

PASUKHAS GROUP BERHAD (686389-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND (2ND) QUARTER ENDED 30TH JUNE 2018

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR	PRECEDING YEAR	CHANGES (AMOUNT / %)	CURRENT YEAR	PRECEDING YEAR	CHANGES (AMOUNT / %)
	QUARTER	CORRESPONDING QUARTER		TO DATE	CORRESPONDING PERIOD	
	30 Jun 2018 RM'000	30 Jun 2017 RM'000		30 Jun 2018 RM'000	30 Jun 2017 RM'000	
Revenue	24,652	7,667	16,985 / 222%	72,269	14,229	58,040 / 408%
Contract Expenses	(22,647)	(6,834)		(65,705)	(13,011)	
Gross Profit	2,005	833	1,172 / 141%	6,564	1,218	5,346 / 439%
Other Operating Income	953	2,423		1,426	5,037	
	2,958	3,256		7,990	6,255	
Administrative Expenses	(2,578)	(2,347)		(5,444)	(4,815)	
Other Expenses	(13)	(211)		(724)	(438)	
Finance Costs	(742)	(185)		(1,489)	(333)	
Share of Result from Associates (Net)	-	(28)		-	(52)	
(Loss)/Profit Before Taxation	(375)	485	(860) / -177%	333	617	(284) / -46%
Income Tax Expenses	-	-		-	-	
(Loss)/Profit After Taxation	(375)	485	(860) / -177%	333	617	(284) / -46%
Other Comprehensive Expenses	-	-		-	-	
Total Comprehensive (Expenses) / Income For The Financial Period	(375)	485		333	617	
(Loss)/Profit After Taxation Attributable To :-						
Owners of the Company	(228)	40	(268) / -670%	461	186	275 / 148%
Non-controlling interests	(147)	445		(128)	431	
	(375)	485		333	617	
Total Comprehensive (Expenses) / Income Attributable To :-						
Owner of the Company	(228)	40	(268) / -670%	461	186	275 / 148%
Non-Controlling Interests	(147)	445		(128)	431	
	(375)	485		333	617	
Weighted average number of shares in issue ('000)	811,573	514,200		811,573	514,200	
(Loss)/Earnings per share attributable to the equity holders of the Company (sen)	(0.03)	0.01		0.06	0.04	

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 SECOND (2ND) QUARTER ENDED 30TH JUNE 2018

	UNAUDITED AS AT END OF CURRENT QUARTER 30 Jun 2018 RM'000	AUDITED AS AT 31 Dec 2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Investment Properties	8,821	8,884
Plant and equipment	33,083	34,229
Deferred tax assets	1,072	1,072
Other investments	104	104
Goodwill	3,100	3,100
	<u>46,180</u>	<u>47,389</u>
CURRENT ASSETS		
Inventories	1,113	1,191
Amount owing by contract customers	24,988	23,757
Trade receivables	54,742	45,001
Other receivables, deposits and prepayments	36,790	28,706
Amount owing by associates	-	-
Tax refundable	652	1,701
Fixed deposits with licensed banks	8,107	21,448
Cash and bank balances	6,804	2,331
	<u>133,196</u>	<u>124,135</u>
TOTAL ASSETS	<u>179,376</u>	<u>171,524</u>
EQUITY AND LIABILITIES		
EQUITY		
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	3,133	2,672
	<u>82,434</u>	<u>81,973</u>
NON-CONTROLLING INTERESTS	<u>6,066</u>	<u>6,194</u>
TOTAL EQUITY	<u>88,500</u>	<u>88,167</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	732	889
Term Loan	10,947	11,617
	<u>11,679</u>	<u>12,506</u>
CURRENT LIABILITIES		
Trade payables	35,003	41,446
Other payables and accruals	12,364	12,618
Amount owing to directors	492	492
Amount owing to shareholders	2,938	2,938
Hire purchase payables	310	309
Term Loan	1,322	1,271
Bankers' acceptance	4,588	3,787
Revolving credits	3,000	3,000
Bank Overdrafts	19,180	4,990
	<u>79,197</u>	<u>70,851</u>
TOTAL LIABILITIES	<u>90,876</u>	<u>83,357</u>
TOTAL EQUITY AND LIABILITIES	<u>179,376</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 SECOND (2ND) QUARTER ENDED 30TH JUNE 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
Current period to date ended 30 June 2018									
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	-	-	-	-	-	461	461	(128)	333
Balance at 30 June 2018 (Unaudited)	<u>89,783</u>	<u>17</u>	<u>(10,500)</u>	<u>-</u>	<u>1</u>	<u>3,133</u>	<u>82,434</u>	<u>6,066</u>	<u>88,500</u>
Preceding period to date ended 30 June 2017									
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	-	-	-	-	-	186	186	431	617
Issuance of share									
- Private Placement	3,568	-	-	1,784	-	-	5,352	-	5,352
- Issuance of right shares pursuant to public issue	40,578	-	-	-	-	-	40,578	-	40,578
Balance at 30 June 2017 (Unaudited)	<u>81,157</u>	<u>17</u>	<u>(10,500)</u>	<u>9,327</u>	<u>-</u>	<u>2,252</u>	<u>82,253</u>	<u>5,341</u>	<u>87,594</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 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 SECOND (2ND) QUARTER ENDED 30TH JUNE 2018

	UNAUDITED CURRENT PERIOD TO DATE 30 June 2018 RM'000	UNAUDITED PRECEDING PERIOD TO DATE 30 June 2017 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	333	617
Adjustments for:-		
Depreciation of plant and equipment	1,258	436
Depreciation of investment properties	64	-
Gain on foreign exchange - unrealised	(422)	(1)
Interest expense	1,259	333
Interest income	(472)	(363)
Share of result in associates	-	52
Writeback of allowance for impairment losses on plant and equipment	-	(66)
Writeback of allowance for impairment losses on trade receivables	-	(2,859)
Operating profit/(loss) before working capital changes	2,020	(1,851)
Decrease/(Increase) in inventories	78	(119)
(Increase)/Decrease in amount owing by contract customers	(1,231)	1,106
Increase in trade and other receivables	(17,824)	(21,953)
Decrease in trade and other payables	(6,697)	(5,218)
Net decrease in amount owing to an associate	-	(510)
CASH FLOWS FOR OPERATING ACTIVITIES	(23,654)	(28,545)
Interest paid	(1,259)	(333)
Income tax Paid	(183)	(379)
Income tax refunded	1,232	-
NET CASH FOR OPERATING ACTIVITIES	(23,864)	(29,257)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Acquisition of subsidiaries	-	6
Interest received	472	363
Purchase of plant and equipment	(113)	(43)
Withdrawal/(Placement) of fixed deposit pledged	13,341	(18,187)
Proceeds from disposal of plant and equipment	-	1,054
NET CASH FROM/(FOR) INVESTING ACTIVITIES	13,700	(16,807)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from directors	-	20
Advance from shareholders	-	30
Proceeds from issuance of share capital from Private Placement	-	5,351
Proceeds from issuance of share capital from Right Issue	-	40,579
Net Drawdown / (Repayment) in bankers' acceptances	801	(3,189)
Net (Repayment) / Drawdown of hire purchase obligations	(157)	717
Net Repayment of term loan	(619)	(256)
NET CASH FROM FINANCING ACTIVITIES	25	43,252
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,139)	(2,812)
FOREIGN EXCHANGE RATE ADJUSTMENT	422	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(2,659)	(299)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(12,376)	(3,110)

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.

MFRS and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 Transformer and Steam Coal	Rental Income	Energy Utilities Services and Power Generation	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	4,928	1,802	4,015	59,694	98	1,732	72,269
Inter-segment revenue	-	-	-	-	-	-	-
Total segment revenue	<u>4,928</u>	<u>1,802</u>	<u>4,015</u>	<u>59,694</u>	<u>98</u>	<u>1,732</u>	<u>72,269</u>
Segment result	(160)	347	446	5,414	98	419	6,564
Other operating income							1,426
Administrative expenses							(5,444)
Other expenses							(724)
Finance costs							(1,489)
Share of Result from Associates (Net)							-
Tax expense							-
Profit after taxation							<u>333</u>

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

Revenue by Geographical Markets

	Current Year To Date 30 June 2018	
	RM'000	%
Malaysia	13,082	18
Other Asian Countries	59,187	82
	<u>72,269</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.

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

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:-

	Current Quarter Ended 30 June 2018 RM'000	Preceding Financial Year Ended 31 Dec 2017 RM'000
Contingent Liability		
- 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:-

	Current Quarter Ended 30 June 2018 RM'000	Cumulative Year-To-Date 30 June 2018 RM'000
Nature of transaction		
Rental of premises	196	391
Contract Expenses	-	26
	<u>196</u>	<u>417</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 RM24.652 million for the current financial quarter under review as compared to RM7.667 million in the preceding corresponding quarter representing a significant increase of RM16.985 million or 221.53%. 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 RM2.005 million as compared to a gross profit before tax of RM0.833 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 RM5.414 million or 82.48% with a revenue of RM59.694 million or 82.60%. Further information is disclosed in Note A9.

The Group recorded a negative cash flow for operating activities amounting to RM23.654 million and a negative net cash flow for operating activities of RM23.864 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

	Current Quarter 30 June 2018 RM'000	Preceding Quarter 31 Mar 2018 RM'000	Variance RM'000
Revenue	24,652	47,617	(22,965)
Profit before tax	(375)	708	(1,083)

Revenue of the Group decreased by 48.23% amounting to RM22.965 million for the current financial quarter as compared to immediate preceding financial quarter mainly due to reduced of revenue contributed from trading segment amounting to RM25.352 million. The Group reported a net loss before tax of RM0.375 million for the current financial quarter as compared to a net profit before tax of RM0.708 million in the immediate preceding quarter due to gross loss in M&E Engineering services segment.

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.

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

B4. Taxation

	Current Quarter Ended 30 June 2018 RM'000	Cumulative Period-To-Date 30 June 2018 RM'000
Current tax expenses:		
- for the financial period	-	-
- under provision in the previous financial period	-	-
Deferred tax expense:		
- for the financial period	-	-
- over provision in the previous financial period	-	-
 Current Tax for the current financial period	 -	 -

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").

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

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 ("M&A Securities") 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 ("Bursa Securities") for approval.

On 6 July 2018, M&A Securities announced on behalf of the Company that Bursa Securities has resolved to approve the listing of up to 116,055,000 new ordinary shares in the Company to be issued pursuant to the Proposed Special Issue.

The approval granted by Bursa Securities for the Proposed Special Issue is subject to the following conditions:

- (a) PGB and M&A Securities must fully comply with the relevant provisions under the Bursa Securities ACE Market Listing ("ACE LR") pertaining to the implementation of the Proposed Special Issue;
- (b) PGB and M&A Securities to inform Bursa Securities upon the completion of the Proposed Special Issue; and
- (c) PGB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Special Issue is completed.

In relation to the circular to the shareholders on the Proposals, PGB is required to incorporate the comments of Bursa Securities made on the circular to shareholders.

On 19 July 2018, the Company announced that an Extraordinary General Meeting ("EGM") of the Company will be held at Wisma Modal Khas on Monday, 6 August 2018 at 10.00 a.m. and Circular to Shareholder dated 20 July 2018.

On 6 August 2018, the Company announced that the shareholders of the Company have at the EGM held on 6 August 2018 approved all the resolutions set out in the Notice of EGM dated 20 July 2018.

All resolutions were voted by poll and the results of the poll were validated by TMF Global Services (Malaysia) Sdn. Bhd., the independent scrutineer appointed by the Company.

- (vi) On 12 June 2018, the Company announced that its wholly-owned subsidiary, Pasukhas Energy Sdn Bhd ("PESB"), had on 12 June 2018 accepted an Al-Kafalah Facility from Danajamin Nasional Berhad be granted to a special purpose vehicle to be wholly-owned by PESB (Obligor) to guarantee the Obligor's payment obligations under Tranche 1 of the Proposed Islamic Medium Term Notes Programme of up to a nominal amount of RM17,000,000.00.

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 have been utilised in the following manner:-

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation upon Listing Date
Working Capital	5,351	5,351	-	Within 18 months
	<u>5,351</u>	<u>5,351</u>	<u>-</u>	

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

- (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 have been utilised in the following manner:-

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation upon Listing Date
Payment of Remaining ISE Purchase Consideration	11,400	11,400	-	Within 6 months
Working Capital	27,579	27,579	-	Within 18 months
Estimated Corporate Exercise Expenses	1,600	1,600	-	Within 1 month
	40,579	40,579	-	

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 June 2018 are as follows:-

	Short Term RM'000	Long Term RM'000	Total borrowings RM'000
As at 2nd Quarter ended 30 June 2018			
Secured			
Hire purchase payables	310	732	1,042
Term loan	1,322	10,947	12,269
Bankers' acceptances (90 days to 150 days)	4,588	-	4,588
Revolving credits	3,000	-	3,000
	9,220	11,679	20,899
As at 2nd Quarter ended 30 June 2017			
Secured			
Hire purchase payables	296	946	1,242
Term loan	3,043	7,574	10,617
Bankers' acceptances (90 days to 150 days)	4,012	-	4,012
Revolving credits	3,000	-	3,000
	10,351	8,520	18,871

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) 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 was dismissed with a cost of RM10,000.

Emerald filed a Notice of motion that it be given leave to appeal to the Federal Court against the decision of the Court of Appeal given against the dismissal in the Court of Appeal on 23 May 2018. The matter is pending grounds of decision from Court of Appeal.

Hearing for the leave application is fixed on 3 October 2018 and the Company will make further announcements on any material development on this matter.

(ii) 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").

B9. Material Litigation (Continue)

(ii) 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)

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 (continue):-

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

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

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

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

- (a) unpaid value of works done pursuant to interim Progress Claim No. 12a;
- (b) formwork wastage;
- (c) unpaid value of variation works including:
 - (i) supply of labour;
 - (ii) supply of materials;
 - (iii) supply of plant, tools & equipment;
 - (iv) casting lean concrete;
 - (v) additional concrete grouting to crusher run;
 - (vi) additional rebar works;
- (d) loss and expense claims arising from the 1st disruption to the works, namely bored pile rectification and late handover by BP02 contractor;
- (e) loss and expense claims arising from the 2nd disruption to the works, namely the discontinuity of concrete pouring;

B9. Material Litigation (Continue)

(ii) 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 (continue):

- (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.

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

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

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

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

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

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

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

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

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

The Adjudicator's Decision was as follows:

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

B9. Material Litigation (Continue)

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

The Adjudicator's Decision was as follows (continue):

(b) For the Adjudicated Costs:

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

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

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

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

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

PSB filed for application for stay pending the disposal of the arbitration supported by affidavit on 25 June 2018 and ECSB has replied to PSB's affidavit on 26 July 2018 and PSB has further replied to ECSB's affidavit on 10 August 2018. The matter is pending a further reply by ECSB towards PSB's affidavit dated 10 August 2018 (if ECSB sees a need to so further reply), and all replies by affidavit have to be exhausted by 7 September 2018.

The Parties will need to file submissions and submission in reply by 21 September 2018 and the next case management is on 26 September 2018.

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

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

B10. Dividends

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

B11. (Loss) / Earnings Per Share

Basic (loss)/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
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
(Loss)/Profit attributable to the equity holders of the Company (RM'000)	(228)	40	461	186
Weighted average number of ordinary shares in issue ('000)	811,573	514,200	811,573	514,200
Basic (loss)/earnings per share (sen)	(0.03)	0.01	0.06	0.04

Note :

Diluted (loss)/earnings per share is not disclosed herein as it is not applicable to the Group.

B12. (Loss)/Profit for the Period

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

	Current Quarter	Cumulative
	Ended	Year-To-Date
	30 June 2018	30 June 2018
	RM'000	RM'000
(a) Interest income	(165)	(472)
(b) Other income	(788)	(954)
(c) Interest expense	647	1,259
(d) Depreciation and amortisation	621	1,258
(e) Foreign exchange (gain) / loss (net):		
(i) Unrealised Gain on Foreign Exchange	(422)	(422)

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 23 August 2018.

By Order of the Board of Directors

WAN THEAN HOE
CHIEF EXECUTIVE OFFICER
23 August 2018