

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

PASDEC HOLDINGS BERHAD

Company no: 367122-D
(Incorporated in Malaysia)

**Interim Financial Statements
as at 30 September 2015**

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	54,942	39,208	145,862	151,957
Cost of sales	(48,707)	(30,423)	(124,398)	(119,669)
Gross profit	6,235	8,785	21,464	32,288
Other items of income				
Other income	175	3,095	1,627	4,866
Finance income/(loss)	208	(161)	364	102
Other items of expense				
Administrative expenses	(4,487)	(4,614)	(13,018)	(13,937)
Other expenses	(12,171)	(5,412)	(25,685)	(15,233)
Finance costs				
-current	(1,808)	(1,235)	(4,504)	(3,969)
-reversal of prior year	-	(10)	-	-
Share of profit/(losses) of associates	109	(10)	295	777
(Loss)/profit before tax	(11,739)	438	(19,457)	4,894
Taxation (Note 19)	2,987	(198)	(795)	(2,816)
(Loss)/profit net of tax	(8,752)	240	(20,252)	2,078

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2015 (continued)

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Other comprehensive (loss)/income				
Net gain available-for sale				
Financial assets				
-(Loss)/profit on fair value changes	(13)	(1)	(34)	(31)
Foreign currency translation	(636)	(1,396)	2,862	(1,641)
Other comprehensive (loss)/income, net of tax	(649)	(1,397)	2,828	(1,672)
Total comprehensive (loss)/income for the period, net of tax	(9,401)	(1,157)	(17,424)	406
(Loss)/profit attributable to:				
Owners of the parent	(6,904)	(699)	(18,127)	981
Non-controlling interests	(1,848)	939	(2,125)	1,097
	(8,752)	240	(20,252)	2,078
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(7,577)	(2,030)	(15,377)	(674)
Non-controlling interests	(1,824)	873	(2,047)	1,080
	(9,401)	(1,157)	(17,424)	406
Earnings per share attributable to owners of the Company (Note 28)				
Basic (sen)	(3.35)	(0.34)	(8.80)	0.48
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 2014 and the accompanying explanatory notes attached to the interim financial statements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position as at 30 September 2015

	Notes	Unaudited 30.09.2015 RM'000	Audited 31.12.2014 RM'000
ASSETS			
Non Current Assets			
Property, plant and equipment		19,580	19,161
Land held for property development		148,543	149,313
Investment properties		22,209	7,794
Investments in associates		21,365	20,357
Investment securities	22	473	507
Deferred tax assets		9,102	5,958
		221,272	203,090
Current Assets			
Property development costs		136,390	143,147
Inventories		58,728	69,661
Trade receivables		60,132	74,189
Other receivables		24,861	27,432
Tax recoverable		4,542	3,803
Cash and bank balances		32,647	17,312
		317,300	335,544
TOTAL ASSETS		538,572	538,634
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		429	359
Loans and borrowings	23	48,386	57,006
Trade payables		59,157	55,524
Other payables		42,900	34,359
Tax payable		3,911	81
		154,783	147,329
NET CURRENT ASSETS		162,517	188,215

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position as at 30 September 2015 (continued)

		Unaudited 30.09.2015 RM'000	Audited 31.12.2014 RM'000
Non Current Liabilities			
Retirement benefit obligations		5,295	5,373
Loans and borrowings	23	58,381	42,878
Other payables		2,641	8,158
		66,317	56,409
TOTAL LIABILITIES		221,100	203,738
Equity attributable to owners of the parent			
Share capital		205,978	205,978
Share premium		43,008	43,008
Other reserves	24	(17,473)	(20,223)
Retained earnings		83,645	101,772
		315,158	330,535
Non-controlling interests		2,314	4,361
TOTAL EQUITY		317,472	334,896
TOTAL EQUITY AND LIABILITIES		538,572	538,634
Net assets per share (RM)		1.54	1.63

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the period ended 30 September 2015

	-----Attributable to owners of the parent-----						-----Non Distributable-----			
	Total equity	Total equity attributable to owners of the parent		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	Share capital							
1 Jan 2015	334,896	330,535	205,978	43,008	101,772	(20,223)	58	(9,898)	(10,383)	4,361
Comprehensive loss	(20,252)	(18,127)	-	-	(18,127)	-	-	-	-	(2,125)
Other comprehensive income	2,828	2,750	-	-	-	2,750	(34)	-	2,784	78
Total comprehensive loss	(17,424)	(15,377)	-	-	(18,127)	2,750	(34)	-	2,784	(2,047)
30 Sept 2015	317,472	315,158	205,978	43,008	83,645	(17,473)	24	(9,898)	(7,599)	2,314

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the period ended 30 September 2015 (continued)

	-----Attributable to owners of the parent-----						-----Non Distributable-----			
	Total equity RM'000	---Non Distributable---		Distributable	Total other reserves RM'000	Total equity attributable to owners of the parent RM'000	-----Non Distributable-----			Non- controlling interest RM'000
Share capital RM'000		Share premium RM'000	Retained earnings RM'000				Fair value change reserve RM'000	Premium paid on acquisition of non- controlling interest RM'000	Foreign currency exchange reserve RM'000	
1 Jan 2014	343,099	205,978	43,008	109,891	(17,592)	140	(9,898)	(7,834)	1,814	
Comprehensive income	2,078	-	-	981	-	-	-	-	1,097	
Other comprehensive loss	(1,672)	-	-	-	(1,655)	(31)	-	(1,624)	(17)	
Total comprehensive income	406	-	-	981	(1,655)	(31)	-	(1,624)	1,080	
Transactions with owners										
Dividend	(8,239)	(8,239)		(8,239)	-	-	-	-	-	
30 Sept 2014	335,266	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 2014 and the accompanying explanatory notes attached to the interim financial statements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flow for the period ended 30 September 2015

	CUMULATIVE QUARTER	
	30.09.2015	30.09.2014
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	145,662	123,347
Cash payments to suppliers and contractors	(76,157)	(106,796)
Cash payments to employees and for expenses	(39,737)	(14,720)
Cash generated from operations	29,768	1,831
Net income tax paid	(376)	(1,776)
Interest paid	(2,575)	(2,043)
Net cash generated from/ (used in) operating activities	26,817	(1,988)
Cash flows from investing activities		
Purchase of property, plant and equipment	(742)	(976)
Proceed from sale of property, plant and equipment	1,901	1,163
Dividend received	31	-
Net cash generated from investing activities	1,190	187

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flow for the period ended 30 September 2015 (continued)

	CUMULATIVE QUARTER	
	30.09.2015	30.09.2014
	RM'000	RM'000
Cash flows from financing activities		
Proceeds from term loans	10,901	12,591
Repayment of term loans	(16,835)	(12,572)
Interest paid	(1,396)	(1,495)
Dividend paid	-	(954)
Repayment of obligations under finance leases	(17)	(166)
Net cash used in financing activities	(7,347)	(2,596)
Net increase/(decrease) cash and cash equivalents		
	20,660	(4,397)
Cash and cash equivalents at beginning of period	(14,161)	(13,308)
Cash and cash equivalents at end of period	6,499	(17,705)
Represented by:		
Cash and bank balances	32,647	11,296
Bank overdrafts (in current loans and borrowings, Note 23)	(26,148)	(29,001)
	6,499	(17,705)

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 2014 and the accompanying explanatory notes attached to the interim financial statement.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

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 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2014 except for adoption of the following new and amended FRSs and Issues Committee ("IC") Interpretations relevant to the current operations of the Group with effect from 1 January 2015.

Amendments to FRS 119 Defined Benefit Plans: Employee Contribution
Annual Improvements to FRSs 2010-2012 Cycle
Annual Improvements to FRSs 2011-2013 Cycle

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

The Group has not elected for early adoption of the following new and amended FRSs and IC Interpretations relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 December 2015.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014. FRSs, Amendments to FRSs and IC Interpretations issued but not yet effective:-

Description	Effective date
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investments Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11: Accounting for Acquisition of Interests in Joint Operations	1 January 2016

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

1 Basis of preparation (continued)

Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
FRS 9: Financial Instruments	1 January 2018

These new and amended FRSs are not expected to have any significant impact on the financial statements of the Group upon their initial application, other than:

FRS 9: Financial Instruments

FRS 9 replaces FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

Malaysia 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 to be adopted by Non-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 and IC Interpretation 15 ("IC 15") Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein called "Transitioning Entities"). The Group falls within the scope of Transitioning Entities and accordingly, will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements ending 31 December 2018 .

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.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

1 Basis of preparation (continued)

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 recognised 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.

2 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

3 Seasonal or cyclical factors

The Group's performances were not materially affected by any significant seasonal or cyclical factors for the current period.

4 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flows of the Group that are unusual due to their nature, size or incidence for the current quarter under review.

5 Changes in estimates

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

6 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.

7 Dividends paid

There were no dividends paid during the period under review.

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	
	30.09.2015	30.09.2014
	RM'000	RM'000
Segment revenue		
Investment holding	30,530	2,895
Property development	61,852	86,315
Manufacturing	39,948	44,353
Construction	21,795	21,503
Others	6,170	4,099
	160,295	159,165
Elimination	(34,433)	(7,208)
Revenue	125,862	151,957
Segment results		
Investment holding	14,325	(6,094)
Property development	371	(7,386)
Manufacturing	(9,553)	1,030
Construction	(191)	(1,574)
Others	1,232	424
Total	6,184	(13,600)
Elimination	(21,432)	21,686
Sub Total	(15,248)	8,086
Finance costs		
-current	(4,504)	(3,969)
-reversal of prior year provision		-
Share of profit from associates	295	777
(Loss)/profit before tax	(19,457)	4,894

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

10 Changes in the composition of the Group

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

11 Subsequent events

There were no material events subsequent to the end of the current financial period.

12 Contingent liabilities

On 23 June 2015, Pasdec Automotive Technologies (Proprietary) (Botswana) Limited ("PAT BW") and Botswana Development Corporation Limited ("BDC") had entered into a preference share subscription agreement where PAT BW will allot and issue "A" cumulative, fixed rated, redeemable preference shares to BDC for an aggregate subscription price of Botswana Pula ("BWP") 52.10 million (equivalent to RM19.66 million based on Bloomberg's exchange rate of 1BWP to RM0.3773 as at 31 July 2015).

Pursuant to the Subscription Agreement, Pasdec Holdings Berhad ("the Company") is required to provide a guarantee to BDC that it irrevocably and unconditionally guarantees and undertakes as a principal and independent obligation in favour of BDC, to punctually pay the redemption amount which is amount equal to sum of BWP52.10 million multiplied by 110% and the unpaid cumulative preference dividend, as well as all amount which may be payable to BDC ("Guarantee"). The Guarantee provided by the Company to BDC shall in the form of corporate guarantee and is deemed as a provision of financial assistance to its subsidiary, PAT BW, pursuant to Paragraph 8.23(1)(iii) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Company had on 31 July 2015 entered into such agreement ("Guarantee") with BDC.

13 Capital commitments of the Group

	Current Quarter 30.09.2015 RM'000	Preceding Quarter 30.06.2015 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	<u>74,468</u>	<u>74,468</u>

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

14 Review of performance

a) Property development

Property sector remained the main contributor to the Group's turnover with 47% contribution. Operating amidst softening market sentiment, the property sector has recorded a turnover of RM61.85 million compared to RM86.32 million same period last year (included in turnover last year was sales of land amounting to RM28.07 million).

This sector had recorded a profit of RM0.37 million against net loss of RM2.26 million last year, after alienating net profit on sale of land of RM5.13 million.

b) Manufacturing

The turnover had dropped by 10% from RM44.35 million for the same period last year to RM39.95 million due to Nissan South Africa/Renault volume cut back carried forward into 2015.

This sector had recorded a net loss of RM9.53 million compared to RM1.03 million profit last year due to one-off provision for relocation, retrenchment and training costs of RM8.24 million for the relocation of manufacturing operations from South Africa to Botswana.

c) Construction

Turnover for the period under review was RM21.8 million compared with RM21.5 million for the same period last year. Consistent progress of on-going construction activity since last year contributed to this performance.

Loss of RM0.19 million was recorded during the period under review compared with loss for the same period last year of RM1.57 million.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

15 Review of current quarter profitability against preceding quarter

	Current Quarter 30.09.2015 RM'000	Preceding Quarter 30.06.2015 RM'000
Turnover	54,942	43,844
Loss before tax	<u>(11,739)</u>	<u>(8,136)</u>

During the quarter under review, the Group recorded loss before tax of RM11.74 million compared with RM8.14 million reported in the immediate preceding quarter.

The additional loss was attributable to further relocation, training and retrenchment costs of RM6.84 million following relocation of manufacturing activities from South Africa to Botswana.

During the quarter under review, operational profits from the property and construction sectors of RM3.37 million and profit on sale of 3 units of apartments of RM0.53 million reduced the effect of the costs on the bottom line.

16 Prospects for the current financial year

Malaysia's property market is experiencing a softening of demand as buyers are still adjusting to the various cooling measures and the implementation of the Goods and Service Tax.

Towards this end, the Group expects contribution of turnover from the property sector to soften for the remaining period of the year.

On top of that, the one-off relocation expenses for the manufacturing activities from South Africa to Botswana will negatively impact the bottom line of the Group.

17 Profit forecast and profit guarantee

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

18 Disposal and exchange of investment securities

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

19 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 30.09.2015	30.09.2014	9 months ended 30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current	(465)	462	3,863	2,609
- Prior year (under)/over provision	(316)	(103)	(316)	(103)
- Real property gain tax	-	(80)	-	(80)
- Prior year over provision	-	(80)	-	(80)
Foreign income tax	(2,206)	(81)	(2,752)	390
	(2,987)	198	795	2,816

20 Sale of property, plant and equipment

During the period under review, the Group had disposed 8 units of apartment for a profit of RM1.21 million.

21 Corporate proposals

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

22 Investment securities

As at 30 September 2015, the available-for-sale financial assets position is as follows:

	As at 30.09.2015 RM'000		As at 30.09.2014 RM'000	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Shares quoted in Malaysia	15	15	20	20
Unit trusts quoted in Malaysia	458	458	538	538
	473	473	558	558

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

23 Loans and borrowings

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

	As at 30.09.2015 RM'000	As at 30.09.2014 RM'000
Current loans and borrowings		
- secured	48,386	20,662
Non current loans and borrowings		
- secured	58,381	39,870
Total loans and borrowings	106,767	60,532

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

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.

25 Off balance sheet financial instruments

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

26 Material litigation

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

27 Dividend

There was no dividend declared for the quarter under review.

28 (Loss)/earning per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Basic (loss)/earning per share				
(Loss)/profit attributable to to owners of the parent (RM'000)	(6,904)	(699)	(18,127)	981
Number of shares at the beginning of the period (unit '000)	205,978	205,978	205,978	205,978
Basic (loss)/earning per share (sen)	(3.35)	(0.34)	(8.80)	0.48

29 Realised and unrealised retained earnings disclosure

	Unaudited 30.09.2015 RM'000	Audited 31.12.2014 RM'000
Realised	(124,124)	(112,513)
Unrealised	64	5,958
	(124,060)	(106,555)
Share of retained earnings of associates		
-Realised	2,286	2,581
	(121,774)	(103,974)
Less:		
Consolidation adjustments	205,419	205,746
Retained earnings c/f	83,645	101,772

30 Comparative figures

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