

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2019**

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 3 Months 31.12.2019 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2018 RM'000	Unaudited Current year to date 6 Months 31.12.2019 RM'000	Preceding year to date RM'000
Revenue	A9	66,381	70,252	122,631	-
Cost of sales		(46,510)	(62,832)	(97,043)	-
Gross Profit		19,871	7,420	25,588	-
Other income		555	706	626	-
Administrative and other expenses		(7,409)	(15,546)	(15,594)	-
Finance costs		(2,815)	(3,420)	(5,786)	-
Profit/(Loss) before taxation	B5	10,202	(10,840)	4,834	-
Income tax credit/(expense)	B6	640	(10,256)	230	-
Profit/(Loss) after taxation		10,842	(21,096)	5,064	-
Other comprehensive (expenses)/income:					
- Foreign currency translation		(12)	41	(1,138)	-
Other comprehensive (expenses)/income for the period		(12)	41	(1,138)	-
Total comprehensive income/(expenses)		10,830	(21,055)	3,926	-
Profit/(Loss) after tax attributable to:					
- Owners of the Company		10,842	(21,096)	5,065	-
- Non-controlling interests		-	-	(1)	-
		10,842	(21,096)	5,064	-
Total comprehensive income/(expenses) attributable to:					
- Owners of the Company		10,830	(21,055)	3,927	-
- Non-controlling interests		-	-	(1)	-
		10,830	(21,055)	3,926	-
Basic weighted average no. of ordinary shares ('000)		835,786	828,153	835,786	-
Earnings per share (sen):					
- Basic	B11(a)	1.30	(2.55)	0.61	-
- Diluted	B11(b)	N/A	N/A	N/A	-

*The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 ("FPE 2019") and the accompanying explanatory notes attached to these interim financial statements.*

*Note : In view of the change in financial year end from 31 December 2018 to 30 June 2019, the current reporting financial period will be for a period of 6 months, made up from 1 July 2019 to 31 December 2019. Furthermore, there is no comparative figures for the preceding year to date.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31  
DECEMBER 2019

	Note	Unaudited As at 31.12.2019 RM'000	Audited As at 30.06.2019 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment		94,717	98,214
<b>CURRENT ASSETS</b>			
Inventories		5,427	5,611
Trade receivables		24,012	28,771
Other receivables, deposits and prepayments		6,117	2,873
Contract assets		7,352	9,403
Current tax assets		14,432	26,736
Short-term investments		5,255	5,222
Fixed deposits with licensed banks		49,143	53,777
Cash and bank balances		47,492	30,677
		159,230	163,070
<b>TOTAL ASSETS</b>		<b>253,947</b>	<b>261,284</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		231,889	231,889
Merger deficit		(71,909)	(71,909)
Foreign exchange translation reserves		5,768	6,906
Accumulated losses		(350,472)	(355,537)
Equity attributable to owners of the Company		(184,724)	(188,651)
Non-controlling interest		(113)	(112)
<b>TOTAL EQUITY</b>		<b>(184,837)</b>	<b>(188,763)</b>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31  
DECEMBER 2019 (CONT'D)

	Note	Unaudited As at 31.12.2019 RM'000	Audited As at 30.06.2019 RM'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		22	22
Long-term borrowings		-	141,264
		<u>22</u>	<u>141,286</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		249,314	258,058
Other payables and accruals		3,345	5,046
Current tax liability		597	560
Amount due to a director		-	2
Short-term borrowings	B8	183,842	36,154
Bank overdrafts	B8	1,664	8,941
		<u>438,762</u>	<u>308,761</u>
<b>TOTAL LIABILITIES</b>		<u>438,784</u>	<u>450,047</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>253,947</b></u>	<u><b>261,284</b></u>
Net asset per share (sen)		(22.10)	(22.71)

*The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FPE 2019 and the accompanying explanatory notes attached to these interim financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 DECEMBER 2019**

	<b>Unaudited Current year to date 6 Months 31.12.2019 RM'000</b>	<b>Audited Preceding year to date 18 Months 30.06.2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	4,834	(369,906)
Adjustments for:-		
Depreciation of property, plant and equipment	4,010	32,320
Interest expense	5,786	20,526
Interest income	(669)	(3,707)
Unrealised loss/(gain) on foreign exchange	2,187	(2,083)
Reversal of impairment loss on:-		
- trade receivables	-	(5,072)
- other receivables	-	(114)
- contract assets	-	(16)
Gain on disposal of property, plant and equipment	-	(1,752)
Property, plant and equipment written off	-	2,941
Bad debt written off	-	353
Impairment loss on property, plant and equipment	-	163,898
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Operating profit/(loss) before working capital changes	16,148	(162,612)
Decrease/(Increase) in inventories	184	(457)
(Increase)/Decrease in trade and other receivables	(672)	21,914
Decrease in contract assets	2,051	8,765
(Decrease)/Increase in trade and other payables	(10,445)	146,551
	<hr/>	<hr/>
<b>CASH FROM OPERATIONS</b>	7,266	14,161
Interest paid	(281)	(15,323)
Interest received	669	3,707
Net income tax refund/(paid)	12,571	(645)
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	20,225	1,900
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(958)
Proceeds from disposal of property, plant and equipment	-	2,400
(Increase)/Decrease in pledged fixed deposits with licensed banks and cash and bank balances	(82)	45,336
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<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>	(82)	46,778
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Drawdown of trust receipts	-	75,412
Repayment of term loans	(39)	(4,552)
Repayment of trust receipts	-	(109,403)
Repayment of hire purchase obligations	(23)	(457)
(Repayment to)/Advance from a director	(2)	2
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<b>NET CASH FOR FINANCING ACTIVITIES</b>	(64)	(38,998)
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<b>NET INCREASE OF CASH AND CASH EQUIVALENTS/BALANCE CARRIED FORWARD</b>	20,079	9,680

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER  
ENDED 31 DECEMBER 2019 (CONT'D)

	Unaudited Current year to date 6 Months 31.12.2019 RM'000	Audited Preceding year to date 18 Months 30.06.2019 RM'000
<b>NET INCREASE OF CASH AND CASH EQUIVALENTS/BALANCE BROUGHT FORWARD</b>	20,079	9,680
<b>EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS</b>	(670)	2
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	27,157	17,475
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>46,566</u>	<u>27,157</u>
Cash and cash equivalents comprise the following:		
- Short-term investments	5,255	5,222
- Fixed deposits with licensed banks	49,143	53,777
- Cash and bank balances	47,492	30,677
- Bank overdrafts	(1,664)	(8,941)
	<u>100,226</u>	<u>80,735</u>
Less: Fixed deposits pledged to licensed banks	(49,143)	(53,578)
Cash and bank balances pledged to licensed banks	(4,517)	-
	<u>46,566</u>	<u>27,157</u>

*The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FPE 2019 and the accompanying explanatory notes attached to these interim financial statements.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2019

Unaudited	Note	----- Attributable to owners of the Company -----									
		-----Non-distributable-----					Distributable				
		Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Employees' Share Option Reserve RM'000	RCULS RM'000	Foreign Exchange Translation Reserve ("FETR") RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
Balance at 01.07.2019		231,889	-	(71,909)	-	-	6,906	(355,537)	(188,651)	(112)	(188,763)
Loss after taxation		-	-	-	-	-	-	5,065	5,065	(1)	5,064
Other comprehensive expenses for the financial period, net of taxation:											
- Foreign currency translation		-	-	-	-	-	(1,138)	-	(1,138)	-	(1,138)
Total comprehensive expenses		-	-	-	-	-	(1,138)	5,065	3,927	(1)	3,926
Balance at 31.12.2019		231,889	-	(71,909)	-	-	5,768	(350,472)	(184,724)	(113)	(184,837)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2019 (CONT'D)

Audited	Note	Attributable to owners of the Company									Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Employees' Share Option Reserve RM'000	RCULS RM'000	FETR RM'000	Distributable Retained Profit/ (Accumulated Losses) RM'000	Total RM'000	Non-controlling interests RM'000	
Balance at 01.01.2018, as previously reported		165,329	64,070	(71,909)	6,407	539	10,694	28,185	203,315	(72)	203,243
Changes in accounting policies		-	-	-	-	-	-	(6,955)	(6,955)	-	(6,955)
Balance at 01.01.2018 (Restated)		165,329	64,070	(71,909)	6,407	539	10,694	21,230	196,360	(72)	196,288
Loss after taxation		-	-	-	-	-	-	(383,174)	(383,174)	(38)	(383,212)
Other comprehensive expenses for the financial period, net of taxation:											
- Foreign currency translation		-	-	-	-	-	(3,788)	-	(3,788)	(2)	(3,790)
Total comprehensive expenses		-	-	-	-	-	(3,788)	(383,174)	(386,962)	(40)	(387,002)
Contributions by owners of the Company:											
Issuance of shares pursuant to conversion of RCULS		2,490	-	-	-	(539)	-	-	1,951	-	1,951
Employees' share option:											
- Forfeited/Lapsed		-	-	-	(6,407)	-	-	6,407	-	-	-
Transfer to share capital upon implementation of the Companies Act 2016		64,070	(64,070)	-	-	-	-	-	-	-	-
Total transactions with owners		66,560	(64,070)	-	(6,407)	(539)	-	6,407	1,951	-	1,951
Balance at 30.06.2019		231,889	-	(71,909)	-	-	6,906	(355,537)	(188,651)	(112)	(188,763)

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FPE 2019 and the accompanying explanatory notes attached to these interim financial statements.

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134**

**A1. Accounting policies and methods of computation**

The interim financial statements are unaudited and have been prepared in accordance with the MFRS 134: Interim Financial Reporting, Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”).

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial period ended 30 June 2019.

During the current financial period, the Company and its subsidiary companies (“Group”) have adopted the following new accounting standards and interpretations (including the consequential amendments):-

MFRS 16 Leases

IC Interpretation 23 Uncertainty over Income Tax Treatments

Amendments to MFRS 3 Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 9 Financial Instruments – Prepayment Features with Negative Compensation

Amendments to MFRS 112 Income Taxes (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)

Amendments to MFRS 119 Employee Benefits – Plan Amendment, Curtailment or Settlement

Amendments to MFRS 123 Borrowing Costs (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)

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

The adoption of the above standard(s) and/or interpretation(s) will not have any material impact on the financial statements of the Group upon their initial application except as follows:-

- **MFRS 16 Leases**

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

The initial application of MFRS 16 did not have any significant impact on the Group's consolidated financial statements.



QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

**A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134**

**A1. Accounting policies and methods of computation (Cont’d)**

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

<b>MFRSs and 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 Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments if any) is expected to have no material impact on the Group’s consolidated financial statements upon their initial application.

**A2. Auditors’ Report of preceding annual financial statements**

The auditors had expressed a disclaimer of opinion in the financial statement for the financial period ended 30 June 2019 (“FPE 2019”). Because of the significance of the following matters, the auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements:

- (a) The financial statements of the Group have been prepared on the assumption that the Group will continue as going concerns. The application of going concern basis is based on the assumption that the Group will be able to realise their assets and settle their liabilities in the normal course of business. The going concern assumption is highly dependent upon:
- formulation of a viable plan to regularise the financial conditions of the Group for timely submission to Bursa Malaysia and other relevant authorities for approval;
  - approval by all relevant parties on the Proposed Regularisation Plan;
  - the timely and successful implementation of the Proposed Regularisation Plan;
  - the ability of the Group to achieve sustainable and viable operations so as to generate sufficient cash flows to enable the Group to meet its obligations as and when they fall due.

In the event that these do not materialise, the Group may be unable to realise their assets and discharge their liabilities in the normal course of business. In the view of this matter, there are material uncertainties that may cast significant doubt on the ability of the Group to continue as going concerns. Accordingly, the auditors have not been able to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the preparation of the financial statements of the Group on a going concern basis.

- (b) The auditors were unable to observe the counting of physical inventories in a timely manner. As such, the auditors were not able to satisfy themselves by alternative means concerning the existence and valuation of inventories held as at 30 June 2019.

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134**

**A3. Seasonal or cyclical factors**

The Group’s operations were not significantly affected by any seasonal or cyclical factor during the current quarter and financial year-to-date.

**A4. Unusual items affecting assets, liabilities, equity, net income or cash flows**

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

**A5. Material changes in estimates**

There were no material changes in estimates in the current quarter and current financial year-to-date.

**A6. Debt and equity securities**

There were no issuances, cancellation, repurchase, resale or repayment of debt or equity securities in the current quarter and financial year-to-date.

**A7. Dividends paid**

There were no dividends paid or declared for the current quarter and financial year-to-date.

**A8. Segmental information**

No segmental information is provided as the Group is primarily involved in the oil and gas industry (one business segment) and the Group’s activities are predominantly in Malaysia. The overseas segment accounts for less than 10% of the consolidated revenue and assets.

QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A9. Revenue

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 3 Months 31.12.2019 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2018 RM'000	Unaudited Current year to date 6 Months 31.12.2019 RM'000	Preceding year to date RM'000
Pipeline and commissioning services (“PCS”); and	59,985	47,277	99,720	-
Installation and construction services (“ICS”)	6,396	22,975	22,911	-
	66,381	70,252	122,631	-

The Group’s revenue are generated solely from non-related parties and as such, the total trade receivables as at the end of the financial period are from non-related parties. The Group’s average credit terms granted to trade receivables range from 60 to 90 days (FPE 2019 - 60 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

A10. Valuation of property, plant and equipment

The Group’s property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

A11. Capital commitments

	<b>As at 31.12.2019 RM'000</b>
<b>Property, plant and equipment:-</b>	
Approved and contracted for	591

A12. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current quarter and financial year-to-date.

QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A13. Contingent liabilities and contingent assets

The contingent liabilities of the Group comprise of the following:-

	As at 31.12.2019 RM’000
<b><u>Unsecured</u></b>	
Bank guarantees extended to clients	14,297

There are no contingent assets as at the date of this report.

A14. Material events during the quarter

- (a) On 16 October 2018, the Company and its wholly-owned subsidiary, PBJV Group Sdn. Bhd. (“PBJV”) had been granted orders pursuant to Section 366 and 368 of the Companies Act 2016 (“the Act”) by the High Court of Malaya at Kuala Lumpur (“Court”) restraining all proceedings and actions brought against the Company and PBJV (“Restraining Order”) except with leave of Court and subject to any terms that the Court may impose.

The Restraining Order commenced on 16 October 2018 for a period of 90 days up to 14 January 2019.

The Restraining Order was applied for as part of proactive measure by the Company to manage the debt levels of the Group and of the Company, and the Restraining Order allows the Group to negotiate terms with its lenders and creditors without having the threat of any proceedings and actions being brought against the Group.

On 6 March 2019, during the hearing for the appeal for the renewal of the Restraining Order application, the Court had granted, amongst others, the following:-

- i) the Restraining Order to be extended for a further period of 90 days commencing from 14 January 2019 up to 14 April 2019;
- ii) contingent creditors be expressly excluded from the Restraining Order; and
- iii) Encik Sulaiman bin Ibrahim be approved to act as director of the Company pursuant to Section 368(2)(d) of the Act.

On 22 April 2019, the Court had granted an extension of time to convene the creditor’s meeting for a further 90 days. However, the Court had decided to set aside the Restraining Order.

On 29 May 2019, the Court had granted PBJV a fresh Restraining Order commencing from 29 May 2019 for a period of 55 days up to 22 July 2019.

- (b) On 21 May 2019, the Company announced that the Company had triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(f) of Practice Note 17 (“PN17”) of the Listing Requirements of Bursa Malaysia as the Company’s indirect wholly-owned subsidiary, KL101 Ltd had received a notice of demand on 17 May 2019 from EXIM Bank due to breach of terms in its facility agreement for failing to make instalment payments pursuant to Paragraph 9.19A of the Listing Requirements and the Company is unable to provide a solvency declaration to Bursa Malaysia. In accordance with PN17, the Company is required to submit a regularisation plan within twelve (12) months to Bursa Malaysia.

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134**

**A14. Material events during the quarter (Cont’d)**

- (c) On 21 May 2019, the Company announced that pursuant to Paragraph 9.19(46) and Part H of Appendix 9A of the Listing Requirements of Bursa Malaysia, the Board of Directors had approved the incorporation of the revaluation deficit of approximately USD39 million in the Group’s consolidated financial statements for the financial period ending 31 May 2019.

The revaluation was carried out on the Group’s pipe laying barge which was conducted by Maphilindo-Insight Sdn Bhd. The valuation was carried out as one of the proactive measures taken by the Group to manage and restructure the Group’s debt levels and to ascertain the fair value of the Group’s non-current assets for accounting purposes pursuant to MFRS 116 “*Property, Plant and Equipment*”.

- (d) On 8 July 2019, PBJV received a notification of suspension of PBJV’s license from Petroliam Nasional Berhad (“Petronas”). The letter from Petronas indicated that there was an adverse report from Petronas Carigali Sdn Bhd (“PCSB”) pertaining to the non-performance of PBJV in relation to the contract referred to as “Provision for Underwater Services For PCSB” (“the Contract”). Resulting from that, Petronas has decided to suspend PBJV’s license for a period of three (3) years with effect from the date of the letter.

The implication of the letter is that Petronas including its subsidiaries and any Petroleum Arrangement Contractors (“PACs”) will not award any new contract to PBJV during the suspension period. PBJV will not be allowed to bid for new projects undertaken by Petronas including its subsidiaries and any PACs during the suspension period. Nevertheless, PBJV is still allowed to continue and complete its existing and on-going contracts with Petronas including its subsidiaries and PACs in accordance to the term and conditions of the respective existing and on-going contracts.

In response to this, on 5 August 2019, PBJV has issued a Notice of Demand and Dispute to both Petronas and PCSB where it disputes the validity of the suspension being issued without any legal justification nor compliance to procedures. The Contract has been successfully carried out and completed prior to the suspension. Upon completion of the Contract, positive appraisal was subsequently given by PCSB hence making the suspension unwarranted.

PBJV has demanded an amount of RM1.02 billion against Petronas and PCSB, among others, based on the loss of future profits, reputation and market shares prices.

On 25 September 2019, the Company and PBJV have jointly filed a Writ of Summons proceeding against Petronas and PCSB in the Kuala Lumpur High Court (“Writ”). The Writ proceeding filed cites that the suspension notice issued by Petronas is illegal, unjustified and unwarranted and aims for it to be annulled and invalidate.

On 27 November 2019, PBJV through its firm of advocates and solicitors, M/s Ram Reza & Muhammad issued a Statutory Notice pursuant to Section 465 and 466 of the Companies Act 2016 against PCSB to claim the amount RM477,467.37. This claim has remained outstanding despite PCSB having issued the procedural Confirmation and acknowledgement to pay the said sum.

- (e) On 9 August 2019, the Company and PBJV have both received demand notices dated 8 August 2019 from PRPC Utilities and Facilities Sdn Bhd (“PRPC”) for an amount of RM85,203,274.96 on the basis that among others, PBJV has failed to fulfil all of its obligations under a contract referred to as “Utilities, Interconnecting, Offsite (UIO) Facilities: Procurement, Construction & Commissioning (PCC) of Underground Pressurized Non-Metallic Piping Firewater Network East Side” (“P14 Contract”).

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134**

**A14. Material events during the quarter (Cont’d)**

In relation to this, on 22 August 2019, the Company and PBJV have both issued a Notice of Reply to PRPC to dispute the claim. Concurrent to the Notice of Reply, PBJV has further issued a Notice of Demand dated 22 August 2019 to PRPC for the amount of RM6,579,806.74.

PBJV has, through its firm of advocates and solicitors, M/s Ram Reza & Muhammad, commenced a legal proceeding by filing a Writ of Summons on 12 September 2019 in the Kuala Lumpur High Court against PRPC. Macfeam Sdn Bhd has also been named as the Second Plaintiff in the said legal action.

PBJV has pleaded five main claims in its Statement of Claim against PRPC and each claim is based on a breach of different Articles and/or terms of the contract. PBJV further has included general damages and other reliefs which the Court may view as just and fair to be granted at the end of the proceeding. PBJV further pleads that due to certain notable inconsistencies in Part III of the Conditions of Contract and its interpretations, recourse to court process appears to be an available option. The Writ of Summons is now pending extraction in Court.

- (f) On 17 May 2019, an indirect wholly-owned subsidiary of the Company, Kota Laksamana 101 Ltd (“KL101 Ltd”), had received a notice of demand from Messrs. Zain Megat & Murad, acting as solicitors for Export-Import Bank of Malaysia Berhad (“EXIM Bank”). The notice of demand was issued to notify that an event of default has occurred due to a breach of terms in its facility agreement for failing to make instalment payments.

On 22 August 2019, KL101 Ltd had received a second (2<sup>nd</sup>) notice of demand dated 15 August 2019 from EXIM Bank’s acting solicitors, Messrs. Zain Megat & Murad. An amount of USD3,859,201.39 has been stated in the demand for the outstanding instalment payments as at 2 August 2019.

On 22 October 2019, KL101 had received a notice of termination, recall and demand dated 22 October 2019 from EXIM Bank. EXIM Bank is now exercising its right to recall and/or terminate the Facility Agreements. An amount of USD43,589,775.92 as at 15.10.2019 has been stated in the notice being total amount due and owing by KL101 to EXIM Bank.

- (g) On 2 October 2019, PBJV has through its firm of Advocates and Solicitors, Messrs Dinesh Praveen Nair, served a Notice of Demand to Petronas Gas Berhad (“PGB”) for a sum of approximately RM179.8 million (“the NOD”). PBJV has further stated in the NOD that in the event PGB fails, refuses, and/or neglects to pay the said sum to PBJV within fourteen (14) days from the date of service of the NOD, PBJV will commence all legal proceedings against PGB without further reference to PGB, in which PGB shall be liable for further costs and interest.

On 28 November 2019, PBJV served a Notice of Arbitration to Petronas Gas Berhad (PGB) to claim for a sum of RM179,843,379.10.

- (h) On 14 October 2019, the Company and Lecca Group Pte Ltd (“Lecca”) have mutually agreed to terminate the following agreements (“Letters of Termination”) which were entered into as part of the Proposed Regularisation Plan:-

- i) the conditional memorandum of agreement between KL101 Ltd and Lecca dated 8 July 2019 for the disposal of the Pipe Lay Barge for a cash consideration of USD21.00 million or approximately RM88.00 million; and
- ii) the subscription agreement entered into between the Company and Lecca dated 8 July 2019 pursuant to the Proposed Placement.

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134**

**A14. Material events during the quarter (Cont’d)**

- (i) On 7 November 2019, PBJV had received a Petition for Winding Up dated 25 October 2019 from Eureka Efektif Sdn. Bhd. (“Eureka”) one of its creditors. An amount of RM1,706,471.40 as at 25.10.2019 has been stated in the said Petition being alleged total amount due and owing by PBJV to Eureka. The Company has sought preliminary legal advice and will negotiate with the Petitioner towards proposal for settlement and/or opposing and challenging the petition.
- (j) On 26 November 2019, PBJV had served a Notice of Arbitration to Mersing Construction & Engineering Sdn Bhd to claim a sum of RM56,811,917.49 in connection with subcontract dated 4 April 2016.

**A15. Material events subsequent to the end of the quarter**

- (a) On 15 January 2020, PBJV had through its firm of Advocates & Solicitors, Messrs. Ram, Reza & Muhammad, issue a Statutory Notice against Petronas Carigali Sdn Bhd (PCSB) on outstanding of RM118,193.52 is viewed as the debt without legal dispute. PCSB has been given Twenty One (21) days from the receipt of the Statutory Notice to settle the said sum, failing which PCSB shall be deemed to be unable to pay the debt, appropriate action will be taken to wind up PCSB.
- (b) On 7 February 2020, the Company has been served with Writ of Summons and Statement of Claim for the amount of RM85,203,274.96 by PRPC. It have been served to Company being the Parent Guarantor provided under a Contract referred to as “Utilities, Interconnecting, Offsite (UIO) Facilities: Procurement, Construction & Commissioning (PCC) of Underground Pressurized Non-Metallic Piping Firewater Network East Side” (“P14 Contract”).

The Company has no expectation to incur any monetary damages except legal expenses.

There are no other material events subsequent to the end of the current quarter up to the date of this report, including the material litigation which have been disclosed in Note B9 below, that have not been reflected in the financial statements for the current quarter and financial period-to-date.

**A16. Significant related party transactions**

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 3 Months 31.12.2019 RM’000	Unaudited Preceding year quarter 3 Months 31.12.2018 RM’000	Unaudited Current year to date 6 Months 31.12.2019 RM’000	Preceding year to date RM’000
<b>Company in which certain Directors have interest</b>				
Rental of premises paid/payable	390	390	910	-
Rental of yard paid/payable	23	15	43	-
Donations *	60	60	120	-

QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A16. Significant related party transactions (Cont’d)

- \* As part of the Group’s Corporate Social Responsibility program, monthly donations are made to an orphanage home managed by Persatuan Kebajikan Pusat Jagaan Rumah Kasih Harmoni Paya Jaras (“RKHPJ”) known as Rumah Kasih Harmoni, which is located in Paya Jaras, Selangor and currently houses 110 children from preschool to secondary school.

The donation is a related party transaction (“RPT”) by virtue of:

- i) Nik Hamdan bin Daud, the chairman of RKHPJ, who is also a director and a shareholder of the Company; and
- ii) Haniza binti Jaffar, the deputy chairman of RKHPJ, who is also a management of the Group.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B1. Review of performance**

	----- Individual Quarter -----				----- Cumulative Quarter -----			
	Unaudited Current year quarter 3 Months 31.12.2019 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2018 RM'000	Variance		Unaudited Current year to date 6 Months 31.12.2019 RM'000	Preceding year to date RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	66,381	70,252	(3,871)	(6%)	122,631	-	N/A	N/A
EBITDA ^	14,379	(2,005)	16,384	817%	13,961	-	N/A	N/A
Profit/(Loss) before taxation	10,202	(10,840)	21,042	194%	4,834	-	N/A	N/A
Profit/(Loss) after taxation	10,842	(21,096)	31,938	151%	5,064	-	N/A	N/A
Profit/(Loss) after taxation attributable to owners of the Company	10,842	(21,096)	31,938	151%	5,065	-	N/A	N/A

Note:-

^ - EBITDA refers to earnings/(loss) before interest, taxation, depreciation, amortisation and share options to employees.

The Group reported a total revenue of RM122.6 million during the current financial period ended 31 December 2019, with RM66.3 million generated during the current period. This is a reduction of 6% compared to the corresponding quarter of the preceding year. The Group reported a profit before taxation of RM10.2 million for the current quarter which is an increase of approximately RM21.0 million from the corresponding quarter of the preceding year. The decrease in revenue was mainly due to lower revenue generated by the Installation and construction services ("ICS"). The increase in profit before taxation mainly due to higher gross profit and lower depreciation being reported.

	----- Individual Quarter -----				----- Cumulative Quarter -----			
	Unaudited Current year quarter 3 Months 31.12.2019 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2018 RM'000	Variance		Unaudited Current year to date 6 Months 31.12.2019 RM'000	Preceding year to date RM'000	Variance	
			RM'000	%			RM'000	%
PCS	59,985	47,277	12,708	27%	99,720	-	N/A	N/A
ICS	6,396	22,975	(16,579)	(72%)	22,911	-	N/A	N/A
	66,381	70,252			122,631	-	N/A	N/A

QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B1. Review of performance (Cont'd)**

Pipeline and commissioning services ("PCS")

During the financial period ended 31 December 2019, PCS generated a total revenue of RM99.72 million, out of which RM59.98 million was generated during the current quarter. This is an increase of 27% from the corresponding quarter of the preceding year, as a result of continuous work orders received for the Pan Malaysia Maintenance, Construction and Modification ("PM-MCM") contracts, which commenced since mid of 2018.

Installation and construction services ("ICS")

During the financial period ended 31 December 2019, ICS generated a total revenue of RM22.91 million, with RM6.40 million being generated during the current quarter. This is a decrease of 72% from the corresponding quarter of the preceding year due to the end of the project completion for Transportation and Installation ("T&I") and Engineering, Procurement, Construction and Commissioning ("EPCC").

**B2. Comparison with immediate preceding quarter's results**

	<b>Unaudited Current year quarter 3 Months 31.12.2019 RM'000</b>	<b>Unaudited Immediate preceding quarter 3 Months 30.09.2019 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	66,381	56,251	10,130	18%
EBITDA <sup>^</sup>	14,379	(417)	14,796	3,634%
Profit/(Loss) before taxation	10,202	(5,367)	15,568	290%
Profit/(Loss) after taxation	10,842	(5,777)	16,618	288%
Profit/(Loss) after taxation attributable to owners of the Company	<u>10,842</u>	<u>(5,776)</u>	9,265	288%

Note:-

<sup>^</sup> - EBITDA refers to earnings/(loss) before interest, taxation, depreciation, amortisation and share options to employees.

The Group reported an increase in revenue by 18% during the current quarter ended 31 December 2019 compared with the immediate preceding quarter. The profit before taxation increased by 290% in the current quarter ended 31 December 2019 compared with the immediate preceding quarter. The increase in revenue was mainly due to the higher revenue generated by PCS while the increase in profit before tax was mainly due to higher gross profit being reported in the current quarter.

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B3. Commentary on prospects**

The outlook on oil and gas industry remains positive but challenging as we have not seen sustainable growth in the industry. However the Group continues to explore opportunities in the international markets and also into non-oil and gas related industries, leveraging the Group's capability and track record as part of its expansion strategy. Concurrently, the Group will remain focused to further improve operational efficiency and cost reduction to ensure sustainability of its business.

Meanwhile to enhance its business opportunities, the Group is putting in several proposals in order to add more value to its assets as required for the regularisation plan.

The Group also has in hand several contracts which runs until year 2023 and as of 31 December 2019, the Group's order book stands at RM395 million.

The Company will make further announcement as and when there are new material developments.

**B4. Variance of actual profit from forecast profit**

The Group has not announced or disclosed any profit forecast or profit guarantee in any public documents.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B5. Profit/(Loss) before taxation**

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 31.12.2019 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2018 RM'000	Unaudited Current year to date 6 Months 31.12.2019 RM'000	Preceding year to date RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting):-				
Interest income on financial assets not at fair value through profit or loss:				
- fixed deposits with licensed banks	(596)	(135)	(618)	-
- others	(10)	(1)	(51)	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdraft	53	74	201	-
- hire purchase	-	3	6	-
- term loans	2,758	2,791	5,510	-
- bank guarantee/trust receipts	-	516	69	-
- RCULS	-	22	-	-
Depreciation of property, plant and equipment	1,972	5,565	4,010	-
Realised gain on foreign exchange	-	(27)	-	-
Unrealised loss/(gain) on foreign exchange	3,034	(29)	2,187	-
Write back of impairment loss on receivables no longer required	-	(574)	-	-
Bad debt written off	-	342	-	-
Property, plant and equipment written off	-	307	-	-

Except for those disclosed above, there were:-

- no provision for or write off of receivables or inventories; and
- no gain or loss on disposal of unquoted investments.

QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B6. Income tax expense**

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 31.12.2019 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2018 RM'000	Unaudited Current year to date 6 Months 31.12.2019 RM'000	Preceding year to date RM'000
Current tax:				
- for the current year	(180)	152	230	-
- (over)/under provision in the previous financial years	(460)	10,104	(460)	-
	<u>(640)</u>	<u>10,256</u>	<u>(230)</u>	<u>-</u>

The Group are subject to income tax at the applicable statutory tax rates in Malaysia. Domestic income tax is calculated at the Malaysian statutory tax rate of 24.0% of the estimated assessable profit for the year.

Based on recent Malaysian 2019 budget, the government has gazetted abolishment of election to pay tax of RM20,000 per annum effective 1 January 2019 for Labuan business activities. The rate of tax imposed is 3% of net profits which will be applicable to its Labuan subsidiaries.

**B7. Status of corporate proposals**

Save as disclosed below, there were no other corporate proposals announced but not completed as at the date of this announcement.

On 8 July 2019, the Company made a requisite announcement pursuant to Paragraph 4.2(a) of PN17, which sets out the Company's Proposed Regularisation Plan comprising the following proposals to regularise its financial condition:-

- (a) Proposed reduction of the issued share capital of Barakah pursuant to Section 116 of the Companies Act 2016 ("**Proposed Share Capital Reduction**");
- (b) Proposed disposal of a pipelay barge, which is a marine vessel that is primarily used for the laying of pipes underwater owned by KL101 ("Pipe Lay Barge") to Lecca Group Pte Ltd ("Lecca") for a total cash consideration of USD21.00 million ("**Proposed Disposal**");

QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B7. Status of corporate proposals (Cont'd)**

- (c) Proposed placement to (i) Lecca and such persons as may be informed by Lecca in writing and as agreed to by Barakah ("Placement Investor") of 375,000,000 new ordinary shares in Barakah ("Barakah Shares") ("Tranche 1 Placement Shares"), at an issue price of RM0.04 per Tranche 1 Placement Share, together with RM25.00 million in nominal value of five (5) year 10% redeemable convertible unsecured loan stocks at 100% of its nominal value of RM0.04 each ("RCULS-B") on the basis of five (5) RCULS-B for every three (3) Tranche 1 Placement Shares subscribed ("*Proposed Placement Tranche 1*") and (ii) the option to Lecca to subscribe for up to 250,000,000 new Barakah Shares ("Tranche 2 Placement Shares") at an exercise price of RM0.04 per Barakah Share at any time over a five (5) year period from the date of the completion of the Subscription Agreement (as defined herein) ("*Proposed Placement Tranche 2*") ("**Proposed Placement**");
- (d) Proposed debt settlement involving (i) a waiver of debt of approximately RM153.99 million owing to the scheme creditors of Barakah and PBJV; (ii) cash payment of RM32.00 million; (iii) the issuance of RM33.00 million in nominal value of five (5) year 3% redeemable convertible unsecured loan stocks at 100% of its nominal value of RM0.04 each ("RCULS-A") and (iv) the issuance of RM69.00 million in nominal value of five (5) year 5% redeemable unsecured loan stocks at 100% of its nominal value of RM1.00 each ("RULS") to the scheme creditors ("**Proposed Debt Settlement**"); and
- (e) Proposed exemption under paragraph 4.08(1)(c) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Rules") for Lecca and its persons acting in concert ("PACS") from the obligation to undertake a mandatory offer for all the remaining ordinary shares and convertible securities in Barakah not already owned by them after the Proposed Placement ("**Proposed Exemption**").

Item (a) to (e) above are collectively referred to as the "**Proposed Regularisation Plan**".

On 9 July 2019, the Company announced that the Court Convened Meetings ("CCMs") of the scheme creditors of Barakah and PBJV ("Scheme Creditors") will be held on 31 July 2019 to obtain the Scheme Creditors' approval on the Proposed Debt Settlement.

On 31 July 2019, the Company announced that the CCMs were convened on 31 July 2019. At the said CCMs, the Company informed the Scheme Creditors that due to the suspension letter issued by Petronas, as disclosed in Note A15(a), notifying the suspension of PBJV's license, this had made it challenging for the Company to implement the Proposed Regularisation Plan. In view of the same, the Company decided not to proceed with the Proposed Regularisation Plan and the Proposed Debt Settlement was not put to vote by the Scheme Creditors in the respective CCMs.

The Company is currently in the midst of formulating a new plan to regularise its financial conditions and will make further announcement once there is any development.

QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B8. Group borrowings**

The details of the Group's borrowings are as follows:-

Unaudited	Short term		Long term		Total borrowings	
	Foreign currency (‘000)	RM (‘000)	Foreign currency (‘000)	RM (‘000)	Foreign currency (‘000)	RM (‘000)
<b>As at 31 December 2019</b>						
Secured:-						
- Term loans (RM)	-	-	-	-	-	-
- Term loan (USD) ^	44,139	183,838	-	-	44,139	183,838
- Hire purchase (RM)	-	4	-	-	-	4
- Bank overdrafts (RM)	-	1,664	-	-	-	1,664
		<u>185,506</u>		<u>-</u>		<u>185,506</u>

Unaudited	Short term		Long term		Total borrowings	
	Foreign currency (‘000)	RM (‘000)	Foreign currency (‘000)	RM (‘000)	Foreign currency (‘000)	RM (‘000)
<b>As at 31 December 2018</b>						
Secured:-						
- Term loans (RM)	-	407	-	-	-	407
- Term loan (USD) *	391	1,618	41,566	172,022	41,957	173,640
- Hire purchase (RM)	-	187	-	-	-	187
- Bank overdrafts (RM)	-	18,314	-	-	-	18,314
		<u>20,526</u>		<u>172,022</u>		<u>192,548</u>

Notes:-

^ - Converted at exchange rate of 4.1649 as at 31 December 2019

\* - Converted at exchange rate of 4.1385 as at 31 December 2018

All the borrowings' interest rates are based on floating interest rates except for the hire purchase which are based on fixed interest rates.

The bank overdrafts is mainly used to finance the Group's projects working capital purposes.

The term loan denominated in foreign currency was taken by a foreign subsidiary (Labuan subsidiary) which it's functional and presentation currency is in United States Dollar ("USD"). Currently, the Group does not have any hedging policy for its financing denominated in foreign currency. However, the foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B9. Material litigation**

(a) Claim by Mersing Construction & Engineering Sdn. Bhd. ("Mersing")

i) Enforcement of Adjudication Decision

On 28 August 2018, a wholly-owned subsidiary of the Company, PBJV" is facing a civil suit at High Court of Malaya at Shah Alam in respect of a claim by Mersing against PBJV for a sum of RM13,275,867.96.

Mersing was a subcontractor appointed by PBJV for part of the scope of the Pengerang Gas Pipeline Project. The claim submitted by Mersing was for RM2,503,655.27 for the balance of the progress claim for the subcontract work and RM10,772,212.69 for variation order work. The claim is disputed by PBJV.

Submission of application to set aside adjudicator decision and stay of execution had been submitted on 19 September 2018 by PBJV. Court had fixed to deliver the decision on setting aside to be fixed on 16 October 2018 and the court had dismissed PBJV application for setting aside. PBJV had filed a notice of appeal to the court.

On the other note, PBJV has applied for stay pending disposal of PBJV Appeal for setting aside. Next case management is fixed on 12 March 2019. Hearing for the stay application is fixed on 14th of March 2019.

As disclosed in Note A14, the Company had obtained a Restraining Order effective from 16 October 2018 restraining all proceedings and actions brought against the Company and as such, this case is put on hold. The Restraining Order had expired on 14 January 2019 and the appeal for renewal of the Restraining Order was heard on 6 March 2019.

On 29 May 2019, the Court has granted PBJV a fresh Restraining Order commencing from 29 May 2019 for a period of 55 days up to 22 July 2019.

ii) Garnishee Order to Show Cause

On 28 February 2019, Mersing filed and obtained a garnishee order to show cause on 18 May 2019 on PBJV's bankers and clients, 19 Garnishees for a total sum of RM14,500,283.65 (Adjudication sum plus interest and costs) This amount is principally derived from the Adjudicator decision pursuant to Note B9 (a)(i) above.

On 15 May 2019, PBJV made an application to stay of execution of Adjudication Order pending disposal of PBJV appeal to the Court of Appeal. The Court has fixed 27 June 2019 to hear the application.

On 18 May 2019, PBJV made an application to the Courts (i) to set aside the Garnishee Order to Show cause and (ii) to oppose Mersing application for Garnishee Order to show cause and the granting of Garnishee Order Absolute. The Court has fixed 11 June 2019 to hear PBJV application.



QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B9. Material litigation (Cont'd)**

(a) Claim by Mersing Construction & Engineering Sdn. Bhd. ("Mersing") (Cont'd)

(ii) Garnishee Order to Show Cause (cont'd)

However, on 16 June 2019, and pursuant to the Restraining Order granted by Kuala Lumpur High Court the Court, PBJV Solicitors requested for the hearing date to be replaced as only case management for the parties to obtain a new hearing date to be fixed after the expiry of the Restraining Order, which is 22 July 2019. The Court then fixed 18 August 2019 as the next case Management has been fixed for 18 August 2019.

On 15 August 2019, the Court has fixed a new Case Management date on 19 September 2019.

The Court also made following directions to all relevant parties to submit Enclosure 14 which consists of the following:

- (a) Mersing to file and serve Affidavit in reply to PBJV by 19 August 2019
- (b) PBJV to file and serve Affidavit in reply to Mersing Affidavit by 26 August 2019
- (c) Mersing and PBJV to file and serve their main submission simultaneously by 3 September 2019
- (d) Mersing and PBJV to file and serve their reply submission simultaneously by 10 September 2019.
- (e) Hearing date for Enclosure 14 has now been fixed on 12 September 2019; and
- (f) The Court has made it clear that it will not proceed with the decision on the hearing date. The decision will be fixed after the parties have submitted on their case.

(iii) Civil Suit

On the other hand, PBJV had also filed for a civil suit against Mersing for a total sum of RM41,658,233.63 for the additional cost impact to the project that PBJV claimed was caused by Mersing. Mersing raised an objection and requested that the case be referred to Arbitration in accordance with the provision of the subcontract agreement.

On 25 September 2018, the Court has sought parties' clarification and requires further time in order to deliver its decision and therefore another date is fixed by the Court on 16 October 2018 for decision on the case.

On 9 May 2019, the Court order that the dispute be referred to Arbitration.

On 26 November 2019, PBJV served a Notice of Arbitration to Mersing for a sum of RM56,811,917.49 in connection with a subcontract dated 04 April 2016.

(iv) Settlement of Claim

On 7 February 2020, PBJV and Mersing has entered into a Settlement Agreement of which parties agreed to withdraw all their respective claims against each other mentioned in item B9(a)(i) to (iii) above..

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B9. Material litigation (Cont'd)**

- (b) On 8 July 2019, PBJV received a notification of suspension of PBJV's license from Petroliam Nasional Berhad ("Petronas"). The letter from Petronas indicated that there was an adverse report from Petronas Carigali Sdn Bhd ("PCSB") pertaining to the non-performance of PBJV in relation to the contract referred to as "Provision for Underwater Services For PCSB" ("the Contract"). Resulting from that, Petronas has decided to suspend PBJV's license for a period of three (3) years with effect from the date of the letter.

The implication of the letter is that Petronas including its subsidiaries and any Petroleum Arrangement Contractors ("PACs") will not award any new contract to PBJV during the suspension period. PBJV will not be allowed to bid for new projects undertaken by Petronas including its subsidiaries and any PACs during the suspension period. Nevertheless, PBJV is still allowed to continue and complete its existing and on-going contracts with Petronas including its subsidiaries and PACs in accordance to the term and conditions of the respective existing and on-going contracts.

In response to this, on 5 August 2019, PBJV has issued a Notice of Demand and Dispute to both Petronas and PCSB where it disputes the validity of the suspension being issued without any legal justification nor compliance to procedures. The Contract has been successfully carried out and completed prior to the suspension. Upon completion of the Contract, positive appraisal was subsequently given by PCSB hence making the suspension unwarranted.

PBJV has demanded an amount of RM1.02 billion against Petronas and PCSB, among others, based on the loss of future profits, reputation and market shares prices.

On 25 September 2019, the Company and PBJV have jointly filed a Writ of Summons proceeding against Petronas and PCSB in the Kuala Lumpur High Court ("Writ"). The Writ proceeding filed cites that the suspension notice issued by Petronas is illegal, unjustified and unwarranted and aims for it to be annulled and invalidate.

On 27 November 2019, PBJV through its firm of advocates and solicitors, M/s Ram Reza & Muhammad issued a Statutory Notice pursuant to Section 465 and 466 of the Companies Act 2016 against PCSB to claim the amount RM477,467.37. This claim has remained outstanding despite PCSB having issued the procedural Confirmation and acknowledgement to pay the said sum.

On 15 January 2020, PBJV had issued a Statutory Notice against PCSB on outstanding of RM118,193.52 is viewed as the debt without legal dispute. PCSB has been given Twenty One (21) days from the receipt of the Statutory Notice to settle the said sum, failing which PCSB shall be deemed to be unable to pay the debt, appropriate action will be taken to wind up PCSB.

- (c) On 9 August 2019, the Company and PBJV have both received demand notices dated 8 August 2019 from PRPC Utilities and Facilities Sdn Bhd ("PRPC") for an amount of RM85,203,274.96 on the basis that among others, PBJV has failed to fulfil all of its obligations under a contract referred to as "Utilities, Interconnecting, Offsite (UIO) Facilities: Procurement, Construction & Commissioning (PCC) of Underground Pressurized Non-Metallic Piping Firewater Network East Side" ("P14 Contract").

PRPC has included the Company as the recipient of the demand on the basis that the Company has given a Parent Company Guarantee dated 6 April 2016 to guarantee the performance of PBJV as the contractor.

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B9. Material litigation (Cont'd)**

In response to this, on 22 August 2019, the Company and PBJV have both issued a Notice of Reply to PRPC to dispute the claim. Concurrent to the Notice of Reply, PBJV has further issued a Notice of Demand dated 22 August 2019 to PRPC. The notices (in no particular order) stated among others that PRPC's conduct and failures include (but not limited to) the failure to pay an amount of RM6,579,806.74 within 30 days (pursuant to Article 32.13 of the P14 Contract) being the sum due under Progress Claim No. 9 which has been duly certified by PRPC and the subsequent failure to process PBJV's Progress Claim No.10 which has been submitted to PRPC since 30 October 2018 for work done.

The Company and PBJV further cited that despite the contractual procedures for variation of works, (which require a Change Order to be issued by PRPC), there have been verbal variation instructions given by PRPC which delayed the original milestones. In consequence to PRPC's own failure to issue the "Change Orders" and despite work being done pursuant to the said instructions, no extension of time was granted. The Company and PBJV finally dispute the validity of a letter dated 30 March 2018 issued by PRPC which purported to discontinue all the works under the P14 Contract.

PBJV has demanded PRPC to pay the amount of RM6,579,806.74 and to withdraw the discontinuance letter within 7 days from the date of PBJV's notice. Further, PRPC has been demanded to process the Progress Claim No. 10 within 15 days (in tandem with Article 32.6 of the P14 Contract) from the date of the receipt of the said notice.

On 12 September 2019, PBJV has commenced a legal proceeding by filing a Writ of Summons in the Kuala Lumpur High Court ("the Court") against PRPC. Macfeam Sdn. Bhd. has also been named as the Second Plaintiff in the said legal action.

PBJV has pleaded 5 main claims in its Statement of Claim against PRPC and each claim is based on a breach of different Articles and/or terms of the P14 Contract. The general order and contents of the claims are as follows:-

- i) the amount of RM6,579,806.74 being the amount certified and/or verified by the authorised representatives of PRPC since November 2017, for Progress Claim No. 9 and which PRPC has failed to pay within 30 days since the issuance of PBJV invoice dated 11 November 2017;
- ii) the amount of RM23,144,529.02 being the amount of Progress Claim No. 10 which PRPC has failed and/or refused to process in accordance with the terms of the Articles;
- iii) the amount of RM4,557,400.00 being the amount due for work done under various variation instructions which PRPC has refused to process;
- iv) an amount RM8,414,802.80 being the amount of the performance bond wrongfully demanded by PRPC; and
- v) a declaration that the alleged notice of discontinuance dated 30 March 2018 is null and void.

PBJV further has included general damages and other reliefs which the Court may view as just and fair to be granted at the end of the proceeding. PBJV further pleads that due to certain notable inconsistencies in Part III of the Conditions of the P14 Contract and its interpretations, recourse to court process appears to be an available option. The Writ of Summons is now pending extraction in Court.

On 07 February 2020, the Company had been served with Writ of summons and statement of claim for the amount of RM85,203,274.96 by PRPC. The case had been fixed on 21 February 2020. The Company has no expectation to incur any monetary damages except legal expenses, as the Company had previously issue a letter to dispute the claim.

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B9. Material litigation (Cont'd)**

(d) Claim by Export-Import Bank of Malaysia Berhad ("EXIM Bank")

On 17 May 2019, an indirect wholly-owned subsidiary of the Company, Kota Laksamana 101 Ltd ("KL101 Ltd"), had received a notice of demand from Messrs. Zain Megat & Murad, acting as solicitors for Export-Import Bank of Malaysia Berhad ("EXIM Bank"). The notice of demand was issued to notify that an event of default has occurred due to a breach of terms in its facility agreement for failing to make instalment payments.

On 22 August 2019, KL101 had received a Notice of demand dated 15 August 2019 (2nd Notice of demand) from EXIM Bank. An amount of USD3,859,201.39 has been stated in the demand for outstanding instalment payments as at 2 August 2019.

On 22 October 2019, KL101 Ltd had received a notice of termination, recall and demand from EXIM Bank's acting solicitors, Messrs. Zain Megat & Murad. EXIM can exercise their right to recall and / or terminate the Facility Agreements. An amount of USD43,589,775.92 as at 15 October 2019 has been stated in the notice being total amount due and owing by KL101 Ltd to EXIM.

The Company is still in the midst of formulating a plan to regularise its financial condition that will include proposals to address this default.

(e) Claim by Eureka Efektif Sdn Bhd ("Eureka")

On 7 November 2019, PBJV had received a Petition for Winding Up dated 25 October 2019 from Eureka Efektif Sdn. Bhd. ("Eureka") one of its creditors. An amount of RM1,706,471.40 as at 25.10.2019 has been stated in the said Petition being alleged total amount due and owing by PBJV to Eureka. The Company has sought preliminary legal advice and will negotiate with the Petitioner towards proposal for settlement and/or opposing and challenging the petition.

(e) Arbitration Proceeding against Petronas Gas Berhad ("PGB")

On 28 November 2019, PBJV served a Notice of Arbitration on Petronas Gas Berhad to claim for a sum of RM179,843,379.10.

There were no other material litigations pending as at the date of this announcement.

**B10. Dividends**

No dividend was declared or recommended for payment by the Company for the current quarter under review.

**B11. Earnings per share**

(a) Basic earnings per share

The basic earnings per share for the current quarter and for the financial year-to-date is computed by dividing the profit after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue for the financial period.

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

**B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)**

**B11. Earnings per share (Cont'd)**

(a) Basic earnings per share (Cont'd)

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 31.12.2019	Unaudited Preceding year quarter 3 Months 31.12.2018	Unaudited Current year to date 6 Months 31.12.2019	Preceding year to date
Profit/(Loss) attributable to the owners of the Company (RM'000)	10,842	(21,096)	5,065	-
Weighted average number of ordinary shares in issue ('000)	835,786	828,153	835,786	-
Basic earnings per share (sen)	1.30	(2.55)	0.61	-

(b) Diluted earnings per share

Diluted earnings per share is not computed as there is no outstanding potential ordinary shares to be issued as at the end of the reporting period.