

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

PASDEC HOLDINGS BERHAD

Company no: 367122-D
(Incorporated in Malaysia)

**Interim Financial Statements
as at 30 September 2014**

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended	30.09.2013	9 months ended	30.09.2013
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	39,208	32,826	151,957	101,375
Cost of sales	(30,423)	(30,303)	(119,669)	(81,886)
Gross profit	8,785	2,523	32,288	19,489
Other items of income				
Other income (Note 19)	3,095	37,730	4,866	43,697
Finance (loss)/income	(161)	333	102	1,101
Other items of expense				
Administrative expenses	(4,614)	(5,299)	(13,937)	(13,946)
Other expenses	(5,412)	(3,712)	(15,233)	(13,148)
Finance costs				
-current	(1,235)	(1,515)	(3,969)	(4,530)
-reversal of prior year	(10)	-	-	375
Share of (loss)/profits of associates	(10)	(489)	777	(371)
Profit/(loss) before tax	438	29,571	4,894	32,667
Taxation (Note 18)	(198)	2,615	(2,816)	(103)
Profit net of tax	240	32,186	2,078	32,564

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2014 (continued)

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Other comprehensive (loss)/income				
Net gain available-for sale				
Financial assets				
-(Loss)/profit on fair value changes	(1)	27	(31)	(3,341)
-Transfer to profit and loss upon disposal	-	(33,984)	-	(33,984)
Foreign currency translation	(1,396)	(4,163)	(1,641)	(5,671)
Other comprehensive (loss)/income, net of tax	(1,397)	(38,120)	(1,672)	(42,996)
Total comprehensive (loss)/income for the period, net of tax	(1,157)	(5,934)	406	(10,432)
(Loss)/profit attributable to:				
Owners of the parent	(699)	32,543	981	32,603
Non-controlling interests	939	(357)	1,097	(39)
	240	32,186	2,078	32,564
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(2,030)	(4,474)	(674)	(8,666)
Non-controlling interests	873	(1,460)	1,080	(1,766)
	(1,157)	(5,934)	406	(10,432)
Earnings per share attributable to owners of the Company (Note 27)				
Basic (sen)	(0.34)	15.80	0.48	15.83
Diluted	-	-	-	-

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statements of Financial Position as at 30 September 2014

	Notes	Unaudited 30.09.2014 RM'000	Audited 31.12.2013 RM'000
ASSETS			
Non Current Assets			
Property, plant and equipment		19,243	18,840
Land held for property development		118,260	129,217
Investment properties		7,998	8,290
Investments in associates		21,390	20,982
Investment securities	21	558	589
Deferred tax assets		5,626	6,460
		173,075	184,378
Current Assets			
Property development costs		162,930	163,569
Inventories		66,913	69,975
Trade receivables		91,212	60,337
Other receivables		10,541	16,143
Tax recoverable		7,238	4,625
Cash and bank balances		11,296	17,760
		350,130	332,409
TOTAL ASSETS		523,205	516,787
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		316	323
Loans and borrowings	22	49,663	47,391
Trade payables		50,021	35,108
Other payables		26,564	28,307
Tax payable		3,207	242
		129,771	111,371
NET CURRENT ASSETS		221,359	221,038

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Condensed Consolidated Statements of Financial Position as at 30 September 2014 (continued)

		Unaudited 30.09.2014 RM'000	Audited 31.12.2013 RM'000
Non Current Liabilities			
Retirement benefit obligations		5,391	5,112
Loans and borrowings	22	39,870	49,118
Other payables		12,907	8,087
		58,168	62,317
TOTAL LIABILITIES		187,939	173,688
Equity attributable to owners of the parent			
Share capital		205,978	205,978
Share premium		43,008	43,008
Other reserves	23	(19,247)	(17,592)
Retained earnings		102,633	109,891
		332,372	341,285
Non-controlling interests		2,894	1,814
TOTAL EQUITY		335,266	343,099
TOTAL EQUITY AND LIABILITIES		523,205	516,787
Net assets per share (RM)		1.63	1.67

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Changes in Equity for the period ended 30 September 2014

	Attributable to owners of the parent						Non-Distributable			
	Total equity	Total equity attributable to owners of the parent	Share capital	Share premium	Retained earnings	Total other reserves	Fair value change reserve	Premium paid on acquisition of non-controlling interest	Foreign currency exchange reserve	Non-controlling interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1 Jan 2014	343,099	341,285	205,978	43,008	109,891	(17,592)	140	(9,898)	(7,834)	1,814
Comprehensive income	2,078	981	-	-	981	-	-	-	-	1,097
Other comprehensive income	(1,672)	(1,655)	-	-	-	(1,655)	(31)	-	(1,624)	(17)
Total comprehensive income	406	(674)	-	-	981	(1,655)	(31)	-	(1,624)	1,080
Transactions with owners										
Dividend	(8,239)	(8,239)	-	-	(8,239)	-	-	-	-	-
30 Sept 2014	335,266	332,372	205,978	43,008	102,633	(19,247)	109	(9,898)	(9,458)	2,894

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Changes in Equity for the period ended 30 September 2014 (continued)

	-----Attributable to owners of the parent-----							-----Non Distributable-----		
	----Non Distributable----		Distributable		-----Non Distributable-----					
	Total equity RM'000	Total equity attributable to owners of the parent RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total other reserves RM'000	Fair value change reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Foreign currency exchange reserve RM'000	Non-controlling interest RM'000
1 Jan 2013	370,446	369,165	205,978	43,008	97,882	22,297	37,450	(9,898)	(5,255)	1,281
Comprehensive income	32,564	32,603	-	-	32,603	-	-	-	-	(39)
Other comprehensive loss	(42,996)	(41,269)	-	-	-	(41,269)	(37,325)	-	(3,944)	(1,727)
Total comprehensive income	(10,432)	(8,666)	-	-	32,603	(41,269)	(37,325)	-	(3,944)	(1,766)
30 Sept 2013	360,014	360,499	205,978	43,008	130,485	(18,972)	125	(9,898)	(9,199)	(485)

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statements of Cash Flow for the period ended 30 September 2014

	CUMULATIVE QUARTER	
	30.09.2014	30.09.2013
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	123,347	102,958
Cash payments to suppliers and contractors	(106,796)	(83,472)
Cash payments for land and development costs	-	(36,511)
Cash payments to employees and for expenses	(14,720)	(39,608)
Cash generated from/(used in) operations	1,831	(56,633)
Net income tax paid	(1,776)	(4,072)
Interest (paid)/received	(2,043)	160
Net cash used in operating activities	(1,988)	(60,545)
Cash flows from investing activities		
Purchase of property, plant and equipment	(976)	(3,891)
Proceed from disposal of investment	-	51,484
Proceed from sale of property, plant and equipment	1,163	915
Interest received	-	104
Net cash generated from investing activities	187	48,612

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Cash Flow for the period ended 30 September 2014 (continued)

	CUMULATIVE QUARTER	
	30.09.2014	30.09.2013
	RM'000	RM'000
Cash flows from financing activities		
Proceeds from term loans	12,591	33,068
Repayment of term loans	(12,572)	(5,256)
Interest paid	(1,495)	(5,126)
Dividend paid	(954)	-
Repayment of obligations under finance leases	(166)	(26)
Repayment of REBs	-	(4,000)
Net cash (used in)/generated from financing activities	<u>(2,596)</u>	<u>18,660</u>
Net (decrease)/increase cash and cash equivalents		
	(4,397)	6,727
Cash and cash equivalents at beginning of period	<u>(13,308)</u>	<u>(8,728)</u>
Cash and cash equivalents at end of period	<u>(17,705)</u>	<u>(2,001)</u>
Represented by:		
Cash and bank balances	11,296	25,765
Bank overdrafts (in current loans and borrowings, Note 22)	<u>(29,001)</u>	<u>(27,766)</u>
	<u>(17,705)</u>	<u>(2,001)</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statement.

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Explanatory Notes Pursuant to FRS 134: Interim Financial Reporting and Listing Requirements of Bursa Malaysia Securities Berhad

1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except for the mandatory adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the financial year of the Group beginning on or after 1 July 2012 and 1 January 2013.

FRSs, Amendments to FRSs and IC Interpretations

Description	Effective date
Amendments FRS 101: Presentation of items of Other Comprehensive Income	1 July 2012
Amendments FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 10: Consolidated Financial Statement	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosure of Interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurement	1 January 2013
FRS 119: Fair Value Measurement	1 January 2013
FRS 127 ²⁰¹¹ : Separate Financial Statements	1 January 2013

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2 Changes in Accounting Policies (continued)

Description	Effective date
FRS 128 ²⁰¹¹ : Investment in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1, FRS 116, FRS 132, FRS 134 and FRS 12 (2012): First time-Adoption of Malaysian Financial Reporting Standards (MFRS), Property, Plant & Equipment, and Financial Instruments: Presentation and Interim Financial Reporting respectively	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

The adoption of the above new/revised/amendment to FRSs is not expected to have any significant impact to the Group except for FRS 101, FRS 10, FRS 12, FRS 13, FRS 127, FRS 128, FRS 7 and FRS 119.

Malaysian Financial Reporting Standards (“MFRS Framework”)

On 19 November 2011, the Malaysian Accounting Standard Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called ‘Transitioning Entities’).

Transitioning Entities are allowed to defer adoption of the new MFRS Framework and the adoption of the MFRS Framework by Transitioning Entities is mandatory for annual periods beginning on or after 1 January 2017.

Accordingly, the Group is required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017.

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Malaysian Financial Reporting Standards (“MFRS Framework”) (continued)

In presenting its first MFRS financial statements, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively, against retained earnings. The major differences between FRS Framework and MFRS Framework are as follows:

- a) Agreement for the Construction of Real Estates: under FRS 201 revenues and expenses are recognised using the stage of completion method whilst under MFRS Framework, in accordance to IC Interpretation 15: Agreements for the Construction of Real Estate (“IC 15”), property development revenue and expenses from development of real estate units are recognized upon completion. This change in accounting policy, including the related deferred tax impact, shall be accounted for retrospectively.
- b) Land held for development: Under the FRS Framework, land held for future development is stated at cost. Under MFRS, land held for future development is to be stated at the lower of cost and net realisable value.
- c) Agriculture: Under the MFRS Framework, MFRS 141 Agriculture (MFRS 141), requires biological assets to be measured at fair value less costs to sell unless it is not possible to measure fair value reliably, in which case they are measured at cost. However this MFRS is not applicable to the Group.

3 Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2013 was not qualified.

4 Seasonal or cyclical factors

The Group’s performance is not materially subject to seasonal or cyclical fluctuations.

5 Unusual items due to their nature, size or incidence

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

6 Changes in estimates

There were no materials changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter results.

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7 Issuance or repayment of debt and equity securities

There were no issuance, cancellations, repurchases, resale, and repayment of debts and equity securities for the current quarter except for those disclosed in the cash flow.

8 Valuation of property, plant and equipment

There was no valuation of property, plant and equipment conducted during the quarter for the Group.

9 Segmental information

The segment information by activities for the Company and its subsidiaries for the year is as follows:-

	CUMULATIVE QUARTER 9 MONTHS ENDED	
	30.09.2014	30.09.2013
	RM'000	RM'000
Segment revenue		
Investment holding	2,895	9,010
Property development	86,315	46,783
Construction	21,503	7,770
Manufacturing	44,353	44,480
Others	4,099	3,805
	159,165	111,848
Elimination	(7,208)	(10,473)
Revenue	151,957	101,375
Segment results		
Investment holding	(6,094)	2,619
Property development	(7,386)	42,606
Construction	(1,574)	(3,114)
Manufacturing	1,030	(877)
Others	424	(328)
Total	(13,600)	40,906
Elimination	21,686	(3,713)
Sub Total	8,086	37,193
Finance costs		
-current	(3,969)	(4,530)
-reversal of prior year provision	-	375
Share of profit/(loss) from associates	777	(371)
Profit before tax	4,894	32,667

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10 Changes in the composition of the Group

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

11 Contingent liabilities

There were no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2013.

12 Capital commitments of the Group

	Current Quarter 30.09.2014 RM'000	Preceding Quarter 30.06.2014 RM'000
Capital expenditure Approved and contracted for: Property, plant and equipment	74,468	74,468

13 Review of current quarter profitability against preceding quarter

	Current Quarter 30.09.2014 RM'000	Preceding Quarter 30.06.2014 RM'000
Turnover	39,208	50,304
Profit before tax	438	187

During the quarter under review, the Group recorded profit before tax of RM438, 000 compared with RM187, 000 reported in the immediate preceding quarter. The marginal current quarter profit was mainly attributable to slow pick-up rate of the properties.

14 Review of performance

Due to slow pick-up rate of properties the revenue was lower for the ongoing activities of the Group during the quarter under review with RM39.2 million recognised as opposed to RM50.3 million in the previous quarter.

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15 Prospects for the current financial year

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the remaining period of the financial year ending 31 December 2014.

16 Profit forecast and profit guarantee

The Group had not provided any profit forecast or profit guarantee in a public document.

17 Disposal and exchange of investment securities

There was no disposal and exchange of securities during the quarter under review.

18 Taxation

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Malaysian income tax				
- Current	462	(1,291)	2,609	974
- Prior year overprovision	(103)	(921)	(103)	(921)
Real property gain tax				
- Prior year overprovision	(80)		(80)	
Foreign income tax	(81)	(403)	390	50
	198	(2,615)	2,816	103

19 Sale of property, plant and equipment

During the quarter under review, the Group had disposed 4 units of apartment for a profit of RM398, 000 included in other income.

20 Corporate proposals

There was no corporate proposal announced and pending completion during the quarter under review.

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21 Investment securities

As at 30 September 2014, the available-for-sale financial assets position is as follows:

	As at 30.09.2014 RM'000		As at 30.09.2013 RM'000	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Shares quoted in Malaysia	20	20	13	13
Unit trusts quoted in Malaysia	538	538	112	112
	558	558	125	125

22 Loans and borrowings

The Group's exposure in loans and borrowings is as follows:

	As at 30.09.2014 RM'000	As at 30.09.2013 RM'000
Current loans and borrowings		
- secured	20,662	34,303
Non current loans and borrowings		
- secured	39,870	47,523
Total loans and borrowings	60,532	81,826

23 Other reserves

a) Foreign currency exchange reserve

The foreign currency exchange reserve represents the differences arising from translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of

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available-for-sale financial assets until they are disposed of or impaired.

23 Other reserves (continued)

c) Premium paid on acquisition of non-controlling interest

On the acquisition of non-controlling interest in the existing subsidiary, the difference between the consideration and fair value of the interest acquired of RM9.9 million was reflected in equity as premium paid on acquisition on non-controlling interest.

24 Off balance sheet financial instruments

There were no financial instruments with material off balance sheet risk at the date of this report.

25 Material litigation

There was no material litigation involving the Group at the date of this report.

26 Dividend

No dividend was declared during the quarter under review.

27 (Loss)/earnings per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Basic (loss)/earnings per share				
(Loss)/profit attributable to owners of the parent (RM'000)	(699)	32,543	981	32,603
Number of shares at the beginning of the period (unit '000)	205,978	205,978	205,978	205,978
Basic (loss)/earnings per share (sen)	(0.34)	15.80	0.48	15.83

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28 Realised and unrealised retained earnings disclosure

	Unaudited 30.09.2014 RM'000	Audited 31.12.2013 RM'000
Realised	(99,565)	(66,395)
Unrealised	5,626	6,461
	(93,939)	(59,934)
Share of retained earnings of associates		
-Realised	2,144	2,782
	(91,795)	(57,152)
Less:		
Consolidation adjustments	194,428	(167,043)
Retained earnings c/f	102,633	109,891

29 Comparative figures

Certain comparative figures have been reclassified to conform to current year presentations.