

PASUKHAS GROUP BERHAD Registration No.: 200501009342 (686389-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST (1ST) QUARTER ENDED 31ST MARCH 2021

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR	PRECEDING YEAR	CHANGES	CURRENT YEAR	PRECEDING YEAR	CHANGES
	QUARTER	CORRESPONDING	(AMOUNT / %)	TO DATE	CORRESPONDING	(AMOUNT / %)
	31 Mar 2021	31 Mar 2020	RM'000	31 Mar 2021	31 Mar 2020	RM'000
	RM'000	RM'000		RM'000	RM'000	
Revenue	19,975	1,398	18,577 / 1329%	19,975	1,398	18,577 / 1329%
Contract Expenses	(17,879)	(1,434)		(17,879)	(1,434)	
Gross Profit / (Loss)	2,096	(36)	2,132 / -5922%	2,096	(36)	2,132 / -5922%
Other Operating Income	370	126		370	126	
	2,466	90		2,466	90	
Administrative Expenses	(1,792)	(1,924)		(1,792)	(1,924)	
Other Expenses	(304)	(418)		(304)	(418)	
Finance Costs	(283)	(627)		(283)	(627)	
Net Impairment Losses on Financial Assets and Contract Assets	-	-		-	-	
Profit / (Loss) Before Taxation	87	(2,879)	2,966 / -103%	87	(2,879)	2,966 / -103%
Income Tax Expense	14	14		14	14	
Profit / (Loss) After Taxation	101	(2,865)	2,966 / -104%	101	(2,865)	2,966 / -104%
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Income / (Expenses) For The Financial Period	101	(2,865)		101	(2,865)	
Profit / (Loss) After Taxation Attributable To :-						
Owners of the Company	251	(2,448)	2,699 / -110%	251	(2,448)	2,699 / -110%
Non-controlling interests	(150)	(417)		(150)	(417)	
	101	(2,865)		101	(2,865)	
Total Comprehensive Income / (Expenses) Attributable To :-						
Owner of the Company	251	(2,448)	2,699 / -110%	251	(2,448)	2,699 / -110%
Non-Controlling Interests	(150)	(417)		(150)	(417)	
	101	(2,865)		101	(2,865)	
Weighted average number of shares in issue (‘000)	1,408,665	814,417		1,408,665	814,417	
Earning/(Loss) per share attributable to the equity holders of the Company (sen)	0.02	(0.30)		0.02	(0.30)	

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 2020 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 FIRST (1ST) QUARTER ENDED 31ST MARCH 2021

	UNAUDITED AS AT END OF CURRENT QUARTER 31 Mar 2021 RM'000	AUDITED AS AT 31 Dec 2020 RM'000
ASSETS		
NON-CURRENT ASSETS		
Plant and equipment	25,027	25,476
Investment properties	8,653	8,701
Right-of-use assets	2,122	1,248
Deferred tax assets	1,655	1,655
Other investments	54	54
	<u>37,511</u>	<u>37,134</u>
CURRENT ASSETS		
Inventories	406	406
Contract assets	10,695	6,928
Trade receivables	18,989	20,023
Other receivables, deposits and prepayments	45,529	32,570
Current tax assets	248	248
Short-term investment	13,515	8,013
Fixed deposits with licensed banks	1,614	2,429
Cash and bank balances	9,436	7,423
	<u>100,432</u>	<u>78,040</u>
TOTAL ASSETS	<u>137,943</u>	<u>115,174</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	144,752	117,501
Reserves	-	4,129
Merger deficit	(10,500)	(10,500)
Fair value reserve	17	17
Foreign exchange translation reserve	(1)	(1)
Accumulated losses	(54,671)	(54,922)
	<u>79,597</u>	<u>56,224</u>
NON-CONTROLLING INTERESTS	1,649	1,799
TOTAL EQUITY	<u>81,246</u>	<u>58,023</u>
NON-CURRENT LIABILITIES		
Lease liabilities	1,285	693
Islamic medium term notes	12,396	13,771
Deferred tax liabilities	1,067	1,081
	<u>14,748</u>	<u>15,545</u>
CURRENT LIABILITIES		
Trade payables	20,888	17,732
Other payables and accruals	15,955	18,280
Lease liabilities	459	244
Islamic medium term notes	1,298	1,198
Bankers' acceptance	-	796
Bank overdrafts	3,349	3,356
	<u>41,949</u>	<u>41,606</u>
TOTAL LIABILITIES	<u>56,697</u>	<u>57,151</u>
TOTAL EQUITY AND LIABILITIES	<u>137,943</u>	<u>115,174</u>
Net assets per share (RM)	<u>0.06</u>	<u>0.07</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 2020 and the accompanying explanatory notes attached to this interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

	<----- Share Capital	Employee Share Option Reserve	Non-Distributable Merger Deficit	Fair Value Reserve	-----> Foreign Exchange Translation Reserve	Distributable 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	RM'000
<u>Current period to date ended 31 March 2021</u>									
Balance at 1 January 2021 (Audited)	117,501	4,129	(10,500)	17	(1)	(54,922)	56,224	1,799	58,023
Profit / (Loss) after taxation / Total comprehensive income / (expenses) for the financial period	-	-	-	-	-	251	251	(150)	101
Contributions by and distributions to owners of the Company:-									
- Issuance of shares upon exercise of ESOS	23,404		-	-	-	-	23,404	-	23,404
- Recognition of share option expenses	-	(282)	-	-	-	-	(282)	-	(282)
- Transfer to share capital for ESOS exercised	3,847	(3,847)	-	-	-	-	-	-	-
Balance at 31 March 2021 (Unaudited)	<u>144,752</u>	<u>-</u>	<u>(10,500)</u>	<u>17</u>	<u>(1)</u>	<u>(54,671)</u>	<u>79,597</u>	<u>1,649</u>	<u>81,246</u>
<u>Preceding period to date ended 31 March 2020</u>									
Balance at 1 January 2020 (Audited)	89,922	-	(10,500)	17	-	(15,951)	63,488	4,941	68,429
Loss after taxation / Total comprehensive expenses for the financial period	-	-	-	-	-	(2,448)	(2,448)	(417)	(2,865)
Balance at 31 March 2020 (Unaudited)	<u>89,922</u>	<u>-</u>	<u>(10,500)</u>	<u>17</u>	<u>-</u>	<u>(18,399)</u>	<u>61,040</u>	<u>4,524</u>	<u>65,564</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 2020 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 FIRST (1ST) QUARTER ENDED 31ST MARCH 2021

	UNAUDITED CURRENT PERIOD TO DATE 31 Mar 2021 RM'000	UNAUDITED PRECEDING PERIOD TO DATE 31 Mar 2020 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	87	(2,879)
Adjustments for:-		
Amortisation of transaction costs capitalised	25	-
Depreciation of plant and equipment	570	575
Depreciation of investment properties	48	57
Depreciation of right-of-use assets	126	227
Gain on disposal of plant and equipment	(4)	-
Share options to employees	(282)	-
Interest expense	268	635
Interest income	(61)	(77)
Unrealised gain on foreign exchange	(2)	(19)
Operating profit/(loss) before working capital changes	775	(1,481)
Decrease in inventories	-	(126)
Net (increase)/decrease in contract	(3,767)	1,329
(Increase)/Decrease in trade and other receivables	(11,925)	4,242
Increase/(Decrease) in trade and other payables	832	(955)
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES	(14,085)	3,009
Interest paid	(268)	(635)
Income tax Paid	-	(31)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(14,353)	2,343
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Interest received	61	77
Purchase of investment properties	-	(1,780)
Purchase of plant and equipment	(121)	(19)
Withdrawal of fixed deposits pledged and/or with maturity period more than 3 months	-	2,022
Proceeds from disposal of plant and equipment	4	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(56)	300
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Proceeds from exercise of employees' share options	23,404	-
Net repayment of bankers' acceptances	(796)	(817)
Repayment of lease liabilities	(192)	(261)
Net repayment of Islamic medium term notes	(1,300)	(1,175)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	21,116	(2,253)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,707	390
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	1	19
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	14,509	(16,351)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	21,217	(15,942)

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 2020 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 2020. 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 2020.

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 2020.

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

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendment to MFRS 16: Covid-19-Related Rent Concessions
- Amendments to MFRS 101 and MFRS 108: Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

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

MFRS and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A4. Seasonal or Cyclical Factors

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

A5. Unusual Items

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

A6. Material Changes in Estimates

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

A7. Changes in Debts and Equity Securities

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

- (i) issuance of new ordinary shares pursuant to the employees' share option scheme ("ESOS"):-

Date of offer	No. of shares issued (units)	Issue price per share (RM)
24 December 2020	30,102,600	0.0725
24 December 2020	60,000,000	0.0725
16 February 2021	30,000,000	0.0500
16 February 2021	60,000,000	0.0500
19 February 2021	60,642,500	0.0475
19 February 2021	60,000,000	0.0475
1 March 2021	60,000,000	0.0475
9 March 2021	75,791,000	0.0400
11 March 2021	22,737,300	0.0400

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	914	-	17,868	-	-	1,193	19,975
Inter-segment revenue	-	-	-	-	-	-	-
Total segment revenue	914	-	17,868	-	-	1,193	19,975
Segment result	111	-	1,303	-	-	682	2,096
Other operating income							370
Administrative expenses							(1,792)
Other expenses							(304)
Finance costs							(283)
Net Impairment Losses on Financial Assets and Contract Assets							-
Tax expense							14
Profit after taxation							101

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A9. Segmental Information (Continued)

Revenue by Geographical Markets

	Current Year To Date 31 Mar 2021	
	RM'000	%
Malaysia	19,975	100
	<u>19,975</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 was no material event subsequent to the end of the financial quarter ended 31 March 2021 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 2020:-

	Current Quarter Ended 31 Mar 2021 RM'000	Preceding Financial Year Ended 31 Dec 2020 RM'000
Contingent Liability		
- Bank guarantee issued	<u>875</u>	<u>-</u>

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 31 Mar 2021 RM'000	Cumulative Year-To-Date 31 Mar 2021 RM'000
Nature of transaction		
Contract Income	<u>2,340</u>	<u>2,340</u>
	<u>2,340</u>	<u>2,340</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 RM19.975 million for the current financial quarter under review as compared to RM1.398 million in the preceding corresponding quarter representing a increase of RM18.577 million or 1,328.83%. The increase was mainly attributable to secure new 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 RM2.096 million as compared to a gross loss before tax of RM0.036 million in the corresponding quarter of the preceding year.

The Civil Engineering and Construction Services segment provided the largest contribution of RM1.303 million or 62.17% to the Group with a revenue of RM17.868 million or 89.45%. Further information is disclosed in Note A9.

The Group recorded a negative cash flow for operating activities amounting to RM14.085 million and a negative net cash flow for operating activities of RM14.353 million after adjusting for interest and income tax paid. The positive cash flow are mainly due to exercise of ESOS.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31 Mar 2021 RM'000	Preceding Quarter 31 Dec 2020 RM'000	Variance RM'000
Revenue	19,975	4,663	15,312
Profit/(Loss) before tax	87	(35,129)	35,216

Revenue of the Group increased from RM4.663 million to RM19.975 million which amounting to RM15.312 million or 328.37% for the current financial quarter as compared to immediate preceding financial quarter mainly due to increased of revenue contributed from Civil Engineering and Construction Services. The Group reported a net profit before tax of RM0.087 million for the current financial quarter as compared to a net loss before tax of RM35.129 million in the immediate preceding quarter mainly due to impairment loss of RM27.913 million and ESOS fair value of RM4.129 million in preceding quarter.

B3. Prospects

The year 2021 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.

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

The Board believe that with the continuous growth in the Energy Utilities Services and Power Generation segment will contribute positively to the financial performance of the Group. The Renewable Energy, i.e. energy utilities services and power generation business, with the long term stable income stream derived from the energy utilities services continue to contribute positively to long term revenue and profits of the Group. On top of the above, the Group will kick start its development project and expand into River Sand Extraction cum Trading segment in the near future.

To fund the said projects and expansion, on 18 September 2020, the Group had completed the private placement of up to 81,440,000 new ordinary shares in the Company, representing 10% of the total number of issued shares of the Company. Further, on 4 December 2020, the Company had completed the private placement of up to 268,757,000 new ordinary shares in the Company, representing 30% of the total number of issued shares of the Company.

Furthermore, on 17 March 2021, the Group announced the undertaking of proposed consolidation of every 10 existing ordinary shares in Pasukhas ("Pasukhas Shares" or "Shares") into 1 Pasukhas Share ("Consolidated Share") ("Proposed Share Consolidation"); and proposed renounceable rights issue of up to 992,394,438 new Shares ("Rights Shares") together with up to 578,896,755 free detachable warrants in Pasukhas ("Warrants A") on the basis of 12 Rights Shares together with 7 free Warrants A for every 2 existing Consolidated Shares held by the entitled shareholders on an entitlement date to be determined ("Entitled Shareholders") ("Right Entitlement Date") ("Proposed Rights Issue with Warrants").

In addition, on 2 April 2021, the Group had introduced the first maiden development project to public during the Ground-breaking Ceremony which was officiated by YB Dato' Sri Ismail Sabri Bin Yaakob, Senior Minister (Security Cluster).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B3. Prospects (Continued)

This is a project by Pasukhas Development Sdn. Bhd. ("PDSB") (a wholly-owned subsidiary of the Company) through Joint Venture Agreement ("JVA") with Yayasan on 9 June 2017. Pursuant to the JVA, PDSB will undertake Yayasan Project as the Yayasan Project owner. PDSB shall be responsible for undertaking and implementing the entire development project on a total package basis from initial conceptual studies through the detail design and construction phase to the completion thereof. Further information on the roles and responsibility of PDSB are set out in the circular to Shareholders dated 20 July 2018.

The development project located off Jalan Tun Razak, Kuala Lumpur. The development project has an estimated gross development value of RM338 million and gross development profit of RM81 million, after deducting gross development costs of approximately RM257 million. PDSB shall be effectively entitled to the whole gross development profit of RM81 million from development project. The development project is estimated to have a gross built-up area of approximately 644,000 square feet with a net floor area of approximately 355,000 square feet comprising the following:-

- (a) 224 units of serviced apartments with built-up areas ranging from approximately 640 square feet to 4,400 square feet, spread out over 32 storeys;
- (b) 1 basement car park comprising 42 car park lots;
- (c) an 8-storey podium comprising 2 storeys of commercial centres with a net floor area of approximately 12,000 square feet and 6 storeys containing a total of 607 car park lots;
- (d) 9 storeys of commercial offices with a net floor area of approximately 93,000 square feet; and
- (e) facilities including prayer room, multi-purpose hall, meeting room, childcare centre, kindergarten, laundry, reading room, indoor games room, gymnasium, computer room, hawker centre, workers' recreational space, medical treatment room, taxi-waiting area and other related amenities.

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.

B4. Taxation

	Current Quarter Ended 31 Mar 2021 RM'000	Cumulative Period-To-Date 31 Mar 2021 RM'000
<u>Current tax expenses:</u>		
- for the financial year	-	-
<u>Deferred tax expense:</u>		
- for the financial year	14	14
Current Tax for the current financial period	14	14

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 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B6. Status of Corporate Proposals (Continued)

- (ii) The Company had made an offer of options to eligible persons to subscribe for new shares in the Company under the Company's ESOS. The details as follows:-

Date of offer	Number of options offered	Exercise Price (RM)	Date of listing	Number of shares issued
24 December 2020	319,270,000	0.0725	7 January 2021	30,102,600
24 December 2020	319,270,000	0.0725	15 January 2021	60,000,000
16 February 2021	30,000,000	0.0500	18 February 2021	30,000,000
16 February 2021	60,000,000	0.0500	19 February 2021	60,000,000
19 February 2021	60,642,500	0.0475	23 February 2021	60,642,500
19 February 2021	60,000,000	0.0475	26 February 2021	60,000,000
1 March 2021	60,000,000	0.0450	4 March 2021	60,000,000
9 March 2021	75,791,000	0.0400	11 March 2021	75,791,000
11 March 2021	22,737,300	0.0400	15 March 2021	22,737,300

- (iii) On 17 March 2021, the Company proposed to undertake the following:-

- (a) Proposed Share Consolidation involving the consolidation of every 10 existing ordinary shares in the Company into 1 ("Consolidated Shares"). As at 29 March 2021, being the latest practicable date prior to the date of this report, the issued share capital of the Company comprises 1,653,990,732 shares. Pursuant to the Proposed Share Consolidation, the 1,653,990,732 shares will be consolidated into 165,399,073 Consolidated Shares.
- (b) Proposed renounceable rights issue of up to 992,394,438 new Shares ("Rights Shares") together with up to 578,896,755 free detachable warrants in the Company ("Warrants A") on the basis of 12 Rights Shares together with 7 free Warrants A for every 2 existing Consolidated Shares held by the entitled shareholders on an entitlement date to be determined.

B7. Status of Utilisation of Proceeds

The Company had on 12 October 2020 proposed to undertake a private placement of up to 268,757,000 new ordinary shares in the Company representing approximately ten percent (30%) 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 4 December 2020, the Company has raised a total proceeds of RM17.078 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
Repayment of borrowings	1,930	1,930	-	Within 12 months
Development of the Project	14,808	2,484	10,897	Within 24 months
Estimated expenses for the Proposals	340	340	-	Immediate
	<u>17,078</u>	<u>4,754</u>	<u>10,897</u>	

B8. Group Borrowings and Debt Securities

The total borrowings of the Group as at 31 Mar 2021 are as follows:-

<u>As at 1st Quarter ended 31 Mar 2021</u>	Short Term RM'000	Long Term RM'000	Total borrowings RM'000
Secured			
Lease liabilities	459	1,285	1,744
Islamic medium term notes	1,298	12,396	13,694
	1,757	13,681	15,438

<u>As at 1st Quarter ended 31 Mar 2020</u>	Short Term RM'000	Long Term RM'000	Total borrowings RM'000
Secured			
Lease liabilities	244	693	937
Islamic medium term notes	1,198	13,771	14,969
Bankers' acceptances (90 days to 150 days)	796	-	796
	2,238	14,464	16,702

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 2020 up to the date of this interim report, except for the following:-

(i) 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B9. Material Litigation (Continued)

(i) In the matter of an adjudication between Pasukhas Sdn Bhd (“PSB” or “Claimant”) and Empire Multiple Sdn Bhd (“EMSB” or “Respondent”) (Continued)

On 20 September 2018, PSB filed an application to enforce the CIPAA decision dated 17 August 2018 at Kuala Lumpur High Court.

On 28 September 2018, EMSB filed an application to stay the enforcement of the CIPAA decision & set aside the CIPAA decision dated 17 August 2018 in Ipoh High Court.

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

PSB filed application to transfer EMSB’s setting aside & stay proceeding to Kuala Lumpur High Court. The case management for the application to transfer EMSB’s application was on 22 November 2018.

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

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

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

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

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

On 19 June 2019, the Ipoh High Court allowed EMSB’s application for a Fortuna Injunction. PSB appealed against the Ipoh High Court’s decision. The next hearing date fixed on 9 December 2021 by way of e-appellate. The Parties are instructed to file the Common Core Bundle, written subs and executive summary by 26 April 2021.

On 8 October 2019, PSB’s motion to strike out Empire Multiple’s appeal against the judgment dated 12 February 2019 has been fixed for hearing before the learned Judges at the Court of Appeal. The next case management is fixed on 2 August 2021.

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

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

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

The next Hearing for the JDS suit is fixed on 8 September 2021.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

Plaintiff

1. Pasukhas Sdn Bhd ("PSB")

Defendants

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

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

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

Then next case management is fixed on 25 October 2021.

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

B10. Dividends

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

B11. Loss Per Share

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period To Date
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Profit/(Loss) attributable to the equity holders of the Company (RM'000)	251	(2,448)	251	(2,448)
Weighted average number of ordinary shares in issue ('000)	1,408,665	814,417	1,408,665	814,417
Basic loss per share (sen)	0.02	(0.30)	0.02	(0.30)

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B12. Loss for the Period

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

	Current Quarter Ended 31 Mar 2021 RM'000	Cumulative Year-To-Date 31 Mar 2021 RM'000
(a) Interest income	(61)	(61)
(b) Other income	(309)	(309)
(c) Interest expense	268	268
(d) Depreciation and amortisation	744	744
(e) Gain on disposal of plant and equipment	(4)	(4)
(f) Unrealised gain on foreign exchange	(2)	(2)

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 25 May 2021.

By Order of the Board of Directors

WAN THEAN HOE
CHIEF EXECUTIVE OFFICER
25 May 2021