

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

PASDEC HOLDINGS BERHAD

Company no: 367122-D
(Incorporated in Malaysia)

**Financial Statements
as at 31 December 2018**

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	39,096	22,548	150,190	115,447
Cost of sales	<u>(28,635)</u>	<u>(11,531)</u>	<u>(117,021)</u>	<u>(63,615)</u>
Operating profit	10,461	11,017	33,169	51,832
Other items of income				
Interest (expense)/ income	(869)	563	346	867
Other income	(2,334)	1,850	377	5,558
Other items of expense				
Personnel expenses	(4,931)	(7,969)	(18,901)	(19,837)
Other expenses	(2,716)	1,286	(19,048)	(22,925)
Finance costs	(3,915)	(7,340)	(13,282)	(13,135)
Share of losses of associates	<u>1,207</u>	<u>(709)</u>	<u>2,363</u>	<u>(913)</u>
(Loss)/profit before tax from continuing operations	(3,097)	(1,302)	(14,976)	1,447
Taxation (Note B6)	<u>(6,613)</u>	<u>3,911</u>	<u>(6,756)</u>	<u>1,691</u>
(Loss)/profit from continuing operations, net of tax	(9,710)	2,609	(21,732)	3,138
Profit from discontinued operations	<u>-</u>	<u>160</u>	<u>-</u>	<u>27</u>
(Loss)/profit net of tax	(9,710)	2,769	(21,732)	3,165

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018 (continued)

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Other comprehensive (loss)/ income				
Net gain available-for sale financial assets				
- Loss on fair value changes	(23)	(2)	(81)	(7)
Gain/ (loss) on foreign currency translation	1,902	(894)	4,083	877
Warrant	-	-	5,720	-
Remeasurement gain/ (loss) on defined benefit plan	51	(148)	(829)	213
Other comprehensive income/ (loss) , net of tax	1,930	(1,044)	8,893	1,083
Total comprehensive (loss)/ income for the year, net of tax	(7,780)	1,725	(12,839)	4,248
(Loss)/income attributable to:				
Owners of the parent				
- Continuing operations	(8,162)	3,551	(18,785)	4,649
- Discontinued operation	-	160	-	27
	(8,162)	3,711	(18,785)	4,676
Non-controlling interests	(1,548)	(942)	(2,947)	(1,511)
	(9,710)	2,769	(21,732)	3,165
Total comprehensive (loss)/ income attributable to:				
Owners of the parent				
- Continuing operations	(6,931)	2,739	(11,129)	5,853
- Discontinued operation	-	160	-	27
	(6,931)	2,899	(11,129)	5,880
Non-controlling interests	(849)	(1,174)	(1,710)	(1,632)
	(7,780)	1,725	(12,839)	4,248
(Losses)/earnings per share attributable to owners of the Company (Note B16)				
Basic (sen)	(2.02)	1.46	(5.31)	1.86

The fully diluted loss per ordinary share for the Group for the financial year was not presented as the warrants would be anti-dilutive.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position as at 31 December 2018

	Notes	Unaudited 31.12.2018 RM'000	Audited 31.12.2017 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		32,628	34,407
Work in progress		8,012	8,967
Land held for property development		145,382	142,938
Investment properties		57,515	58,914
Investments in associates		211	20,151
Investment securities	B9	377	459
Deferred tax asset		-	5,703
		<u>244,125</u>	<u>271,539</u>
Current Assets			
Property development costs		103,206	120,829
Inventories		102,979	97,224
Trade receivables	B10	32,017	36,034
Other receivables		13,005	12,851
Other current assets		8,765	15,149
Tax recoverable		5,459	1,842
Cash and bank balances		29,556	17,514
		<u>294,987</u>	<u>301,443</u>
Assets of company classified as held for sale		-	30
		<u>294,987</u>	<u>301,473</u>
TOTAL ASSETS		<u>539,112</u>	<u>573,012</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		139	901
Loans and borrowings	B11	54,768	40,800
Overdrafts	75,081	20,313	41,344
Trade payables		48,482	68,391
Other payables		40,170	44,062
Tax payable		1,562	-
		<u>165,434</u>	<u>195,498</u>
Liabilities of company classified as held for sale		-	32
		<u>165,434</u>	<u>195,530</u>
NET CURRENT ASSETS		<u>129,553</u>	<u>105,943</u>

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position as at 31 December 2018 (continued)

		Unaudited 31.12.2018 RM'000	Audited 31.12.2017 RM'000
Non-Current Liabilities			
Retirement benefit obligations		4,375	3,608
Loans and borrowings	B11	24,264	44,653
Other payables		335	6,917
		<u>28,974</u>	<u>55,178</u>
TOTAL LIABILITIES		<u>194,408</u>	<u>250,708</u>
Equity attributable to owners of the parent			
Share capital	B12	327,693	293,376
Other reserves	B13	(2,947)	(11,431)
Retained earnings		26,324	42,197
		<u>351,070</u>	<u>324,142</u>
Non-controlling interests		(6,366)	(1,838)
TOTAL EQUITY		<u>344,704</u>	<u>322,304</u>
TOTAL EQUITY AND LIABILITIES		<u>539,112</u>	<u>573,012</u>
Issued and paid-up share capital (RM'000)		327,693	293,376
No of ordinary shares ('000)		400,369	285,978
Net assets per share (RM)		0.86	1.13

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2018

	Attributable to owners of the parent					Non Distributable			Non-controlling interest RM'000
	Non Distributable		Distributable			Note B13(b)	Note B13(c)	Note B13(a)	
	Total equity RM'000	Total equity attributable to owners of the parent RM'000	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 (PYA)	-	2,819	-	2,819	-	-	-	-	(2,819)
Restated opening balance after PYA	322,304	326,961	293,376	59,118	(25,533)	9	(12,439)	(13,103)	(4,657)
Impact of adopting MFRS 9 & 15	922	922	-	922	-	-	-	-	-
Impact of adopting MFRS 1	-	-	-	(14,102)	14,102	-	-	14,102	-
Restated opening balance after adoption of MFRSs	323,226	327,883	293,376	45,938	(11,431)	9	(12,439)	999	(4,657)
Comprehensive loss	(21,732)	(18,785)	-	(18,785)	-	-	-	-	(2,947)
Other comprehensive profit/(loss)	8,893	7,655	-	(829)	8,484	(81)	5,720	2,845	1,238
Total comprehensive (loss)/income	(12,839)	(11,130)	-	(19,614)	8,484	(81)	5,720	2,845	(1,709)
Transaction with shareholders									
Rights Issues	34,317	34,317	34,317	-	-	-	-	-	-
31 December 2018	344,704	351,070	327,693	26,324	(2,947)	(72)	(6,719)	3,844	(6,366)

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2017

	Attributable to owners of the parent						Non Distributable			Non-controlling interest RM'000
	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	Note B13(b) Fair value change reserve RM'000	Note B13(c) Others RM'000	Note B13(a) Foreign currency exchange reserve RM'000	
1 Jan 2017	276,949	277,156	205,978	43,008	54,694	(26,525)	16	(12,439)	(14,102)	(207)
Prior year adjustments	(3,284)	(3,284)	-	-	(3,284)	-	-	-	-	-
1 Jan 2017 (restated)	273,665	273,871	205,978	43,008	51,410	(26,525)	16	(12,439)	(14,102)	(207)
Reclassification	-	-	43,008	(43,008)	-	-	-	-	-	-
	273,665	273,871	248,986	-	51,410	(26,525)	16	(12,439)	(14,102)	(207)
Impact of adopting MFRS 1	-	-	-	-	(14,102)	14,102	-	-	14,102	-
	273,665	273,871	248,986	-	37,308	(12,423)	16	(12,439)	-	(207)
Comprehensive profit/(loss)	3,165	4,676	-	-	4,676	-	-	-	-	(1,510)
Other comprehensive income/(loss)	1,084	1,205	-	-	213	992	(7)	-	999	(122)
Total comprehensive income/(loss)	4,249	5,881	-	-	4,889	992	(7)	-	999	(1,632)
Transaction with owner										
Share issued for acquisition of properties	44,390	44,390	44,390	-	-	-	-	-	-	-
31 December 2017	322,304	324,142	293,376	-	42,197	(11,431)	9	(12,439)	999	(1,838)

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flow for the year ended 31 December 2018

	CUMULATIVE QUARTER	
	31.12.2018	31.12.2017
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	185,890	168,917
Cash payments to suppliers and contractors	(139,268)	(127,717)
Cash payments to employees and for expenses	(27,794)	(43,923)
Cash generated from/ (used) in operations	18,828	(2,723)
Net income tax paid	(2,585)	(2,076)
Net cash generated from/ (used) in operating activities	16,243	(4,799)
Cash flows from investing activities		
Interest received	279	867
Purchase of property, plant and equipment	(3,490)	(6,192)
Proceed from sale of property, plant and equipment	183	513
Proceed from sale of investment property	55	-
Dividend	17	22
Net cash used in investing activities	(2,956)	(4,790)
Cash flows from financing activities		
Rights issues and warrants	40,037	-
Drawdown of trust fund	1,077	1,632
Drawdown of term loan	5,140	533
Repayment of term loans	(17,246)	(14,783)
Repayment of obligation under finance leases	(305)	(419)
Loan interest	(8,941)	(3,301)
Net cash generated from/(used in) financing activities	19,762	(16,338)
Net increase/(decrease) in cash and cash equivalents	33,049	(25,927)
Cash and cash equivalents at beginning of year	(23,806)	2,121
Cash and cash equivalents at end of year	9,243	(23,806)
Represented by:		
Cash and bank balances	29,556	17,538
Bank overdrafts	(20,313)	(41,344)
	9,243	(23,806)

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Interim Financial Report for the year ended 31 December 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.

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 1	First-time adoption of Malaysian Financial Reporting Standards
MFRS 2	Classification and Measurement of Share-based Payment (Amendments to MFRS 2)
MFRS 4	Applying MFRS 9 Financial instruments with MFRS 4 Insurance Contracts
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 128	Investments in Associates and Joint Ventures
Annual Improvements to MFRSs 2014 – 2016 Cycle	
MFRS 140	Transfers of Investment Property (Amendments to MFRS 140)
IC Interpretation 22	Foreign Currency Transactions and Advance Considerations

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
IC Interpretation 23	Uncertainty over Income Tax Treatments

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: (continued)

1 January 2020

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 14	Regulatory Deferral Accounts
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
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The three newly effective standards, which were adopted pursuant to the adoption of the MFRS Framework, namely MFRS 9 Financial Instruments, MFRS 15 Revenue from Contracts with Customers and MFRS 1 First-time adoption of Malaysian Financial Reporting Standard have 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 classification of the Group's financial assets into those:

- measured subsequently at fair value through profit and loss; and
- measured at amortised cost depend on the Group's business model for managing the financial assets and the contractual terms of cash flows.

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.

There is no impact on the classification and measurement of the Group's financial liabilities.

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

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.

MFRS 1: First-time adoption of Malaysian Financial Reporting Standard

In general, MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for the first-time adopter's first MFRS reporting period have always been applied, except when the Standard (1) prohibits retrospective application in some aspects or (2) allow the first-time adopter to use one or more of the exemptions or exceptions contained therein.

The first time-adopter shall recognise any resulting change by adjusting retained earnings. The cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to MFRSs. The gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to MFRSs and shall include later translation differences.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

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.

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 during 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 condensed Consolidated Statements of 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 year is as follows:-

CUMULATIVE PERIOD						
12 MONTHS ENDED 31 DECEMBER 2018						
	Properties RM'000	Manufac- turing RM'000	Cons- truction RM'000	Others RM'000	Elimi- nation RM'000	Total RM'000
REVENUE :						
External sales	55,639	93,231	1,049	271	-	150,190
Inter-segment sales	1	-	8,125	3,169	(11,295)	-
	55,640	93,231	9,174	3,440	(11,295)	150,190
SEGMENT RESULTS:						
Operating profit/(loss)	6,680	(4,817)	(662)	(41,051)	35,447	(4,403)
Interest income	967	-	3	2,247	(2,871)	346
Finance costs	(3,147)	(11,285)	(278)	(1,443)	2,871	(13,282)
Share of results of associates	-	2,795	-	(432)	-	2,363
Profit/ (loss) for the year	4,500	(13,307)	(937)	(40,679)	35,447	(14,976)
Taxation	(576)	(6,133)	(2)	(45)	-	(6,756)
Profit/ (loss) net of tax	3,924	(19,440)	(939)	(40,724)	35,447	(21,732)
Assets and Liabilities						
Segment assets	459,379	44,234	16,196	340,206	(355,918)	504,097
Cash and bank balances	9,656	8,244	229	6,358	-	24,487
Deposit with licensed banks	4,515	-	111	443	-	5,069
Tax recoverable	5,161	-	3	295	-	5,459
Total assets	478,711	52,478	16,539	347,302	(355,918)	539,112
Segment liabilities	208,014	51,267	23,559	21,520	(210,859)	93,501
Provision for taxation	1,516	-	2	44	-	1,562
Bank overdraft	1,381	17,544	1,378	10	-	20,313
Borrowings	18,147	43,747	-	17,138	-	79,032
Total liabilities	229,058	112,558	24,939	38,712	(210,859)	194,408
Capital expenditure	-	1,996	-	1,494	-	3,490
Depreciation	570	3,150	87	1,136	-	4,943

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

A10. Segmental information (continued)

	CUMULATIVE PERIOD 12 MONTHS ENDED 31 DECEMBER 2017							Total RM'000
	Properties RM'000	Manufac- turing RM'000	Construc- tion RM'000	Others RM'000	Elimi- nation RM'000	Continuing operations RM'000	Discontinued operations RM'000	
	← Continuing operations →							
REVENUE :								
External sales	51,080	58,852	1,454	4,061	-	115,447	-	115,447
Inter-segment sales	8	-	3,516	1,973	(5,497)	-	-	-
	<u>51,088</u>	<u>58,852</u>	<u>4,970</u>	<u>6,034</u>	<u>(5,497)</u>	<u>115,447</u>	<u>-</u>	<u>115,447</u>
SEGMENT RESULTS:								
Operating profit/(loss)	16,522	2,310	294	(3,375)	(1,123)	14,628	27	14,655
Interest income	1,068	-	5	2,528	(2,734)	867	-	867
Finance costs	(3,954)	(9,613)	(342)	(1,960)	2,734	(13,135)	-	(13,135)
Share of results of associates	-	76	-	(989)	-	(913)	-	(913)
Profit/(loss) before tax	<u>13,636</u>	<u>(7,227)</u>	<u>(43)</u>	<u>(3,796)</u>	<u>(1,123)</u>	<u>1,447</u>	<u>27</u>	<u>1,474</u>
Taxation	(3,934)	5,649	-	(24)	-	1,691	-	1,691
Profit/(loss) net of tax	<u>9,702</u>	<u>(1,578)</u>	<u>(43)</u>	<u>(3,820)</u>	<u>(1,123)</u>	<u>3,138</u>	<u>27</u>	<u>3,165</u>
Assets and Liabilities								
Segment assets	477,755	77,170	20,019	359,366	(380,684)	553,626	6	553,632
Cash and bank balances	6,675	398	2,669	2,233	-	11,975	24	11,999
Deposit with licensed banks	4,698	-	107	734	-	5,539	-	5,539
Tax recoverable	1,453	-	4	385	-	1,842	-	1,842
Total assets	<u>490,581</u>	<u>77,568</u>	<u>22,799</u>	<u>362,718</u>	<u>(380,684)</u>	<u>572,982</u>	<u>30</u>	<u>573,012</u>
Segment liabilities	202,321	61,626	31,098	27,564	(198,698)	123,911	-	123,911
Bank overdraft	17,300	21,805	2,079	160	-	41,344	-	41,344
Borrowings	25,816	39,221	-	20,416	-	85,453	-	85,453
Total liabilities	<u>245,437</u>	<u>122,652</u>	<u>33,177</u>	<u>48,140</u>	<u>(198,698)</u>	<u>250,708</u>	<u>-</u>	<u>250,708</u>
Capital expenditure	9	-	-	6,183	-	6,192	-	6,192
Depreciation	611	2,074	131	870	-	3,686	-	3,686

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

A11. Material events

There were no material events subsequent to the reporting date up to 21 February 2019, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim Financial Report.

A12. Changes in the composition of the Group

There were no changes to the composition of the Group during the year under review apart from the following:-

- i. Disposal of 100% equity interest in a subsidiary, Kimdec Corporation Sdn. Bhd. by the Company;
- ii. Disposal of 30.87% equity interest in an associate company, CRH Africa Automotive Proprietary Limited by Pasdec Automotive Technologies Proprietary Limited;
- iii. Disposal of 40% equity interest in an associate company, Genting View Resort Development Sdn. Bhd. by Pasdec Corporation Sdn. Bhd.; and
- iv. Subscription of 70% equity interest in a subsidiary, Jasa Pasdec Sdn. Bhd. by Pasdec Corporation Sdn. Bhd.

A13. 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.

A14. Capital commitments of the Group

	Current Quarter 31.12.2018 RM'000	Preceding Quarter 30.09.2018 RM'000
Capital expenditure Approved and contracted for: Property, plant and equipment	<u>79,049</u>	<u>79,305</u>

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Interim Financial Report for the year ended 31 December 2018

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

B1. Review of performance

	Individual Quarter Unaudited		Changes		Cumulative Quarter Unaudited		Changes	
	Current Quarter	Preceding year Quarter			Current year to-date	Preceding year to-date		
	31.12.2018	31.12.2017	RM'000	%	31.12.2018	31.12.2017	RM'000	%
Revenue	39,096	22,548	16,548	73	150,190	115,447	34,743	30
Operating profit	10,461	10,612	(151)	(1)	33,169	47,884	(14,715)	(31)
(Loss)/ profit before interest & tax	818	6,038	(5,220)	(86)	(1,694)	14,582	(16,276)	(>100)
(Loss)/ profit before tax	(3,097)	(1,302)	(1,795)	(>100)	(14,976)	1,447	(16,423)	(>100)
(Loss)/ profit after tax	(9,710)	2,609	(12,319)	(>100)	(21,732)	3,138	(24,870)	(>100)
(Loss)/ profit attributable to ordinary equity holders of the parent	(8,162)	3,711	(11,873)	(>100)	(18,785)	4,676	(23,461)	(>100)

The group achieved revenue of RM150.19 million in the year under review as compared to last year's revenue of RM115.45 million. The increase in revenue was mainly due to higher revenue of RM34.74 million generated by our manufacturing operations in South Africa and RM4.56 million generated from property development activities. The Group had recorded loss after tax of RM21.73 million compared to profit after tax of RM3.17 million for the year 2017.

The results were affected by each division as follows:-

The Group's property development activities which mainly focused in the State of Pahang registered revenue for the current year of RM55.64 million compared to last year of RM51.08 million amidst soft property demand from buyers. In order to boost sales revenue, the Group continued with promotional activities and discounts to customers, as a result of which profit margin was impacted. On top of this, the liquidated ascertained damages ("LAD") and cost overrun of certain development project totalling RM3.38 million had further pulled down the operating profit. As a result, profit before tax of RM4.5 million was recorded for the year 2018 compared to profit before tax of RM13.64 million for the year 2017.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B1. Review of performance (continued)

As for the manufacturing segment, the registered revenue for the year under review was RM93.23 million compared to RM58.85 million last year, as a result of continued contract with Nissan, Renault and Volkswagen South Africa to manufacture and supply electrical wiring harness. In South African currency, recorded sales was ZAR304.81 million compared to last year of ZAR181.98 million; an increase of 67%. Based on the average exchange rate during the year at RM31 against ZAR100 (2017: RM32 against ZAR100), the increase in registered revenue of 58% was mainly due to increase in production volumes.

Despite the increase in revenue, the Group recorded loss before tax of RM13.31 million for the year as compared to profit before tax of RM7.23 million in 2017 mainly due to eroded margin as a result of higher freight charges, overtime costs and finance costs. During the year, the deferred tax asset of RM6.13 million had been written off which resulted in net loss for the year of RM19.44 million compared to loss of RM1.58 million last year.

The construction arm of the Group has completed the MRT feeder bus depot in Kawasan Perindustrian Desa Tun Razak, Daerah Petaling, Kuala Lumpur in Q2, 2018. As at the reporting date, the registered turnover for the year was RM1.05 million compared to RM1.45 million last year. For the year under review, this segment recorded net loss of RM0.94 million compared to RM0.04 million last year.

[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

Q4, 2018 vs Q3, 2018

	Current Quarter 31.12.2018 RM'000	Immediate Preceding Quarter 30.09.2018 RM'000	Changes	
			RM'000	%
Revenue	39,096	34,360	4,736	14
Operating profit	10,461	5,652	4,809	85
Profit/ (loss) before interest & tax	818	(3,977)	3,159	>100
Loss before tax	(3,097)	(6,518)	3,421	52
Loss after tax	(9,710)	(6,200)	(3,510)	(57)
Loss attributable to ordinary equity holders of the parent	(8,162)	(5,822)	(2,340)	(40)

<u>Revenue</u>	Current Quarter	Immediate Preceding Quarter
	Q4, 2018 RM'million	Q3, 2018 RM'million
Segments		
- Property development	12.21	9.65
- Manufacturing	26.65	24.64
- Others	0.24	0.07
	39.10	34.36

During the quarter under review, the property sector recorded revenue of RM12.21 million as compared to RM9.65 million in the immediate preceding quarter, an increase of 26% due to bookings made in the previous quarter finally concluded as sales during the current quarter.

Despite consistent revenue recorded by the manufacturing segment in Africa, this segment continued to record losses due to high manufacturing and finance costs.

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B3. Prospects for 2019

As at the reporting date, the Group's property segment has 420 unsold units worth RM178.17 million. The Group will be focusing its efforts to dispose of these unsold stocks in 2019 especially completed projects.

The projects completed with the Certificate of Completion and Compliance (CCC) in 4Q 2018 were:-

- i) Bandar Damansara Phase 1, Package 4 (First Stage); and
- ii) Bandar Putra Package 7A5 (Phase 2).

In 2019, 5 new development projects are scheduled for launch.

B4. Profit forecast and profit guarantee

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

B5. Notes to consolidated statement of comprehensive income

	31.12.2018 RM'000	31.12.2017 RM'000
(Loss)/ profit for the year is arrived at after charging		
	4,943	3,686
Depreciation		
Finance cost:		
Interest expenses	15,076	11,536
(Reversal)/ provision of conversion premium of Preference Shares	(1,794)	1,599
Liquidated Ascertained Damages (LAD)	3,825	4,020
Impairment loss on work in progress	1,479	-
Loss on disposal of subsidiary	2	-
Loss on disposal of associate	2,508	-
Impairment losses on trade & other receivables	134	1,638
And after crediting		
Other income	377	5,558
Interest income	346	867
Reversal of impairment losses on trade & other receivables	722	13,347

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B6. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 31.12.2018	31.12.2017	12 months ended 31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current	478	1,738	1,561	3,848
- Prior year under/ (over) provision	1	-	(939)	110
Deferred income tax:				
Relating to originating and reversal of temporary differences	6,134	(5,649)	6,134	(5,649)
	6,613	(3,911)	6,756	(1,691)

B7. Corporate proposal

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

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 Securities, marking the completion of the Rights Issue with Warrants.

B8. Status of utilisation of proceeds as at 31 December 2018 raised from the Rights Issue with Warrants are as follows:-

No	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Estimate Timeframe
1	Land premium	7,436	2,281	5,155	Within three months
2	Property development	18,000	6,477	11,523	Within two years
3	Working capital purpose	13,501	8,415	5,086	Within one year
4	Expenses for the Rights Issue with Warrants	1,100	1,100	-	
	Total	40,037	18,273	21,764	

Remarks

a) Premium payment of RM3.24 million for the 23 acres of Gambang land

The Pahang State Government has approved the Group's appeal for reduction of premium payment from RM3.24 million to RM2.28 million. The payment was made on 26 Dec 2018.

Premium payment of RM4.19 million for the 60 acres of Muadzam Shah land

The premium payment is still pending issuance of land titles from the Land Office.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B8. Status of utilisation of proceeds as at 31 December 2018 raised from the Rights Issue with Warrants are as follows:- (continued)

- b) The four identified projects financed from the Rights Issue proceeds are progressing well according to the revised schedule and are expected to be completed by first quarter 2019. The progress on site as at 31 December 2018 is as follows:-

No	Property name	% Progress as at 31 December 2018
1	51 units of two and two-and-a-half storey terrace house at Vista Verde (Phase 2), located in Kuantan, Pahang	95%
2	104 units of one, two and three storey terrace house at Bandar Putra 7A5, located in Kuantan, Pahang	100%
3	71 units of one and two storey terrace house at Balok Perdana Zone 3 (Phase 4 and 5), located in Gebeng, Pahang.	92%
4	15 units of double storey commercial shop office at Cenderawasih Pesona, located in Kuantan, Pahang,	78%

The Group had on 31 January 2019 announced variation in the utilisation of proceeds raised from the Rights Issue as follows:

Particulars		Approved allocation RM'000	Actual spending as at 31 Dec 2018 RM'000	Remaining to be utilised RM'000	Approved variation RM'000
a)	Land premium	7,436	2,281	4,188	967
b)	Property development	18,000	6,477	2,634	8,889
c)	Working capital	13,501	8,415	5,086	-
d)	Expenses for Rights Issue	1,100	1,100	-	-
		40,037	18,273	11,908	9,856

The variation in the proceeds allocated for land premium was due to the reduction in land premium and will be re-allocated towards working capital.

The variation in the proceeds allocated for property development was a result of the rapid progress of the earlier identified four projects i.e. Vista Verde, Bandar Putra 7A5, Commercial Pesona and Balok Perdana Zone 3 Phase 4&5, as well as the delay in implementation of the Rights Issue with Warrants. As such, Pasdec had recognised the expenses relating to these 4 projects prior to the completion of the Rights Issue with Warrants, resulting in the variation.

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B8. Status of utilisation of proceeds as at 31 December 2018 raised from the Rights Issue with Warrants are as follows:- (continued)

Effective from 31 January 2019, the approved variation of RM8.889 million will be utilised for the following projects:-

New project		Estimated GDV RM'000	Estimated date of commencement
a)	Balok Perdana 3A Phase 7	16.17	April 2019
b)	Balok Perdana Commercial 2A2	9.57	August 2019
c)	Pasdec Damansara Zone 3A3	54.07	June 2019
d)	Muadzam Shah Phase 1	30.67	November 2019
e)	Pasdec Avenue	105.34	December 2019
f)	Bandar Putra – 6A9	34.32	July 2019
g)	Habour Park	173.71	September 2019
Total		423.85	

On-going project		Estimated GDV RM'000	Stage of completion as at 31 Jan 2019 (%)
a)	Balok Perdana 3A Phase 4&5	40.47	99%
b)	Pasdec Damansara Package 4	22.16	91%
Total		62.63	
Grand total		866.48	

The amount to be allocated for each project has yet to be determined at this juncture, and will be dependent on the respective funding requirements for each project. Nonetheless, the Company will continue to provide updates on the status and details of the proceeds allocation, and the proceeds will be fully utilised within the stipulated timeframe.

B9. Investment securities

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

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
	Carrying amount	Carrying amount
	Market value of quoted investments	Market value of quoted investments
Shares quoted in Malaysia	9	9
Unit trusts quoted in Malaysia	368	450
	377	459

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B10. Trade receivables

The ageing analysis of the trade receivables for 31 December 2018 is as follows:

	Gross RM'000	Impairment RM'000	Net RM'000	%
Current	6,473	(78)	6,395	20%
Past due 1- 30 days	2,915	(30)	2,885	9%
Past due 31 – 120 days	4,831	(32)	4,799	15%
Past due > 120 days	25,350	(7,412)	17,938	56%
TOTAL	39,569	(7,552)	32,017	100%

B11. Loans and borrowings

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

Secured facilities	Deno- mination	Short term RM'000	Long term RM'000	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000	Interest rates	Remarks
Overdraft	RM	2,769	-	2,769	19,539	7.85% - 9.35%	Working capital
Overdraft	BWP	17,544	-	17,544	21,805	8.5%	Working capital
Term loan	RM	5,842	12,517	18,359	2,414	8.0%	Working capital
Term loan	RM	4,547	11,687	16,234	20,502	4.70% - 4.95%	Investment
Term loan	BWP	34,367	-	34,367	39,222	4.00% - 9.0%	Purchase of plant & equipment
Revolving credit	RM	500	-	500	21,500	8.95%	Working capital
Revolving credit	BWP	9,379	-	9,379	-	8.5%	Working capital
Bridging loan	RM	-	-	-	1,333	7.95% - 8.20%	Project financing
Finance lease	RM	133	60	193	482	2.42% - 3.00%	Purchase of motor vehicle
TOTAL		75,081	24,264	99,345	126,797		

Note

BWP : Botswana Pula (1 BWP = RM0.3858)

The increase in overseas borrowings was mainly due to finance working capital requirements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B12. Share Capital

	Year- ended 31.12.2018 RM'000	Year- ended 31.12.2017 RM'000
Issued and fully paid		
1 January	293,376	205,978
Issued for acquisition of properties	-	44,390
Transitional to no-par value regime on 31 January 2017	-	43,008
Rights Issues	34,317	-
	<u>327,693</u>	<u>293,376</u>

	Year- ended 31.12.2018 No of ordinary shares ('000)	Year- ended 31.12.2017 No of ordinary shares ('000)
Issued and fully paid		
1 January	285,978	205,978
Issued for acquisition of properties	-	80,000
Rights Issues	114,391	-
	<u>400,369</u>	<u>285,978</u>

On 11 July 2018, 114,391,200 Rights Shares on the basis of 2 Rights Shares for every 5 existing Pasdec Shares held on 16 May 2018, together with 114,391,200 free detachable Warrants were listed and quoted on the Main Market of Bursa Securities, at an issue price of RM0.35 per Rights Shares.

B13. 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 other reserves represent:-

- i) Premium paid on acquisition of non-controlling interest in a 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 of the non-controlling interest.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B13. Other reserves (continued)

c) Others (continued)

- ii) Capital reserve of RM2.45 million on acquisition of operation and Employee Stocks Option Scheme of an associate.
- iii) The Warrants are in respect of 114,391,200 free detachable Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed at a fair value of RM0.05 per Warrant, listed and quoted on the main market of Bursa Securities on 11 July 2018.

iv)	Year-ended 31.12.2018 RM'000
1 January	(25,533)
Warrants	5,720
Fair value changes	(81)
Foreign currency exchange reserve:	
- MFRS 1 – reclassified to Retained Earnings	14,102
- Forex gain	2,845
31 December	<u>(2,947)</u>

B14. Material litigation

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

B15. Dividend

There was no dividend declared for the year under review.

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

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

B16. (Losses)/earnings per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Basic (losses)/earnings per share				
(Losses)/earning attributable to owners of the parent (RM'000)	(8,162)	3,711	(18,785)	4,676
Number of weightage average shares (unit '000)	404,059	254,178	353,796	250,844
Basic (losses)/earning per share (sen)	<u>(2.02)</u>	<u>1.46</u>	<u>(5.31)</u>	<u>1.86</u>

The fully diluted loss per ordinary share for the Group for the financial year was not presented as the Warrants would be anti-dilutive.

Earnings Per Share ("EPS") as the Right Issues involve an element of bonus shares where the exercise price is set below the market price. The effect of bonus shares in the EPS calculation must be cancelled by inflating the number of weightage average shares by the number of bonus shares in the period in which Right Issues takes place and as well as for any period comparative presented without any time apportionment.

Shares deemed to be issued at the fair market value in a Rights Issue are accounted for in the EPS calculation in a similar manner to the EPS involving shares issued for final consideration. (i.e. included in the weightage average shares from the date of the issue).

B17. Comparative figures

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

B18. 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