee for the proposed acquisition of 70% equity interest of Pasukan Khas Construction Sdn Bhd (formerly known as Pasukhas Construction Sdn Bhd) ("**PKC**") for a purchase consideration of approximately RM17.2 million ("**Proposed Acquisition of PKC**"); and
- (ii) a conditional share sale agreement between Pasukhas Energy Sdn Bhd (formerly known as Bidara Majujaya Sdn Bhd) ("**PESB**"), a wholly owned subsidiary of the Company, and Maser (M) Sdn Bhd ("**Maser**") for the proposed acquisition of 100% equity interest in I.S. Energy Sdn Bhd ("**ISE**") for a purchase price of RM1.0 million as well as a debt settlement agreement between PESB, Maser and ISE for the settlement of inter-company advances owed by ISE to Maser for a sum of RM13.3 million, subject to adjustment ("**Proposed Acquisition of ISE**"). The total purchase consideration for the Proposed Acquisition of ISE is RM14.3 million.

The Proposed Acquisition of PKC and the Proposed Acquisition of ISE are collectively referred to as the "**Proposed Acquisitions**".

In conjunction with the Proposed Acquisitions, on behalf of the Company, HLIB also announce that the Company proposes to undertake the following:-

- (i) proposed diversification of the existing core businesses of the Company to include energy utilities services and power generation business ("**Proposed Diversification**") pursuant to the Proposed Acquisition of ISE;
- (ii) proposed private placement of up to 37.0 million new Company Shares, representing 10% of the issued and paid-up share capital of the Company upon completion of the Proposed Acquisition of PKC ("**Proposed Private Placement**");
- (iii) proposed rights issue of up to 407.1 million Company shares ("**Rights Shares**") on the basis of 1 Rights Share for every 1 existing Company Share held by the shareholders whose names appear in the Record of Depositors of the Company on an entitlement date to be determined later by the Board after the Proposed Acquisitions and Proposed Private Placement ("**Proposed Rights Issue**");
- (iv) proposed exemption to Tara Temasek Sdn Bhd ("**Tara Temasek**") and persons acting-in-concert with Tara Temasek ("**PACs**") under Section 219 of the Capital Markets and Services Act, 2007 and Paragraph 16.1 (b), Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010 from the obligation to undertake a mandatory take-over offer for the remaining Company Shares not already held by Tara Temasek and the PACs upon the issuance of the Rights Shares to them under minimum subscription level ("**Proposed Exemption**");
- (v) proposed increase in authorised share capital of the Company ("**Proposed Increase in Authorised Share Capital**"); and
- (vi) proposed amendments to the Memorandum and Articles of Association of the Company ("**Proposed Amendments**").

On 18 August 2016, HLIB further announced that the Company had procured an irrevocable written undertaking from DSTAK, Dato' Teng Yoon Kooi, and Tara Temasek that they will subscribe in aggregate not less than RM30.0 million value of Rights Shares to meet the Minimum Subscription Level of the Proposed Rights Issue.

In view of the revised undertaking by Tara Temasek, Tara Temasek and its PACs are no longer required to seek an exemption from a mandatory general offer obligation pursuant to Paragraph 9(1), Part III of the Code. Accordingly the appointment of the Independent Adviser and approval from Security Commissioner ("**SC**") for the Proposed Exemption are no longer required.

On 19 September 2016, HLIB announced that the additional listing application together with the circular to the shareholders of the Company in relation to the Proposals was submitted to Bursa Securities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B6. Status of Corporate Proposal (Continue)

On 3 November 2016, HLIB announced that Bursa Securities had, vide its letter dated 3 November 2016, approved the corporate proposals.

On 10 November 2016, HLIB announced that PESB, a wholly owned subsidiary of the Company had on 10 November 2016 entered into the following:

- (i) a supplemental agreement of the ISE SSA between PESB and Maser; and
- (ii) a supplemental agreement of the ISE DA between PESB, Maser and ISE in which the parties mutually agreed:
 - (a) to an extension until 31 December 2016 for the fulfillment of the ISE Conditions Precedents in the ISE SSA;
 - (b) that ISE SSA Deposit to be released to the Maser upon the signing of the supplemental agreements mentioned above;
 - (c) that a sum of RM1,210,000, being part of the ISE DA Deposit to be released to Maser upon the signing of the supplemental agreements mentioned above; and
 - (d) that a sum of RM1,400,000, being the balance of the ISE DA Deposit, to be released to the solicitors of Maser as stakeholder within 3 working days from the date the Company has held its EGM to approve the Proposed Acquisition of ISE.

On 22 November 2016, HLIB announced that the Company and the PKC Vendors had mutually agreed to an extension of one month until 31 December 2016 for the fulfillment of the PKC Conditions Precedent in the PKC SSA.

B7. Status of Utilisation of Proceeds

The Company had on 26 November 2015 proposed to undertake a private placement of up to 29,500,000 new ordinary shares of RM0.10 each 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.

Bursa Malaysia Securities Berhad had on 15 December 2015 granted its approval for the Private Placement. With the completion of the Private Placement on 18 April 2016, the Company has raised a total proceeds of RM4.868 million, which is expected to be 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	772 **	772	-	Within 6 months
Deposit for Banking Facilities	4,000	1,000	3,000	Within 12 months
Estimated Private Placement Expenses	96 *	96	-	Within 1 month
	4,868	1,868	3,000	

* Actual private placement expenses amounting to RM0.096 million.

** Reclassification from estimated private placement expenses to working capital amounting RM0.004 million.

B8. Group Borrowings and Debt Securities

The total borrowings of the Group as at 30 September 2016 are as follows:-

Secured	Short Term RM'000	Long Term RM'000
Hire purchase payables	41	163
Bankers' acceptances (90 days to 150 days)	9,936	-
Revolving credits	3,000	-
	12,977	163

All borrowings of the Group are denominated in Ringgit Malaysia.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2015 up to the date of this interim report, except for the following:-

(i) Kuala Lumpur High Court Suit No. WA-22NCVC-232-04-2016

On 27 April 2016, PSB (plaintiff) filed a Writ and Statement of Claim against Shimizu Corporation, Nishimatsu Construction Co. Ltd, UEM Builders Berhad and IJM Construction Sdn Bhd (defendants) for the following reliefs:-

- (a) Special damages of RM4,693,157.00 as acquisition costs;
- (b) As an alternative to paragraph (a), special damages of RM4,758,040.50 as replacement costs;
- (c) Loss of profit to be assessed;
- (d) General damages;
- (e) Interest; and
- (f) Cost on a full indemnity basis;

The matter is fixed for case management on 15 November 2016 and trial on 27 to 31 March 2017.

(ii) Kuala Lumpur Magistrate Court Suit No.: WA-A72NCC-46520-07/2016

On 27 July 2016, Buildco-Cimaco Concrete Sdn Bhd (plaintiff) filed a Writ and Statement of Claim against PSB and the Company (defendants) for the principal sum of RM62,595.12 with interest of RM7,081.72 as at 15 May 2016. The defendants have filed and served the Defence and Counterclaim against the plaintiff for, inter alia, special damages amounting to RM4,518,169.09 on 5 September 2016. At the same time, the defendants have received the plaintiff's summary judgment application. The matter is fixed for further case management on 9 September 2016.

During the case management on 9 September 2016, the Court directed as follows:-

- (a) Summary Judgment Application
 - (1) Defendants to file their Affidavit in Reply by 21 September 2016; and
 - (2) Plaintiff to file the Affidavit in Reply by 5 October 2016;
- (b) Main Suit
 - (1) Plaintiff to file Reply and Defence to Counterclaim by 21 September 2016.

Since the counterclaim filed by the Defendants exceeds the monetary limit of the Magistrates Court's jurisdiction, the Defendants have filed an Originating Summons to transfer the matter to the High Court ("Originating Summons"). The Court has on 20 October 2016 granted order in terms of the Originating Summons to transfer the matter to the High Court.

(iii) An Adjudication Matter Between Pasukhas Sdn Bhd and Townscapes Builder Sdn Bhd Pursuant to Notice of Adjudication dated 28 September 2016

Pasukhas Sdn Bhd ("Claimant") had on 28 September 2016 served a Notice of Adjudication to its sub-contractor, Townscapes Builder Sdn Bhd ("Respondent") for a construction contract claim under the Construction Industry Payment and Adjudication Act 2012. The Claimant is claiming against the Respondent for payment on behalf and liquidated damages for the sum of RM6,059,691.94 and the Respondent is counterclaiming for payment under progress claim for the sum of RM3,294,856.04.

The matter is pending the appointment of an adjudicator.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B9. Material Litigation (Continue)

(iv) Litigation proceedings against Townscapes Builders Sdn Bhd ("the Defendant") , at the Shah Alam High Court. Suit No: WA-22NCVC-232-04/2016 ("The Suit")

The above proceeding is related to the project known as:

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; and
- (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 Sdn Bhd ("the Project") and relates to the works identified as "Supply of Materials, Labour, Machineries, Equipment & Tools for Structural Works" (the "Works").

The details of events leading to the commencement of the Litigation:

- (1) The Litigation arises from sub-contractor works carried out by the Defendant in respect of the Sub-Contract for the Supply of Materials, Labour, Equipment & Tools For Structural Works Only for the Project.
- (2) There were attempts to negotiate for a written contract for the said sub-contract works but parties never reached an agreement on the same and consequently no written contract was entered into between the parties.
- (3) Notwithstanding the aforesaid, the Defendant attempted to commence adjudication proceedings against PSB for purposes of recovery of sums allegedly outstanding from the sub-contract works.
- (4) After verification and acting upon legal advice, PSB has determined that the adjudication proceedings were misconducted due to:
 - (a) the lack of a written contract which is a pre-requisite for adjudication proceedings; and
 - (b) the failure of the Defendant to properly serve a Payment Claim on PSB which is also a pre-requisite for adjudication proceedings.

The Plaintiff is seeking for declaratory orders from the Shah Alam High Court to the effect that, inter alia, there was no written contract between the Plaintiff and the Defendant for the Works in respect of the Project, and for consequential declaratory order that the Construction Industry Payment and Adjudication Act 2012 would therefore not apply as between the Plaintiff and the Defendant.

Without the requisite declaratory orders, the Company anticipates an adjudication claim to the sum of RM1,655,730.73 to be made by the Defendant against the Plaintiff.

The Company will keep the shareholders informed of the outcome of the proceedings and make further announcements as and when appropriate.

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. Earnings Per Share

Basic earnings per share is calculated by dividing the profit 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 Sept 2016	Preceding Year Corresponding Quarter Ended 30 Sept 2015	Current Year To Date 30 Sept 2016	Preceding Year Corresponding Period To Date 30 Sept 2015
(Loss) / Profit attributable to the equity holders of the Company (RM'000)	(2,375)	670	(1,974)	1,478
Weighted average number of ordinary shares in issue ('000)	324,501	295,001	324,501	295,001
Basic (loss) / earnings per share (sen)	(0.73)	0.23	(0.61)	0.50

Note :

Diluted earnings per share is not disclosed herein as it is not applicable to the Group.

B12. Realised and Unrealised Profits

The breakdown of the retained profits of the Group into realised and unrealised profits for the current quarter and the preceding financial year are as follows:-

	Current Quarter Ended 30 Sept 2016 RM'000	Preceding Financial Year Ended 31 Dec 2015 RM'000
Total retained profits of the Group:-		
- Realised	7,254	9,225
- Unrealised	1,222	1,225
	<u>8,476</u>	<u>10,450</u>
Less : Consolidation adjustments	-	-
Total Group retained profits as per consolidated accounts	<u>8,476</u>	<u>10,450</u>

B13. (Loss) / Profit for the Period

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

	Current Quarter Ended 30 Sept 2016 RM'000	Current Year Ended 30 Sept 2016 RM'000
(a) Interest income	(112)	(252)
(b) Other income	(3)	(13)
(c) Interest expense	28	162
(d) Depreciation and amortisation	47	121
(e) Foreign exchange (gain) / loss (net):		
(i) Unrealised Gain on Foreign Exchange	-	(84)
(ii) Unrealised Loss on Foreign Exchange	1	4

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

B14. 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 24 November 2016.

By Order of the Board of Directors

WAN THEAN HOE
CHIEF EXECUTIVE OFFICER
24 November 2016