

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

PASDEC HOLDINGS BERHAD

**Company no: 367122-D
(Incorporated in Malaysia)**

**Financial Statements
as at 31 March 2016**

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	21,744	47,076	21,744	47,076
Cost of sales	(11,792)	(37,499)	(11,792)	(37,499)
Gross profit	9,952	9,577	9,952	9,577
Other items of income				
Interest income	103	1,370	103	1,370
Other income	154	116	154	116
Other items of expense				
Personnel expenses	(4,239)	(4,060)	(4,239)	(4,060)
Other expenses	(7,119)	(5,299)	(7,119)	(5,299)
Finance costs	(1,383)	(1,494)	(1,383)	(1,494)
Share of profits of associates	1,215	208	1,215	208
(Loss)/profit before tax	(1,317)	418	(1,317)	418
Taxation (Note 19)	389	(533)	389	(533)
Loss net of tax	(928)	(115)	(928)	(115)

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 2015 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 31 March 2016 (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(loss)				
Net gain available-for sale financial assets				
-Profit on fair value changes	2	7	2	7
Foreign currency translation	5,792	(153)	5,792	(153)
Other comprehensive income/(loss), net of tax	5,794	(146)	5,794	(146)
Total comprehensive income/(loss) for the period, net of tax	4,866	(261)	4,866	(261)
Loss				
attributable to:				
Owners of the parent	(873)	(343)	(873)	(343)
Non-controlling interests	(55)	228	(55)	228
	(928)	(115)	(928)	(115)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	2,216	(511)	2,216	(511)
Non-controlling interests	2,650	250	2,650	250
	4,866	(261)	4,866	(261)
Loss per share attributable to owners of the Company (Note 28)				
Basic (sen)	(0.42)	(0.17)	(0.42)	(0.17)
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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statements of Financial Position as at 31 March 2016

	Notes	Unaudited 31.03.2016 RM'000	Audited 31.12.2015 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		19,980	19,373
Land held for property development		135,165	134,159
Investment properties		23,763	23,893
Investments in associates		19,251	18,773
Investment securities	22	488	486
Deferred tax assets		5,998	5,632
		<u>204,645</u>	<u>202,316</u>
Current Assets			
Property development costs		146,405	144,646
Inventories		63,269	65,571
Trade receivables		50,020	60,902
Other receivables		6,664	6,504
Other current assets		14,052	16,687
Tax recoverable		1,900	2,020
Cash and bank balances		29,257	31,314
		<u>311,567</u>	<u>327,644</u>
TOTAL ASSETS		<u>516,212</u>	<u>529,960</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		582	675
Loans and borrowings	23	48,855	50,852
Trade payables		62,641	56,616
Other payables		31,645	42,505
Tax payable		156	168
		<u>143,879</u>	<u>150,816</u>
NET CURRENT ASSETS		<u>167,688</u>	<u>176,828</u>

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**Condensed Consolidated Statements of Financial Position
as at 31 March 2016 (continued)**

		Unaudited 31.03.2016 RM'000	Audited 31.12.2015 RM'000
Non-Current Liabilities			
Retirement benefit obligations		5,271	5,078
Loans and borrowings	23	56,648	60,652
Other payables		-	7,866
		61,919	73,596
TOTAL LIABILITIES		205,798	224,412
Equity attributable to owners of the parent			
Share capital		205,978	205,978
Share premium		43,008	43,008
Other reserves	24	(17,756)	(20,845)
Retained earnings		75,404	76,277
		306,634	304,418
Non-controlling interests		3,780	1,130
TOTAL EQUITY		310,414	305,548
TOTAL EQUITY AND LIABILITIES		516,212	529,960
Net assets per share (RM)		1.51	1.48

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 2015 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 31 March 2016

	-----Attributable to owners of the parent-----									
	Total equity RM'000	-----Non Distributable-----				Distributable	-----Non Distributable-----			
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	
1 Jan 2016	305,548	304,418	205,978	43,008	76,277	(20,845)	37	(9,898)	(10,984)	1,130
Comprehensive loss	(928)	(873)	-	-	(873)	-	-	-	-	(55)
Other comprehensive income	5,794	3,089	-	-	-	3,089	2	-	3,087	2,705
Total comprehensive income	4,866	2,216	-	-	(873)	3,089	2	-	3,087	2,650
31 March 2016	310,414	306,634	205,978	43,008	75,404	(17,756)	39	(9,898)	(7,897)	3,780

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 2015 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 31 March 2016 (continued)

	-----Attributable to owners of the parent-----						-----Non Distributable-----			
	Total equity RM'000	-----Non Distributable-----		Distributable	-----Non Distributable-----		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
Total equity of the parent RM'000		Share capital RM'000	Share premium RM'000		Retained earnings RM'000	Total other reserves RM'000				
1 Jan 2015										
As previously stated	334,896	330,535	205,978	43,008	101,772	(20,223)	58	(9,898)	(10,383)	4,361
Adjustment	140	140	-	-	140	-	-	-	-	-
Restated	335,036	330,675	205,978	43,008	101,912	(20,223)	58	(9,898)	(10,383)	4,361
Comprehensive (loss)/income	(115)	(343)	-	-	(343)	-	-	-	-	228
Other comprehensive (loss)/income	(146)	(168)	-	-	-	(168)	7	-	(175)	22
Total comprehensive (loss)/income	(261)	(511)	-	-	(343)	(168)	7	-	(175)	250
31 March 2015	334,775	330,164	205,978	43,008	101,569	(20,391)	65	(9,898)	(10,558)	4,611

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 2015 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 31 March 2016

	CUMULATIVE QUARTER	
	31.03.2016	31.03.2015
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	38,069	49,145
Cash payments to suppliers and contractors	(15,378)	(35,166)
Cash payments to employees and for expenses	(17,505)	(7,139)
Cash generated from operations	5,186	6,840
Net income tax (paid)/received	(113)	1,834
Net cash generated from operating activities	5,073	8,674
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,568)	(433)
Proceed from sale of property, plant and equipment	-	190
Dividend paid	-	(3,760)
Interest paid	(804)	(859)
Net cash used in investing activities	(2,372)	(4,862)

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 2015 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 31 March 2016 (continued)

	CUMULATIVE QUARTER	
	31.03.2016	31.03.2015
	RM'000	RM'000
Cash flows from financing activities		
Drawdown of term loans	2,334	3,349
Repayment of term loans and finance lease	(3,519)	(2,516)
Repayment of obligation under finance leases	(933)	(6)
Loan interest	(1,816)	(1,509)
Net cash (used in)/generated from financing activities	<u>(3,934)</u>	<u>(682)</u>
Net (decrease)/increase cash and cash equivalents		
	(1,233)	3,130
Cash and cash equivalents at beginning of period	586	(14,161)
Cash and cash equivalents at end of period	<u>(647)</u>	<u>(11,031)</u>
Represented by:		
Cash and bank balances	29,258	18,292
Bank overdrafts	(29,905)	(29,323)
	<u>(647)</u>	<u>(11,031)</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 2015 and the accompanying explanatory notes attached to the interim financial statement.

Explanatory Notes Pursuant to FRS 134: Interim Financial Reporting and

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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 2015. 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 2015.

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those of the annual financial statements for the year ended 31 December 2015.

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 2016.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015. FRSs, Amendments to FRSs and IC Interpretations issued but not yet effective:-

Description	Effective date
Amendments to FRS112 : Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 107 : Disclosure Initiative	1 January 2017
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.

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1 Basis of preparation (continued)

Malaysia Financial Reporting Standards (MFRS Framework)

On 8 September 2015, the Malaysian Accounting Standard Board (“MASB”) confirmed that the effective date of MFRS 15 Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018, following the recent press release by the International Accounting Standards Board (IASB) confirming a one-year deferral of IFRS 15 Revenue from Contracts with Customers. However, early application of MFRS 15 is still permitted. As a result, the effective date for Transitioning Entities (TEs) to apply the Malaysian Financial Reporting Standards (MFRS) will also be deferred to annual periods beginning on or after 1 January 2018. The TEs are entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate, including their parents, significant investors and joint ventures. Generally, the TEs are entities in the real estate and agriculture industries that have been given the option to continue applying the Financial Reporting Standards Framework, the predecessor of the MFRS Framework.

The MASB has consistently used the effective date of MFRS 15 as the basis for setting the effective date for the TEs to apply the MFRS. In the light of the IASB’s deferral of IFRS 15, the effective date for the TEs to apply the MFRS will also be deferred to 1 January 2018.

The Group falls within the scope definition of TEs and accordingly, will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be 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.

The major differences between FRS Framework and MFRS Framework are as follows:

A. Agreement for the Construction of Real Estates

a) Revenue recognition for property under development

Under the FRS framework, under FRS 201, when the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised using the stage of completion method.

Under the MFRS framework, in accordance to MFRS 15 Revenue from Contracts with Customers, it established a new five-step models that will apply revenue arising from contracts with the customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

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1 Basis of preparation (continued)

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

b) Land held for development

Under the FRS framework, land held for future development is classified as a non-current asset and stated at cost less any accumulated losses.

Upon transition to the MFRS framework, FRS 201 is withdrawn and entities would have to classify land held for future development appropriately based on the relevant facts and circumstances, such as, inventory in accordance with MFRS 102 Inventories (e.g. when development activities with a view to sale have commenced and where it can be demonstrated that development activities can be completed within the normal operating cycle). If the land is to be accounted as inventory under MFRS 102, the land will have to be stated at the lower of cost and net realisable value.

B. 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. Gain and losses from changes in fair value less costs to sell are recognised in profit or loss. Agricultural produce harvested from biological asset are measured at fair value less costs to sell at the point of harvest. Thereafter, the standard on inventories generally applies. However this MFRS is not applicable to the Group.

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2 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2015 was 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.

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.

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9 Segmental information

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

	CUMULATIVE QUARTER 3 MONTHS ENDED	
	31.03.2016 RM'000	31.03.2015 RM'000
Segment revenue		
Investment holding	624	854
Property development	10,563	25,180
Manufacturing	10,094	12,690
Construction	784	8,330
Others	1,260	3,485
	<u>23,325</u>	<u>50,539</u>
Elimination	<u>(1,581)</u>	<u>(3,463)</u>
Revenue	<u>21,744</u>	<u>47,076</u>
Segment results		
Investment holding	(1,425)	(966)
Property development	1,154	4,320
Manufacturing	(2,213)	195
Construction	(332)	50
Others	(131)	649
	<u>(2,947)</u>	<u>4,248</u>
Elimination	<u>1,798</u>	<u>(2,544)</u>
Sub Total	<u>(1,149)</u>	<u>1,704</u>
Finance costs	(1,383)	(1,494)
Share of profits of associates	1,215	208
(Loss)/profit before tax	<u>(1,317)</u>	<u>418</u>

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

There were no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2015.

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13 Capital commitments of the Group

	Current Quarter 31.03.2016 RM'000	Preceding Quarter 31.12.2015 RM'000
Capital expenditure Approved and contracted for: Property, plant and equipment	<u>70,502</u>	<u>70,502</u>

14 Review of performance

a) Property development sector

Property sector contributed 45% to the Group's turnover during the current quarter under review. This sector has recorded a turnover of RM10.56 million compared to RM25.18 million for the same period last year, and a profit of RM1.15 million against RM4.32 million profit for the same quarter last year due to softening property market and tight liquidity environment.

b) Manufacturing sector

The turnover dropped by 12% from RM12.69 million first quarter last year to RM10.09 million this quarter mainly due to continued volume reduction from a major customer and further weakening of South African Rand against major currencies.

Consequently, this sector had recorded a loss of RM2.21 million compared to RM195 thousands profit for the first quarter last year.

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15 Review of current quarter result against preceding quarter

	Current Quarter 31.03.2016 RM'000	Preceding Quarter 31.12.2015 RM'000
Turnover	21,744	30,791
Loss before tax	<u>(1,317)</u>	<u>(5,283)</u>

During the quarter under review, the Group recorded a loss before tax of RM1.32 million against RM5.28 million loss reported in the immediate preceding quarter, wherein the results in the current quarter included RM741 thousands (preceding quarter 2015 : RM3.95 million) relocation costs of manufacturing activity from South Africa to Botswana.

16 Prospects for the current financial year

Despite the challenging environment, the Group expects marginal profit for the remaining financial year ending 31 December 2016.

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.

19 Taxation

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- current	6	519	6	519
Foreign income tax	(395)	14	(395)	14
	<u>(389)</u>	533	<u>(389)</u>	533

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20 Sale of property, plant and equipment

During the quarter under review, there was no major disposal of property, plant and equipment.

21 Corporate proposals

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

22 Investment securities

As at 31 March 2016, the available-for-sale financial assets position is as follows:

	As at 31.03.2016 RM'000		As at 31.03.2015 RM'000	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Shares quoted in Malaysia	15	15	17	17
Unit trusts quoted in Malaysia	473	473	497	497
	488	488	514	514

23 Loans and borrowings

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

	As at 31.03.2016 RM'000	As at 31.03.2015 RM'000
Current loans and borrowings		
- secured	48,854	52,853
Noncurrent loans and borrowings		
- secured	56,648	37,014
Total loans and borrowings	105,502	89,867

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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.

27 Dividend

There was no dividend declared for the quarter under review.

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28 Loss per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Basic loss per share				
Loss attributable to to owners of the parent (RM'000)	(873)	(343)	(873)	(343)
Number of shares at the beginning of the period (unit '000)	205,978	205,978	205,978	205,978
Basic loss per share (sen)	(0.42)	(0.17)	(0.42)	(0.17)

29 Realised and unrealised retained earnings disclosure

	Unaudited 31.03.2016 RM'000	Audited 31.12.2015 RM'000
Realised	(134,181)	(136,728)
Unrealised	2,178	5,632
	(132,003)	(131,096)
Share of retained earnings of associates		
-Realised	1,012	2,227
	(130,991)	(128,869)
Less:		
Consolidation adjustments	206,395	205,146
Retained earnings c/f	75,404	76,277

30 Comparative figures

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