PASDEC HOLDINGS BERHAD

**Company no: 367122-D**

**(Incorporated in Malaysia)**

**Financial Statements**

**31 December 2010**

#### CONDENSED CONSOLIDATED INCOME STATEMENTS

**For the Year Ended 31 December 2010**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **INDIVIDUAL QUARTER****3 months ended** |  | **CUMULATIVE QUARTER****12 months ended** |
|  | **31.12.2010** |  | **31.12.2009** |  | **31.12.2010** |  | **31.12.2009** |
|  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
|  |  |  |  |  |  |  |  |
| Revenue | **28,468** |  | 50,985 |  | **86,325** |  | 103,181 |
| Cost of sales  | **(25,960)** |  |  (43,805) |  |  **(64,765)** |  | (81,957) |
| **Gross Profit**  | **2,508** |  | 7,180 |  | **21,560** |  | 21,224 |
| Other income/(loss) | **2,184** |  | (3,946) |  | **7,168** |  | 2,707 |
| Finance income | **149** |  | - |  | **319** |  | 224 |
| Other expenses | **(2,180)** |  | (8,578) |  | **(17,121)** |  | (25,389) |
| Finance costs | **(1,379)** |  | (1,251) |  | **(6,128)** |  | (7,020) |
| Share of profits/(losses) from associates  | **-** |  | 241 |  | **(68)** |  | (110) |
| **Profit/(loss) before tax** | **1,282** |  | (6,354) |  | **5,730** |  | (8,364) |
| Taxation | **(1,134)** |  | 1,643 |  | **(1,272)** |  | (343) |
| **Profit/(loss) after taxation** | **148** |  | (4,711) |  | **4,458** |  | (8,707) |
|  |  |  |  |  |  |  |  |
| **Attributable to:** |  |  |  |  |  |  |  |
| Equity holders of the parent | **(3,724)** |  | (1,997) |  | **1,026** |  | (4,420) |
| Minority interest | **3,872** |  | (2,717) |  | **3,432** |  | (4,287) |
|  | **148** |  | (4,711) |  | **4,458** |  | (8,707) |
|  |  |  |  |  |  |  |  |
| Earnings per share attributable to equity holders of the parent (sen) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  Basic | **(1.81)** |  | (0.97) |  | **0.50** |  | (2.15) |
|  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.

**Condensed Consolidated Balance Sheet**

As at 31 December 2010

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Unaudited** |  | **Audited** |
|  |  | **31.12.2010** |  | **31.12.2009** |
|  |  | **RM’000** |  | **RM’000** |
|  |  |  |  |  |
| **ASSETS** |  |  |  |  |
| **Non Current Assets** |  |  |  |  |
| Property, plant and equipment |  | **13,046** |  | 17,888 |
| Land held for property development |  | **137,012** |  | 133,034 |
| Investment properties |  | **7,173** |  | 7,345 |
| Prepaid land lease payments |  | **77** |  | 79 |
| Investments in associates |  | **3,200** |  | 3,268 |
| Investment securities |  | **86,136** |  | 42,881 |
| Deferred tax assets |  | **1,431** |  | 1,431 |
| Intangible assets |  | **808** |  | 808 |
|  |  | **248,883** |  | 206,734 |
| **Current Assets** |  |  |  |  |
| Development properties |  | **134,193** |  | 157,700 |
| Inventories |  | **22,678** |  | 24,754 |
| Trade receivables |  | **51,130** |  | 65,203 |
| Other receivables |  | **33,647** |  | 29,241 |
| Deposit, cash and bank balances |  | **22,538** |  | 19,109 |
|  |  | **264,186** |  | 296,007 |
| **TOTAL ASSETS** |  | **513,069** |  | 502,741 |
|  |  |  |  |  |
| **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 |  | **47,073** |  | - |
| Retained earnings |  | **89,780** |  | 96,993 |
|  |  | **385,839** |  | 345,979 |
| Minority interest |  | **(1,660)** |  | 4,288 |
| **Total Equity** |  | **384,179** |  | 350,267 |
|  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Condensed Consolidated Balance Sheet**As at 31 December 2010 |  |  |  |  |
|  |  | **Unaudited** |  | **Audited** |
|  |  | **31.12.2010** |  | **31.12.2009** |
|  |  | **RM’000** |  | **RM’000** |
|  |  |  |  |  |
| **Non Current Liabilities**Deferred tax liabilities |  | **8** |  | 8 |
| Retirement benefit obligations |  | **3,373** |  | 3,080 |
| Borrowings |  | **57,039** |  | 66,087 |
|  |  | **60,420** |  | 69,175 |
| **Current Liabilities** |  |  |  |  |
| Retirement benefits |  | **180** |  | 128 |
| Borrowings |  | **32,608** |  | 34,257 |
| Trade payables |  | **19,033** |  | 27,423 |
| Other payables |  | **14,618** |  | 20,249 |
| Tax payable |  | **2,031** |  | 1,242 |
|  |  | **68,470** |  | 83,299 |
| **Total Liabilities** |  | **128,890** |  | 152,474 |
| **TOTAL EQUITY AND LIABILITIES** |  | **513,069** |  | 502,741 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Net assets per share (RM)  |  | **1.87** |  | 1.68 |

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.

**Condensed Consolidated Statement of Changes in Equity**

For the Year Ended 31 December 2010

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **|---Attributable to the holders of the parent---|** | **Minority interest** | **Total** |
|  | **|-----Non distributable------|** |  **|----Distributable---|** |
|  | **Share capital** | **Share premium** | **Fair value reserve** | **Retained earnings** | **Total** |  |  |
|  | **RM’000** | **RM’000** | **RM’000** | **RM’000** | **RM’000** | **RM’000** | **RM’000** |
|  |  |  |  |  |  |  |  |
| **1 January 2010** | **205,978** | **43,008** | **-** | **96,993** | **345,979** | **4,288** | **350,267** |
| Profit for the year | **-** | **-** | **-** | **1,026** | **1,026** | **3,432** | **4,458** |
| Disposal | **-** | **-** | **-** | **-** | **-** | **(9,380)** | **(9,380)** |
| Negative goodwill | **-** | **-** | **-** | **252** | **252** | **-** | **252** |
| Revaluation surplus | **-** | **-** | **-** | **(8,491)** | **(8,491)** | **-** | **(8,491)** |
| Reserve on fair value measure of AFS investment | **-** | **-** | **47,073** | **-** | **47,073** | **-** | **47,073** |
| **31 December 2010** | **205,978** | **43,008** | **47,073** | **89,780** | **385,839** | **(1,660)** | **384,179** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **1 January 2009** | 205,978 | 43,008 | - | 101,413 | 350,399 | 8,575 | 358,974 |
| Loss for the year | - | - | - | (4,420) | (4,420) | (4,287) | (8,707) |
| **31 December 2009** | 205,978 | 43,008 | - | 96,993 | 345,979 | 4,288 | 350,267 |

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.

**Condensed Consolidated Cash Flow Statement**

For the Year Ended 31 December 2010

|  |  |
| --- | --- |
|  | **CUMULATIVE QUARTER** |
|  | **31.12.2010** |  | **31.12.2009** |
|  | **RM’000** |  | **RM’000** |
|  |  |  |  |
| Net cash generated from/(used) in operating activities | **9,413** |  | (10,351) |
| Net cash (used in)/generated from investing activities | **(99)** |  | 6,483 |
| Net cash used in financing activities | **(3,285)** |  | 464 |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **6,029** |  | (3,404) |
|  |  |  |  |
| **CASH AND CASH EQUIVALENTS AT THE**  **BEGINNING OF FINANCIAL YEAR**  | **(2,351)** |  | 1,053 |
|  |  |  |  |
| **CASH AND CASH EQUIVALENTS AT THE END**  |  |  |  |
|  **OF FINANCIAL YEAR**  | **3,678** |  | (2,351) |
|  |  |  |  |
| Represented by: |  |  |  |
| Deposit, cash and bank balances | **22,538** |  | 19,109 |
| Bank overdrafts (included within short term borrowings | **(18,860)** |  | (21,460) |
|  in note 23) | **3,678** |  | (2,351) |

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.

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

## 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 Cash flow |
| 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 |

**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:

1. **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.

1. **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 has elected to present this statement as one single statement.

1. **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 prior years, the Group granted inter-company loans which |
|  | were interests free or low-interest. Starting 1 January 2010, these  |
|  | loans were charged market based interest.  |
|  | The interest was recognized in the profit and loss accounts of the  |
|  | respective companies. |

**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 year, except for the repayment of RM7.0 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 31 December 2010.

**10** **Segmental information**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **CUMULATIVE QUARTER****12 months ended 31.12.2010** |  | **CUMULATIVE QUARTER****12 months ended 31.12.2009** |
|  | **RM’000** |  | **RM’000** |
| **Segment revenue** |  |  |  |
| Investment holding | **15,257** |  | 10,488 |
| Property development  | **97,632** |  | 92,511 |
| Construction | **16,192** |  | 9,640 |
| Trading in building materials | **2,155** |  | 4,373 |
| Bricks manufacturing | **1,737** |  | 3,059 |
| Others | **68** |  | - |
| **Total** | **133,041** |  | 120,071 |
| Elimination | **(46,716)** |  | (16,890) |
| **Revenue** | **86,325** |  | 103,181 |
|  |  |  |  |
|  |  |  |  |
| **Segment results** |  |  |  |
| Investment holding | **24,499** |  | 8,638 |
| Property development  | **23,533** |  | (450) |
| Construction | **(1,124)** |  | (4,865) |
| Trading in building materials | **(899)** |  | (976) |
| Bricks manufacturing | **(583)** |  | (485) |
| Others | **(6)** |  | (2,442) |
| **Total** | **45,420** |  | (580) |
| Elimination | **(33,494)** |  | (654) |
|  | **11,926** |  | (1,234) |
| Finance costs | **(6,128)** |  | (7,020) |
| Share of losses from associates | **(68)** |  | (110) |
| **Profit/(loss) before tax** | **5,730** |  | (8,364) |

**11 Subsequent events**

There were no material events subsequent to the current quarter.

**12 Changes in the composition of the Group**

The Group acquired the remaining 49% equity representing 9,800,000 ordinary shares in Kimdec from Kim Swee Loong Sdn. Bhd. on 30 December 2010 resulting in Kimdec being a wholly owned subsidiary of Pasdec Holdings Berhad.

## 13 Contingent liabilities

Contingent liabilities of the Group comprise of the following:-

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at 31.12.2010****RM’000** |  | **As at 31.12.2009****RM’000** |
|  |  |  |  |
| Bank guarantees | **-** |  | 1,047 |
| Corporate guarantees for facilities granted to a related company | **12,000** |  | 12,000 |
| **Total** | **12,000** |  | 13,047 |

## 14 Capital commitments

The Group did not have any capital commitment during the year ended 31 December 2010.

## 15 Review of performance

The Group recorded revenue of RM86.32 million for the financial year ended 31 December 2010 compared with the turnover of RM103.18 million for the previous year’s corresponding year. The decrease is attributable to the delay in Group‘s construction progress.

## 16 Review of current quarter profitability against preceding quarter

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Current** |  | **Preceding** |
|  | **Quarter** |  | **Quarter** |
|  | **31.12.2010** |  | **30.9.2010** |
|  | **RM’000** |  | **RM’000** |
|  |  |  |  |
| Turnover | **28,468** |  | 14,487 |
| Profit/(loss) before tax  | **1,282** |  | (2,849) |

The Group reported a profit before tax of RM1.28 million for the current quarter under review compared with a loss before tax of RM2.85 million for the immediate preceding quarter, as a result of profit on disposal of land.

## 17 Prospects for the current financial year

Barring any unforeseen circumstances, the Board of Directors remains positive on the performance of the Group for the financial year ending 31 December 2011.

## 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** **12 months ended** |
|  | **31.12.2010** | **31.12.2009** | **31.12.2010** | **31.12.2009** |
|  | **RM’000** | **RM’000** | **RM’000** | **RM’000** |
|  |  |  |  |  |
| Corporate tax | **997** | (1,643) | **1,135** | 343 |
| Real property gain tax  | **137** | - | **137** | - |
|  |  |  |  |  |

The Group’s effective corporate tax rates for the current quarters is lower than the statutory tax rate due to tax relief from the adjusted business losses of certain subsidiaries.

## 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 year ended 31 December 2010 is as follows:

|  |  |  |
| --- | --- | --- |
|  |  | **RM’000** |
| Amount of REBs exchanged |  | 7,000 |
| Carrying value of shares |  | (3,813) |
| Profit |  | **3,187** |

## 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 31.12.2010****RM’000** |  | **As at 31.12.2009****RM’000** |
| Short term borrowings |  |  |  |
|  - secured | **31,593** |  | 33,235 |
|  - unsecured | **1,014** |  | 1,022 |
| Total short term borrowings | **32,607** |  | 34,257 |
| Long term borrowings |  |  |  |
|  - secured | **56,781** |  | 65,881 |
|  - unsecured | **259** |  | 206 |
| Total long term borrowings | **57,040** |  | 66,087 |
| **Total borrowings** | **89,647** |  | 100,344 |

### 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****12 months ended** |
|  | **31.12.2010** | **31.12.2009** |  | **31.12.2010** | **31.12.2009** |
| **Basic earnings per share** |  |  |  |  |  |
| Profit/(loss) attributable to the equity holder of the parent RM’000 | **(3,724)** | (1,997) |  | **1,026** | (4,420) |
| Number of shares at the beginning of the period unit (‘000) | **205,978** | 205,978 |  | **205,978** | 205,978 |
|  Basic earnings per share (sen) | **(1.81)** | (0.97) |  | **0.50** | (2.15) |

28 Realised and unrealised retained earnings disclosure

|  |  |  |  |
| --- | --- | --- | --- |
|   |  |  | **INDIVIDUAL QUARTER****3 months ended** |
|  |  |  |  | **31.12.2010** | **30.09.2009** |
| Realised |  |  |  | **98,019** | 100,863 |
| Unrealised |  |  |  | **8,239** | - |
|  |  |  |  | **89,780** | 100,863 |