

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

PASDEC HOLDINGS BERHAD

Company no: 367122-D
(Incorporated in Malaysia)

**Financial Statements
as at 30 June 2018**

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	50,647	29,377	76,734	63,284
Cost of sales	<u>(38,448)</u>	<u>(17,779)</u>	<u>(59,678)</u>	<u>(38,181)</u>
Gross profit	12,199	11,598	17,056	25,103
Other items of income				
Interest income	357	307	684	428
Other income/(loss)	(2)	1,142	1,423	2,659
Other items of expense				
Personnel expenses	(5,396)	(4,080)	(9,850)	(8,379)
Other expenses	(4,741)	(6,526)	(8,929)	(12,765)
Finance costs	(3,888)	(2,069)	(6,826)	(4,008)
Share of profits/(losses) of associates	<u>163</u>	<u>(220)</u>	<u>1,081</u>	<u>(621)</u>
(Loss)/profit before tax from continuing operations	(1,308)	152	(5,361)	2,417
Taxation (Note B6)	<u>(461)</u>	<u>(759)</u>	<u>(461)</u>	<u>(1,573)</u>
(Loss)/profit from continuing operations, net of tax	(1,769)	(607)	(5,822)	844
Profit from discontinued operations	<u>24</u>	<u>-</u>	<u>42</u>	<u>-</u>
(Loss)/profit net of tax	<u>(1,745)</u>	<u>(607)</u>	<u>(5,780)</u>	<u>844</u>

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2018 (continued)

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Other comprehensive income/(loss)				
Net gain available-for sale financial assets				
- (Loss)/gain on fair value changes	(37)	(20)	(59)	10
(Loss)/gain on foreign currency translation	(1,318)	(148)	810	2,080
Remeasurement gain on defined benefit plan	(189)	297	(189)	297
Other comprehensive (loss)/income , net of tax	(1,544)	129	562	2,387
Total comprehensive (loss)/income for the period, net of tax	(3,289)	(478)	(5,218)	3,231
(Loss)/income attributable to:				
Owners of the parent				
- Continuing operations	(1,191)	(113)	(4,843)	1,278
- Discontinued operation	24	-	42	-
	(1,167)	(113)	(4,801)	1,278
Non-controlling interests	(578)	(494)	(979)	(434)
	(1,745)	(607)	(5,780)	844
Total comprehensive (loss)/income attributable to:				
Owners of the parent				
- Continuing operations	(3,249)	(104)	(4,795)	3,674
- Discontinued operation	24	-	42	-
	(3,225)	(104)	(4,753)	3,674
Non-controlling interests	(245)	(374)	(466)	(443)
	(3,470)	(478)	(5,219)	3,231
(Losses)/earning per share attributable to owners of the Company (Note B13)				
Basic (sen)	(0.41)	(0.06)	(1.68)	0.62

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position as at 30 June 2018

	Notes	Unaudited 30.06.2018 RM'000	Audited 31.12.2017 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		33,709	34,407
Work in progress		9,089	8,967
Land held for property development		142,938	142,938
Investment properties		58,292	58,914
Investments in associates		19,231	20,151
Investment securities	B8	399	459
Deferred tax asset		5,472	5,703
		<u>269,130</u>	<u>271,539</u>
Current Assets			
Property development costs		112,839	120,829
Inventories		101,858	97,224
Trade receivables		44,634	36,034
Other receivables		11,583	12,851
Other current assets		10,932	15,149
Tax recoverable		3,010	1,842
Cash and bank balances		58,645	17,514
		<u>343,501</u>	<u>301,443</u>
Assets of company classified as held for sale		58	30
		<u>343,559</u>	<u>301,473</u>
TOTAL ASSETS		<u>612,689</u>	<u>573,012</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		139	901
Loans and borrowings	B9	45,090	40,800
Overdrafts	91,453	46,363	41,344
Trade payables		68,355	68,391
Other payables		97,946	44,062
Tax payable		467	-
		<u>258,360</u>	<u>195,498</u>
Liabilities of company classified as held for sale		20	32
		<u>258,380</u>	<u>195,530</u>
NET CURRENT ASSETS		<u>85,179</u>	<u>105,943</u>

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position as at 30 June 2018 (continued)

		Unaudited	Audited
		30.06.2018	31.12.2017
		RM'000	RM'000
Non-Current Liabilities			
Retirement benefit obligations		4,422	3,608
Loans and borrowings	B9	33,058	44,653
Other payables		-	6,917
		<u>37,480</u>	<u>55,178</u>
TOTAL LIABILITIES		<u>295,860</u>	<u>250,708</u>
Equity attributable to owners of the parent			
Share capital		293,376	293,376
Other reserves	B10	(25,296)	(25,533)
Retained earnings		51,053	56,299
		<u>319,133</u>	<u>324,142</u>
Non-controlling interests		(2,304)	(1,838)
TOTAL EQUITY		<u>316,829</u>	<u>322,304</u>
TOTAL EQUITY AND LIABILITIES		<u>612,689</u>	<u>573,012</u>
Net assets per share (RM)		1.11	1.29

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2018

	-----Attributable to owners of the parent-----					-----Non Distributable-----			Non-controlling interest RM'000
	Total equity RM'000	Total equity attributable to owners of the parent RM'000	Non Distributable		Distributable	Note B10(b)	Note B10(c)(i&ii)	Note B10(a)	
			Share capital RM'000	Retained earnings RM'000	Total other reserves RM'000	Fair value change reserve RM'000	Others RM'000	Foreign currency exchange reserve RM'000	
1 Jan 2018	322,304	324,142	293,376	56,299	(25,533)	9	(12,439)	(13,103)	(1,838)
Prior year adjustments	(256)	(256)	-	(256)	-	-	-	-	-
Restated	322,048	323,886	293,376	56,043	(25,533)	9	(12,439)	(13,103)	(1,838)
Comprehensive loss	(5,780)	(4,801)	-	(4,801)	-	-	-	-	(979)
Other comprehensive profit/(loss)	561	48	-	(189)	237	(59)	-	296	513
Total comprehensive (loss)/income	(5,219)	(4,753)	-	(4,990)	237	(59)	-	296	(466)
30 June 2018	316,829	319,133	293,376	51,053	(25,296)	(50)	(12,439)	(12,807)	(2,304)

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2017

	Attributable to owners of the parent						Non Distributable			Non-controlling interest RM'000
	Non Distributable		Distributable		Total other reserves RM'000	Note B10(b)	Note B10(c)(i&ii)	Note B10(a)		
	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	Fair value change reserve RM'000	Others RM'000	Foreign currency exchange reserve RM'000	
1 Jan 2017	276,895	277,102	205,978	43,008	54,694	(26,578)	17	(12,439)	(14,156)	(207)
Reclassification	-	-	43,008	(43,008)	-	-	-	-	-	-
	276,895	277,102	248,986	-	54,694	(26,578)	17	(12,439)	(14,156)	(207)
Comprehensive profit/(loss)	844	1,278	-	-	1,278	-	-	-	-	(434)
Other comprehensive income/(loss)	2,387	2,396	-	-	297	2,099	10	-	2,089	(9)
Total comprehensive income/(loss)	3,231	3,674	-	-	1,575	2,099	10	-	2,089	(443)
Transaction with owner										
Share issued for acquisition of properties	44,390	44,390	44,390	-	-	-	-	-	-	-
30 June 2017	324,516	325,166	293,376	-	56,269	(24,479)	27	(12,439)	(12,067)	(650)

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flow for the period ended 30 June 2018

	CUMULATIVE QUARTER	
	30.06.2018	30.06.2017
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	82,566	77,996
Cash payments to suppliers and contractors	(67,815)	(61,079)
Cash payments to employees and for expenses	(15,265)	(24,113)
Cash used in operations	(514)	(7,196)
Net income tax paid	(753)	(854)
Net cash used in operating activities	(1,267)	(8,050)
Cash flows from investing activities		
Interest received	105	141
Purchase of property, plant and equipment	(6)	(9)
Proceed from sale of property, plant and equipment	-	22
Dividend	-	22
Net cash used in investing activities	99	132
Cash flows from financing activities		
Rights issues	43,120	-
Drawdown of trust fund	3,195	-
Repayment to other financial obligations	(368)	(2,000)
Repayment of term loans	(5,254)	(8,538)
Repayment of obligation under finance leases	(66)	(108)
Loan interest	(3,319)	(941)
Net cash generated from/(used in) financing activities	37,308	(11,587)
Net increase/(decrease) in cash and cash equivalents	36,140	(19,505)
Cash and cash equivalents at beginning of period	(23,806)	2,121
Cash and cash equivalents at end of period	12,334	(17,384)
Represented by:		
Cash and bank balances		
- Continuing operations	58,645	19,711
- Discontinued operations	52	-
Bank overdrafts	(46,363)	(37,095)
	12,334	(17,384)

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Interim Financial Report for the six (6) months period ended 30 June 2018

PART A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”) INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad before taking into consideration the effects of Addendum to Financial Reporting Standards Implementation Committee (“**FRSIC**”) Consensus 17 – Clarification on the use of FRSIC Consensus 17 Development of Affordable Housing issued on 7 March 2018 (“**Addendum**”).

This Addendum has rendered the FRSIC Consensus 17 no longer applicable upon the adoption of MFRS 15 Revenue from Contracts with Customers in conjunction with the adoption of the MFRS Framework as explained below, hence the upfront recognition of provision for foreseeable losses on the development of affordable housing on an involuntary basis may no longer be required. As it is understood that post issuance of this Addendum, there would be further official clarification on the accounting for the development of affordable housing in the near future, the Group expects and intends to fully comply with the requirements of this Addendum when the clarification has been made.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017. 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 Pasdec Holdings Berhad (“**Pasdec**”) and its subsidiaries (“**Group**”) since the year ended 31 December 2017.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2017 and after FRSs, Amendments to FRSs and IC Interpretations issued become effective for annual periods beginning on or after 1 January 2018.

A2. Changes in accounting policies

On 1 January 2018, the Group adopted the following new and amended MFRS and IC Interpretations Mandatory for annual financial periods beginning on or after 1 January 2018.

1 January 2018

MFRS 2	Classification and Measurement of Share-based Payment (Amendments to MFRS 2)
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 128	Annual Improvements to MFRSs 2014 – 2016 Cycle
MFRS 140	Transfers of Investment Property (Amendments to MFRS 140)

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

A2 Changes in accounting policies (continued)

The Group has not adopted the following standards and interpretations that has been issued and not yet effective:

1 January 2019

Amendments to MFRS 3	Annual Improvements to MFRSs 2014 – 2016 Cycle
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Annual Improvements to MFRSs 2015 – 2017 Cycle
MFRS 16	Leases
Amendments to MFRS 112	Annual Improvements to MFRSs 2015 – 2017 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Annual Improvements to MFRSs 2015 – 2017 Cycle
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures

1 January 2020

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets

The two newly effective standards, which were adopted pursuant to the adoption of the MFRS Framework, namely MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers has resulted in the following changes in the financial statements.

MFRS 9: Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The key effect of the adoption of this standard on the Group would principally be in respect of the assessment of impairment losses of outstanding external and internal debts based on an “expected credit loss” model instead of the “incurred loss” model. This may have the effect of accelerating the recognition of impairment losses in respect of these debts, if any.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

A2 Changes in accounting policies (continued)

MFRS 15: Revenue from Contracts with Customers

The key effects as a result of adopting this standard on the property development activities of the Group are as follows:

- i) in respect of sales of properties that do not come under the preview of FRSIC Consensus 23 *Application of MFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties* issued by the Malaysian Institute of Accountants, the Group has to assess if the property has an alternative use to the Group and whether the sales and purchase arrangement provides the Group with an enforceable right to payment for work completed to date, in determining whether or not the sale of property units should be recognised at a point in time (completion method) or over time (percentage of completion method);
- ii) it requires the identification of separate performance obligations arising from the sale of property units from the various property development projects of the Group, such as the sale of property with complimentary giveaways, and may result in the acceleration or deferment of revenue recognition relating to these separate performance obligations depending on whether the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities;
- iii) it requires the recognition of the financing component relating to the sale of property units under the deferred payment schemes (10:90 schemes). This would result in the recognition of interest income using the effective interest method over the term of the deferment;
- iv) it requires that expenses attributable to securing contracts with customers such as commission expense be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation; and
- v) it views liquidated ascertained damages payable when the developer fails to deliver vacant possession within the stipulated period as consideration payable to customers and is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as a direct charge to the profit or loss when the obligation arises.

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

A4. Seasonal or cyclical factors

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

A5. 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.

A6. Changes in estimates

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

A7. 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.

A8. Dividends paid

There were no dividends paid during the current quarter under review.

A9. Valuation of property, plant and equipment

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

[The rest of this page has been intentionally left blank]

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

A10. Segmental information

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

	CUMULATIVE PERIOD 6 MONTHS ENDED 30 JUNE 2018					Continuing operations Consolidated RM'000	Discontinued operation RM'000	Total RM'000
	Property development RM'000	Manufacturing RM'000	Construction RM'000	Others RM'000	Elimination RM'000			
REVENUE :								
External sales	33,779	41,942	822	191	-	76,734	-	76,734
Inter-segment sales	1	-	1,245	1,413	(2,659)	-	-	-
	33,780	41,942	2,067	1,604	(2,659)	76,734	-	76,734
SEGMENT RESULTS:								
Operating profit/(loss)	2,176	(543)	617	(2,552)	2	(300)	42	(258)
Interest income	478	-	-	946	(740)	684	-	684
Finance costs	(1,849)	(4,925)	(169)	(623)	740	(6,826)	-	(6,826)
Share of results of associates	-	1,322	-	(241)	-	1,081	-	1,081
Profit/(loss) for the period	805	(4,146)	448	(2,470)	2	(5,361)	42	(5,319)
Taxation	(438)	-	-	(23)	-	(461)	-	(461)
Profit/(loss) net of tax	367	(4,146)	448	(2,493)	2	(5,822)	42	(5,780)
Assets and Liabilities								
Segment assets	507,826	79,867	15,767	321,728	(374,212)	550,976	58	551,034
Cash and bank balances	5,903	223	1,260	45,955	-	53,341	-	53,341
Deposit with licensed banks	4,449	-	109	746	-	5,304	-	5,304
Current tax assets	2,963	-	4	43	-	3,010	-	3,010
Total assets	521,141	80,090	17,140	368,472	(374,212)	612,631	58	612,689
Segment liabilities	194,653	70,570	25,127	71,896	(191,384)	170,862	20	170,882
Provision for taxation	438	-	-	29	-	467	-	467
Bank overdraft	22,511	21,728	1,945	179	-	46,363	-	46,363
Borrowings	21,351	36,464	-	20,333	-	78,148	-	78,148
Total liabilities	238,953	128,762	27,072	92,437	(191,384)	295,840	20	295,860
Capital expenditure	-	-	-	6	-	6	-	6
Depreciation	301	836	61	579	-	1,777	-	1,777

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

A10. Segmental information (continued)

	CUMULATIVE PERIOD 6 MONTHS ENDED 30 JUNE 2017					Continuing operations Consolidated RM'000
	Property develop- ment RM'000	Manufac- turing RM'000	Construc- tion RM'000	Others RM'000	Elimi- nation RM'000	
REVENUE :						
External sales	32,251	28,922	411	1,700	-	63,284
Inter-segment sales	5	-	2,679	1,195	(3,879)	-
	<u>32,256</u>	<u>28,922</u>	<u>3,090</u>	<u>2,895</u>	<u>(3,879)</u>	<u>63,284</u>
SEGMENT RESULTS:						
Operating profit/(loss)	10,301	(89)	(41)	(2,350)	(1,203)	6,618
Interest income	607	-	-	525	(704)	428
Finance costs	(1,399)	(2,862)	(162)	(239)	654	(4,008)
Share of results of associates	-	736	-	(1,357)	-	(621)
Profit/(loss) before tax	9,509	(2,215)	(203)	(3,421)	(1,253)	2,417
Taxation	(1,573)	-	-	-	-	(1,573)
Profit/(loss) net of tax	7,936	(2,215)	(203)	(3,421)	(1,253)	844
Assets and Liabilities						
Segment assets	480,078	67,434	14,780	362,395	(631,080)	293,607
Cash and bank balances	2,420	2,009	2,245	2,911	-	9,585
Deposit with licensed banks	10,049	-	106	74	-	10,229
Current tax assets	4,737	-	3	403	-	5,143
Total assets	497,284	69,443	17,134	365,783	(631,080)	318,564
Segment liabilities	202,272	56,325	25,557	28,909	(200,709)	112,354
Provision for taxation	1,573	-	-	-	-	1,573
Bank overdraft	17,652	17,240	2,051	152	-	37,095
Borrowings	32,930	38,342	64	20,496	-	91,832
Total liabilities	254,427	111,907	27,672	49,557	(200,709)	242,854
Capital expenditure	9	-	-	-	-	9
Depreciation	309	654	66	179	-	1,208

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

A11. Material events

Except for the following, there were no material events during the current quarter for the period ended 30 June 2018 and up to the date of this report.

(i) Rights Issue with Warrants

Pasdec has undertaken a rights issue of 114,391,200 new ordinary shares in Pasdec ("**Rights Shares**") on the basis of two (2) Rights Shares for every five (5) existing ordinary shares in Pasdec ("Pasdec Shares") held, together with 114,391,200 free detachable warrants ("**Warrant(s)**") on the basis of one (1) Warrant for every one (1) Rights Shares subscribed, at an issue price of RM0.35 per Rights Shares ("**Rights Shares with Warrants**") and an abridged prospectus was issued on 16 May 2018. A supplementary abridged prospectus was issued on 7 June 2018.

On behalf of the Board, RHB Investment Bank ("**RHB Investment**") announced that as at the date of the closing of acceptance and payment for the Rights Issue with Warrants at 5.00 p.m. on 26 June 2018 ("**Closing Date**"), Pasdec had received valid acceptance and excess applications for 123,219,052 Rights Shares, representing an over-subscription of 8,827,852 Rights Shares or approximately 7.72% over the total number of Rights Shares available for subscription under the Rights Issue with Warrants.

On 11 July 2018, 114,391,200 Rights Shares together with 114,391,200 Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), marking the completion of the Rights Issue with Warrants.

(2) Mandatory take-over offer by Jasa Imani Sdn Bhd ("**JISB**" or the "**Offeror**")

Pursuant to the Rights Issue, JISB, as a substantial shareholder holding 80,000,000 Pasdec Shares as at the entitlement date, had provided its irrevocable undertaking to subscribe for its entitlement under the Rights Issue with Warrants amounting to 32,000,000 Rights Shares together with 32,000,000 Warrants. Subsequently, JISB had provided the additional undertaking to subscribe for an additional 42,558,260 Rights Shares together with 42,558,260 Warrants, representing the rights entitlement of Perbadanan Kemajuan Negeri Pahang ("**PKNP**"), a substantial shareholder of Pasdec, by way of excess application and in the manner as allowed in the abridged prospectus.

On 3 July 2018, Pasdec announced the final subscription result and basis of allotment of excess Rights Shares with Warrants. Accordingly, Pasdec had vide, its letter dated 3 July 2018, informed JISB that JISB will be allotted an aggregate of 74,558,200 Rights Shares pursuant to JISB's undertakings. Pursuant thereto, the shareholdings of JISB in Pasdec had increased from 27.98% to 38.61%, and together with the ultimate offeror and the parties acting in concert ("**PACs**"), their collective shareholdings increased from 31.68% to 42.26% upon the listing of and quotation for the Rights Shares and Warrants.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Accordingly, on 3 July 2018, the Board announced the receipt of the Notice from UOB Kay Hian Securities (M) Sdn Bhd (“**UOBKH**”) on behalf of the Offeror, notifying that the Offeror is obliged to extend a mandatory take-over offer to acquire the offer Shares and Warrants (“**Offer Securities**”) pursuant to Section 218(2) of the Capital Markets and Service Act, 2007 (“**CMSA**”) and Paragraph 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions (“**Rules**”). Dato’ Sri Tew Kim Thin, the founder and a major shareholder of the Offeror, is deemed to be the Ultimate Offeror.

On 9 July 2018, the Board (save for Dato’ Sri Tew and Tew Liang Tze) had announced the appointment of Public Investment Bank Berhad (“**PIVB**”) as the Independent Adviser to provide comments, opinions, information and recommendation on the Offer to the non-interested Directors of Pasdec and holders in accordance with Paragraph 3.06 of the Rules. The Board (save for Dato’ Sri Tew and Tew Liang Tze) has no intention to seek an alternative person to make a take-over offer for the Offer Securities.

The offer document, which sets out the details, terms and conditions of the Offer together with the Form of Acceptance and Transfer for the Offer Shares and Offer Warrants, have been despatched to the shareholders of Pasdec on 24 July 2018.

On 3 August 2018, PIVB, on behalf of the Company issued and despatch an independent advice circular to the holders in relation to the conditional mandatory take-over offer by JISB.

On 14 August 2018, Pasdec received a press notice from UOBKH, on behalf of the Offeror, to inform that the Offer has closed at 5.00 p.m. (Malaysian time) on Tuesday, 14 August 2018.

As set out in the Offer Document dated 24 July 2018, the Offer is conditional upon the Offeror having received, by the Closing Date, valid acceptances which would result in the Offeror, Ultimate Offeror, and the PACs holding, in aggregate with such Pasdec Shares that are already acquired, held or entitled to be acquired, more than 50% of the voting shares of Pasdec (“**Acceptance Condition**”).

As at 5.00 p.m. on the Closing Date, the Offeror, Ultimate Offeror, and the PACs held, in aggregate with such Pasdec Shares that are already acquired, held or entitled to be acquired, approximately 48.40% of the voting shares of PASDEC. As such, the Acceptance Condition has not been fulfilled.

Accordingly, the Offeror shall return all the Pasdec Shares and Warrants which have been transferred into the CDS Account of the Offeror pursuant to the Offer to the respective holders who have accepted the Offer.

A12. Valuation of property, plant and equipment

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

A13. Changes in the composition of the Group

There are no changes in the composition of the Group during the quarter under review.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

A14. 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 2017.

A15. Capital commitments of the Group

	Current Quarter 30.06.2018 RM'000	Preceding Quarter 31.03.2018 RM'000
Capital expenditure Approved and contracted for: Property, plant and equipment	79,451	79,535

[The rest of this page has been intentionally left blank]

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Interim Financial Report for six months period ended 30 June 2018

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

B1. Review of performance

Current quarter compared to the corresponding quarter of last year (Q2 18 vs Q2 17)

	Individual Quarter Unaudited		Changes		Cumulative Quarter Unaudited		Changes	
	Current Quarter	Preceding Quarter			Current year to-date	Preceding year to-date		
	30.06.2018	30.06.2017	RM'000	%	30.06.2018	30.06.2017	RM'000	%
Revenue	50,647	29,377	21,270	72	76,734	63,284	13,450	21
Operating profit	12,199	11,598	601	5	17,056	25,103	(8,047)	(32)
Profit / (loss) before interest & tax	2,580	2,221	359	16	1,465	6,425	(4,960)	(77)
(Loss)/ profit before tax	(1,308)	152	(1,460)	>-100	(5,361)	2,417	(7,778)	>-100
(Loss)/ profit after tax	(1,769)	(607)	(1,162)	>-100	(5,822)	844	(6,666)	>-100
(Loss)/ profit attributable to ordinary equity holders of the parent	(1,167)	(113)	(1,054)	>-100	(4,801)	1,278	(6,079)	>-100

The group achieved revenue of RM76.73 million in the current period under review as compared to the same corresponding period last year's revenue of RM63.28 million.

The increase in revenue was mainly due to higher revenue generated by our manufacturing operations in South Africa, whereby revenue has increased by 45% from RM28.92 million in the first 6 months of 2017 to RM41.94 million for 6 months ended 30 June 2018, attributable to higher orders from all major customers.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B1. Review of performance (continued)

Despite the much improved revenue, the Group recorded loss before tax of RM5.36 million for 6 months ended 30 June 2018 as compared to profit before tax of RM2.42 million in 2017 mainly due to eroded margin from the manufacturing operations as a result of higher freight charges, overtime costs and finance costs.

The Group's property development activities which mainly focused in the State of Pahang has registered revenue for the current period 1H 2018 of RM33.78 million compared to previous period 1H 2017 of RM32.25 million amidst soft property demand from buyers.

In order to boost sales revenue, the Group has introduced various schemes by giving incentives or discounts to customers, as a result of which profit margin was impacted whereby profit before tax has reduced from RM9.51 million for the previous period 1H 2017 to RM0.81 million for the current 6 months period ended 30 June 2018.

Consequently, the Group has gone into the red for the first 6 months period ended 30 June 2018 with loss before tax of RM5.36 million as compared to profit before tax of RM2.42 million recorded for the corresponding period in 2017.

In view of the less than conducive property market, the Group has only launched a small project comprising of 15 units of shop/office in Paya Tiga, Kuantan with total gross development value ("**GDV**") of RM9.47 million in the first 6 months of 2018. Moving forward, the Group will be focusing on strategies to unlock values from its ongoing/ completed property projects into cash. On the other hand, the Group has implemented various costs saving initiatives/ austerity drive in order to compensate for the squeezed profit margin.

[The rest of this page has been intentionally left blank]

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B2. Comparison of current quarter results with the preceding quarter

Q2 18 vs Q1 18

	Current Quarter 30.06.2018 RM'000	Immediate Preceding Quarter 31.03.2018 RM'000	Changes	
			RM'000	%
Revenue	50,647	26,087	24,560	94
Operating profit/ (loss)	12,199	4,857	7,342	>100
Profit / (loss) before interest & tax	2,580	(1,115)	3,695	>100
Loss before tax	(1,308)	(4,035)	2,727	68
Loss after tax	(1,769)	(4,035)	2,266	56
Profit/ (loss) attributable to ordinary equity holders of the parent	(1,167)	(3,634)	2,467	68

Revenue for the current quarter almost doubled from RM26.09 million in the preceding quarter to RM50.65 million in the current quarter due to conclusion of property sale transactions secured in the 1st quarter of 2018 in the current quarter arising from discount scheme offered to house buyers.

Despite good revenue recorded by the Group's manufacturing segment in Africa, this segment continued to record loss before tax for the current quarter due to high manufacturing costs and finance costs.

However, the positive contribution from increased revenue generated by the property segment has helped to reduce loss before tax of the Group from RM4.04 million in the preceding quarter to RM1.31 million.

B3. Prospects for the current financial year

The Group's property segment will continue with its strategy of incentive/discount schemes in order to unlock values of stocks/ inventories into cash, thus impacting profit margin moving forward.

The manufacturing segment will still be faced with high manufacturing costs and finance costs in the second half of the year which will negatively impacting the bottom line.

B4. Profit forecast and profit guarantee

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B5. Notes to consolidated statement of comprehensive income

	30.06.2018 RM'000	30.06.2017 RM'000
Loss for the period is arrived at after charging		
Depreciation	1,777	1,208
Interest expense	6,826	4,008
And after crediting		
Other income	1,423	2,659
Interest income	684	428
Reversal of impairment loss on trade receivables	13	395

B6. Taxation

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Malaysian income tax				
- Current	461	759	461	1,573
	461	759	461	1,573

B7. Status of corporate proposals

Rights Issue with Warrants

Pasdec has undertaken a Rights Issue with Warrants and an abridged prospectus was issued on 16 May 2018 and a supplementary abridged prospectus was issued on 7 June 2018.

On behalf of the Board, RHB Investment announced that as at the Closing Date,, Pasdec had received valid acceptance and excess applications for 123,219,052 Rights Shares, representing an over-subscription of 8,827,852 Rights Shares or approximately 7.72% over the total number of Rights Shares available for subscription under the Rights Issue with Warrants.

On 11 July 2018 that 114,391,200 Rights Shares together with 114,391,200 Warrants were listed and quoted on the Main Market of Bursa Securities, marking the completion of the Rights Issue with Warrants.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B8. Investment securities

As at 31 March 2018, the available-for-sale financial assets position is as follows:

	As at 30.06.2018 RM'000	As at 30.06.2017 RM'000
	Carrying amount Market value of quoted investments	Carrying amount Market value of quoted investments
Shares quoted in Malaysia	9	14
Unit trusts quoted in Malaysia	390	482
	<u>399</u>	<u>496</u>

B9. Loans and borrowings

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

Secured facilities	Denomination	Short term RM'000	Long term RM'000	As at 30.06.2018 RM'000	As at 30.06.2017 RM'000	Remarks
Overdraft	RM	24,635	-	24,635	19,855	Working capital
Overdraft	BWP	21,728	-	21,728	17,240	Working capital
Term loan	RM	5,078	16,844	21,922	3,226	Working capital
Term loan	RM	2,374	15,997	18,371	23,163	Investment
Term loan	BWP	36,464	-	36,464	38,300	Purchase of plant & equipment
Revolving credit	RM	1,000	-	1,000	22,000	Working capital
Bridging loan	RM	-	-	-	4,479	Project financing
Finance lease	RM	174	217	391	664	Purchase of motor vehicle
TOTAL		91,453	33,058	124,511	128,927	

Note

BWP : Botswana Pula (1 BWP = RM0.3887)

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B10. Other reserves

a) Foreign currency exchange reserve

The foreign currency exchange deficit 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 change 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) Others

The others represent:-

- i) 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.
- ii) Capital reserve of RM2.45 million on acquisition of operation and Employee Stocks Option Scheme of an associate.

B11. Material litigation

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

B12. Dividend

There was no dividend declared for the quarter under review.

B13. (Loss)/earnings per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Basic (losses)/earning per share				
(Losses)/earning attributable to owners of the parent (RM'000)	(1,167)	(113)	(4,801)	(1,278)
Number of shares at the beginning of the period (unit '000)	285,978	205,978	285,978	205,978
Basic (losses)/earning per share (sen)	(0.41)	(0.06)	(1.68)	0.62

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B14. Comparative figures

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

B15. Authority for issue

The interim financial report were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

By order of the Board

Shakerah Enayetali

Group Corporate Secretary & Governance