

**PASUKHAS GROUP BERHAD** (686389-A)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST (1ST) QUARTER ENDED 31ST MARCH 2018**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR	PRECEDING YEAR	CHANGES (AMOUNT / %)	CURRENT YEAR	PRECEDING YEAR	CHANGES (AMOUNT / %)
	QUARTER	CORRESPONDING QUARTER		TO DATE	CORRESPONDING PERIOD	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000		31 Mar 2018 RM'000	31 Mar 2017 RM'000	
Revenue	47,617	7,056	40,561 / 575%	47,617	7,056	40,561 / 575%
Contract Expenses	(43,058)	(6,177)		(43,058)	(6,177)	
Gross Profit	4,559	879	3,680 / 419%	4,559	879	3,680 / 419%
Other Operating Income	473	2,120		473	2,120	
	5,032	2,999		5,032	2,999	
Administrative Expenses	(2,866)	(2,468)		(2,866)	(2,468)	
Other Expenses	(711)	(227)		(711)	(227)	
Finance Costs	(747)	(148)		(747)	(148)	
Share of Result from Associates (Net)	-	(24)		-	(24)	
Profit Before Taxation	708	132	576 / 436%	708	132	576 / 436%
Income Tax Expenses	-	-		-	-	
Profit After Taxation	708	132	576 / 436%	708	132	576 / 436%
Other Comprehensive Expenses	-	-		-	-	
Total Comprehensive Income For The Financial Period	708	132		708	132	
Profit After Taxation Attributable To :-						
Owners of the Company	689	146	543 / 372%	689	146	543 / 372%
Non-controlling interests	19	(14)		19	(14)	
	708	132		708	132	
Total Comprehensive Income Attributable To :-						
Owner of the Company	689	146	543 / 372%	689	146	543 / 372%
Non-Controlling Interests	19	(14)		19	(14)	
	708	132		708	132	
Weighted average number of shares in issue ('000)	811,573	405,787		811,573	405,787	
Earnings per share attributable to the equity holders of the Company (sen)	0.08	0.03		0.08	0.03	

**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 2017 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 FIRST (1ST) QUARTER ENDED 31ST MARCH 2018**

	<b>UNAUDITED AS AT END OF CURRENT QUARTER 31 Mar 2018 RM'000</b>	<b>AUDITED AS AT 31 Dec 2017 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Investment Properties	8,853	8,884
Plant and equipment	33,611	34,229
Deferred tax assets	1,072	1,072
Other investments	104	104
Goodwill	3,100	3,100
	<u>46,740</u>	<u>47,389</u>
<b>CURRENT ASSETS</b>		
Inventories	1,374	1,191
Amount owing by contract customers	26,323	23,757
Trade receivables	54,820	45,001
Other receivables, deposits and prepayments	38,555	28,706
Amount owing by associates	-	-
Tax refundable	907	1,701
Fixed deposits with licensed banks	9,267	21,448
Cash and bank balances	2,898	2,331
	<u>134,144</u>	<u>124,135</u>
<b>TOTAL ASSETS</b>	<u>180,884</u>	<u>171,524</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	89,783	89,783
Merger deficit	(10,500)	(10,500)
Fair value reserve	17	17
Share premium	-	-
Foreign exchange translation reserve	1	1
Retained profits	3,361	2,672
	<u>82,662</u>	<u>81,973</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>6,213</u>	<u>6,194</u>
<b>TOTAL EQUITY</b>	<u>88,875</u>	<u>88,167</u>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	811	889
Term Loan	11,282	11,617
	<u>12,093</u>	<u>12,506</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	37,070	41,446
Other payables and accruals	11,132	12,618
Amount owing to directors	492	492
Amount owing to shareholders	2,938	2,938
Hire purchase payables	305	309
Term Loan	1,297	1,271
Bankers' acceptance	4,644	3,787
Revolving credits	3,000	3,000
Bank Overdrafts	19,038	4,990
	<u>79,916</u>	<u>70,851</u>
<b>TOTAL LIABILITIES</b>	<u>92,009</u>	<u>83,357</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>180,884</u>	<u>171,524</u>
Net assets per share (RM)	<u>0.11</u>	<u>0.13</u>

**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 2017 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 FIRST (1ST) QUARTER ENDED 31ST MARCH 2018

	Non-Distributable					Distributable			
	Share Capital	Fair Value Reserve	Merger Deficit	Share Premium	Foreign Exchange Translation Reserve	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	RM'000
<b>Current period to date ended 31 March 2018</b>									
Balance at 1 January 2018 (Audited)	89,783	17	(10,500)	-	1	2,672	81,973	6,194	88,167
Profit after taxation / Total comprehensive income for the financial period	-	-	-	-	-	689	689	19	708
<b>Balance at 31 March 2018 (Unaudited)</b>	<b>89,783</b>	<b>17</b>	<b>(10,500)</b>	<b>-</b>	<b>1</b>	<b>3,361</b>	<b>82,662</b>	<b>6,213</b>	<b>88,875</b>
<b>Preceding period to date ended 31 March 2017</b>									
Balance at 1 January 2017 (Audited)	37,011	17	(10,500)	7,543	-	2,066	36,137	4,910	41,047
Profit after taxation / Total comprehensive income for the financial period	-	-	-	-	-	146	146	(14)	132
Issuance of share - Private Placement	3,568	-	-	1,784	-	-	5,352	-	5,352
<b>Balance at 31 March 2017 (Unaudited)</b>	<b>40,579</b>	<b>17</b>	<b>(10,500)</b>	<b>9,327</b>	<b>-</b>	<b>2,212</b>	<b>41,635</b>	<b>4,896</b>	<b>46,531</b>

**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 2017 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 FIRST (1ST) QUARTER ENDED 31ST MARCH 2018**

	UNAUDITED CURRENT PERIOD TO DATE 31 Mar 2018 RM'000	UNAUDITED PRECEDING PERIOD TO DATE 31 Mar 2017 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before taxation	708	132
<b>Adjustments for:-</b>		
Depreciation of plant and equipment	637	86
Depreciation of investment properties	32	-
Gain on foreign exchange - unrealised	-	(1)
Interest expense	612	148
Interest income	(307)	(201)
Share of result in associates	-	24
Writeback of allowance for impairment losses on plant and equipment	-	(66)
Writeback of allowance for impairment losses on trade receivables	-	(1,849)
<b>Operating profit/(loss) before working capital changes</b>	<b>1,682</b>	<b>(1,727)</b>
Decrease in inventories	(183)	(282)
Increase in amount owing by contract customers	(2,565)	(697)
(Increase) / Decrease in trade and other receivables	(19,668)	4,611
Decrease in trade and other payables	(5,862)	(5,405)
Net decrease in amount owing to an associate	-	(360)
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>	<b>(26,596)</b>	<b>(3,860)</b>
Interest paid	(612)	(148)
Income tax Paid	(78)	(196)
Income tax refunded	872	-
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(26,414)</b>	<b>(4,204)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	307	201
Purchase of plant and equipment	(20)	(29)
Withdrawal of fixed deposit pledged	12,180	1,389
Proceeds from disposal of plant and equipment	-	1,054
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>12,467</b>	<b>2,615</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advance from directors	-	20
Repayment to shareholders	-	30
Proceeds from issuance of share capital from Private Placement	-	5,351
Net Drawdown / (Repayment) in bankers' acceptances	857	(1,484)
Net (Repayment) / Drawdown of hire purchase obligations	(82)	790
Net Repayment of term loan	(309)	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>466</b>	<b>4,707</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,481)</b>	<b>3,118</b>
<b>FOREIGN EXCHANGE RATE ADJUSTMENT</b>	<b>-</b>	<b>1</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>(2,659)</b>	<b>(299)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>(16,140)</b>	<b>2,820</b>

**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 2017 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 2017. 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 2017.

**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 2017.

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

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

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

MFRS 15 Revenue from Contracts with Customers

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

**PASUKHAS GROUP BERHAD (686389-A)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**A2. Changes in Accounting Policies (Continue)**

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.

<b>MFRS and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
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 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
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 2017.

**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.

PASUKHAS GROUP BERHAD (686389-A)  
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**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
<b>Revenue</b>							
External revenue	2,506	948	696	42,523	49	895	47,617
Inter-segment revenue	-	-	-	-	-	-	-
Total segment revenue	<u>2,506</u>	<u>948</u>	<u>696</u>	<u>42,523</u>	<u>49</u>	<u>895</u>	<u>47,617</u>
<b>Segment result</b>	309	157	496	3,299	49	249	4,559
Other operating income							473
Administrative expenses							(2,866)
Other expenses							(711)
Finance costs							(747)
Share of Result from Associates (Net)							-
Tax expense							-
Profit after taxation							<u>708</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 31 March 2018	
	RM'000	%
Malaysia	5,095	11
Other Asian Countries	42,522	89
	<u>47,617</u>	<u>100</u>

**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 31 December 2017 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, except for the following:-

- (i) The Company had, on 2 February 2018 announced that it had acquired one (1) ordinary share representing 100% of the share capital of Majujaya Masyhur Sdn. Bhd. (Company No. 1258946-A) ("MMSB") for a total cash consideration of RM1.00 only ("Acquisition").

MMSB was incorporated on 6 December 2017 pursuant to the Companies Act 2016 as a private limited company with an issued share capital of RM1.00 with one (1) ordinary share. MMSB is presently dormant and its intended principal activity of MMSB is to carry out property development.

The Acquisition is not expected to have any material effect on PGB Group's earnings per share, net assets per share, gearing, share capital and substantial shareholdings structure for the financial year ending 31 December 2018.

None of the Directors and/or major shareholders of the Company and/or persons connected with them has any interest, direct or indirect, in the Acquisition.

Having considered all aspects of the Acquisition, the Board of Directors of PGB is of the opinion that the Acquisition is in the best interest of PGB.

**PASUKHAS GROUP BERHAD** (686389-A)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**A12. Changes in the Composition of the Group (Cont'd)**

There were no changes in the composition of the Group for the current financial quarter under review, except for the following (cont'd):-

- (ii) The Company had, on 27 February 2018 announced that its wholly-owned subsidiary, Pasukhas Properties Sdn. Bhd. (formerly known as Majujaya Masyhur Sdn. Bhd.) ("PPSB") had acquired one (1) ordinary share representing 100% of the share capital of Midtown Pearl Sdn. Bhd. (Company No. 1259079-H) ("MPSB") for a total cash consideration of RM1.00 only ("Acquisition").

MPSB was incorporated on 7 December 2017 pursuant to the Companies Act 2016 as a private limited company with an issued share capital of RM1.00 with one (1) ordinary share. MPSB is presently dormant and its intended principal activity of MPSB is to carry out property development.

The Acquisition is not expected to have any material effect on PGB Group's earnings per share, net assets per share, gearing, share capital and substantial shareholdings structure for the financial year ending 31 December 2018.

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Acquisition.

Having considered all aspects of the Acquisition, the Board of Directors of PGB is of the opinion that the Acquisition is in the best interest of PGB.

**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 2017:-

	<b>Current Quarter Ended 31 Mar 2018 RM'000</b>	<b>Preceding Financial Year Ended 31 Dec 2017 RM'000</b>
<b>Contingent Liability</b>		
- Bank guarantee issued	45	248

**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:-

	<b>Current Ended 31 Mar 2018 RM'000</b>	<b>Cumulative Year-To-Date 31 Mar 2018 RM'000</b>
<b>Nature of transaction</b>		
Rental of premises	195	195
Contract Expenses	26	26
	<u>221</u>	<u>221</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 RM47.617 million for the current financial quarter under review as compared to RM7.056 million in the preceding corresponding quarter representing a significant increase of RM40.561 million or 574.84%. The increase was mainly attributable from Trading segment. The Group's revenue was substantially derived from Malaysia and other Asian countries.

The Group recorded a gross profit before tax of RM4.559 million as compared to a gross profit before tax of RM0.879 million in the corresponding quarter of the preceding year.

The Trading of transformer and steam coal provided the largest contribution to the Group's gross profit of RM3.299 million or 72.36% with a revenue of RM42.523 million or 89.30%. Further information is disclosed in Note A9.

The Group recorded a negative cash flow for operating activities amounting to RM26.596 million and a negative net cash flow for operating activities of RM26.414 million after adjusting for interest and income tax paid. The negative cash flow are mainly due to increase in trade and other receivables, and decrease in trade and other payables.

**B2. Comparison with Preceding Quarter's Results**

	<b>Current Quarter 31 Mar 2018 RM'000</b>	<b>Preceding Quarter 31 Mar 2017 RM'000</b>	<b>Variance RM'000</b>
Revenue	47,617	7,056	40,561
Profit before tax	708	132	576

Revenue of the Group increased by 574.84% amounting to RM40.561 million for the current financial quarter as compared to immediate preceding financial quarter mainly due to the revenue contributed from trading segment amounting to RM42.523 million. Accordingly, the Group reported a net profit before tax of RM0.708 million for the current financial quarter as compared to a net profit before tax of RM0.132 million in the immediate preceding quarter.

**B3. Prospects**

The revenue driver of the Group for the current year to date is the Trading segment. Moving forward, the Group anticipates that the Trading segment and Energy Utilities Services and Power Generation segment will be the major contributors to the Group's earnings for the financial year ending 31 December 2018.

The year 2018 will no doubt bring a fair share of challenges and opportunities to the Group. 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.

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 31 Mar 2018 RM'000	Cumulative Period-To-Date 31 Mar 2018 RM'000
<b>Current tax expenses:</b>		
- for the financial period	-	-
- under provision in the previous financial period	-	-
<b>Deferred tax expense:</b>		
- for the financial period	-	-
- over provision in the previous financial period	-	-
 Current Tax for the current financial period	 -	 -

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 Proposal

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") (formerly known as Bidara Majujaya Sdn Bhd) 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.
- (ii) On 12 June 2017, the Company announced that its wholly-owned subsidiary, Pasukhas Energy Sdn Bhd ("PESB") (formerly known as Bidara Majujaya Sdn Bhd) had entered into an Approval Letter ("AL") with PT. Bangun Daya Perkasa ("PT BDP") (PESB and PT BDP collectively referred to as the "Parties") in expressing PESB's interest in acquiring a 92.5% stake of PT BDP's shares in PT Tenaga Listrik Gorontalo ("PT TLG"), a subsidiary company of PT BDP ("Proposed Acquisition").

On 22 December 2017, the shareholders of PT BDP, namely PT Persada Capital Investama and PT Saratoga Sentra Business (collectively, the "Vendors") has accepted PESB's letter of offer ("Offer Letter") to acquire 100% equity interest in PT BDP ("Proposed Acquisition").

- (iii) 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") (hereinafter collectively referred to as the "Parties") for the proposed acquisition of 61% equity interest in the share capital of PT Indomuda Satria Internusa ("PT Indomuda") from the Vendor.
- (iv) 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").

**B6. Status of Corporate Proposal (Cont'd)**

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

- (v) On 2 April 2018, M&A Securities Sdn Bhd announced on behalf of the Company that the Company intends to undertake the following proposals:-
- (a) Proposed special issue of up to 116,055,000 new ordinary shares in PGB, representing approximately 12.5% of the Company's enlarged issued share capital to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry, Malaysia ("Proposed Special Issue"); and
  - (b) Proposed diversification of PGB and its subsidiaries' existing business into the property development and coal trading business segments ("Proposed Diversification")

On 2 May 2018, the additional listing application for the Proposed Special Issue and draft circular in relation to the Proposals have been submitted to Bursa Malaysia Securities Berhad for approval.

**B7. Status of Utilisation of Proceeds**

- (i) The Company had on 2 August 2016 proposed to undertake a private placement of up to 35,675,000 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.

With the completion of the Private Placement on 25 January 2017, the Company has raised a total proceeds of RM5.351 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	5,351	5,154	197	Within 18 months
	<u>5,351</u>	<u>5,154</u>	<u>197</u>	

- (ii) The Company had on 2 August 2016 proposed to undertake a 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").

With the completion of the Right Issue on 11 May 2017, the Company's 405,786,566 Rights Shares in relation to the Rights Issue were listed and quoted on the ACE Market of Bursa Securities. The Company has raised a total proceed of RM 40.579 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
Payment of Remaining ISE Purchase Consideration	11,400	11,400	-	Within 6 months
Working Capital	27,579	24,754	2,825	Within 18 months
Estimated Corporate Exercise Expenses	1,600	1,600	-	Within 1 month
	<u>40,579</u>	<u>37,754</u>	<u>2,825</u>	

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**B7. Status of Utilisation of Proceeds (Cont'd)**

On 27 March 2018, the Company proposed to vary the utilisation of proceeds of approximately RM7.87 million earmarked for payment of Remaining PKC Cash Consideration to fund its working capital requirements for its existing construction projects and joint ventures which include the payment of contractors, suppliers of goods and services, and sourcing of manpower such as construction workers. This would enable the Company to optimize the returns on these funds.

The Company shall seek other sources of funding, which includes internally generated funds and/or bank borrowings to fund the obligations of PGB to make payment of the Remaining PKC Cash Consideration of to RM7.87 million by the Payment Date.

The Variation is not subjected to any regulatory authorities or shareholders' approval. Nevertheless, the Board shall continue to be vigilant and prudent in managing the proceeds raised from the Proposed Fund Raising Exercises and will continue to disclose the status of the utilisation of proceeds in its quarterly results and annual reports until its full utilisation.

**B8. Group Borrowings and Debt Securities**

The total borrowings of the Group as at 31 March 2018 are as follows:-

	Short Term RM'000	Long Term RM'000	Total borrowings RM'000
<b>As at 1st Quarter ended 31 March 2018</b>			
<b><u>Secured</u></b>			
Hire purchase payables	305	811	1,116
Term loan	1,297	11,282	12,579
Bankers' acceptances (90 days to 150 days)	4,644	-	4,644
Revolving credits	3,000	-	3,000
	9,246	12,093	21,339
	Short Term RM'000	Long Term RM'000	Total borrowings RM'000
<b>As at 1st Quarter ended 31 March 2017</b>			
<b><u>Secured</u></b>			
Hire purchase payables	300	1,015	1,315
Bankers' acceptances (90 days to 150 days)	5,717	-	5,717
Revolving credits	3,000	-	3,000
	10,288	1,015	11,303

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 2017 up to the date of this interim report, except for the following:-

**(i) 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.

On 30 September 2016, PSB proceeded with the adjudication claim and the following reliefs and remedies:

- (a) A sum of RM6,059,691.94 being the various expenses incurred on behalf of Townscapes and liquidated damages for delay;
- (b) Interest;
- (c) Cost; and
- (d) Any other and further reliefs deemed appropriate by the Adjudicator.

The adjudication submission was made and pending decision. PSB anticipates a counterclaim to the sum of RM3,294,856.04 to be mounted by the Townscapes.

Pasukhas Sdn Bhd ("PSB") had on 29 November 2016 entered into a Dispute Resolution Agreement with the Defendant whereby it was agreed that all disputes arising out of the sub-contract for the following projects will be referred to mediation and failing which to fast track arbitration in accordance with the Dispute Resolution Agreement, and all pending legal proceedings in relation to the above projects will be discontinued.

Following the Dispute Resolution Agreement, the Adjudication proceeding has been discontinued and parties proceeded with mediation.

PSB ("Claimant") filed a notice of arbitration on 19 May 2017 claiming for the sum of RM6,670,367.54 against Townscapes ("Respondent")

On 3 January 2018, PSB received the Arbitration Award dated 23 November 2017 issued by the sole Arbitrator. Based upon the evidence tendered, the legal authorities submitted and the submissions made by the parties in the arbitration and the findings of the Arbitrator on the issues submitted for determination, the following award is made by the Arbitrator:

- (a) That Respondent do pay the Claimant the sum of RM1,049,278.00 as sums found due to the Final Account;
- (b) That Respondent do pay the Claimant costs of RM268,144.63; and
- (c) All other claims are dismissed

Townscapes has agreed that the total settlement sum of RM1,168,514.28 as full and final settlement amount for all claims and counterclaims in relation to the projects undertaken between Townscapes and PSB, as described in Note B9 (i) and Note B9 (ii) of this report. The said Townscapes Settlement Sum shall be paid by PSB in six (6) instalments of RM206,437.52 each, from the period of February to July 2018. PSB has since issued six (6) post-dated cheques to Townscapes for the Townscapes Settlement Sum.

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

On 17 November 2016, Pasukhas Sdn Bhd ("PSB") had instituted litigation proceedings against the defendant at the Shah Alam High Court, in relation 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.

**B9. Material Litigation (Continue)**

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

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.

This matter has been withdrawn pursuant to the Dispute Resolution Agreement dated 29 November 2016 and the dispute has been referred to Arbitration pursuant to the Notice of Arbitration dated 26 January 2017.

On 27 January 2017, the Company announced that Pasukhas Sdn Bhd ("the Respondent") had on 27 January 2017 received a Notice of Arbitration dated 26 January 2017 from Townscapes Builders Sdn Bhd ("the Claimant") vide its solicitors, Messrs Tan Swee Im, Siva & Partners.

The Claimant is claiming in the Arbitration for the following in regards to the project for Empire Multiple Sdn Bhd:

- (1) That the Respondent pays the Claimant the total sum of RM3,281,961.64;
- (2) Further interest where appropriate;
- (3) Costs; and
- (4) Any further or other relief that the arbitrator deems fit and proper to grant

On 24 February 2017, the Company announced that Pasukhas Sdn Bhd had on 23 February 2017 filed its Statement of Defence and Counterclaim.

In the Statement of Defence and Counterclaim, the Respondent disputed the entire claim of the Claimant save for a sum of RM472,042.12 and has counterclaimed a sum of RM 281,003.34 against the Claimant.

A case management has been fixed on 28 February 2017 before the appointed Arbitrator for further directions of the proceedings.

On 1 March 2017, the Company announced that a case management was held on 28 February 2017 before the appointed Arbitrator whereby the arbitrator has fixed the trial dates of the arbitration on 3 May 2017 to 5 May 2017 and 12 May 2017.

On 12 May 2017, the Arbitrator informed that the Arbitration Award will be published on 19 July 2017.

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**B9. Material Litigation (Continue)**

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

On 2 August 2017, the Respondent received the Arbitration Award dated 19 July 2017 whereby the Arbitrator has awarded and directed that, in full and final settlement of all claims and counterclaims in the arbitration :-

- (a) The Respondent shall pay within 14 days from the date of the final award pay to the Claimant the sum of RM2,249,540.98 together with interest on the sum of RM2,238,156.57 at the rate of 5% per annum from the date of the final award to the date of full realisation;
- (b) The Respondent shall pay within 14 days from the date of the final award pay to the Claimant, the Claimant costs in the sum of RM117,065.00; and
- (c) The Respondent shall pay and bear the fees of the Arbitrators amounting to RM69,223.22 and KLRCA's administrative fees in the sum of RM16,073.34 and to the extent that the Claimants have paid any part thereof, the Respondents shall within 14 days from the date of this award reimburse the Claimants with that amount paid.

The Respondent has filed an Originating Summons to set aside the Final Award and the Plaintiff has filed an Originating Summons to enforce the Final Award made on 19 July 2017. The hearing date is fixed on 14 March 2018.

Both Townscapes and PSB has withdrawn the suit with no order as to costs on 14 March 2018. Townscapes has agreed that the total settlement sum of RM1,168,514.28 as the full and final settlement amount for all claims and counterclaims (“Townscapes Settlement Sum”) in relation to the projects undertaken between Townscapes and PSB, as described in Note B9 (i) and Note B9 (ii) of this report. The said Townscapes Settlement Sum shall be paid by PSB in six (6) instalments of RM206,437.52 each, from the period of February to July 2018. PSB has since issued six (6) post-dated cheques to Townscapes for the Townscapes Settlement Sum.

**(iii) Issuance of Payment Claim under Construction Industry Payment and Adjudication Act 2012 (“CIPAA”) against Emerald Capital (Ipoh) Sdn Bhd (“Emerald”)**

Pasukhas Sdn Bhd (“PSB”), a wholly-owned subsidiary had served 1 Payment Claim under Section 5 of the Construction Industry Payment & Adjudication Act 2012 (“CIPAA”) against Emerald Capital (Ipoh) Sdn Bhd (“Emerald”) on 10 January 2017 for a total amount of RM8,293,657.79 (“CIPAA Payment Claim”) being outstanding sum due and owing by Emerald.

The CIPAA Payment Claim is related to the project known as “Phase 2-1 Block Condominium 18 Storeys (240 Units) Together with the Common Facilities Erected On Podium 5 Storeys Together with the Accessory Parcels And 2 Storeys of Shop Lot (9 Units) Erected Upon Lot 25117 and 25118 (Previous Lot: 206349), Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan For Messrs Emerald.

On 14 February 2017, PSB had instituted adjudication proceedings under the CIPAA against Emerald. Emerald has counterclaimed against PSB for the sum of RM5,042,694.32.

On 28 June 2017, the Company announced that PSB had received the written Adjudication Decision dated 24 June 2017 from the Adjudicator.

Based on the evidence/arguments submitted by both parties, the Adjudicator has made the following decision:

- (a) The adjudicated amount is RM6,452,896.50 and shall be paid to PSB on or before 22 July 2017 by cheque;
- (b) In pursuant to Section 25(o) of CIPAA, Emerald shall pay PSB simple interest on:
  - (i) The amount of RM4,448,798.88 calculated at the rate of 5% per annum on yearly rest from 31 August 2016 until the amount is paid; and
  - (ii) The amount of RM2,004,097.62 calculated at the rate of 5% per annum on yearly rest from 17 November 2016 until the amount is paid.
- (c) In pursuant to Section 18(1) of CIPAA and in accordance with the principle that costs shall follow the event, Emerald shall pay the costs of the adjudication proceedings amounting to RM81,489. The costs of the adjudication proceedings shall be paid on or before 22 July 2017 by cheque.

On 2 August 2017, PSB has been served with an Originating Summons from Emerald seeking to set aside the Adjudication Decision. PSB is at the same time applying to register the Adjudication Decision in the High Court. The matter is now fixed for hearing on 4 October 2017.

On 5 October 2017, the Company announced that the Kuala Lumpur High Court had on 4 October 2017, heard and dismissed the Emerald's application to set aside the adjudication decision dated 24 June 2017 and allowed the Defendant's application to enforce the adjudication decision with a revised amount of RM5,769,304.97 awarded to the Defendant.

Emerald has filed an appeal to the Court of Appeal against the decision given at the Kuala Lumpur High Court which dismissed Emerald's application to set aside the whole of the Adjudicator's Decision dated 24 June 2017. The Hearing date is fixed on 23 May 2018.

On 23 May 2018, Emerald's appeal to set aside the whole of the Adjudicator's Decision dated 24 June 2017 has been dismissed.

**B9. Material Litigation (Continue)**

**(iv) Kuala Lumpur High Court Companies (Winding Up) No: 28NCC-254-05/2015**

Pasukhas Construction Sdn Bhd (formerly known as Pasukan Khas Construction Sdn Bhd) ("PCSB") and I-Innovations Construction Sdn Bhd ("ICSB") presented a winding-up petition against MTM Millenium Holdings Sdn Bhd ("MTM") for MTM's failure to adhere to final award dated 28 May 2012 awarded by the Arbitrator, Mr David Cheah Ming Yew for payment of the sum of RM4,811,808.34, inclusive of interest amounting to RM1,093,720.16 as at 28 May 2012 and RM24,928.64 being half of the Arbitrator's costs as awarded in the said Final Award.

This matter has been fixed for case management on 28 June 2016. The date of case management of this matter has been fixed again on 13 February 2017.

However, pursuant to the abovementioned Stay Order granted by the High Court, the proceedings of this petition cannot proceed further pending the disposal of the FC Application.

PCSB has presented a winding up petition against MTM for MTM's failure to pay the Final Award Sum and the same is now fixed for hearing on 15 May 2017.

On 15 May 2017, the High Court allowed the said petition and Mr. Lean Chee Seng was appointed as the liquidator.

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

**(v) In the matter of an arbitration between Samsung C&T Corporation UEM Construction JV Sdn Bhd ("Samsung-UEM") (Claimant) and Pasukhas Construction Sdn Bhd (formerly known as Pasukan Khas 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;

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

- (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.



**B9. Material Litigation (Continue)**

**(v) In the matter of an arbitration between Samsung C&T Corporation UEM Construction JV Sdn Bhd ("Samsung-UEM") (Claimant) and Pasukhas Construction Sdn Bhd (formerly known as Pasukan Khas Construction Sdn Bhd) (Respondent) (Continue)**

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.

**(vi) In the matter of an adjudication between Bauer (Malaysia) Sdn Bhd (Claimant) and Pasukhas Sdn Bhd (Respondent)**

On 29 June 2017, the Company announced that its wholly-owned subsidiary, Pasukhas Sdn Bhd ("PSB") had on 28 June 2017 received one (1) Payment Claim under Section 5 of the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") dated 28 June 2017 from its sub-contractor, Bauer (Malaysia) Sdn Bhd ("Bauer") via its solicitor, Messrs Mohanadass Partnership for a total amount of RM8,956,616.57 ("CIPAA Payment Claim").

The CIPAA Payment Claim is in relation to the disputes over non-payment works done by Bauer for sub-structure and part of external works for "Cadangan Mendirikan Skim Pembangunan Bersepadu Pelancongan dan Wellness Centre (Medical Tourism) yang mengandungi:

- (a) Di atas Lot 841:-
  - (i) 1 Blok Hotel 9 Tingkat (102 bilik) dengan 1 Tingkat Tempat Letak Kereta Aras Separa Bawah Tanah;
  - (ii) 1 Blok 'Servis Apartment 1' 16 Tingkat (83 unit) dengan 1 Tempat Letak Kereta Aras Bawah Tanah.

**B9. Material Litigation (Continue)**

**(vi) In the matter of an adjudication between Bauer (Malaysia) Sdn Bhd (Claimant) and Pasukhas Sdn Bhd (Respondent) (Cond't)**

(b) Di atas Lot 842:-

(i) 1 Blok 'Wellness Center' 5 Tingkat dan Ruang Perniagaan 4 Tingkat dengan 1 Tingkat Tempat Letak Kereta Aras Separa Bawah Tanah ;

(ii) 1 Blok 'Servis Apartmen 2' 26 Tingkat (87 Unit) dengan Tingkat Podium dan dengan 1 Tingkat Letak Kereta Separa Bawah tanah;

(iii) Sewer Treatment Plant (STP) Di Aras Besmen.

(c) Cadangan Jejambat yang menghubungkan Lot 841 dan Lot 842" at Lot 841 and 842, Jalan Teluk Bahang, Mukim 2, Teluk Bahang, DBD Pulau Pinang.

PSB had certified the amount of RM7,278,829.62 and paid RM6,496,817.35 to Bauer after less retention of RM727,882.93 and payment made on behalf. Further claim by Bauer are variations and loss and expense not certified.

On 21 September 2017 PSB received notice of Adjudication from Claimant.

Construction contract Claim by the Claimant against the Respondent for a sum of RM9,110,519.82

The Claimant is claiming against the Respondent for the following reliefs, inter alia:

(a) claimant is entitled to the sum of RM2,728,988.60 for variation;

(b) claimant is entitled to the sum of RM7,038,527.05 for loss and expense.

There is a LAD claim by the Respondent for a sum of RM4,850,000.00. The Respondent has also sought a counterclaim and/or set-off of RM142,187.02.

Current status is pending adjudicator to issue Decision within 45 working days from Adjudication Reply filed on 12 December 2017.

On 7 March 2018, PSB received the Adjudication Decision dated 9 February 2018 ("Decision") issued by the sole Adjudicator.

Based upon the evidence tendered, the legal authorities submitted and the submissions made by the parties in the adjudication, and the findings of the Adjudicator on the issues submitted for determination, the following award is made by the Adjudicator:

(i) PSB shall pay Bauer the sum of RM647,086.32 (Ringgit Malaysia Six Hundred and Forty Seven Thousand and Eighty Six Ringgit and Thirty Two pence only)("Adjudicated Sum") in relation to the Adjudication Claim;

(ii) PSB shall pay Bauer costs in the sum of RM100,000.00;

(iii) PSB shall pay Adjudicator's fees and KLRCAs fees in a total sum of RM84,840.00, less the deposit of RM42,420.00.

(iv) PSB shall pay Bauer the above mentioned sums within 30 days of the date of this Decision.

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

**B9. Material Litigation (Continue)**

**(vii) 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 Company will make further announcements on any material development on this matter.

**(viii) 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 ("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.

As the matter has been fixed for case management on 5 June 2018, the Company is in the midst of appointing it's solicitors with regard to the Defense and Counter-Claim it wishes to file against the Writ and Statement of Claim and will make a further announcement on the developments (if any) in due course.

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**B10. Dividends**

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

**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	Preceding Year Corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period To Date
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
Profit attributable to the equity holders of the Company (RM'000)	689	146	689	146
Weighted average number of ordinary shares in issue ('000)	811,573	405,787	811,573	405,787
Basic earnings per share (sen)	0.08	0.04	0.08	0.04

Note :

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

**B12. Profit for the Period**

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

	Quarter Ended	Cumulative Year-To-Date
	31 Mar 2018	31 Mar 2018
	RM'000	RM'000
(a) Interest income	(307)	(307)
(b) Other income	(166)	(166)
(c) Interest expense	612	612
(d) Depreciation and amortisation	637	637

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 28 May 2018.

**By Order of the Board of Directors**

**WAN THEAN HOE**  
**CHIEF EXECUTIVE OFFICER**  
 28 May 2018