

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

Interim Financial Statements
as at 31 March 2013

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

**Condensed Consolidated Statements of Comprehensive Income
for the period ended 31 March 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	29,710	30,817	29,710	30,817
Cost of sales	(22,425)	(23,171)	(22,425)	(23,171)
Gross profit	7,285	7,646	7,285	7,646
Other items of income				
Other income (Note 19)	5,003	11,286	5,003	11,286
Finance income	121	138	121	138
Other items of expense				
Administrative expenses	(4,348)	(3,616)	(4,348)	(3,616)
Other expenses	(3,945)	(3,703)	(3,945)	(3,703)
Finance costs				
-current	(1,487)	(1,787)	(1,487)	(1,787)
-reversal of prior year	375	-	375	-
Share of profit of associates	375	80	375	80
Profit before tax	3,379	10,044	3,379	10,044
Taxation (Note 18)	(1,221)	(362)	(1,221)	(362)
Profit net of tax	2,158	9,682	2,158	9,682

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 2012 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 31 March 2013 (continued)**

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31.03.2013 RM'000	31.03.2012 RM'000	31.03.2013 RM'000	31.03.2012 RM'000
Other comprehensive income/(loss)				
Net gain on available-for-sale financial assets				
-(Loss)/profit on fair value changes	(4,292)	10,543	(4,292)	10,543
-Transfer to profit and loss upon disposal	-	(11,180)	-	(11,180)
-Foreign currency translation	(141)	(587)	(141)	(587)
Other comprehensive (loss)/income, net of tax	(4,433)	(1,224)	(4,433)	(1,224)
Total comprehensive income/(loss) for the year, net of tax	(2,275)	8,458	(2,275)	8,458
Profit/(loss) attributable to:				
Owners of the parent	239	9,510	239	9,510
Non-controlling interests	1,919	172	1,919	172
	2,158	9,682	2,158	9,682
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(139)	8,557	(139)	8,557
Non-controlling interests	1,630	(99)	1,630	(99)
	(2,275)	8,458	(2,275)	8,458
Earnings/(loss) per share attributable to owners of the Company (Note 28)				
Basic (sen)	0.12	4.62	0.12	4.62
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 2012 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statements of Financial Position
as at 31 March 2013**

	Note	Unaudited 31.03.2013 RM'000	Audited 31.12.2012 RM'000
ASSETS			
Non Current Assets			
Property, plant and equipment		19,507	15,133
Land held for property development		106,336	100,675
Investment properties		10,030	9,815
Investments in associates		18,678	19,467
Investment securities	21	49,974	54,265
Deferred tax assets		6,691	7,471
Intangible assets		15,648	15,648
		226,864	222,474
Current Assets			
Property development costs		144,065	136,809
Inventories		71,130	73,482
Trade receivables		46,742	54,538
Other receivables		19,540	23,461
Tax recoverable		1,394	1,683
Cash and bank balances		16,146	24,087
		299,017	314,061
TOTAL ASSETS		525,881	536,535
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		275	275
Loans and borrowings	22	40,427	68,514
Trade payables		36,701	27,649
Other payables		27,726	35,069
Tax payable		2,293	1,984
		107,422	133,491
NET CURRENT ASSETS		195,595	180,570

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**Condensed Consolidated Statements of Financial Position
as at 31 March 2013 (continued)**

	Unaudited	Audited
	31.03.2013	31.03.2012
	RM'000	RM'000
Non Current Liabilities		
Retirement benefit obligations	3,990	3,894
Loans and borrowings	42,545	24,665
Other payable	4,040	4,040
	50,575	32,599
TOTAL LIABILITIES	157,997	166,090
Equity attributable to owners of the parent		
Share capital	205,978	205,978
Share premium	43,008	43,008
Other reserves	17,866	22,296
Retained earnings	98,121	97,882
	364,973	369,164
Non-controlling interest	2,911	1,281
TOTAL EQUITY	367,884	370,445
TOTAL EQUITY AND LIABILITIES	525,881	536,535
Net assets per share (RM)	1.79	1.80

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012 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 31 March 2013

	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 2013	370,446	369,165	205,978	43,008	97,882	22,297	37,450	(9,898)	(5,255)	1,281
Comprehensive Income	2,158	239	-	-	239	-	-	-	-	1,919
Other comprehensive Income	(4,720)	(4,431)	-	-	-	(4,431)	(4,292)	-	(139)	(289)
Total comprehensive Income	(2,562)	(4,192)	-	-	239	(4,431)	(4,292)	-	(139)	1,630
31 March March	367,884	364,973	205,978	43,008	98,121	17,866	33,158	(9,898)	(5,394)	2,911

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 2012 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 31 March 2013 (continued)

	-----Attributable to owners of the parent-----									
	Total equity RM'000	---Non Distributable---		Distributable			-----Non Distributable-----			Non- controlling interest 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		
1 Jan 2012	367,000	365,105	205,978	43,008	93,398	22,721	35,207	(9,898)	(2,588)	1,895
Profit	9,411	9,510	-	-	9,510	-	-	-	-	(99)
Other comprehensive Income	(953)	(953)	-	-	-	(953)	(637)	-	(316)	-
Total comprehensive Income	8,458	8,557	-	-	9,510	(953)	(637)	-	(316)	(99)
31 March 2012	375,458	373,662	205,978	43,008	102,908	21,768	34,570	(9,898)	(2,904)	1,796

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 2012 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2013**

	CUMULATIVE QUARTER	
	31.03.2013	31.03.2012
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	24,519	24,862
Receipts from other related parties	3,921	10,113
Cash payments to suppliers and contractors	(31,712)	(20,947)
Cash payments for land and development costs	(1,674)	(1,498)
Cash payments to employees and for expenses	(22,836)	(18,602)
Cash used in operations	(27,782)	(6,072)
Net income tax paid	(478)	(960)
Interest received/(paid)	55	(2,347)
Net cash used in operating activities	(28,205)	(9,379)
Cash flows from investing activities		
Proceeds from disposal of property	195	-
Proceeds from disposal of investment	-	19,500
Purchase of property, plant and equipment	(116)	(9,869)
Interest received	135	135
Dividends received	47	649
Net cash generated from investing activities	261	10,415

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 2012 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 31 March 2013 (continued)**

	CUMULATIVE QUARTER	
	31.03.2013	31.03.2012
	RM'000	RM'000
Cash flows from financing activities		
Proceeds from term loans	34,933	405
Repayment of loans	(10,124)	(1,315)
Repayment of REBs	(4,000)	(7,000)
Net cash generated from/(used in) financing activities	20,809	(7,910)
Net decrease in cash and cash equivalents	(7,135)	(6,874)
Cash and cash equivalents at beginning of period	(8,278)	(1,107)
Cash and cash equivalents at end of period	(15,413)	(7,981)
Represented by:		
Cash and bank balances	16,146	27,751
Bank overdrafts (in short term borrowings , Note 22)	(31,559)	(35,732)
	(15,413)	(7,981)

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 2012 and the accompanying explanatory notes attached to the interim financial statement.

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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 2012. 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 2012.

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 2012, 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 financial year of the Group beginning on 1 July 2012.

FRSs, Amendments to FRSs and IC Interpretations

Description	Effective date
Amendments FRS 101: Presentation of items of Other Comprehensive Income	1 July 2012
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 10: Consolidated Financial Statement	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosure of Interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurements	1 January 2013
FRS 127 ²⁰¹¹ : Separate Financial Statements	1 January 2013
FRS 128 ²⁰¹¹ : Investment in Associates and Joint Ventures	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

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2 Changes in Accounting Policies (continued)

Description	Effective date
Amendments to FRSs' Improvement to FRSs (2012)	1 January 2013

The adoption of the above new/revised/amendment to FRSs is not expected to have any significant impact to the Group.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standard Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities is mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group is required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014.

In presenting its first MFRS financial statements, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively, against retained earnings.

3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

4 Seasonal or cyclical factors

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

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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 of amounts reported in prior financial years that have 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 Exchangeable Bonds.

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 year is as follows:-

	CUMULATIVE QUARTER 3 MONTHS ENDED	
	31.03.2013 RM'000	31.03.2012 RM'000
Segment revenue		
Investment holding	3,003	3,006
Property development	12,979	13,948
Construction	947	1,090
Trading in building materials	-	3
Manufacturing	15,016	16,220
Others	1,641	-
	33,586	34,267
Elimination	(3,876)	(3,450)
Revenue	29,710	30,817
Segment results		
Investment holding	4,220	4,650
Property development	2,045	13,097
Construction	(168)	75
Trading in building materials	(59)	85
Manufacturing	322	772
Others	132	(49)
Total	6,492	18,630

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9 Segmental information (continued)

Elimination	<u>(2,376)</u>	<u>(6,879)</u>
Sub Total	4,116	11,751
Finance costs		
-current	(1,487)	(1,787)
-reversal of prior year provision	375	
Share of profit from associates	375	80
Profit before tax	3,379	<u>10,044</u>

10 Changes in the composition of the Group

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

11 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 2012.

12 Capital commitments of the Group

	Current Quarter 31.03.2013 RM'000	Preceding Quarter 31.12.2012 RM'000
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	<u>74,468</u>	<u>74,468</u>

13 Review of current quarter profitability against preceding quarter

	Current Quarter 31.03.2013 RM'000	Preceding Quarter 31.12.2012 RM'000
Turnover	29,710	55,048
Profit before tax	<u>2,158</u>	<u>7,515</u>

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13 Review of current quarter profitability against preceding quarter (continued)

During the quarter under review, the Group recorded profit before tax of RM2.16 million compared with RM7.52 million reported in the immediate preceding quarter, which had contribution from disposal of land.

14 Review of performance

During the quarter under review, the Group recorded turnover of RM29.71 million and gross profit of RM7.3 million. The profit before tax was boosted by the reversal of derivative liabilities of RM3.9 million due to full settlement of Rainbow Exchangeable Bonds as stated in note 7.

15 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 2013.

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

There was no disposal and exchange of securities during the quarter under review.

18 Taxation

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Malaysian income tax	962	149	962	149
Foreign income tax	259	213	259	213
	1,221	362	1,221	362

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19 Sale of property, plant and equipment

During the quarter under review, the Group had disposed 1 unit of apartment for RM178,000 with RM38,000 profit included in other income.

20 Corporate proposals

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

21 Investment securities

As at 31 March 2013, the available-for-sale financial assets position is as follows:

	As at 31.03.2012 RM'000		As at 31.03.2012 RM'000	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Shares quoted in Malaysia	49,447	49,447	53,927	53,927
Unit trusts quoted in Malaysia	527	527	512	512
	49,974	49,974	54,439	54,439

22 Group borrowings and debt securities

The Group's exposure in borrowings is as follows:

	As at 31.03.2013 RM'000	As at 31.03.2012 RM'000
Current loans and borrowings		
- secured	40,427	46,643
Non current loans and borrowings		
- secured	42,545	64,269
Total loans and borrowings	82,972	110,912

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23 Derivative financial instrument

	As at 31.03.2013 RM'000	As at 31.12.2012 RM'000
Derivative liability	<u>-</u>	<u>3,894</u>

The derivative liability arose from Rainbow Exchangeable Bonds which had been settled during the quarter under review.

24 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.

25 Off balance sheet financial instruments

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

26 Material litigation

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

27 Dividend

No dividend was declared during the quarter under review.

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28 Earnings per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Basic (loss)/earnings per share				
Profit/(loss) attributable to to owners of the parent RM'000	239	9,510	239	9,510
Number of shares at the beginning of the period unit ('000)	205,978	205,978	205,978	205,978
Basic earnings per share (sen)	0.12	4.62	0.12	4.62

29 Realised and unrealised retained earnings disclosure

	Unaudited 31.03.2013 RM'000	Audited 31.12.2012 RM'000
Realised	3,045	3,709
Unrealised	6,691	7,471
	9,736	11,180
Share of retained earnings of associates		
-Realised	3,236	2,862
	12,972	14,042
Less:		
Consolidation adjustments	(85,149)	(83,840)
Retained earnings c/f	98,121	97,882

30 Comparative figures

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