

**PASUKHAS GROUP BERHAD** Registration No.: 200501009342 (686389-A)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SECOND (2ND) QUARTER ENDED 30TH JUNE 2020**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR	PRECEDING YEAR	CHANGES (AMOUNT / %)	CURRENT YEAR	PRECEDING YEAR	CHANGES (AMOUNT / %)
	QUARTER	CORRESPONDING		TO DATE	CORRESPONDING	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000		30 Jun 2020 RM'000	30 Jun 2019 RM'000	
Revenue	2,231	7,960	(5,729) / -72%	3,629	17,667	(14,038) / -79%
Contract Expenses	(1,576)	(6,275)		(3,010)	(14,773)	
Gross Profit	655	1,685	(1,030) / -61%	619	2,894	(2,275) / -79%
Other Operating Income	227	103		353	167	
	882	1,788		972	3,061	
Administrative Expenses	(1,711)	(2,414)		(3,635)	(5,005)	
Other Expenses	(417)	(58)		(835)	(363)	
Finance Costs	(566)	(636)		(1,193)	(1,263)	
Net Impairment Losses on Financial Assets and Contract Assets	-	-		-	-	
Loss Before Taxation	(1,812)	(1,320)	(492) / 37%	(4,691)	(3,570)	(1,121) / 31%
Income Tax Expense	13	-		27	-	
Loss After Taxation	(1,799)	(1,320)	(479) / 36%	(4,664)	(3,570)	(1,094) / 31%
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Expenses For The Financial Period	(1,799)	(1,320)		(4,664)	(3,570)	
Loss After Taxation Attributable To :-						
Owners of the Company	(1,663)	(1,236)	(427) / 35%	(4,111)	(3,511)	(600) / 17%
Non-controlling interests	(136)	(84)		(553)	(59)	
	(1,799)	(1,320)		(4,664)	(3,570)	
Total Comprehensive Expenses Attributable To :-						
Owner of the Company	(1,663)	(1,236)	(427) / 35%	(4,111)	(3,511)	(600) / 17%
Non-Controlling Interests	(136)	(84)		(553)	(59)	
	(1,799)	(1,320)		(4,664)	(3,570)	
Weighted average number of shares in issue ('000)	814,417	812,940		814,417	812,940	
Loss per share attributable to the equity holders of the Company (sen)	(0.20)	(0.15)		(0.50)	(0.43)	

**Notes:-**

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Pasukhas Group Berhad and its subsidiaries ("Group") for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial statements.

**PASUKHAS GROUP BERHAD** Registration No.: 200501009342 (686389-A)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE SECOND (2ND) QUARTER ENDED 30TH JUNE 2020**

	<b>UNAUDITED AS AT END OF CURRENT QUARTER 30 Jun 2020 RM'000</b>	<b>AUDITED AS AT 31 Dec 2019 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	26,446	27,474
Investment properties	10,090	8,424
Right-of-use assets	2,235	2,688
Deferred tax assets	1,084	1,655
Other investments	54	54
	<u>39,909</u>	<u>40,295</u>
<b>CURRENT ASSETS</b>		
Inventories	885	565
Contract assets	21,864	23,789
Trade receivables	16,104	19,815
Other receivables, deposits and prepayments	46,280	46,666
Current tax assets	247	217
Fixed deposits with licensed banks	1,903	9,250
Cash and bank balances	2,630	2,873
	<u>89,913</u>	<u>103,175</u>
<b>TOTAL ASSETS</b>	<u>129,822</u>	<u>143,470</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	89,922	89,922
Merger deficit	(10,500)	(10,500)
Fair value reserve	17	17
Foreign exchange translation reserve	-	-
Accumulated lossess	(20,062)	(15,951)
	<u>59,377</u>	<u>63,488</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>4,388</u>	<u>4,941</u>
<b>TOTAL EQUITY</b>	<u>63,765</u>	<u>68,429</u>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	999	1,545
Islamic medium term notes	13,720	14,969
Deferred tax liabilities	537	1,136
	<u>15,256</u>	<u>17,650</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	21,575	20,814
Other payables and accruals	5,344	5,752
Amount owing to directors	492	492
Amount owing to shareholders	2,938	2,938
Lease liabilities	1,081	1,017
Islamic medium term notes	1,198	1,098
Bankers' acceptance	1,442	2,627
Revolving credits	-	3,000
Bank overdrafts	16,731	19,653
	<u>50,801</u>	<u>57,391</u>
<b>TOTAL LIABILITIES</b>	<u>66,057</u>	<u>75,041</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>129,822</u>	<u>143,470</u>
Net assets per share (RM)	<u>0.08</u>	<u>0.08</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 2019 and the accompanying explanatory notes attached to this interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30TH JUNE 2020

	Non-Distributable				Distributable			
	Share Capital	Merger Deficit	Fair Value Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Current period to date ended 30 June 2020</u></b>								
Balance at 1 January 2020 (Audited)	89,922	(10,500)	17	-	(15,951)	63,488	4,941	68,429
Loss after taxation / Total comprehensive expenses for the financial period	-	-	-	-	(4,111)	(4,111)	(553)	(4,664)
<b>Balance at 30 June 2020 (Unaudited)</b>	<b>89,922</b>	<b>(10,500)</b>	<b>17</b>	<b>-</b>	<b>(20,062)</b>	<b>59,377</b>	<b>4,388</b>	<b>63,765</b>
<b><u>Preceding period to date ended 30 June 2019</u></b>								
Balance at 1 January 2019 (Audited)	89,783	(10,500)	17	(1)	(5,033)	74,266	5,172	79,438
Loss after taxation / Total comprehensive expenses for the financial period	-	-	-	-	(3,511)	(3,511)	(59)	(3,570)
Contributions by and distributions to owners of the Company:- - Foreign exchange translation differences	-	-	-	1	-	1	-	1
<b>Balance at 30 June 2019 (Unaudited)</b>	<b>89,783</b>	<b>(10,500)</b>	<b>17</b>	<b>-</b>	<b>(8,544)</b>	<b>70,756</b>	<b>5,113</b>	<b>75,869</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 2019 and the accompanying explanatory notes attached to this interim financial statements.

**PASUKHAS GROUP BERHAD** Registration No.: 200501009342 (686389-A)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SECOND (2ND) QUARTER ENDED 30TH JUNE 2020**

	UNAUDITED CURRENT PERIOD TO DATE 30 Jun 2020 RM'000	UNAUDITED PRECEDING PERIOD TO DATE 30 Jun 2019 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Loss before taxation	(4,691)	(3,570)
<b>Adjustments for:-</b>		
Depreciation of plant and equipment	1,149	1,038
Depreciation of investment properties	114	174
Depreciation of right-of-use assets	453	-
Interest expense	1,214	1,235
Interest income	(177)	(145)
Unrealised gain on foreign exchange	(17)	(8)
<b>Operating loss before working capital changes</b>	<b>(1,955)</b>	<b>(1,276)</b>
(Increase)/Decrease in inventories	(320)	182
Net decrease in contract assets/(liabilities)	1,924	1,007
Decrease in trade and other receivables	4,096	8,009
Increase/(Decrease) in trade and other payables	354	(8,931)
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>	<b>4,099</b>	<b>(1,009)</b>
Interest paid	(1,214)	(1,235)
Income tax Paid	(31)	(135)
Income tax refunded	-	307
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>	<b>2,854</b>	<b>(2,072)</b>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>		
Interest received	177	145
Purchase of plant and equipment	(121)	(387)
Purchase of investment properties	(1,780)	-
Withdrawal/(Placement) of fixed deposits pledged and/or with maturity period more than 3 months	7,697	(2,943)
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>	<b>5,973</b>	<b>(3,185)</b>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	139
Net repayment of bankers' acceptances	(1,185)	(2,914)
Net repayment of revolving credits	(3,000)	-
Repayment of lease liabilities	(482)	(140)
Net (repayment)/drawdown of Islamic medium term notes	(1,149)	17,312
Net repayment of term loan	-	(11,617)
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>	<b>(5,816)</b>	<b>2,780</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,011</b>	<b>(2,477)</b>
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>	<b>17</b>	<b>(4)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>(16,351)</b>	<b>(11,955)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>(13,323)</b>	<b>(14,436)</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 2019 and the accompanying explanatory notes attached to this interim financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 : INTERIM FINANCIAL REPORTING

## A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 : Interim Financial Reporting in Malaysia and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

## A2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019.

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

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

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period.

<b>MFRS and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**A3. Auditor's Report on Preceding Annual Financial Statements**

There were no audit qualification to the annual audited financial statements of the Group for the financial year ended 31 December 2019.

**A4. Seasonal or Cyclical Factors**

The business operations of the Group were not significantly affected by seasonal or cyclical factors.

**A5. Unusual Items**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter and financial year-to-date under review.

**A6. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the current financial quarter under review and financial year-to-date.

**A7. Changes in Debts and Equity Securities**

There were no issuances, cancellations or repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current financial quarter under review and financial year-to-date.

**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
<b>Revenue</b>							
External revenue	426	745	332	-	-	2,126	3,629
Inter-segment revenue	-	-	-	-	-	-	-
Total segment revenue	426	745	332	-	-	2,126	3,629
<b>Segment result</b>	72	138	(670)	-	-	1,079	619
Other operating income							353
Administrative expenses							(3,635)
Other expenses							(835)
Finance costs							(1,193)
Net Impairment Losses on Financial Assets and Contract Assets							-
Tax expense							27
Loss after taxation							(4,664)

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 Jun 2020	
	RM'000	%
Malaysia	3,629	100
	<u>3,629</u>	<u>100</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**A10. Valuation of Plant and Equipment**

There was no valuation of plant and equipment in the current financial quarter under review.

**A11. Subsequent Material Events**

There was no material event subsequent to the end of the financial quarter ended 30 June 2020 that has not been reflected in this interim financial statements.

**A12. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current financial quarter under review.

**A13. Contingent Assets or Liabilities**

Save as disclosed below, there were no contingent assets or contingent liabilities since the last audited financial statements of the Group for the financial year ended 31 December 2019:-

	Current Quarter Ended 30 Jun 2020 RM'000	Preceding Financial Year Ended 31 Dec 2019 RM'000
<b>Contingent Liability</b>		
- Bank guarantee issued	25	2,956

**A14. Capital Commitments**

The Group does not have any material capital commitments in respect of plant and equipment as at the end of the current financial quarter under review.

**A15. Capital Expenditure**

There were no major additions and disposals of the plant and equipment during the current financial quarter under review.

**A16. Related Party Transactions**

Save as disclosed below, there were no related party transactions for the current financial quarter under review and financial year-to-date:-

	Current Quarter Ended 30 Jun 2020 RM'000	Cumulative Year-To-Date 30 Jun 2020 RM'000
<b>Nature of transaction</b>		
Rental of premises	196	391
	<u>196</u>	<u>391</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

## B1. Review of Performance

The Group recorded a revenue of RM2.231 million for the current financial quarter under review as compared to RM7.960 million in the preceding corresponding quarter representing a decrease of RM5.729 million or 71.97%. The decrease was mainly attributable to slowdown in activities on ongoing projects for local Civil Engineering and Construction services projects. The Group's revenue was derived solely from Malaysia.

The Group recorded a gross profit before tax of RM0.655 million as compared to a gross profit before tax of RM1.685 million in the corresponding quarter of the preceding year.

The energy utilities services and power generation segment provided the largest contribution of RM1.079 million or 174.31% to the Group with a revenue of RM2.126 million or 58.58%. Further information is disclosed in Note A9.

The Group recorded a positive cash flow for operating activities amounting to RM4.099 million and a positive net cash flow for operating activities of RM2.854 million after adjusting for interest and income tax paid. The positive cash flow are mainly due to decrease in trade receivables.

## B2. Comparison with Preceding Quarter's Results

	Current Quarter 30 Jun 2020 RM'000	Preceding Quarter 31 Mar 2020 RM'000	Variance RM'000
Revenue	2,231	1,398	833
Loss before tax	(1,812)	(2,879)	1,067

Revenue of the Group increased by 59.59% amounting to RM0.833 million for the current financial quarter as compared to immediate preceding financial quarter mainly due to increased of revenue contributed from manufacturing of LV switchboards. The Group reported a net loss before tax of RM1.812 million for the current financial quarter as compared to a net loss before tax of RM2.879 million in the immediate preceding quarter.

## B3. Prospects

The year 2020 will no doubt bring a fair share of challenges and opportunities to the Group. With the Coronavirus disease 2019 (COVID-19) pandemic outbreak worldwide, like other companies in the same industry, the immediate prospects for the Group are not encouraging in the event that the macro economic and political climate do not improve drastically. The Group has implemented cost cutting measures pending a more vibrant economic outlook.

Nevertheless, the Group remains reasonably optimistic as it will continue to leverage on its clients base, internal strength and marketing efforts to secure new contracts from both local and overseas clients. With its solid foundation, and keen eye for integrating suitable acquisition and mergers into its expansion, the Group is expected to maintain sustainable growth and improved profitability for the foreseeable financial years.

The Board believe that with the continuous growth in the energy utilities services and power generation segment will contribute positively to the financial performance of the Group. The Renewable Energy, i.e. energy utilities services and power generation business, with the long term stable income stream derived from the energy utilities services continue to contribute positively to long term revenue and profits of the Group.

Nonetheless, the Group will continue to focus and review its strategies to improve the cost, quality and delivery of its products and services as well as overall operational efficiencies in order to remain competitive in the industries the Group operate in.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## B4. Taxation

	Current Quarter Ended 30 Jun 2020 RM'000	Cumulative Period-To-Date 30 Jun 2020 RM'000
<b>Current tax expenses:</b>		
- for the financial year	-	-
- under provision in the previous financial year	-	-
<b>Deferred tax expense:</b>		
- for the financial year	13	27
- over provision in the previous financial year	-	-
Current Tax for the current financial period	13	27

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

## B5. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee during the current financial quarter under review.

## B6. Status of Corporate Proposals

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

- (i) On 11 July 2017, the Company announced that its wholly-owned subsidiary, Pasukhas Energy Sdn Bhd ("PESB" or "the Purchaser") had entered into a Memorandum of Understanding ("MOU") with IR Hariyanto (IC No: 3174043011620003) ("the Vendor") for the proposed acquisition of 61% equity interest in the share capital of PT Indomuda Satria Internusa ("PT Indomuda") from the Vendor.

There is no material development on the status of this MOU as announced previously.

- (ii) On 22 November 2017, the Company announced that its wholly-owned subsidiary, Pasukhas Products Sdn. Bhd. ("PPSB") had entered into a Preliminary Share Sales Agreement ("PSSA") with Masrani (KTP. 6305-0101-0868-0005), Agus Triono (KTP. 6371-0319-0969-0007), Akhmad Syaifullah (KTP. 6371-0127-0479-0011) and Khutut Jalu Prasajo (KTP. 3174-0903-0365-0014) ("the Vendors") in relation to the acquisition of 150 ordinary shares, representing 60% of the issued and paid-up share capital of PT Berkah Bumi Luhur ("PT BBL") for a total cash consideration of IDR3,300,000,000 or equivalent to approximately RM1,000,000, upon the terms and conditions stipulated in the PSSA.

On 1 March 2018, the Company announced that PT Berkah Bumi Luhur is now known as PT Berkah Bumi Leluhur ("PT BBLeluhur") had undertaken their internal restructuring. PPSB had on 1 March 2018 entered into a Conditional Sale and Purchase of Shares Agreement ("CSPA") with Akhmad Syaifullah, Kutut Jalu Prasajo, Joko Purnomo, Agus Triono and Masrani (collectively as "the Vendors") in relation to the acquisition of 1,650 shares ("Sale Shares"), representing 60% of the issued and paid-up share capital of PT BBLeluhur for a total cash consideration of IDR3.3 billion ("Purchase Price") or equivalent to approximately RM1.0 million, upon the terms and conditions as stipulated in the CSPA ("Proposed Acquisition").

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

**B7. Group Borrowings and Debt Securities**

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

	Short Term RM'000	Long Term RM'000	Total borrowings RM'000
<b>As at 1st Quarter ended 30 Jun 2020</b>			
<b>Secured</b>			
Lease liabilities	1,081	999	2,080
Islamic medium term notes	1,198	13,720	14,918
Bankers' acceptances (90 days to 150 days)	1,442	-	1,442
Revolving credits	-	-	-
	<u>3,721</u>	<u>14,719</u>	<u>18,440</u>

	Short Term RM'000	Long Term RM'000	Total borrowings RM'000
<b>As at 1st Quarter ended 30 Jun 2019</b>			
<b>Secured</b>			
Lease liabilities	294	368	662
Islamic medium term notes	1,512	15,800	17,312
Bankers' acceptances (90 days to 150 days)	3,488	-	3,488
Revolving credits	3,000	-	3,000
	<u>8,294</u>	<u>16,168</u>	<u>24,462</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

**B8. Material Litigation**

There were no material litigation, involving the Group since the date of the last annual statement of financial position of the Group as at 31 December 2019 up to the date of this interim report, except for the following:-

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**B8. Material Litigation (Continued)**

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

In summary, the Claimant is seeking the following relief (Continued):-

(5) An order that the Respondent pays costs to the Claimant;

(6) Interest on all sums ordered to be paid to the Claimant at the annual rate of 5% from the date of the Award until the full and final realisation of the Award.

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

(a) unpaid value of works done pursuant to interim Progress Claim No. 12a;

(b) formwork wastage;

(c) unpaid value of variation works including:

(i) supply of labour;

(ii) supply of materials;

(iii) supply of plant, tools & equipment;

(iv) casting lean concrete;

(v) additional concrete grouting to crusher run;

(vi) additional rebar works;

(d) loss and expense claims arising from the 1st disruption to the works, namely bored pile rectification and late handover by BP02 contractor;

(e) loss and expense claims arising from the 2nd disruption to the works, namely the discontinuity of concrete pouring;

(f) release of the full retention sum withheld by the Claimant;

(g) costs;

(h) interest; and

(i) further reliefs to be particularised during the filing of the Statement of Defence and Counterclaim

The Respondent estimates its counter-claim to be in the region of RM4,000,000.00.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**B8. Material Litigation (Continued)**

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

On 6 February 2018, the wholly-owned subsidiary of the Company, Pasukhas Sdn Bhd ("PSB" or "Claimant") had served 1 Payment Claim under Section 5 of the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") against Empire Multiple Sdn Bhd ("EMSB" or "Respondent"), claiming total amount of RM6,332,275.63 ("CIPAA Payment Claim") being outstanding sum due and owing by EMSB.

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

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

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

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

The Adjudicator's Decision was as follows:

(a) For the Adjudicated Sum:

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

(b) For the Adjudicated Costs:

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

On 20 September 2018, PSB filed an application to enforce the CIPAA decision dated 17 August 2018 at Kuala Lumpur High Court. On 8 October 2018, EMSB filed an application to transfer the enforcement proceeding to Ipoh High Court. EMSB's application was dismissed.

On 28 September 2018, EMSB filed an application to stay the enforcement of the CIPAA decision & set aside the CIPAA decision dated 17 August 2018 in Ipoh High Court. PSB filed application to transfer EMSB's setting aside & stay proceeding to Kuala Lumpur High Court. The case management for the application to transfer EMSB's application was on 22 November 2018.

On 12 February 2019, the Kuala Lumpur High Court allowed PSB's application to enforce the CIPAA decision dated 17.8.2018 and dismissed EMSB's application to set aside and stay the CIPAA decision.

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

On 7 March 2019, PSB served a winding up notice against EMSB. EMSB have then applied for and obtained an ex-parte injunction against PSB's winding up proceeding on 27 March 2019.

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

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

On 19 June 2019, the Ipoh High Court allowed EMSB's application for a Fortuna Injunction.

PSB is appealing against the Ipoh High Court's decision and the appeal is fixed for case management via e-review on 28 August 2020, pending mediation.

On 8 October 2019, PSB's motion to strike out Empire Multiple's appeal against the judgment dated 12 February 2019 has been fixed for hearing before the learned Judges at the Court of Appeal. Continued hearing date has been postponed to 10 September 2020.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**B8. Material Litigation (Continued)****(ii) In the matter of an adjudication between Pasukhas Sdn Bhd (“PSB” or “Claimant”) and Empire Multiple Sdn Bhd (EMSB” or “Respondent) (Continued)**

On 31 October 2019, PSB filed a Judgment Debtor Summons (“JDS Suit”) at the Kuala Lumpur High Court to summon EMSB’s directors and officer for examination of EMSB’s asset. EMSB has filed an application to transfer the JDS Suit to Ipoh High Court and the application to transfer has been approved during hearing on 16 January 2020.

On 14 February 2020, PSB filed a Writ of Summons against EMSB, EMSB’s directors and EMSB’s auditor at Ipoh High Court. Next case management has been fixed on 9 September 2020 for both parties to update Court about the status of mediation.

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

**B9. Dividends**

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

**B10. Loss Per Share**

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of shares in issue for the financial period.

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 Jun 2020	Preceding Year Corresponding Quarter Ended 30 Jun 2019	Current Year To Date 30 Jun 2020	Preceding Year Corresponding Period To Date 30 Jun 2019
Loss attributable to the equity holders of the Company (RM'000)	(1,663)	(1,236)	(4,111)	(3,511)
Weighted average number of ordinary shares in issue ('000)	814,417	812,940	814,417	812,940
Basic loss per share (sen)	(0.20)	(0.15)	(0.50)	(0.43)

Note :

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

**B11. Loss for the Period**

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

	Current Quarter Ended 30 Jun 2020	Cumulative Year-To-Date 30 Jun 2020
	RM'000	RM'000
(a) Interest income	(100)	(177)
(b) Other income	100	(176)
(c) Interest expense	579	1,214
(d) Depreciation and amortisation	857	1,716
(e) Unrealised loss on foreign exchange	2	(17)

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

**B12. 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 27 August 2020.

**By Order of the Board of Directors**

**WAN THEAN HOE**  
**CHIEF EXECUTIVE OFFICER**  
 27 August 2020