

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

Interim Financial Statements
30 September 2008

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
For the Quarter Ended 30 September 2008**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007
	RM'000	RM'000	RM'000	RM'000
Revenue	32,336	56,163	80,264	84,942
Cost of sales	(29,274)	(25,449)	(61,530)	(42,542)
Gross Profit	3,062	30,714	18,734	42,400
Other income	190	1,034	8,682	33,970
Finance Income	130	512	385	1,472
Other expenses	(5,633)	(4,485)	(15,744)	(13,762)
Finance costs	(963)	(3,431)	(5,241)	(11,259)
Share of profit of associates	(39)	(179)	(287)	(132)
Profit before tax	(3,253)	24,165	6,529	52,689
Taxation	817	(5,512)	(205)	(5,796)
Profit for the period	(2,436)	18,653	6,324	46,893
Attributable to:				
Equity holders of the parent	(2,320)	15,874	7,072	44,596
Minority interest	(116)	2,779	(748)	2,297
	(2,436)	18,653	6,324	46,893
Earnings per share attributable to equity holders of the parent (Sen)				
Basic	-1.13	7.71	3.43	21.65
Diluted	NA	NA	NA	NA
Dividend per share (Sen)	-	-	2	2

The condensed consolidated income statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Balance Sheet As at 30 September 2008

	Unaudited 30.9.2008 RM'000	Audited 31.12.2007 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	20,030	16,172
Prepaid lease land	82	84
Investment property	7,405	7,505
Land held for development	141,032	138,211
Investment in associates	3,342	3,614
Other investments	48,613	67,804
Intangible assets	823	823
	<hr/> 221,327 <hr/>	<hr/> 234,213 <hr/>
Current Assets		
Development properties	139,707	147,107
Inventories	12,848	15,677
Trade receivables	85,326	63,618
Other receivables	19,472	23,078
Deposit, cash and bank balances	25,395	27,011
	<hr/> 282,748 <hr/>	<hr/> 276,491 <hr/>
TOTAL ASSETS	<hr/> 504,075 <hr/>	<hr/> 510,704 <hr/>
EQUITY AND LIABILITIES		
Equity attributable to equity holder of the parent		
Share capital	205,978	205,978
Share premium	43,008	43,008
Retained earnings	109,137	105,113
	<hr/> 358,123 <hr/>	<hr/> 354,099 <hr/>
Minority interest	9,699	10,447
Total Equity	<hr/> 367,822 <hr/>	<hr/> 364,546 <hr/>

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Condensed Consolidated Balance Sheet As at 30 September 2008

	Unaudited 30.9.2008 RM'000	Audited 31.12.2007 RM'000
Non Current Liabilities		
Deferred tax liabilities	74	74
Retirement benefits	2,450	1,865
Rainbow Exchangeable Bonds	46,000	61,000
Redemption Premium	4,600	3,486
Borrowings	12,459	5,326
	<u>65,583</u>	<u>71,751</u>
Current Liabilities		
Retirement benefits	27	27
Borrowings	34,486	31,387
Trade payables	19,960	25,634
Other payables	17,857	14,004
Current tax liabilities	(1,660)	3,355
	<u>70,670</u>	<u>74,408</u>
Total Liabilities	<u>136,253</u>	<u>146,159</u>
TOTAL EQUITY AND LIABILITIES	<u>504,075</u>	<u>510,704</u>
Net assets per share (RM)	1.74	1.72

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity
For the Period Ended 30 September 2008**

	---Attributable to the holders of the parent---				Minority interest	Total
	-----Non distributable-		Distributable			
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
1 January 2008	205,978	43,008	105,113	354,099	10,447	364,546
Profit for the year	-	-	7,072	7,072	(748)	6,324
Dividend	-	-	(3,048)	(3,048)	-	(3,048)
30 September 2008	205,978	43,008	109,137	358,125	9,699	367,822
1 January 2007	205,978	43,008	77,590	326,576	15,309	341,885
Profit for the year	-	-	44,596	44,596	2,297	46,893
Dividend	-	-	(3,008)	(3,008)	-	(3,008)
Acquisition of subsidiary	-	-	-	-	328	328
30 September 2007	205,978	43,008	119,117	368,164	17,934	386,098

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Cash Flow Statement
For the Period Ended 30 September 2008**

	CUMULATIVE QUARTER	
	30.9.2008	30.9.2007
	RM'000	RM'000
Net cash (used)/ generated in operating activities	(23,635)	68,655
Net cash generated/(used) from investing activities	16,668	(453)
Net cash generated/(used) in financing activities	456	(78,083)
	<hr/>	<hr/>
NET DECREASE IN		
CASH AND CASH EQUIVALENTS	(6,511)	(9,881)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	7,960	19,579
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<hr/> 1,449 <hr/>	<hr/> 9,698 <hr/>
Represented by:		
Deposit, cash and bank balances	25,395	22,867
Bank overdrafts (included within short term borrowing in note 23)	(23,946)	(13,169)
	<hr/> 1,449 <hr/>	<hr/> 9,698 <hr/>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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Explanatory Notes Pursuant to FRS 134 : Interim Financial Reporting and Listing Requirements of Bursa Malaysia Securities Berhad

1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 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 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

2 Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this financial report are consistent with those adopted in the annual financial statement for the year ended 31 December 2007 except for the adoption of the new/revised FRSs which are applicable to the Group:-

FRS 107	Cash Flow Statement
FRS 111	Construction Contract
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets

The above amendments are effective for the financial year beginning 1 July 2007. The adoption of FRS 107, 111, 112, 118, 134 and 137 does not have any significant impact on the results and the financial position of the Group.

3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statement for the year ended 31 December 2007 was not qualified.

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4 Seasonal or cyclical factors

The Group's performance is not materially subject to seasonal or cyclical fluctuations.

5 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

6 Changes in estimates

There were no material changes in estimates that have had a material effect in the current quarter results.

7 Issuance or repayment of debt and equity securities

There were no issuance, cancellations, repurchases, resale of debts and equity securities for the current quarter.

8 Valuation of property, plant and equipment

There was no valuation of property, plant and equipment conduct during the period for the Group.

9 Dividend paid

A first and final dividend of 2 sen per share, less 26% income tax on 205,978,000 ordinary shares amounting to net dividend of RM3,048,474 in respect of financial year ended 31 December 2007 was paid on 27 August 2008.

10 Segmental information

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

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	CUMULATIVE QUARTER 9 months ended 30.9.2008 RM'000	CUMULATIVE QUARTER 9 months ended 30.9.2007 RM'000
Segment Revenue		
Investment holding and provision of management services	434	438
Property Development	57,037	71,787
Construction	14,265	6,848
Trading in building materials	7,371	5,632
Bricks manufacturing	1,731	1,126
	<u>80,838</u>	<u>85,831</u>
Elimination	(574)	(889)
Total revenue	<u>80,264</u>	<u>84,942</u>

Segment Results

Investment holding and provision of management services	890	2,302
Property Development	5,571	32,505
Construction	843	298
Trading in building materials	565	(21)
Bricks manufacturing	(186)	(227)
Others	6,756	30,850
	<u>14,439</u>	<u>65,707</u>
Sub Total	<u>14,439</u>	<u>65,707</u>
Finance cost	(5,241)	(11,259)
Share of profit from associates	(287)	(132)
	<u>(5,528)</u>	<u>(11,391)</u>
Sub Total	<u>(5,528)</u>	<u>(11,391)</u>
Elimination	(2,382)	(1,627)
	<u>(2,382)</u>	<u>(1,627)</u>
Profit before tax	<u>6,529</u>	<u>52,689</u>

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11 Subsequent event

There were no material events subsequent to the end of the current quarter.

12 Changes in the composition of the Group

There were no changes in the composition of the Group for the quarter under review.

13 Contingent liabilities

Contingent liabilities of the Group comprise of the following:-

	As at 30.9.2008 RM'000	As at 30.9.2007 RM'000
Bank guarantee	283	283
Performance bond	210	210
Corporate guarantees for facilities given to related companies	-	262
Claim by the Inland Revenue Board on a dispute tax assessment for YA 1999 to YA 2004	-	1,221
	<hr/>	<hr/>
Total	493	1,976

14 Capital commitments

The Group did not have any capital commitment for the interim financial statement as at 30 September 2008.

15 Review of performance

The Group recorded total revenue of RM80.3 million for the financial period ended 30 September 2008, 6% lower than the preceding year quarter due to lower contribution from property sector of the Group in view of the current economic condition.

Profit before taxation for the current quarter decreased by RM46.1 million compared to the preceding year's corresponding quarter due to higher gain arising from the exchange of rights by the bond holders during the first nine months of 2007.

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16 Review of current quarter profitability against preceding quarter

	Current Quarter 30.9.2008 RM'000	Preceding Quarter 30.6.2008 RM'000
Turnover	32,336	26,614
Profit before tax	(3,253)	3,431

The Group's revenue for the current quarter is 23% higher from previous immediate quarter. However the Group reported loss for the current quarter as compared to profit for the previous immediate quarter mainly due to slimmer margin recorded in property and construction sectors.

17 Prospects for the current financial year

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the remaining period of the financial year ending 31 December 2008.

18 Profit forecast and profit guarantee

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

19 Taxation

	INDIVIDUAL QUARTER 9 months ended		CUMULATIVE QUARTER 9 months ended	
	30.9.2008 RM'000	30.9.2007 RM'000	30.9.2008 RM'000	30.9.2007 RM'000
Malaysian tax: - current year	(817)	5,512	205	5,796

The effective tax rate for the cumulative quarter is lower than the statutory tax rate due to the fact that most subsidiaries of the Group are not taxable as they are in tax loss position and utilisation of the unabsorbed tax losses and capital allowance and certain income derived are capital gain in nature.

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20 Profit on sale of unquoted investment and/or properties

There was no disposal of unquoted investment or properties held as fixed assets for the financial period to date.

21 Purchase/Disposal of quoted securities

There was no exchange of REBs into shares by the bondholder for the current quarter. For the year to date profit arising from the exchange of REBs under series 2 is as follows:-

	Current quarter RM'000	Year to date RM'000
Amount of REBs exchanged	-	15,000
Carrying value of shares	-	8,170
Total profit	-	6,830

Total investment in quoted securities as at 30 September 2008 is as follows:-

	RM'000
At cost	44,609
At carrying value	44,008
At market value	77,489

22 Corporate proposals

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

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23 Group borrowings and debt securities

The Group exposures in borrowings are as follows:

	As at 30.9.2008 RM'000	As at 30.9.2007 RM'000
Short term borrowings		
- secured	33,728	23,323
- unsecured	758	10,807
Total short term borrowings	34,486	34,130
Long term borrowings		
- secured	63,059	76,074
- unsecured	-	-
Total long term borrowings	63,059	76,074
Total borrowings	97,545	110,204

24 Off balance sheet financial instruments

There were no financial instruments with material off balance sheet risk at the date of this report.

25 Material litigation

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

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26 Earnings per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007
Basic earnings per share				
Profit attributable to the equity holder of the parent RM'000	(2,320)	15,874	7,072	44,596
Number of shares at the beginning of the period Unit (000)	205,978	205,978	205,978	205,978
Basic earnings per share (Sen)	-1.13	7.71	3.43	21.65