

PASDEC HOLDINGS BERHAD

**Company no: 367122-D
(Incorporated in Malaysia)**

**Interim Financial Statements
30 June 2010**

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS**For the Quarter Ended 30 June 2010**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	19,747	8,413	43,370	26,100
Cost of sales	(12,721)	(4,566)	(27,518)	(17,462)
Gross Profit	7,026	3,847	15,852	8,638
Other income	2,982	53	4,834	1,511
Finance income	32	1,744	143	2,578
Other expenses	(6,059)	(6,929)	(10,439)	(11,396)
Finance costs	(1,487)	(1,939)	(3,005)	(3,851)
Share of profits/(losses) from associates	383	425	(88)	44
Profit before tax	2,877	(2,799)	7,297	(2,476)
Taxation	(117)	(448)	(489)	(1,252)
Profit/(loss) for the period	2,760	(3,247)	6,808	(3,728)
Attributable to:				
Equity holders of the parent	2,622	(2,249)	6,793	(2,448)
Minority interest	138	(998)	15	(1,280)
	2,760	(3,247)	6,808	(3,728)
Earnings per share attributable to equity holders of the parent (Sen)				
Basic	1.27	(1.09)	3.30	(1.19)
Diluted	NA	NA	NA	NA
Dividend per share (Sen)	-	-	-	-

The condensed consolidated income statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Balance Sheet As at 30 June 2010

	Unaudited 30.6.2010 RM'000	Audited 31.12.2009 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	14,202	17,888
Land held for property development	152,071	133,034
Investment properties	7,259	7,345
Prepaid land lease payments	78	79
Investments in associates	3,180	3,268
Investment securities	84,108	42,881
Deferred tax assets	1,423	1,423
Intangible assets	808	808
	263,129	206,726
Current Assets		
Development properties	153,541	157,700
Inventories	23,663	24,754
Trade receivables	53,777	65,203
Other receivables	34,504	29,241
Deposit, cash and bank balances	18,849	19,109
	284,334	296,007
TOTAL ASSETS	547,463	502,733
EQUITY AND LIABILITIES		
Equity attributable to equity holder of the parent		
Share capital	205,978	205,978
Share premium	43,008	43,008
Fair value reserve	43,405	-
Retained earnings	103,786	96,993
	396,177	345,979
Minority interest	4,303	4,288
Total Equity	400,480	350,267

PASDEC HOLDINGS BERHAD
(Incorporated in Malaysia)

**Condensed Consolidated Balance Sheet
As at 30 June 2010**

	Unaudited 30.6.2010 RM'000	Audited 31.12.2009 RM'000
Non Current Liabilities		
Retirement benefit obligations	3,149	3,080
Borrowings	68,475	66,087
	71,624	69,167
Current Liabilities		
Retirement benefits	147	130
Borrowings	27,699	34,257
Trade payables	26,045	27,423
Other payables	20,541	20,247
Tax payable	927	1,242
	75,359	83,299
Total Liabilities	146,983	152,466
TOTAL EQUITY AND LIABILITIES	547,463	502,733
Net assets per share (RM)	1.94	1.70

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity
For the Period Ended 30 June 2010**

	---Attributable to the holders of the parent---				Minority interest	Total	
	-----Non distributable-----		----Distributable---				
	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
1 January 2010	205,978	43,008	-	96,993	345,979	4,288	350,267
Profit for the period	-	-	-	6,793	6,793	15	6,808
Reserve on fair value measure of AFS investment	-	-	43,405	-	43,405	-	43,405
30 June 2010	205,978	43,008	43,405	103,786	396,177	4,303	400,480
1 January 2009	205,978	43,008	-	100,294	349,280	9,648	358,928
Loss for the period	-	-	-	(2,447)	(2,447)	(1,280)	(3,727)
30 June 2009	205,978	43,008	-	97,847	346,833	8,368	355,201

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 2009 and the accompanying explanatory notes attached to the interim financial statements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Cash Flow Statement For the Period Ended 30 June 2010

	CUMULATIVE QUARTER	
	30.6.2010	30.6.2009
	RM'000	RM'000
Net cash generated/(used) in operating activities	1,810	(10,074)
Net cash (used)/generated from investing activities	(26)	4,153
Net cash used in financing activities	(3,507)	(2,950)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,723)	(8,871)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	(2,351)	1,053
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	(4,074)	(7,818)
Represented by:		
Deposit, cash and bank balances	18,849	17,154
Bank overdrafts (included within short term borrowings in note 23)	(22,923)	(24,972)
	(4,074)	(7,818)

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 2009 and the accompanying explanatory notes attached to the interim financial statements.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

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 2009. 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 2009.

2 Changes in Accounting Policies

The accounting policies and presentation adopted by the Group for the interim financial statement are consistent with those adopted for the Group's consolidated audited financial statements for the year ended 31 December 2009, except for the followings:-

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (revised)	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 132	Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 10	Impairment and Interim Financial Reporting
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of cashflow
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the reporting period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 132	Financial Instruments : Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 140	Investment Property

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

2 Changes in Accounting Policies (continued)

The adoption of the above standards and interpretation did not have any significant effects on the interim financial performance of the Group except for those as discussed below:

a) FRS 8: Operating Segments

The standard requires the entity to report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance.

b) FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transaction with owner and for non-owner changes in equity are presented in the statement of comprehensive income. The Group have elected to present this statement as one single statement.

c) FRS 139 : Financial Instruments- Recognition and Measurement

The standard establishes principal for recognizing and measuring financial assets and financial liabilities. The Group determines the classification at initial recognition and for the purpose of the adoption of the standard, as at transitional date on 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and effects arising from the adoption of FRS 139 are:

- Equity instruments
Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values.
- Inter-company loans
During the current period and prior years, the Group granted interest-free or low-interest loans and advances to its subsidiaries. Prior to 1 January 2010, these loans and advances were recorded at cost. Upon the adoption of FRS 139, the interest-free or low-interest loans or advances are recorded initially at a fair value that is lower than cost. The difference between the fair value and cost of the loan or advance is recognized as an additional investment in the subsidiary. Subsequent to initial recognition, the loans and advances are measured at amortized cost and the adjustments to

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

2 Changes in Accounting Policies (continued)

their previous carrying amounts are recognized as adjustments to the opening balance of retained earnings as at that date.

3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statement for the year ended 31 December 2009 was not qualified.

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, and repayment of debts and equity securities for the current quarter, except for the repayment of RM4.0 million Rainbow Exchange Bonds ("REBs") as tabulated in note 21 of this report.

8 Valuation of property, plant and equipment

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

9 Dividend paid

There was no dividend paid during the quarter ended 30 June 2010.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

10 Segmental information

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

	CUMULATIVE QUARTER 6 months ended 30.6.2010 RM'000	CUMULATIVE QUARTER 6 months ended 30.6.2009 RM'000
Segment revenue		
Investment holding	6,014	330
Property development	38,443	23,018
Construction	8,351	2,646
Trading in building materials	1,238	2,880
Bricks manufacturing	977	1,446
	55,023	30,320
Elimination	(11,653)	(4,220)
Total revenue	43,370	26,100
Segment results		
Investment holding	9,951	(361)
Property development	11,310	4,399
Construction	(610)	(161)
Trading in building materials	2,525	(78)
Bricks manufacturing	(226)	(201)
Others	(9)	(2,406)
	22,941	1,192
Consolidation adjustment	(12,551)	139
Sub total	10,390	1,331
Finance costs	(3,005)	(3,851)
Share of losses from associates	(88)	44
Sub total	(3,094)	(3,807)
Profit/(loss) before tax	7,297	(2,476)

PASDEC HOLDINGS BERHAD
(Incorporated in Malaysia)

11 Subsequent events

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

12 Changes in the composition of the Group

On 10 May 2010, the Company incorporated a new subsidiary, Pasdec Engineering Sdn. Bhd. with principal activities of value engineering design and other related services for the construction industry.

13 Contingent liabilities

Contingent liabilities of the Group comprise of the following:-

	As at 30.6.2010 RM'000	As at 30.6.2009 RM'000
Bank guarantee	-	283
Performance bond	-	210
Total	-	493

14 Capital commitments

The Group did not have any capital commitment for the interim financial statement as at 30 June 2010.

15 Review of performance

The Group recorded revenue of RM43.4 million for the six months ended 30 June 2010 compared with the turnover of RM26.1 million for the previous year's corresponding period. The increase is attributable to higher contribution of the Group's property development sector.

16 Review of current quarter profitability against preceding quarter

	Current Quarter 30.6.2010 RM'000	Preceding Quarter 31.3.2010 RM'000
Turnover	19,747	23,623
Profit before tax	2,877	4,420

During the quarter under review, the Group recorded lower profit before tax of RM2.88 million compared with profit of RM4.42 million reported in the immediate preceding quarter mainly due to RM1.82 million gains from disposal of shares in the first quarter.

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 2010.

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 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
	RM'000	RM'000	RM'000	RM'000
Malaysian tax: - current year	117	448	489	1,252

The effective tax rate for the quarter is lower than the statutory tax rate mainly due to the tax relief from the adjusted losses of certain subsidiaries.

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

20 Profit on sale of unquoted investments and/or properties

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

21 Investment securities

The exchange of marketable securities or available for sale ("AFS") investments for the financial period ended 30 June 2010 is as follows:

	RM'000
Amount of REBs exchanged	4,000
Carrying value of shares	<u>2,179</u>
Profit	<u>1,821</u>

22 Corporate proposals

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

23 Group borrowings and debt securities

The Group exposures in borrowings are as follows:

	As at 30.6.2010 RM'000	As at 30.6.2009 RM'000
Short term borrowings		
- secured	27,533	39,548
- unsecured	166	309
Total short term borrowings	<u>27,699</u>	<u>39,857</u>
Long term borrowings		
- secured	67,964	58,881
- unsecured	511	-
Total long term borrowings	<u>68,475</u>	<u>58,881</u>
Total borrowings	<u>96,174</u>	<u>98,738</u>

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

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.

26 Dividends proposed

No dividend was declared during the quarter under review.

27 Earnings per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
Basic earnings per share				
Profit/(loss) attributable to the equity holder of the parent RM'000	<u>2,622</u>	<u>(2,249)</u>	<u>6,793</u>	<u>(2,448)</u>
Number of shares at the beginning of the period Unit ('000)	<u>205,978</u>	<u>205,978</u>	<u>205,978</u>	<u>205,978</u>
Basic earnings per share (Sen)	<u>1.27</u>	<u>(1.09)</u>	<u>3.30</u>	<u>(1.19)</u>