

PASDEC HOLDINGS BERHAD
Company no: 367122-D
(Incorporated in Malaysia)

Financial Statements
as at 30 June 2019

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	29,269	50,647	62,594	76,734
Cost of sales	(24,903)	(38,448)	(50,152)	(59,678)
Gross profit	4,366	12,199	12,442	17,056
Other items of income				
Interest income	382	357	790	684
Other income	1,620	(2)	1,972	1,423
Other items of expense				
Personnel expenses	(4,071)	(5,396)	(8,108)	(9,850)
Other expenses	(3,343)	(4,741)	(8,931)	(8,929)
Finance costs	(3,012)	(3,888)	(5,786)	(6,826)
Share of profits of associates	41	163	241	1,081
Loss before tax from continuing operations	(4,017)	(1,308)	(7,380)	(5,361)
Taxation (Note B6)	277	(461)	-	(461)
Loss from continuing operations, net of tax	(3,740)	(1,769)	(7,380)	(5,822)
Profit from discontinued operations	-	24	-	42
Loss net of tax	(3,740)	(1,745)	(7,380)	(5,780)

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2019 (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Other comprehensive (loss)/ income				
Net gain available-for sale financial assets				
- (Loss)/ gain on fair value changes	(4)	(37)	26	(59)
- (Loss)/ gain on foreign currency translation	(1,563)	(1,318)	(1,435)	809
Remeasurement loss on defined benefit plan	(30)	(189)	(118)	(189)
Other comprehensive (loss)/ income, net of tax	(1,597)	(1,544)	(1,527)	561
Total comprehensive loss for the period, net of tax	(5,337)	(3,289)	(8,907)	(5,219)
Loss attributable to:				
Owners of the parent				
- Continuing operations	(2,576)	(1,191)	(5,754)	(4,843)
- Discontinued operation	-	24	-	42
	(2,576)	(1,167)	(5,754)	(4,801)
Non-controlling interests	(1,164)	(578)	(1,626)	(979)
	(3,740)	(1,745)	(7,380)	(5,780)
Total comprehensive (loss)/profit attributable to:				
Owners of the parent				
- Continuing operations	(3,934)	(3,249)	(6,759)	(4,795)
- Discontinued operation	-	24	-	42
	(3,934)	(3,225)	(6,759)	(4,753)
Non-controlling interests	(1,403)	(245)	(2,148)	(466)
	(5,337)	(3,470)	(8,907)	(5,219)
Loss per share attributable to owners of the Company (Note B16)				
Basic (sen)	(0.65)	(0.41)	(1.44)	(1.68)

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Condensed Consolidated Statements of Financial Position as at 30 June 2019

	Notes	Unaudited 30.06.2019 RM'000	Audited 31.12.2018 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		41,725	31,659
Work in progress		11,826	8,013
Land held for property development		145,622	145,382
Investment properties		57,603	58,234
Investments in associates		4,032	3,791
Investment securities	B9	403	377
		<u>261,211</u>	<u>247,456</u>
Current Assets			
Property development costs		102,419	102,521
Inventories		103,397	108,420
Trade receivables	B10	30,665	35,778
Other receivables		5,599	9,215
Other current assets		8,360	10,908
Tax recoverable		5,209	5,458
Cash and bank balances		18,609	29,556
		<u>274,258</u>	<u>301,856</u>
TOTAL ASSETS		<u>535,469</u>	<u>549,312</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		87	150
Loans and borrowings	B11	45,213	56,432
Overdrafts	71,159	25,946	20,313
Trade payables		61,644	52,192
Other payables		40,917	46,637
Tax payable		-	1,703
		<u>173,807</u>	<u>177,427</u>
NET CURRENT ASSETS		<u>100,451</u>	<u>124,429</u>

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Condensed Consolidated Statements of Financial Position as at 30 June 2019 (continued)

	Notes	Unaudited 30.06.2019 RM'000	Audited 31.12.2018 RM'000
Non-Current Liabilities			
Retirement benefit obligations		4,654	4,474
Loans and borrowings	B11	20,674	24,264
		<u>25,328</u>	<u>28,738</u>
TOTAL LIABILITIES		<u>199,135</u>	<u>206,165</u>
Equity attributable to owners of the parent			
Share capital	B12	327,693	327,693
Other reserves	B13	(2,987)	(2,100)
Retained earnings		18,343	22,121
		<u>343,049</u>	<u>347,714</u>
Non-controlling interests		(6,715)	(4,567)
TOTAL EQUITY		<u>336,334</u>	<u>343,147</u>
TOTAL EQUITY AND LIABILITIES		<u>535,469</u>	<u>549,312</u>
Net assets per share (RM)		0.84	0.86

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**Condensed Consolidated Statement of Changes in Equity
for the period ended 30 June 2019**

	-----Attributable to owners of the parent-----					-----Non Distributable-----				Non-controlling interest RM'000
	Non Distributable		Distributable			Fair value change reserve RM'000	Non Distributable		Warrant reserve RM'000	
	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		Note B13(a)	Note B13(b) Others RM'000		
1 January 2019	343,147	347,714	327,693	22,121	(2,100)	(72)	(9,347)	1,599	5,720	(4,567)
Comprehensive loss	(7,380)	(5,754)	-	(5,754)	-	-	-	-	-	(1,626)
Other comprehensive (loss)/ profit	(1,527)	(1,005)	-	(118)	(887)	26	-	(913)	-	(522)
Total comprehensive (loss)/income	(8,907)	(6,759)	-	(5,872)	(887)	26	-	(913)	-	(2,148)
Struck-off companies (Note A12)	2,094	2,094	-	2,094	-	-	-	-	-	-
30 June 2019	336,334	343,049	327,693	18,343	(2,987)	(46)	(9,347)	686	5,720	(6,715)

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

	-----Attributable to owners of the parent-----								
	Non Distributable			Distributable	-----Non Distributable-----			Non-controlling interest	RM'000
	Total equity	Total equity attributable to owners of the parent	Share capital	Retained earnings	Total other reserves	Fair value change reserve	Others		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
1 January 2018	322,304	324,142	293,376	56,299	(25,533)	9	(12,439)	(13,103)	(1,838)
Prior year adjustments	(256)	(256)	-	(256)	-	-	-	-	-
	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)

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Condensed Consolidated Statements of Cash Flow for the period ended 30 June 2019

	CUMULATIVE QUARTER	
	30.06.2019	30.06.2018
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	90,265	82,566
Cash payments to suppliers and contractors	(58,734)	(67,815)
Cash payments to employees and for expenses	(26,880)	(15,265)
Cash generated from operations	4,651	(514)
Net income tax paid	(899)	(753)
Net cash generated from/(used) in operating activities	3,752	(1,267)
Cash flows from investing activities		
Proceed from disposal of investment property	338	-
Interest received	61	105
Purchase of property, plant and equipment	(110)	(6)
Proceed from sale of property, plant and equipment	7	-
Net cash generated from investing activities	296	99
Cash flows from financing activities		
Rights issues and warrants	-	43,120
Drawdown of trust fund	-	3,195
Repayment to other financial obligations	(2,422)	(368)
Repayment of term loans	(16,837)	(5,254)
Repayment of obligation under finance leases	(57)	(66)
Loan interest	(1,312)	(3,319)
Net cash used in financing activities	(20,628)	37,308
Net decrease in cash and cash equivalents	(16,580)	36,140
Cash and cash equivalents at beginning of period	9,243	(23,806)
Cash and cash equivalents at end of period	(7,337)	12,334
Represented by:		
Cash and bank balances		
- Continuing operations	18,609	58,645
- Discontinued operations	-	52
Bank overdrafts	(25,946)	(46,363)
	(7,337)	12,334

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Interim Financial Report for the six (6) months period ended 30 June 2019

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 2018. 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 2018.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2018 and after FRSSs, Amendments to FRSSs and IC Interpretations issued become effective for annual periods beginning on or after 1 January 2019.

A2. Changes in accounting policies

The Group intends to adopt the following standards, where applicable, when they become effective. The adoption of the following standards is not expected to have material effect on the financial statements:-

		Effective for the financial period beginning on or after
<u>New MFRSs</u>		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First time Adoption of Malaysian Financial Reporting Standards	1 January 2021
MFRS 2	Share-based Payment	1 January 2020
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020
MFRS 5	Non-current Assets Held for Sale and Discontinued Operation	1 January 2021
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020
MFRS 7	Financial Instruments: Disclosures	1 January 2021
MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements (Annual Improvement to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020
MFRS 15	Revenue from Contracts with Customers	1 January 2021
MFRS 101	Presentation of Financial Statements	1 January 2020
MFRS 107	Statement of Cash Flows	1 January 2021
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019

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A2. Changes in accounting policies (continued)

Amendments/Improvements to MFRSs (continued)

MFRS 116	Property, Plant and Equipment	1 January 2021
MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
MFRS 123	Borrowing Costs (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
MFRS 128	Long-term Interest in Associate and Joint Ventures	1 January 2019
MFRS 132	Financial Instruments: Presentation	1 January 2021
MFRS 134	Interim Financial Reporting	1 January 2020
MFRS 136	Impairment of Assets	1 January 2021
MFRS 137	Provision, Contingent Liabilities and Contingent Assets	1 January 2020
MFRS 138	Intangible Assets	1 January 2021
MFRS 140	Investment Property	1 January 2021

New IC Int

IC Int 23	Service Concession Arrangements	1 January 2020
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Amendments to IC Int

IC Int 12	Service Concession Arrangement	1 January 2020
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
IC Int 132	Intangible Assets - Web Site Costs	1 January 2020

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 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.

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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 2019						
	Properties	Manufac- turing	Construc- tion	Others	Elimi- nation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE :						
External sales	13,857	46,077	2,646	14	-	62,594
Inter-segment sales	15	-	1,402	2,254	(3,671)	-
	13,872	46,077	4,048	2,268	(3,671)	62,594
SEGMENT RESULTS:						
Operating profit/(loss)	240	(1,880)	1,621	1,329	(3,935)	(2,625)
Interest income	311	-	2	718	(241)	790
Finance costs	(1,117)	(3,928)	(41)	(941)	241	(5,786)
Share of results of associates	-	-	-	241	-	241
(Loss)/profit before tax	(566)	(5,808)	1,582	1,347	(3,935)	(7,380)
Taxation	-	-	-	-	-	-
(Loss)/profit net of tax	(566)	(5,808)	1,582	1,347	(3,935)	(7,380)
Assets and Liabilities						
Segment assets	462,904	58,982	13,243	350,578	(374,056)	511,651
Cash and bank balances	7,215	1,354	347	3,939	-	12,855
Deposit with licensed banks	4,593	-	112	1,049	-	5,754
Current tax assets	4,911	-	2	296	-	5,209
Total assets	479,623	60,336	13,704	355,862	(374,056)	535,469
Segment liabilities	191,516	69,808	10,825	26,171	(191,018)	107,302
Bank overdraft	7,335	17,937	674	-	-	25,946
Borrowings	15,111	35,251	-	15,525	-	65,887
Total liabilities	213,962	122,996	11,499	41,696	(191,018)	199,135
Capital expenditure	54	-	1	55	-	110
Depreciation	316	1,250	11	602	(25)	2,154

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A10. Segmental information (continued)

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								
	Properties	Manufacturing	Construction	Others	Elimination	Continuing operations	Discontinued operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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) before tax	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	326	836	61	579	(25)	1,777	-	1,777

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A11. Events after the Reporting Period

There were no material events subsequent to the reporting date up to 23 August 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 quarter under review except for the dormant subsidiaries i.e; Deep Sea Thermal Solutions Sdn Bhd and Pahang Aircraft Industries Sdn Bhd which were struck-off from the Register and dissolved following the publication in Gazette dated 10 April 2019.

The Company had also acquired the remaining 49% in Pasdec Engineering Sdn Bhd ("PESB") from Perunding ZNA (Asia) Sdn Bhd on 24 June 2019. PESB is now a wholly owned subsidiary of the Group.

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 2018.

A14. Capital commitments of the Group

	Current Quarter 30.06.2019 RM'000	Preceding Quarter 31.03.2019 RM'000
Capital expenditure Approved and contracted for: Property, plant and equipment	75,208	69,925

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PASDEC HOLDINGS BERHAD

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Interim Financial Report for six (6) months period ended 30 June 2019

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		
	30.06.2019	30.06.2018	30.06.2019	30.06.2018	RM'000	RM'000	RM'000	%
Revenue	29,269	50,647	(21,378)	(42)	62,594	76,734	(14,140)	(18)
Gross profit	4,366	12,199	(7,833)	(64)	12,442	17,056	(4,614)	(27)
(Loss)/profit before interest & tax	(1,005)	2,580	(3,585)	139	(1,594)	1,465	(3,059)	209
Loss before tax	(4,017)	(1,308)	(2,709)	(207)	(7,380)	(5,361)	(2,019)	(38)
Loss net of tax	(3,740)	(1,769)	(1,971)	(111)	(7,380)	(5,822)	(1,558)	(27)
Loss attributable to ordinary equity holders of the parent	(2,576)	(1,167)	(1,409)	(121)	(5,754)	(4,801)	(953)	(20)

The Group had registered revenue of RM62.59 million in the period under review as compared to the same corresponding period last year's revenue of RM76.73 million. The decrease in revenue was attributable to lacklustre sales performance in property development segment due to continued stringent financing policy imposed by the financial institutions on buyers.

The property development activities had registered revenue of RM13.86 million for the current period compared to RM33.78 million for the same corresponding period last year.

The manufacturing segment recorded RM46.08 million worth of revenue compared to RM41.94 million for the same corresponding period last year; attributed entirely to increased volume of production of NF250 (Volkswagen South Africa) and Nissan D22 programmes.

On the other hand, construction segment had recorded approved variation order of RM2.65 million during the period under review for the completed KPJ Pahang Specialist Hospital in Kuantan.

As a result, the registered gross profit for the period under review was RM12.44 million compared to RM17.06 million for the same corresponding period last year. The overall overhead of the Group of RM22.82 million (RM25.61 million for the corresponding period last year) however was insufficiently covered and had resulted in a loss before tax of RM7.38 million registered for the current period and RM5.36 million for the same corresponding period last year.

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B2. Comparison of current quarter results with the preceding quarter

Q2, 2019 vs Q1, 2019

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.06.2019 RM'000	31.03.2019 RM'000	RM'000	%
Revenue	15,083	47,511	(32,428)	(68)
- Adjustment	14,186	(14,186)	-	0%
Restated revenue	29,269	33,325	(4,056)	(12)
Gross profit	4,366	8,076	(3,710)	(46)
(Loss)/ profit before interest & tax	(1,005)	(589)	(416)	71
Loss before tax	(4,017)	(3,363)	(654)	(19)
Loss net of tax	(3,740)	(3,640)	(100)	(3)
Loss attributable to ordinary equity holders of the parent	(2,576)	(3,178)	602	19

<u>Revenue</u>	Current Quarter	Immediate Preceding Quarter
	Q2, 2019 RM'million	Q1, 2019 RM'million
Segments		
- Property development	3.61	10.25
- Manufacturing	9.44	36.64
Adjustment	14.18	(14.18)
Restated revenue	23.62	22.46
- Construction	2.04	0.62
	29.27	33.33

During the quarter under review, the property segment recorded revenue was RM3.61 million as compared to RM10.25 million in the immediate preceding quarter, a drop of 65%. Stringent loan approval continued to be a major issue amongst potential buyers.

Despite consistent revenue recorded by the manufacturing segment in Africa, this division continued to record losses due to high manufacturing costs that led to operating loss.

The registered revenue for construction segment was attributable to variation order approved for KPJ Pahang Specialist Hospital in Kuantan.

Loss net of tax for the current quarter was slightly higher of RM3.74 million compared to RM3.64 million for the immediate preceding quarter.

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B3. Prospects for the current financial year

The Group's property segment will continue with its strategy of disposing its 423 unsold units worth RM206.84 million and completing the on-going projects in order to unlock the value of inventories and achieve better revenues in the year 2019.

The manufacturing segment is unlikely to contribute positively to the Group in view of its high operational costs.

The construction segment has completed the KPJ Pahang Specialist Hospital and MRT feeder bus depot project at Kawasan Perindustrian Desa Tun Razak and yet to add new project in its order book.

Notwithstanding the losses reported due to the reasons mentioned as per B1 above, the Group will continue to monitor and strive for efficient cost management of its business, to provide enhancement to the Group's existing and future earnings.

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

	30.06.2019	30.06.2018
	RM'000	RM'000
Loss for the period is arrived at after charging		
Depreciation	2,154	1,777
Interest expense	5,786	6,826
Impairment losses on trade receivables	279	-
Struck-off companies:		
- Impairment losses on investments	1,010	-
- Impairment losses on receivables	7,087	-
And after crediting		
Other income	1,972	1,423
Interest income	790	684
Reversal of impairment losses on:-		
Trade receivables	(13)	(49)
Other receivables	(245)	(134)

B6. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current	(277)	461	-	461

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B7. Corporate proposal

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

B8. Status of utilisation of proceeds as at 30 June 2019 raised from the Rights Issue with Warrants are as follows:-

a)

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 6 months
2	Property development	18,000	7,424	10,576	Within 21 months
3	Working capital purpose	13,501	13,417	84	Within 9 months
4	Expenses for the Rights Issue with Warrants	1,100	1,100	-	Not applicable
	Total	40,037	24,222	15,815	

1. Land premium

Out of RM5.16 million land premium is RM4.19 million (Note B8(c)) payable for the 60 acres of Muadzam Shah land, which is still pending issuance of land title from the Land Office.

2. Property development

The balance of RM10.58 million will be used for 7 new projects and 2 existing projects as mentioned in Note B8(d).

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B8. Status of utilisation of proceeds as at 30 June 2019 raised from the Rights Issue with warrants are as follows:- (continued)

b) 3 identified projects financed from the Rights Issues proceeds continued to progress and 1 project has been completed. Status of the projects as at the reporting date was as follows:-

No	Property name	% Progress as at 30 June 2019	Expected completion
1	51 units of two and two-and-a-half storey terrace house at Vista Verde (Phase 2), located in Kuantan, Pahang.	98%	4Q, 2019
2	71 units of one and two storey terrace house at Balok Perdana Zone 3 (Phase 4 and 5), located in Gebeng, Pahang.	99%	3Q, 2019
3	15 units of double storey commercial shop office at Cenderawasih Pesona, located in Kuantan, Pahang.	77%	3Q, 2019
4	104 units of one, two and three storey terrace house at Bandar Putra 7A5, located in Kuantan, Pahang.	100%	Not applicable

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

Particulars	Approved allocation	Actual spending as at 30 June 2019	Remaining to be utilised	Approved variation
	RM'000	RM'000	RM'000	RM'000
1 Land premium*	7,436	2,281	4,188	967
2 Property development	18,000	7,424	1,687	8,889
3 Working capital	13,501	13,417	84	-
4 Expenses for Rights Issue	1,100	1,100	-	-
Total	40,037	24,222	5,959	9,856

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B8. Status of utilisation of proceeds as at 30 June 2019 raised from the Rights Issue with Warrants are as follows:- (continued)

d) Effective from 31 January 2019, the approved variation of RM8.89 million will be utilised for the following projects:-

New projects		Estimated GDV RM' million	Estimated date of commencement
1	Balok Perdana 3A Phase 7	16.17	Sep-19
2	Balok Perdana Commercial 2A2	9.57	Nov-19
3	Pasdec Damansara Zone 3A3	54.07	May-20
4	Muadzam Shah Phase 1	30.67	Feb-20
5	Pasdec Avenue	105.34	Dec-19
6	Bandar Putra Package 6A9	34.32	Dec-19
7	Habour Park	173.71	Sep-19
Total		423.85	

On-going projects		Estimated GDV RM' million	Stage of completion as at 30 June 2019 (%)
1	Balok Perdana 3A Phase 4&5	40.47	99%
2	Pasdec Damansara Package 4 (second phase)	22.16	99%
Total		62.63	
Grand total		486.48	

The amount to be allocated for each project has yet to be determined at this juncture, and is dependent on funding requirements of 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 time frame.

B9. Investment securities

Fair Value through Other Comprehensive Income

	As at 30.06.2019 Carrying amount Market value of quoted investments RM'000	As at 30.06.2018 Carrying amount Market value of quoted investments RM'000
At fair value:		
Shares quoted in Malaysia	9	9
Unit trusts quoted in Malaysia	394	390
	403	399

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B10. Trade receivables

The ageing analysis of the trade receivables for 30 June 2019 is as follows:

	Gross RM'000	Impairment RM'000	Net RM'000	%
Current	2,705	11	2,694	9%
Past due 1- 30 days	7,968	24	7,944	26%
Past due 31 – 120 days	991	42	949	3%
Past due > 120 days	26,518	7,440	19,078	62%
TOTAL	38,182	7,517	30,665	100%

The Group did not impair some past due trade receivables as the Group was satisfied on its recovery, which was from property buyers. The banks or financial institutions would release the buyers' loans upon fulfilment of terms and conditions of loan agreements.

B11. 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 30.06.2019 RM'000	As at 30.06.2018 RM'000	Interest rates	Remarks
1) Overdraft	RM	8,009	-	8,009	24,635	7.85% - 9.35%	Working capital
2) Overdraft	BWP	17,937	-	17,937	21,728	8.50%	Working capital
3) Term loan	RM	7,318	9,190	16,508	21,922	8.00%	Working capital
4) Term loan	RM	2,541	11,458	13,999	18,371	4.70% - 4.95%	Investment
5) Term loan	BWP	35,251	-	35,251	36,464	4.00% - 9.0%	Purchase of plant & equipment
6) Revolving credit	RM	-	-	-	1,000	8.95%	Working capital
7) Finance lease	RM	103	26	129	391	2.42% - 3.00%	Purchase of motor vehicle
TOTAL		71,159	20,674	91,833	124,511		

Note

BWP : Botswana Pula (1 BWP = RM0.3882)

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B12. Share Capital

	Period- ended 30.06.2019 RM'000	Year- ended 31.12.2018 RM'000
Issued and fully paid		
1 January	327,693	293,376
Rights Issues	-	34,317
	<u>327,693</u>	<u>327,693</u>

	Period- ended 30.06.2019 No of ordinary shares (‘000)	Year- ended 31.12.2018 No of ordinary shares (‘000)
Issued and fully paid		
1 January	400,369	285,978
Rights Issues	-	114,391
	<u>400,369</u>	<u>400,369</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) 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.

b) 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.
- ii) Capital reserve of RM0.55 million on revaluation reserve (1H, 2018: share option reserve of RM2.54 million) of an associate.

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B13. Other reserves (continued)

c) 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.

d) Warrant reserve

The Warrants of RM5.72 million 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.

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 quarter under review.

B16. Loss per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Basic loss per share				
Loss attributable to owners of the parent (RM'000)	(2,576)	(1,167)	(5,754)	(4,801)
Number of weightage average shares (unit '000)	400,369	285,978	400,369	285,978
Basic loss per share (sen)	(0.65)	(0.41)	(1.44)	(1.68)

B17. Comparative figures

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

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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