

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

Financial Statements
as at 31 December 2019

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	8,206	12,648	31,435	57,164
Cost of sales	(6,433)	(3,450)	(19,822)	(36,407)
Gross profit	1,773	9,198	11,613	20,757
Other items of income				
Interest income	(1,264)	177	256	1,392
Other income	2,312	1,415	4,115	1,880
Other items of expense				
Personnel expenses	(5,329)	(722)	(11,063)	(8,556)
Other expenses	(13,470)	(6,444)	(18,763)	(15,179)
Finance costs	2,388	142	(1,921)	(4,126)
Share of (losses)/profits of associates	(342)	(1,099)	71	57
(Loss)/profit before tax from continuing operations	(13,932)	2,667	(15,692)	(3,775)
Taxation (Note B5)	464	(621)	1,831	(764)
(Loss)/profit from continuing operations, net of tax	(13,468)	2,046	(13,861)	(4,539)
Loss from discontinued operations	(2,749)	(11,760)	(4,020)	(17,197)
Loss net of tax	(16,217)	(9,714)	(17,881)	(21,736)

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019 (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Other comprehensive loss				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Net changes in fair value:				
Investments	19	(23)	29	(81)
Foreign currency translation	(978)	(2,668)	208	(487)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Warrant	-	(5,720)	-	-
Remeasurement loss on defined benefit plan	2,232	47	2,158	(833)
Other comprehensive income/(loss), net of tax	1,273	(8,364)	2,395	(1,401)
Total comprehensive loss for the year, net of tax	(14,944)	(18,078)	(15,486)	(23,137)
Loss/(profit) attributable to:				
Owners of the parent				
- Continuing operations	(18,747)	3,304	(12,342)	(2,722)
- Discontinued operation	3,864	(12,600)	(4,020)	(17,197)
	(14,883)	(9,296)	(16,362)	(19,919)
Non-controlling interests	(1,334)	(418)	(1,519)	(1,817)
	(16,217)	(9,714)	(17,881)	(21,736)
Total comprehensive (loss)/profit attributable to:				
Owners of the parent				
- Continuing operations	(17,000)	(5,060)	(9,947)	(4,123)
- Discontinued operation	3,665	(10,975)	(3,982)	(16,110)
	(13,335)	(16,035)	(13,929)	(20,233)
Non-controlling interests	(1,609)	(2,043)	(1,557)	(2,904)
	(14,944)	(18,078)	(15,486)	(23,137)
Losses per share attributable to owners of the Company (Note B16)				
Basic (sen)	(3.72)	(2.34)	(4.09)	(5.63)

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Condensed Consolidated Statements of Financial Position as at 31 December 2019

	Notes	Unaudited 31.12.2019 RM'000	Audited 31.12.2018 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		11,941	12,357
Work in progress		13,610	8,088
Land held for property development		145,622	145,382
Investment properties		56,510	58,234
Investments in associates		3,862	3,791
Investment securities	B8	398	377
		<u>231,943</u>	<u>228,229</u>
Current Assets			
Property development costs		87,557	102,521
Inventories		90,877	88,727
Trade receivables	B9	15,217	25,914
Other receivables		14,266	17,928
Other current assets		124	539
Contract assets		-	11,406
Cash and bank balances		19,190	29,548
Tax recoverable		6,825	5,458
		<u>234,056</u>	<u>282,041</u>
Assets of disposal group classified as held of sale		51,280	39,138
		<u>517,279</u>	<u>549,408</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		381	150
Contract liabilities		934	2,656
Loans and borrowings	B10	24,637	35,227
Overdrafts		14,357	2,769
Trade payables		22,398	52,192
Other payables		33,827	43,954
Tax payable		116	1,703
		<u>96,650</u>	<u>138,651</u>
Liabilities of disposal group classified as sale		90,812	63,076
		<u>187,462</u>	<u>201,727</u>
		<u>46,594</u>	<u>80,314</u>
NET CURRENT ASSETS			

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Condensed Consolidated Statements of Financial Position as at 31 December 2019 (continued)

	Notes	Unaudited 31.12.2019 RM'000	Audited 31.12.2018 RM'000
Non-Current Liabilities			
Retirement benefit obligations		2,150	4,474
Loans and borrowings		6	60
		<u>2,156</u>	<u>4,534</u>
TOTAL LIABILITIES		<u>189,618</u>	<u>206,261</u>
NET ASSETS		<u>327,661</u>	<u>343,147</u>
Equity attributable to owners of the parent			
Share capital	B11	327,693	327,693
Other reserves	B12	(1,826)	(2,101)
Retained earnings		7,918	22,122
		<u>333,785</u>	<u>347,714</u>
Non-controlling interests		(6,124)	(4,567)
TOTAL EQUITY		<u>327,661</u>	<u>343,147</u>
TOTAL EQUITY AND LIABILITIES		<u>517,279</u>	<u>549,408</u>
Net assets per share (RM)		0.82	0.86

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**Condensed Consolidated Statement of Changes in Equity
for the year ended 31 December 2019**

	-----Attributable to owners of the parent-----					-----Non Distributable-----				Non- controlling interest RM'000
	Non Distributable		Distributable			Note B112(a)	Note B12(b)	Note B12(b)	Note B12(c)	
	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					
1 January 2019	343,147	347,714	327,693	22,122	(2,101)	(72)	(9,348)	5,720	1,599	(4,567)
Loss for the year	(17,881)	(16,362)	-	(16,362)	-	-	-	-	-	(1,519)
Other comprehensive (loss)/income	2,395	2,433	-	2,158	275	29	-	-	246	(38)
Total comprehensive income/ (loss)	(15,486)	(13,929)	-	(14,204)	275	29	-	-	246	(1,557)
31 December 2019	327,661	333,785	327,693	7,918	(1,826)	(43)	(9,348)	5,720	1,845	(6,124)

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

	-----Attributable to owners of the parent-----									
	Non Distributable		Distributable			-----Non Distributable-----				
	Total equity	Total equity attributable to owners of the parent	Share capital	Retained earnings	Total other reserves	Note B12(a) Fair value change reserve	Note B12(b) Others	Note B12(b) Warrant reserve	Note B12(c) 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	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 adjustment (PYA)	2,852	2,677	-	(250)	2,927	-	2,927	-	-	175
Restated opening balance after PYA	325,156	326,819	293,376	56,049	(22,606)	9	(9,512)	-	(13,103)	(1,663)
Impact of adopting MFRS	927	927	-	(13,175)	14,102	-	-	-	14,102	-
Restated opening balance after adoption of MFRSs	326,083	327,746	293,376	42,874	(8,504)	9	(9,512)	-	999	(1,663)
Loss for the year	(21,736)	(19,919)	-	(19,919)	-	-	-	-	-	(1,817)
Other comprehensive profit/ (loss)	(1,401)	(314)	-	(833)	519	(81)	-	-	600	(1,087)
Share of equity contribution of an associate	164	164	-	-	164	-	164	-	-	-
Total comprehensive (loss)/ income	(22,973)	(20,069)	-	(20,752)	683	(81)	164	-	600	(2,904)
Transaction with shareholders										
Right Issues	40,037	40,037	34,317	-	5,720	-	-	5,720	-	-
31 December 2018	343,147	347,714	327,693	22,122	(2,101)	(72)	(9,348)	5,720	1,599	(4,567)

PASDEC HOLDINGS BERHAD

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**Condensed Consolidated Statements of Cash Flow
for the year ended 31 December 2019**

	CUMULATIVE QUARTER	
	31.12.2019	31.12.2018
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	137,583	185,890
Cash payments to suppliers and contractors	(92,789)	(139,268)
Cash payments to employees and for expenses	(31,201)	(27,794)
Cash generated from operations	<u>13,593</u>	<u>18,828</u>
Net income tax paid	(651)	(2,585)
Net cash generated from operating activities	<u>12,942</u>	<u>16,243</u>
Cash flows from investing activities		
Deposit from disposal of subsidiary	88	-
Proceed from disposal of investment property	338	183
Interest received	285	279
Purchase of property, plant and equipment	(1,216)	(3,490)
Proceed from sale of property, plant and equipment	2	55
Dividend	14	17
Net cash used in investing activities	<u>(489)</u>	<u>(2,956)</u>
Cash flows from financing activities		
Rights issues and warrants	-	40,037
Drawdown of trust fund	-	1,077
Repayment to other financial obligations	(4,839)	-
Drawdown of term loan	-	5,140
Repayment of term loans	(24,484)	(17,246)
Repayment of obligation under finance leases	(129)	(305)
Loan interest	(4,687)	(8,941)
Net cash (used in)/ generated from financing activities	<u>(34,139)</u>	<u>19,762</u>
Net (decrease)/increase in cash and cash equivalents	(21,686)	33,049
Cash and cash equivalents at beginning of year	<u>9,243</u>	<u>(23,806)</u>
Cash and cash equivalents at end of year	<u>(12,443)</u>	<u>9,243</u>
Represented by:		
Continuing operations		
Cash and bank balances	19,190	29,548
Bank overdrafts	(14,357)	(2,769)
	4,833	26,779
Discontinued operations		
Cash and bank balances	253	8
Bank overdrafts	(17,529)	(17,544)
	(17,276)	(17,536)
Cash and cash equivalents at end of year	(12,443)	9,243

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Interim Financial Report for the year ended 31 December 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 the year ended 31 December 2019, the Group had reported a net loss of RM17.881 million. The Company provided corporate guarantees totalling BWP167.10 million and ZAR8 million (approximately RM66,439,076) 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 RM20,902,192, net current liabilities of RM61,596,983 and negative cash and cash equivalents of RM16,138,174. 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 (RM17.3 million). However, note that Pasdec Resources SA Limited as a Group net loss is RM4,924,828.

The subsidiary had breached the financial covenants of the loans and borrowings resulted in the loans and borrowings amounting RM36.34 million being reclassified to current liabilities as at 31 December 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 31 December 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 year is as follows:-

	CUMULATIVE PERIOD					Total	
	12 MONTHS ENDED 31 December 2019						
	Properties RM'000	Manufactur- ing RM'000	Construc- tion RM'000	Others RM'000	Elimi- nation RM'000	Continuing RM'000	Discontinued RM'000
REVENUE :							
External sales	29,622	-	1,784	29	-	31,435	90,945
Inter-segment sales	30	-	2,397	4,455	(6,882)	-	-
	29,652	-	4,181	4,484	(6,882)	31,435	90,945
SEGMENT RESULTS:							
Operating (loss)/profit	(4,428)	(216)	(1,930)	(17,678)	10,154	(14,098)	1,437
Interest income	1,209	-	3	2,421	(3,377)	256	-
Finance costs	(2,909)	(2,218)	(61)	(1,718)	4,985	(1,921)	(5,456)
Share of results of associates	-	-	-	-	71	71	-
Loss before tax	(6,128)	(2,434)	(1,988)	(16,975)	11,833	(15,692)	(4,019)
Taxation	1,253	-	-	(31)	609	1,831	(1)
Loss net of tax	(4,875)	(2,434)	(1,988)	(17,006)	12,442	(13,861)	(4,020)
Assets and Liabilities							
Segment assets	446,565	53,310	9,120	340,427	(409,438)	439,984	51,027
Cash and bank balances	9,286	1,201	387	1,449	998	13,321	253
Deposit with licensed banks	4,698	-	114	1,057	-	5,869	-
Tax recoverable	6,552	-	2	271	-	6,825	-
Total assets	467,101	54,511	9,623	343,204	(408,440)	465,999	51,280
Segment liabilities	179,478	2,865	9,403	31,270	(163,326)	59,690	17,769
Tax payable	114	-	-	2	-	116	-
Overdrafts	12,760	-	1,597	-	-	14,357	17,529
Loans and borrowings	12,368	-	-	12,275	-	24,643	55,514
Total liabilities	204,720	2,865	11,000	43,547	(163,326)	98,806	90,812
Capital expenditure	54	1	1	521	-	577	639
Depreciation	633	206	17	1,216	(47)	2,025	2,072

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A12. Segmental information (continued)

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

	CUMULATIVE PERIOD						Total	
	12 MONTHS ENDED 31 December 2018						Continuing	Discontinued
	Properties	Manufacturing	Construc- tion	Others	Elimi- nation	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE :								
External sales	55,845	-	1,049	270	-	57,164		90,622
Inter-segment sales	1	-	8,125	3,129	(11,255)	-		-
	55,846	-	9,174	3,399	(11,255)	57,164		90,622
SEGMENT RESULTS:								
Operating profit/(loss)	6,633	(1,440)	(662)	(18,259)	12,630	(1,098)		(4,769)
Interest income	937	-	3	1,306	(854)	1,392		-
Finance costs	(3,626)	(1,945)	(278)	(1,428)	3,151	(4,126)		(9,703)
Share of results of associates	-	-	-	-	57	57		3,108
Profit /(loss) before tax	3,944	(3,385)	(937)	(18,381)	14,984	(3,775)		(11,364)
Taxation	(762)	-	(2)	-	-	(764)		(5,833)
Profit/(loss) net of tax	3,182	(3,385)	(939)	(18,381)	14,984	(4,539)		(17,197)
Assets and Liabilities								
Segment assets	475,521	12,642	13,685	344,539	(371,123)	475,264		39,130
Cash and bank balances	9,617	8,244	229	6,350	39	24,479		8
Deposit with licensed banks	4,515	-	111	443	-	5,069		-
Tax recoverable	5,161	-	3	294	-	5,458		-
Total assets	494,814	20,886	14,028	351,626	(371,084)	510,270		39,138
Segment liabilities	207,316	50,433	24,027	21,578	(199,928)	103,426		123
Tax payable	1,702	-	1	-	-	1,703		-
Overdrafts	1,381	-	1,378	10	-	2,769		17,544
Loans and borrowings	18,174	-	-	17,113	-	35,287		45,409
Total liabilities	228,573	50,433	25,406	38,701	(199,928)	143,185		63,076
Capital expenditure	-	112	-	1,488	-	1,600		112
Depreciation	617	151	87	1,134	(47)	1,942		3,115

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A13. Events after the Reporting Year

There were no material events subsequent to the reporting date up to 28 February 2020, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Financial Report.

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

	As at 31.12.2019 RM'000	As at 30.09.2019 RM'000
Capital expenditure Approved and contracted for: Property, plant and equipment	72,841	75,208

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PASDEC HOLDINGS BERHAD

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Interim Financial Report for the year ended 31 December 2019**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES****B1. Review of performance**

	Individual Quarter		Changes		Cumulative Quarter		Changes	
	Current Quarter	Preceding year Quarter			Current year to-date	Preceding year to-date		
	31.12.2019 RM'000	31.12.2018 RM'000	RM'000	%	31.12.2019 RM'000	31.12.2018 RM'000	RM'000	%
Continuing operations								
Revenue	8,206	12,648	(4,442)	(35)	31,435	57,164	(25,729)	(45)
Gross profit	1,773	9,198	(7,425)	(81)	11,613	20,757	(9,144)	(44)
Loss/(profit) before interest & tax	(16,320)	2,525	(18,845)	746	(13,771)	351	(14,122)	4,023
Loss before tax	(13,932)	2,667	(16,599)	622	(15,692)	(3,775)	(11,917)	(316)
Loss net of tax	(13,468)	2,046	(15,514)	758	(13,861)	(4,539)	(9,322)	(205)
Discontinued operations								
Loss net of tax	(2,749)	(11,760)	9,011	(100)	(4,020)	(17,197)	13,177	(100)
Loss attributable to ordinary equity holders of the parent	(14,883)	(9,296)	(5,587)	(60)	(16,362)	(19,919)	3,557	18

Overview

The Group registered revenue of RM 31.44 million during the year compared to RM 57.16 million last year; 45% lower due to soft property market continued to affect demand.

Results by Segments

Property Segment registered revenue of RM29.62 for the current year compared with RM55.85 million last year. Units sold during the current year were 28% lower than the previous year.

Promotional activities and commission scheme had sales increased in certain quarters during the current year but insufficient to outnumber last year's sales value.

This segment had registered operating loss of RM4.43 million during the year, but a profit of RM 6.63 million last year. Current year's results were after taking into account certain impairments on receivables and inventories.

Manufacturing segment in South Africa has been classified as held for sale.

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B2. Comparison of current quarter results with the preceding quarter**Q4, 2019 vs Q3, 2019**

	Current Quarter 31.12.2019 RM'000	Immediate Preceding Quarter 30.09.2019 RM'000	Changes	
			RM'000	%
Continuing operations				
Revenue	8,206	6,712	1,494	22
Gross profit	1,773	1,407	366	26
(Loss)/profit before interest & tax	(16,320)	1,164	(17,484)	(1,502)
Loss before tax	(13,932)	(211)	(13,721)	(6,503)
(Loss)/profit net of tax	(13,468)	1,156	(14,624)	1,265
Discontinued operations				
Loss net of tax	(2,749)	4,560	(7,309)	(100)
(Loss)/profit attributable to ordinary equity holders of the parent	(14,883)	4,275	(19,158)	448

<u>Revenue</u>	Current Quarter Q4, 2019 RM'million	Immediate Preceding Quarter Q3, 2019 RM'million
Segments		
Continuing operations		
Property development	9.07	6.71
Construction	(0.86)	-
	8.21	6.71

During the quarter under review, the property segment recorded revenue was RM9.07 million as compared to RM6.71 million in the immediate preceding quarter, an increase of 35% in units sold, a result of increasing promotional activities (including discounts) and commission scheme.

There had been impairment losses in properties segment for trade receivables, investment properties and inventories totalling RM3.50 million.

On top of the impairment losses, during the current quarter there had also been provisions for employees separation scheme totalling RM9.12 million.

As a result, loss attributable to Owners of the Group for the current quarter was loss RM14.88 million.

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B3. Profit forecast and profit guarantee

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

B4. Notes to consolidated statement of comprehensive income

	31.12.2019	31.12.2018
	RM'000	RM'000
Loss for the year is arrived at after charging		
Depreciation	2,025	1,942
Interest expense	1,921	4,126
Loss on disposal of subsidiary	-	2
Loss on disposal of associate	-	6,417
Inventories written down	603	75
Property, plant and equipment written off	-	1,479
Allowance for expected credit loss:-		
Trade receivables	3,035	786
Other receivables	-	159
Impairment loss on investment properties	469	-
Voluntary separation scheme	2,994	-
And after crediting		
Other income	4,115	2,288
Interest income	256	1,392
Reversal of allowance for expected credit loss:-		
Trade receivables	-	1,108
Other receivables	453	869
Reversal of impairment loss in an associate	-	60
Reversal of impairment loss of inventories	75	-
Effect on striking off companies	3,368	-

B5. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current	127	621	144	1,368
- Prior year over provision	45	-	(1,339)	(604)
- Deferred income tax relating to originating and reversal of temporary differences	(636)	-	(636)	-
	(464)	621	(1,831)	764

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B6. Corporate proposal

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

B7. Status of utilisation of proceeds as at 31 December 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	14,073	3,927	Within 21 months
3	Working capital purpose	13,501	13,434	67	Within 9 months
4	Expenses for the Rights Issue with Warrants	1,100	1,100	-	Not applicable
	Total	40,037	30,888	9,149	

1. Land premium

Out of remaining RM5.16 million land premium (Note B7(c)) is RM4.19 million 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 RM3.93 million will be used for 7 new projects and 2 existing projects as mentioned below

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B7. Status of utilisation of proceeds as at 31 December 2019 raised from the Rights Issue with warrants are as follows:- (continued)

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	Harbour Park	173.71	November 2020
Total		423.85	

On-going projects		Estimated GDV RM' million	Stage of completion as at 31 December 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.

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B7. Status of utilisation of proceeds as at 31 December 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 31 December 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%	1H, 2020
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.	95%	1Q,2020
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 31 December 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	14,073	3,927	-	-
3 Working capital	13,501	13,434	67	(967)	967
4 Expenses for Rights Issue	1,100	1,100	-	-	-
Total	40,037	30,888	8,182	-	-

B8. Investment securities

Fair Value through Other Comprehensive Income

	As at 31.12.2019 Carrying amount Market value of quoted investments RM'000	As at 31.12.2018 Carrying amount Market value of quoted investments RM'000
At fair value:		
Shares quoted in Malaysia	-	9
Unit trusts quoted in Malaysia	398	368
	398	377

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B9. Trade receivables

The ageing analysis of the trade receivables for 31 December 2019 is as follows:

	Gross RM'000	Impairment RM'000	Net RM'000	%
Current	8,794	-	8,794	58%
Past due 1- 30 days	1,112	-	1,112	7%
Past due 31 – 120 days	2,541	-	2,541	17%
Past due > 120 days	12,116	9,346	2,770	18%
TOTAL	24,563	9,346	15,217	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.

B10. 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 31.12.2019 RM'000	As at 31.12.2018 RM'000	Interest rates	Remarks
1) Overdraft	RM	14,357	-	14,357	2,769	7.85% - 9.35%	Working capital
2) Term loan	RM	16,218	-	16,218	23,042	8.00%	Working capital
3) Term loan	RM	8,364	-	8,364	11,552	4.70% - 4.95%	Investment
4) Revolving credit	RM	-	-	-	500	8.95%	Working capital
5) Bridging loan	RM	-	-	-	-	7.95% - 8.20%	Project financing
6) Finance lease	RM	55	6	61	193	2.42% - 3.00%	Purchase of motor vehicle
TOTAL		38,994	6	39,000	38,056		
Disposal group							
1) Overdraft	BWP	17,529	-	17,529	17,544	8.50%	Working capital
2) Term loan	BWP	31,489	-	31,489	11,141	4.00% - 9.0%	Purchase of plant & equipment
3) Revolving credit	BWP	-	-	-	9,379	8.50%	Working capital
4) Redeemable preferences shares	BWP	24,025	-	24,025	24,889	4.00%	Capital expenditure and working capital
TOTAL		73,043	-	73,043	62,953		

Note

BWP : Botswana Pula (1 BWP = RM0.383699)

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B11. Share Capital

	As at 31.12.2019 RM'000	As at 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>

	As at 31.12.2019 No of ordinary shares (‘000)	As at 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>

B12. 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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B12. 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.

B13. Material litigation

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

B14. Dividend

There was no dividend declared for the quarter under review.

B15. Earnings/ (losses) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Basic earnings/ (losses) per share				
Profit/ (loss) attributable to owners of the parent (RM'000)	(14,883)	(9,296)	(16,362)	(19,919)
Number of weightage average shares (unit '000)	400,369	397,264	400,369	353,796
Basic earnings/ (losses) per share (sen)	<u>(3.72)</u>	<u>(2.34)</u>	<u>(4.09)</u>	<u>(5.63)</u>

B16. Comparative figures

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

B17. 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