

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

Financial Statements
as at 30 September 2019

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	31,560	34,360	94,154	111,094
Cost of sales	(27,449)	(28,708)	(77,601)	(88,386)
Gross profit	4,111	5,652	16,553	22,708
Other items of income				
Interest income	730	531	1,520	1,215
Other income	9,329	1,338	11,301	2,761
Other items of expense				
Personnel expenses	(4,309)	(4,120)	(12,417)	(13,970)
Other expenses	(3,244)	(7,453)	(12,175)	(16,382)
Finance costs	(2,440)	(2,541)	(8,226)	(9,367)
Share of profits of associates	172	75	413	1,156
Profit/ (loss) before tax from continuing operations	4,349	(6,518)	(3,031)	(11,879)
Taxation (Note B6)	1,367	318	1,367	(143)
Profit/ (loss) from continuing operations, net of tax	5,716	(6,200)	(1,664)	(12,022)
Profit/ (loss) from discontinued operations	-	(42)	-	-
Profit/ (loss) net of tax	5,716	(6,242)	(1,664)	(12,022)

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PASDEC HOLDINGS BERHAD

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Other comprehensive (loss)/ income				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Net changes in fair value:				
Investments	(16)	1	10	(58)
Foreign currency translation	2,621	1,371	1,186	2,181
<i>Items that will be not reclassified subsequently to profit or loss:</i>				
Warrant	-	5,720	-	5,720
Remeasurement loss on defined benefit plan	44	(691)	(74)	(880)
Other comprehensive income/(loss) , net of tax	2,649	6,401	1,122	6,963
Total comprehensive profit / (loss) for the period, net of tax	8,365	159	(542)	(5,059)
Profit/ (loss) attributable to:				
Owners of the parent				
- Continuing operations	4,275	(5,780)	(1,479)	(10,623)
- Discontinued operation	-	(42)	-	-
	4,275	(5,822)	(1,479)	(10,623)
Non-controlling interests	1,441	(420)	(185)	(1,399)
	5,716	(6,242)	(1,664)	(12,022)
Total comprehensive profit/ (loss) attributable to:				
Owners of the parent				
- Continuing operations	6,165	596	(594)	(4,198)
- Discontinued operation	-	(42)	-	-
	6,165	554	(594)	(4,198)
Non-controlling interests	2,200	(395)	52	(861)
	8,365	159	(542)	(5,059)
Earnings/ (Losses) per share attributable to owners of the Company (Note B16)				
Basic (sen)	1.07	(1.47)	(0.37)	(3.29)

PASDEC HOLDINGS BERHAD

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**Condensed Consolidated Statements of Financial Position
as at 30 September 2019**

	Notes	Unaudited 30.09.2019 RM'000	Audited 31.12.2018 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		39,642	31,659
Property, plant and equipment -Work in progress		13,490	8,013
Land held for property development		145,622	145,382
Investment properties		57,294	58,234
Investments in associates		4,204	3,791
Investment securities	B9	387	377
		<u>260,639</u>	<u>247,456</u>
Current Assets			
Property development costs		86,917	102,521
Inventories		118,242	108,420
Trade receivables	B10	33,017	35,778
Other receivables		8,451	9,215
Other current assets		238	10,908
Tax recoverable		6,874	5,458
Cash and bank balances		17,457	29,556
		<u>271,196</u>	<u>301,856</u>
TOTAL ASSETS		<u>531,835</u>	<u>549,312</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		234	150
Loans and borrowings	B11	60,233	80,636
Overdrafts	88,785	28,552	20,313
Trade payables		56,760	52,192
Other payables		38,816	46,637
Tax payable		49	1,703
		<u>184,644</u>	<u>201,631</u>
NET CURRENT ASSETS		<u>86,552</u>	<u>100,225</u>

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

	Notes	Unaudited 30.09.2019 RM'000	Audited 31.12.2018 RM'000
Non-Current Liabilities			
Retirement benefit obligations		4,575	4,474
Loans and borrowings		11	60
		<u>4,586</u>	<u>4,534</u>
TOTAL LIABILITIES		<u>189,230</u>	<u>206,165</u>
Equity attributable to owners of the parent			
Share capital	B12	327,693	327,693
Other reserves	B13	(1,141)	(2,100)
Retained earnings		20,568	22,121
		<u>347,120</u>	<u>347,714</u>
Non-controlling interests		(4,515)	(4,567)
TOTAL EQUITY		<u>342,605</u>	<u>343,147</u>
TOTAL EQUITY AND LIABILITIES		<u>531,835</u>	<u>549,312</u>
Net assets per share (RM)		0.86	0.86

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

	Attributable to owners of the parent		Non Distributable						
	Total equity attributable to owners of the parent	Share capital	Retained earnings	Total other reserves	Fair value change reserve	Others	Warrant reserve	Foreign currency exchange reserve	Non-controlling interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1 January 2019	343,147	347,714	22,121	(2,100)	(72)	(9,347)	5,720	1,599	(4,567)
Loss for the year	(1,664)	(1,479)	(1,479)	-	-	-	-	-	(185)
Other comprehensive income/(loss)	1,122	885	(74)	959	10	-	-	949	237
Total comprehensive (loss)/ income	(542)	(594)	(1,553)	959	10	-	-	949	52
30 September 2019	342,605	347,120	20,568	(1,141)	(62)	(9,347)	5,720	2,548	(4,515)

PASDEC HOLDINGS BERHAD

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

	Attributable to owners of the parent		Non Distributable					Non Distributable			
	Total equity	Total equity	Total equity	Share	Retained	Total other	Fair	Others	Warrant	Foreign	Non-
	RM'000	RM'000	RM'000	capital	earnings	reserves	value	RM'000	reserve	currency	controlling
		to owners of	RM'000	the parent	RM'000	RM'000	change	RM'000	RM'000	exchange	interest
		the parent					reserve			reserve	RM'000
1 January 2018	322,304	324,142	293,376	56,299	(25,533)	9	(12,439)	-	(13,103)	(1,838)	
Impact of adopting MFRS 9	3,525	3,525	-	3,525	-	-	-	-	-	-	
Restated opening balance under MFRS 9	325,829	327,667	293,376	59,824	(25,533)	9	(12,439)	-	(13,103)	(1,838)	
Loss for the year	(12,022)	(10,623)	-	(10,623)	-	-	-	-	-	(1,399)	
Other comprehensive profit/ (loss)	6,963	6,425	-	(880)	7,305	(58)	-	5,720	1,643	538	
Total comprehensive (loss)/ income	(5,059)	(4,198)	-	(11,503)	7,305	(58)	-	5,720	1,643	(861)	
Transaction with shareholders	34,317	34,317	34,317	-	-	-	-	-	-	-	
Right Issues											
30 September 2018	355,087	357,786	327,693	48,321	(18,228)	(49)	(12,439)	5,720	(11,460)	(2,699)	

PASDEC HOLDINGS BERHAD

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

	CUMULATIVE QUARTER	
	30.09.2019	30.09.2018
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	125,199	140,491
Cash payments to suppliers and contractors	(82,490)	(105,523)
Cash payments to employees and for expenses	(33,582)	(32,250)
Cash generated from operations	<u>9,127</u>	<u>2,718</u>
Net income tax paid	(1,101)	(1,893)
Net cash generated from operating activities	<u>8,026</u>	<u>825</u>
Cash flows from investing activities		
Proceed from disposal of investment property	338	-
Interest received	133	211
Purchase of property, plant and equipment	(311)	(808)
Proceed from sale of property, plant and equipment	8	-
Net cash generated from/ (used in) investing activities	<u>168</u>	<u>(597)</u>
Cash flows from financing activities		
Rights issues and warrants	-	40,037
Drawdown of trust fund	-	1,460
Repayment to other financial obligations	(4,839)	(365)
Drawdown of term loan	-	5,222
Repayment of term loans	(19,833)	(8,591)
Repayment of obligation under finance leases	(89)	(198)
Loan interest	(3,771)	(8,148)
Net cash (used in)/ generated from financing activities	<u>(28,532)</u>	<u>29,417</u>
Net decrease in cash and cash equivalents	(20,338)	29,645
Cash and cash equivalents at beginning of period	<u>9,243</u>	<u>(23,806)</u>
Cash and cash equivalents at end of period	<u>(11,095)</u>	<u>5,839</u>
Represented by:		
Cash and bank balances	17,457	25,728
Bank overdrafts	(28,552)	(19,889)
	<u>(11,095)</u>	<u>5,839</u>

Interim Financial Report for the six (9) months period ended 30 September 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 MFRSs, Amendments to MFRSs and IC Interpretations issued become effective for annual periods beginning on or after 1 January 2019.

For 9 months period ended 30 September 2019, the Group had reported a net loss of RM1.664 million. The Company provided corporate guarantees totalling BWP167.10 million and ZAR8 million (approximately RM65,554,375) to the preference shareholders, lenders, creditors of Pasdec Automotive Technologies (Botswana) (Pty) Ltd ("PAT BW"), a subsidiary of Pasdec. The said subsidiary has reported a net loss of RM19,044,668, net current liabilities of RM32,741,774 and negative cash and cash equivalents of RM16,278,956. The said subsidiary has entered into a term loan agreement with the certain bank and did not fulfill the financial covenants as required in the loan agreement for a credit line of BWP43 million (RM12.4 million). However, note that Pasdec Resources SA Limited as a Group net loss is RM2,493,903.

The subsidiary had breached the financial covenants of the loans and borrowings resulted in the loans and borrowings amounting RM18.82 million being reclassified to current liabilities as at 30 September 2019. Despite the said breach covenants, the lenders have not called upon an event of default.

These events or conditions indicate that a continued material uncertainty exists that may cast significant doubt on the Group's and Pasdec's ability to continue as a going concern and, therefore, they may be unable to realise their assets and discharge their liabilities in the normal course of business.

The Directors of the Company have a plan to dispose the Company's investment in PAT BW in order to discharge the Company from its corporate guarantees provided to the preference shareholders, lenders and certain creditors of PAT BW.

The going concern assumption is dependent on the successful implementation of the plan to divest from Pasdec Automotive Technologies (Botswana) (Pty) Ltd.

The Company plans to dissolve Pasdec Resources SA Ltd ("PRSA") and Pasdec Automotive Technologies (Pty) Ltd ("PAT SA") upon the successful divestment of PAT BW.

The Directors of the Company believe that the plan will be implemented successfully and the Group will be able to continue as going concern.

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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
<u>Amendments/Improvements to MFRSs</u>		
MFRS 3	Business Combinations (Annual Improvement to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
MFRS 11	Joint Arrangements (Annual Improvement to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
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
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

A3. MFRS 16: Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substances of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees is also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group has adopted MFRS 16 using the modified retrospective method. Accordingly, the Group has not restated the comparative information. The Group has elected to apply the standard to contracts that were previously identified as leases applying MFRS 117 and ICT Interpretation 4. The Group therefore has not applied the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

There was no significant impact from MFRS 16 adoption on the statement of financial position as at 30 September 2019.

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A4. Standards and interpretations issued but not yet effective

The standards and interpretation that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

		Effective for the financial period beginning on or after
<u>New MFRSs</u>		
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 3	Business Combinations: Definition of a Business (Amendments to MFRS 3)	1 January 2020
MFRS 7	Financial Instruments: Disclosures: Interest Rate Benchmark Reform (Amendments to MFRS 9 and MFRS 7)	1 January 2020
MFRS 9	Financial Instruments: Interest Rate Benchmark Reform (Amendments to MFRS 9 and MFRS 7)	1 January 2020
MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate of Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred
MFRS 101	Presentation of Financial Statements: Definition of Material (Amendments to MFRS 101)	1 January 2020
MFRS 108	Accounting policies, Changes in Accounting Estimates and Errors (Amendments to MFRS 108)	1 January 2020
MFRS 128	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	Deferred

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A5. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

A6. Seasonal or cyclical factors

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

A7. 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.

A8. 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.

A9. 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.

A10. Dividends paid

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

A11. 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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A12. Segmental information

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

CUMULATIVE PERIOD						
9 MONTHS ENDED 30 SEPTEMBER 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	20,562	70,925	2,646	21	-	94,154
Inter-segment sales	22	-	2,055	3,386	(5,463)	-
	20,584	70,925	4,701	3,407	(5,463)	94,154
SEGMENT RESULTS:						
Operating profit/(loss)	(346)	3,093	1,193	3,075	(3,753)	3,262
Interest income	959	-	3	1,739	(1,181)	1,520
Finance costs	(2,164)	(5,835)	(51)	(1,357)	1,181	(8,226)
Share of results of associates	-	-	-	413	-	413
(Loss)/profit before tax	(1,551)	(2,742)	1,145	3,870	(3,753)	(3,031)
Taxation	1,352	-	(1)	16	-	1,367
(Loss)/profit net of tax	(199)	(2,742)	1,144	3,886	(3,753)	(1,664)
Assets and Liabilities						
Segment assets	456,733	56,348	12,256	351,292	(369,125)	507,504
Cash and bank balances	6,822	613	402	3,677	-	11,514
Deposit with licensed banks	4,777	-	113	1,053	-	5,943
Tax recoverable	6,552	-	3	319	-	6,874
Total assets	474,884	56,961	12,774	356,341	(369,125)	531,835
Segment liabilities	183,355	63,674	11,006	27,785	(185,435)	100,385
Tax payable	26	-	1	22	-	49
Overdrafts	11,662	16,890	-	-	-	28,552
Loans and borrowings	13,820	32,509	-	13,915	-	60,244
Total liabilities	208,863	113,073	11,007	41,722	(185,435)	189,230
Capital expenditure	54	-	1	256	-	311
Depreciation	475	1,869	14	906	(35)	3,229

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A12. Segmental information (continued)

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

CUMULATIVE PERIOD						
9 MONTHS ENDED 30 SEPTEMBER 2018						
	Properties	Manufacturing	Construction	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE :						
External sales	43,428	66,578	861	227	-	111,094
Inter-segment sales	1	-	7,550	2,479	(10,030)	-
	43,429	66,578	8,411	2,706	(10,030)	111,094
SEGMENT RESULTS:						
Operating profit/(loss)	1,089	775	368	(6,453)	(662)	(4,883)
Interest income	727	-	-	1,587	(1,099)	1,215
Finance costs	(2,655)	(6,536)	(232)	(1,043)	1,099	(9,367)
Share of results of associates	-	1,281	-	(125)	-	1,156
(Loss)/profit before tax	(839)	(4,480)	136	(6,034)	(662)	(11,879)
Taxation	(112)	-	-	(31)	-	(143)
(Loss)/profit net of tax	(951)	(4,480)	136	(6,065)	(662)	(12,022)
Assets and Liabilities						
Segment assets	461,453	88,694	12,784	388,207	(401,373)	549,765
Cash and bank balances	12,902	322	1,372	3,245	-	17,841
Deposit with licensed banks	6,982	-	110	795	-	7,887
Tax recoverable	4,532	-	4	294	-	4,830
Total assets	485,869	89,016	14,270	392,541	(401,373)	580,323
Segment liabilities	217,296	58,501	36,966	8,545	(217,606)	103,702
Tax payable	1,052	-	-	31	-	1,083
Overdrafts	26	19,197	657	9	-	19,889
Loans and borrowings	20,047	60,337	-	20,178	-	100,562
Total liabilities	238,421	138,035	37,623	28,763	(217,606)	225,236
Capital expenditure	-	-	-	808	-	808
Depreciation	494	962	80	855	(35)	2,356

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A13. Events after the Reporting Period

There were no material events subsequent to the reporting date up to 22 November 2019, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim Financial Report apart from termination of the H60A vehicles electrical wiring harness contracts ("Contract") which was awarded by Nissan South Africa (Pty) Ltd to Pasdec Automotive Technologies (Botswana) (Pty) Ltd ("PAT Botswana") a subsidiary of Pasdec Automotive Technologies (Pty) Ltd in 2018 under the H60A Localization Program. Notwithstanding the cancellation, NSA had given assurance to PAT Botswana that is committed towards localising the wire harness component in its H60A vehicles and will assess the readiness of PAT Botswana in order to reinstate the Contract to PAT Botswana in 12 to 18 months as announced by the Group on 22 November and 26 November 2019.

A14. Changes in the composition of the Group

There were no changes to the composition of the Group during the quarter under review.

A15. 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.

A16. Capital commitments of the Group

	Current Quarter 30.09.2019 RM'000	Preceding Quarter 30.06.2019 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	<u>73,210</u>	<u>75,208</u>

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PASDEC HOLDINGS BERHAD

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Interim Financial Report for nine (9) months period ended 30 September 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 period to-date	Preceding period to-date		
	30.09.2019 RM'000	30.09.2018 RM'000	RM'000	%	30.09.2019 RM'000	30.09.2018 RM'000	RM'000	%
Revenue	31,560	34,360	(2,800)	(8)	94,154	111,094	(16,940)	(15)
Gross profit	4,111	5,652	(1,541)	(27)	16,553	22,708	(6,155)	(27)
Profit/ (loss) before interest & tax	6,789	(3,977)	10,766	271	5,195	(2,512)	7,707	307
Profit/ (loss) before tax	4,349	(6,518)	10,867	167	(3,031)	(11,879)	8,848	74
Profit/ (loss) net of tax	5,716	(6,200)	11,916	192	(1,864)	(12,022)	10,358	86
Profit/ (loss) attributable to ordinary equity holders of the parent	4,275	(5,822)	10,097	173	(1,479)	(10,623)	9,144	86

Overview

The Group registered lower revenue for 9 months period by 15% as compared to previous corresponding period, mainly due to decline revenue from property development during the period.

Loss attributable to Owners of the Group for the period decreased by 86% mainly due to lower net liquidated ascertained damages incurred during the current period as compared to previous corresponding period, totalling RM0.51 million and RM3.57 million respectively. There was also lower additional costs of projects of RM0.58 million incurred during the current period compared to RM2.39 million for the previous corresponding period.

Results by Segments

The property development activities had registered revenue of RM20.58 million for the current period compared to RM43.43 million for the same corresponding period last year. Amidst soft property market, units sold during the current period were 13% lower than previous corresponding period, despite more promotional expenses spent during the current period.

The manufacturing segment recorded RM70.93 million revenue compared to RM66.58 million for the same corresponding period last year; attributed entirely to increased volume of production of NF250 (Volkswagen South Africa) and Nissan D22 programmes.

During the period under review, construction segment had recorded approved variation order of RM2.65 million from the completed KPJ Pahang Specialist Hospital in Kuantan.

B2. Comparison of current quarter results with the preceding quarter

Q3, 2019 vs Q2, 2019

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.09.2019 RM'000	30.06.2019 RM'000	RM'000	%
Revenue	31,560	29,269	2,291	8
Gross profit	4,111	4,366	(255)	(6)
Profit / (loss) before interest & tax	6,789	(1,005)	7,794	(776)
Profit / (loss) before tax	4,349	(4,017)	8,366	208
Profit / (loss) net of tax	5,716	(3,740)	9,456	253
Profit / (loss) attributable to ordinary equity holders of the parent	4,275	(2,576)	6,851	266

<u>Revenue</u>	Current Quarter	Immediate Preceding Quarter
Segments	Q3, 2019 RM'million	Q2, 2019 RM'million
- Property development	6.71	3.61
- Manufacturing Adjustment	24.85	9.44
	-	14.18
	24.85	23.62
- Construction	-	2.04
- Others	6.00	-
	31.56	29.27

During the quarter under review, the Property Segment recorded revenue was RM6.71 million as compared to RM3.61 million in the immediate preceding quarter, an increase of 43% in units sold, a result of increasing promotional activities (including discounts) held in this quarter.

Despite consistent revenue recorded by the Manufacturing Segment in Africa, this segment 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 completed KPJ Pahang Specialist Hospital in Kuantan.

Profit attributable to Owners of the Group for the current quarter was contributed by Manufacturing Segment recovering its air freight and overtime charges from Nissan and Volkswagen, selling scrap and drawing back duty, totalling RM10.19 million (part of other income).

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B3. Prospects for the current financial year

The Group's Property Segment will continue with its strategy of disposing 402 unsold units worth RM200.02 million despite the domestic market is expected to remain lacklustre in the subsequent period due to the weak market and consumer sentiments.

The prospect of Manufacturing Segment is also expected to remain unfavourable in view of its relatively high operational costs despite consistent production.

Notwithstanding the losses reported, the Group will continue to enhance property sales through various marketing strategies and implement austerity drive to mitigate the impact on bottom line.

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

	30.09.2019 RM'000	30.09.2018 RM'000
Loss for the period is arrived at after charging		
Depreciation	3,229	2,356
Interest expense	7,661	9,367
Impairment losses on trade receivables	-	476
Effect of striking off companies	6,003	-
And after crediting		
Other income	11,301	2,761
Interest income	1,520	1,215
Reversal of impairment losses on:-		
Trade receivables	397	735
Other receivables	245	-
Reversal of impairment loss on inventory	75	-

B6. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current	17	(318)	17	1,083
- Prior year (over)/under provision	(1,384)	-	(1,384)	(940)
	(1,367)	(318)	(1,367)	143

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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 September 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 3 months
2	Property development	18,000	10,183	7,817	Within 21 months
3	Working capital purpose	13,501	13,435	66	Within 9 months
4	Expenses for the Rights Issue with Warrants	1,100	1,100	-	Not applicable
	Total	40,037	26,999	13,038	

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 RM7.82 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 September 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 September 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.	99%	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.	100%	Not applicable
3	15 units of double storey commercial shop office at Cenderawasih Pesona, located in Kuantan, Pahang.	77%	4Q, 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 September 2019	Remaining to be utilised	Approved variation	Proposed variation
	RM'000	RM'000	RM'000	RM'000	RM'000
1 Land premium	7,436	2,281	4,188	967	(967)
2 Property development	18,000	10,183	7,817	-	-
3 Working capital	13,501	13,435	66	-	967
4 Expenses for Rights Issue	1,100	1,100	-	-	-
Total	40,037	26,999	12,071	967	-

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B8. Status of utilisation of proceeds as at 30 September 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	July 2020
2	Balok Perdana Commercial 2A2	9.57	July 2020
3	Pasdec Damansara Zone 3A3	54.07	March 2021
4	Muadzam Shah Phase 1	30.67	April 2021
5	Pasdec Avenue	105.34	February 2021
6	Bandar Putra Package 6A9	34.32	September 2021
7	Habour Park	173.71	November 2020
Total		423.85	

On-going projects		Estimated GDV RM' million	Stage of completion as at 30 September 2019 (%)
1	Balok Perdana 3A Phase 4&5	40.47	100%
2	Pasdec Damansara Package 4 (second phase)	22.16	100%
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 30.09.2019 Carrying amount Market value of quoted investments RM'000	As at 30.09.2018 Carrying amount Market value of quoted investments RM'000
At fair value:		
Shares quoted in Malaysia	9	9
Unit trusts quoted in Malaysia	378	391
	387	400

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B10. Trade receivables

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

	Gross RM'000	Impairment RM'000			Net RM'000	%
Current	7,922	7			7,915	24%
Past due 1- 30 days	5,207	-			5,207	16%
Past due 31 – 120 days	772	62			710	2%
Past due > 120 days	24,586	5,401			19,185	58%
TOTAL	38,487	5,470			33,017	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 30.09.2019 RM'000	As at 30.09.2018 RM'000	Interest rates	Remarks
1) Overdraft	RM	11,663	-	11,663	692	7.85% - 9.35%	Working capital
2) Overdraft	BWP	16,889	-	16,889	19,197	8.50%	Working capital
3) Term loan	RM	19,490	-	19,490	20,000	8.00%	Working capital
4) Term loan	RM	8,151	-	8,151	18,994	4.70% - 4.95%	Investment
5) Term loan	BWP	32,509	-	32,509	55,115	4.00% - 9.0%	Purchase of plant & equipment
6) Revolving credit	RM	-	-	-	1,000	8.95%	Working capital
7) Revolving credit	BWP	-	-	-	5,222	8.50%	Working capital
8) Finance lease	RM	83	11	94	231	2.42% - 3.00%	Purchase of motor vehicle
TOTAL		88,785	11	88,796	120,451		

Note

BWP : Botswana Pula (1 BWP = RM0.3791)

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B12. Share Capital

	Period- ended 30.09.2019 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 30.09.2019 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 others 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 and share of revaluation reserve of an associate.

- ii) 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.

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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.

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. Earnings/ (losses) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Basic earnings/ (losses) per share				
Profit/ (loss) attributable to owners of the parent (RM'000)	4,275	(5,822)	(1,479)	(10,623)
Number of weightage average shares (unit '000)	400,369	396,639	400,369	323,270
Basic earnings/ (losses) per share (sen)	<u>1.07</u>	<u>(1.47)</u>	<u>(0.37)</u>	<u>(3.29)</u>

B17. Comparative figures

Certain comparative figures have been reclassified to conform to current period 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

PASDEC HOLDINGS BERHAD

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Group Corporate Secretary & Governance

