

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

Interim Financial Statements
as at 30 June 2012

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

**Condensed Consolidated Statements of Comprehensive Income
for the period ended 30 June 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	29,932	31,752	60,749	49,215
Cost of sales	(25,270)	(34,489)	(48,441)	(45,870)
Gross profit/(loss)	4,662	(2,737)	12,308	3,345
Other items of income				
Other income	3,626	8,933	14,912	9,020
Finance income	58	92	196	153
Other items of expense				
Administrative expenses	(3,628)	(3,008)	(7,244)	(5,381)
Other expenses	(6,732)	(4,600)	(10,435)	(6,885)
Finance costs				
-current	(1,450)	222	(3,237)	(1,231)
-reversal of prior year	29	1,224	29	1,224
Share of (loss)/profit of associates	(138)	58	(58)	129
(Loss)/profit before tax	(3,573)	184	6,471	374
Income tax expense (Note 18)	(824)	870	(1,186)	(158)
Profit/(loss) net of tax	(4,397)	1,054	5,285	216

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statements of Comprehensive Income
for the period ended 30 June 2012 (continued)**

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Other comprehensive income				
Net gain on available-for-sale financial assets				
-Profit on fair value changes	3,387	7,415	13,930	8,651
-Transfer to profit and loss upon disposal	2,634	(11,355)	(8,546)	(11,355)
Foreign currency translation	(106)	(10,027)	(693)	(10,027)
Other comprehensive income/(loss), net of tax	5,915	(13,967)	4,691	(12,731)
Total comprehensive income/(loss) for the period, net of tax	1,518	(12,913)	9,976	(12,515)
(Loss)/profit attributable to:				
Owners of the parent	(4,565)	1,054	4,945	216
Non-controlling interests	168	-	340	-
	(4,397)	1,054	5,285	216
Total comprehensive income/(loss) attributable to:				
Owners of the parent	1,405	(12,913)	9,962	(12,515)
Non-controlling interests	113	-	14	-
	1,518	(12,913)	9,976	(12,515)
(Loss)/earnings per share attributable to owners of the Company (Note 27)				
Basic (sen)	(2.22)	0.51	2.40	0.10
Diluted	-	-	-	-

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim

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financial statements.

Condensed Consolidated Statements of Financial Position as at 30 June 2012

	Note	Unaudited 30.06.2012 RM'000	Audited 31.12.2011 RM'000
ASSETS			
Non Current Assets			
Property, plant and equipment		15,035	15,745
Land held for property development		141,489	141,194
Investment properties		21,842	10,049
Investments in associates		19,756	20,082
Investment securities	21	57,399	63,377
Deferred tax assets		10,259	11,008
Intangible assets		35,732	35,732
		<u>301,512</u>	<u>297,187</u>
Current Assets			
Property development costs		88,361	89,511
Inventories		62,726	77,371
Trade receivables		47,636	42,184
Other receivables		21,576	18,601
Tax recoverable		4,364	4,218
Cash and bank balances		17,072	33,002
		<u>241,735</u>	<u>264,887</u>
TOTAL ASSETS		<u>543,247</u>	<u>562,074</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		275	316
Loans and borrowings	22	39,275	43,238
Trade payables		27,925	27,950
Other payables		41,147	45,713
Tax payable		296	840
		<u>108,918</u>	<u>118,057</u>
NET CURRENT ASSETS		<u>132,817</u>	<u>146,830</u>

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Condensed Consolidated Statements of Financial Position as at 30 June 2012 (continued)

		Unaudited	Audited
		30.06.2012	31.12.2011
		RM'000	RM'000
Non Current Liabilities			
Retirement benefit obligations		3,762	3,585
Loans and borrowings	22	53,591	73,432
		57,353	77,017
TOTAL LIABILITIES		166,271	195,074
Equity attributable to owners of the parent			
Share capital		205,978	205,978
Share premium		43,008	43,008
Other reserves	23	27,738	22,721
Retained earnings		98,343	93,398
		375,067	365,105
Non-controlling interest		1,909	1,895
TOTAL EQUITY		376,976	367,000
TOTAL EQUITY AND LIABILITIES		543,247	562,074
Net assets per share (RM)		1.83	1.78

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 2011 and the accompanying explanatory notes attached to the interim financial statement.

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Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2012

	Attributable to owners of the parent						Non-Distributable			
	Total equity RM'000	Total equity attributable to owners of the parent RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total other reserves RM'000	Fair value change reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Foreign currency exchange reserve RM'000	Non-controlling interest RM'000
1 Jan 2012	367,000	365,105	205,978	43,008	93,398	22,721	35,207	(9,898)	(2,588)	1,895
Comprehensive income :										
Profit before tax	5,285	4,945	-	-	4,945	-	-	-	-	340
Other comprehensive income										
Available-for-sale financial assets										
Profit on fair value changes	13,930	13,930	-	-	-	13,930	13,930	-	-	-
Transfer to profit and loss upon disposal	(8,546)	(8,546)	-	-	-	(8,546)	(8,546)	-	-	-
Foreign currency translation	(693)	(367)	-	-	-	(367)	-	-	(367)	(326)
30 June 2012	376,976	375,067	205,978	43,008	98,343	27,738	40,591	(9,898)	(2,955)	1,909

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 2011 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 June 2012 (continued)

	-----Attributable to owners of the parent-----									
	---Non Distributable---		Distributable			-----Non Distributable-----				
	Total equity	Total equity	Share capital	Share premium	Retained earnings	Total other reserves	Fair value change reserve	Premium paid on acquisition of non-controlling interest	Foreign currency exchange reserve	Non-controlling interest
	RM'000	of the parent RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1 Jan 2011	384,198	384,198	205,978	43,008	98,037	37,175	47,073	(9,898)	-	-
Comprehensive income:										
Profit before tax	216	216	-	-	216	-	-	-	-	-
Other comprehensive income										
Available-for-sale financial assets										
Profit on fair value changes	8,651	8,651	-	-	-	8,651	8,651	-	-	-
Transfer to profit and loss upon disposal	(11,355)	(11,355)	-	-	-	(11,355)	(11,355)	-	-	-
Foreign currency translation	(10,027)	(10,027)	-	-	-	(10,027)	-	-	(10,027)	-
30 June 2011	371,683	371,683	205,978	43,008	98,253	24,444	44,369	(9,898)	(10,027)	-

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statements of Cash Flow for the period ended 30 June 2012

	CUMULATIVE QUARTER	
	30.6.2012	30.06.2011
	RM'000	RM'000
Operating activities		
Profit before taxation	6,471	373
<u>Adjustments for :-</u>		
Depreciation of property, plant and equipment	676	533
Depreciation of investment properties	153	86
Share of profit of associates	(8)	(129)
Dividend income	(1,369)	(1,607)
Gain on disposal of investment	(13,929)	(8,651)
Loss on disposal of property, plant and equipment	23	-
Reversal of provision for REB redemption premium and coupon	(29)	(1,224)
Provision for retirement benefits	217	319
Total adjustments	(14,266)	(10,673)
Operating cash flows before changes in working capital	(7,795)	(10,300)

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Cash Flow for the period ended 30 June 2012 (continued)

	CUMULATIVE QUARTER	
	30.06.2012	30.06.2011
	RM'000	RM'000
Operating cash flows before changes in working capital	(7,795)	(10,300)
<u>Changes in working capital</u>		
Decrease in receivables	695	29,369
Decrease/(increase) in inventories	14,645	(14,661)
Increase in land held for development	(760)	(2,822)
Decrease in property development costs	1,616	15,500
Decrease in payables	(21,405)	(2,633)
Total changes in working capital	(5,209)	24,753
Interest paid	(962)	(1,368)
Taxes paid	(649)	(602)
Retirement benefits paid	-	(201)
Net cash flows (used in)/from operating activities	(14,615)	12,282
Investing activities		
Proceeds from disposal of investment	25,500	19,000
Purchase of property, plant and equipment	(1,022)	(399)
Proceed from sale of property, plant and equipment	2	-
Interest received	164	135
Net cash outflow from acquisition of subsidiary	-	(11,657)
Dividends received	1,369	1,607
Net cash flows from investing activities	26,013	8,686

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Cash Flow
for the period ended 30 June 2012 (continued)**

	CUMULATIVE QUARTER	
	30.06.2012	30.06.2011
	RM'000	RM'000
Financing activities		
Proceeds from term loans	1,225	7,084
Repayment of term loans	(7,825)	(7,180)
Interest paid	(3,544)	(3,308)
Repayment of obligations under finance leases	(66)	(136)
Repayment of REBs	(13,000)	(19,000)
Net cash used in financing activities	(23,210)	(22,540)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,812)	(1,572)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	(1,107)	3,678
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	(12,919)	2,106
Represented by:		
Cash and bank balances	17,072	25,350
Bank overdrafts (included in short term borrowings in Note 22)	(29,991)	(23,244)
	(12,919)	2,106

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 2011 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 2011. 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 2011.

2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011, except for the mandatory adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial year beginning on 1 January 2012.

FRSs, Amendments to FRSs and IC Interpretations

Description	Effective date
Amendments FRS 1: Severe Hyperinflation and Removal of Fixed Assets dates for first-time adopters	1 January 2011
Amendments to FRS 7: Disclosures – Transfer of Financial Assets	1 January 2011
Amendments to FRS 112: Deferred Tax – Recovery of Underlying Assets	1 January 2011
FRS 124: Related party disclosures	1 January 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2011

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2 Changes in Accounting Policies (continued)

Description	Effective date
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 117 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associates and Joint Ventures	1 January 2013
Amendments to FRS 7: Disclosures- Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132: Disclosures- Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 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.

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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 RM6.0 million Rainbow Exchange Bonds ("REBs") as tabulated in note 17 of this report.

8 Valuation of property, plant and equipment

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

9 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	
	30.6.2012	30.6.2011
	RM'000	RM'000
Segment revenue		
Investment holding	6,013	6,013
Property development	28,838	36,196
Construction	3,491	4,584
Trading in building materials	3	1,246
Manufacturing	31,006	8,109
Others	-	259
	69,351	56,407
Elimination	(8,602)	(7,192)
Revenue	60,749	49,215
Segment results		
Investment holding	9,718	10,160
Property development	13,756	2,417
Construction	133	(611)
Trading in building materials	176	(846)
Manufacturing	(163)	247
Others	(97)	66
Total	23,523	11,433
Elimination	(13,786)	(11,181)
Sub Total	9,737	252
Finance costs		
-current	(3,237)	(1,231)
-reversal of prior year provision	29	1,224
Share of (loss)/profit from associates	(58)	129
Profit before tax	6,471	374

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10 Changes in the composition of the Group

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

11 Legal claims

Pasdec Resources S.A. Ltd ("PRSA") is defending claims made by a former director of a subsidiary company for 20% of profits earned in Pasdec Automative Technologies (PTY) Ltd ("PAT") between 1998 and 2002, plus 5 times of average profits of 2001 and 2003, plus interest.

Up to 30 June 2012, the Group has provided for damages of ZAR12.0 million in the financial statements.

An interdict has been granted whereby the Company is prevented from alienating, disposing or otherwise encumbering more than 67.4% of its shareholding in PAT until the court case is resolved.

12 Capital commitments

The Group did not have any capital commitment for the financial statements as at 30 June 2012.

13 Review of performance

The Group's revenue for the period under review was RM60.75 million 23% higher than the previous corresponding period revenue of RM49.22 million. The increase was mainly attributable to the contribution of revenue by a subsidiary in South Africa.

14 Review of current quarter profitability against preceding quarter

	Current Quarter 30.6.2012 RM'000	Preceding Quarter 31.3.2012 RM'000
Turnover	29,932	30,817
(Loss)/profit before tax	<u>(3,573)</u>	<u>10,044</u>

During the quarter under review, the Group recorded loss before tax of RM3.57 million compared with RM10.04 million profits reported in the immediate preceding quarter mainly due to poor performance of property development sector and relatively high finance cost.

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15 Prospects for the current financial year

Barring any unforeseen circumstances, the Board expects the Group performance to be satisfactory for the remaining period of the financial year ending 31 December 2012.

16 Profit forecast and profit guarantee

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

17 Disposal and exchange of investment securities

During the quarter under review, the following exchange of marketable securities was made:

Particulars	RM'000 Proceed	RM'000 Carrying value of shares	RM'000 Profit
Amount of REBs exchanged	6,000	3,251	2,749

18 Taxation

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Corporate tax	824	(870)	1,186	158
	824	(870)	1,186	158

The effective tax rate for the period was lower than the statutory tax rate as the Group has tax losses of approximately RM5.90 million to offset against taxable profit of the Company.

19 Sale of property, plant and equipment

There was no sale of property, plant and equipment during the quarter under review.

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20 Corporate proposals

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

21 Investment securities

As at 30 June 2012, the available-for-sale financial assets position is as follows:

	As at 30.6.2012 RM'000		As at 30.06.2011 RM'000	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Shares quoted in Malaysia	56,876	56,876	82,166	82,166
Unit trusts quoted in Malaysia	523	523	483	483
	57,399	57,399	82,649	82,649

22 Group borrowings and debt securities

The Group's exposure in borrowings is as follows:

	As at 30.06.2012 RM'000	As at 30.06.2011 RM'000
Short term borrowings		
- secured	38,222	39,140
- unsecured	1,053	948
Total short term borrowings	39,275	40,088
Long term borrowings		
- secured	44,976	46,201
- unsecured	8,615	5,716
Total long term borrowings	53,591	51,917
Total borrowings	92,866	92,005

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23 Other reserves

a) Foreign currency exchange reserve

The foreign currency exchange reserve 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.

b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired.

c) Premium paid on acquisition of non-controlling interest

On the acquisition of non-controlling interest in the existing 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 on non-controlling interest.

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 Dividend

No dividend was declared during the quarter under review.

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27 Earnings/ (loss) per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Basic (loss)/earnings per share				
Profit attributable to to owners of the parent RM'000	(4,565)	1,054	4,945	216
Number of shares at the beginning of the period unit ('000)	205,978	205,978	205,978	205,978
Basic earnings/(loss) per share (sen)	(2.22)	0.51	2.40	0.10

28 Realised and unrealised retained earnings disclosure

	Unaudited 30.06.2012 RM'000	Audited 31.12.2011 RM'000
Realised	30,129	36,489
Unrealised	21,530	10,225
	51,659	46,714
Share of retained earnings of associates		
-Realised	2,101	2,092
	53,760	48,806
Less: Consolidation adjustments	(44,583)	(44,592)
Retained earnings c/f	98,343	93,398

29 Comparative figures

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