

PASDEC HOLDINGS BERHAD
(Incorporated in Malaysia)

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

Interim Financial Statements
as at 31 March 2014

PASDEC HOLDINGS BERHAD

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	62,445	29,710	62,445	29,710
Cost of sales	(48,702)	(22,425)	(48,702)	(22,425)
Gross profit	13,743	7,285	13,743	7,285
Other items of income				
Other income (Note 19)	565	5,003	565	5,003
Finance income	94	121	94	121
Other items of expense				
Administrative expenses	(4,649)	(4,348)	(4,649)	(4,348)
Other expenses	(4,288)	(3,945)	(4,288)	(3,945)
Finance costs				
-current	(1,407)	(1,487)	(1,407)	(1,487)
-reversal of prior year	-	375	-	375
Share of profit of associates	211	375	211	375
Profit before tax	4,269	3,379	4,269	3,379
Taxation (Note 18)	(1,307)	(1,221)	(1,307)	(1,221)
Profit net of tax	2,962	2,158	2,962	2,158

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 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2014 (continued)

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Other comprehensive income/(loss)				
Net gain on available-for sale financial assets				
-Loss on fair value changes	(4)	(4,292)	(4)	(4,292)
-Foreign currency translation	68	(428)	68	(428)
Other comprehensive income, net of tax	64	(4,720)	64	(4,720)
Total comprehensive income/(loss) for the period, net of tax	3,026	(2,562)	3,026	(2,562)
Profit attributable to:				
Owners of the parent	2,762	239	2,762	239
Non-controlling interests	200	1,919	200	1,919
	2,962	2,158	2,962	2,158
Total comprehensive income/(loss) attributable to:				
Owners of the parent	2,734	(4,192)	2,734	(4,192)
Non-controlling interests	292	1,630	292	1,630
	3,026	(2,562)	3,026	(2,562)
Earnings per share attributable to owners of the Company (Note 28)				
Basic (sen)	1.34	0.12	1.34	0.12
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 2013 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 2014

	Note	Unaudited 31.03.2014 RM'000	Audited 31.12.2013 RM'000
ASSETS			
Non Current Assets			
Property, plant and equipment		19,804	18,840
Land held for property development		129,217	129,217
Investment properties		8,246	8,290
Investments in associates		21,051	20,982
Investment securities	21	585	589
Deferred tax assets		6,153	6,460
		185,056	184,378
Current Assets			
Property development costs		153,899	163,569
Inventories		71,308	69,975
Trade receivables		77,952	60,337
Other receivables		13,405	16,143
Tax recoverable		5,619	4,625
Cash and bank balances		15,132	17,760
		337,315	332,409
TOTAL ASSETS		522,371	516,787
EQUITY AND LIABILITIES			
Current Liabilities			
Retirement benefit obligations		515	323
Loans and borrowings	22	45,270	47,391
Trade payables		39,317	35,108
Other payables		26,937	28,307
Tax payable		1,285	242
		113,324	111,371
NET CURRENT ASSETS		223,991	221,038

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**Condensed Consolidated Statements of Financial Position
as at 31 March 2014 (continued)**

	Unaudited 31.03.2014 RM'000	Audited 31.03.2013 RM'000
Non Current Liabilities		
Retirement benefit obligations	5,024	5,112
Loans and borrowings	49,624	49,118
Other payable	8,274	8,087
	62,922	62,317
TOTAL LIABILITIES	176,246	173,688
Equity attributable to owners of the parent		
Share capital	205,978	205,978
Share premium	43,008	43,008
Other reserves	(17,620)	(17,592)
Retained earnings	112,653	109,891
	344,019	341,285
Non-controlling interest	2,106	1,814
TOTAL EQUITY	346,125	343,099
TOTAL EQUITY AND LIABILITIES	522,371	516,787
Net assets per share (RM)	1.68	1.67

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 2013 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 2014

	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 2014	343,099	341,285	205,978	43,008	109,891	(17,592)	140	(9,898)	(7,834)	1,814
Comprehensive income	2,962	2,762	-	-	2,762	-	-	-	-	200
Other comprehensive income	64	(28)	-	-	-	(28)	(4)	-	(24)	92
Total comprehensive income	3,026	2,734	-	-	2,762	(28)	(4)	-	(24)	292
31 March 2014	346,125	344,019	205,978	43,008	112,653	(17,620)	136	(9,898)	(7,858)	2,106

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 2013 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 2014 (continued)

	-----Attributable to owners of the parent-----						-----Non Distributable-----			
	Total equity RM'000	Total equity attributable 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
Profit	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 2013	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 2013 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 31 March 2014

	CUMULATIVE QUARTER	
	31.03.2014	31.03.2013
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	44,864	28,440
Cash payments to suppliers and contractors	(35,785)	(31,712)
Cash payments for land and development costs	(921)	(1,674)
Cash payments to employees and for expenses	(5,981)	(22,836)
Cash from/(used in) operations	2,177	(27,782)
Net income tax paid	(1,049)	(478)
Interest (paid)/received	(666)	55
Net cash from/(used in) operating activities	462	(28,205)
Cash flows from investing activities		
Proceeds from disposal of property	692	195
Purchase of property, plant and equipment	(178)	(116)
Interest received	-	135
Dividends received	-	47
Net cash generated from investing activities	514	261

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 2013 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 2014 (continued)

	CUMULATIVE QUARTER	
	31.03.2014	31.03.2013
	RM'000	RM'000
Cash flows from financing activities		
Proceeds from term loans	4,029	34,933
Repayment of loans	(4,702)	(10,124)
Repayment of REBs	-	(4,000)
Net cash generated (used in)/from financing activities	<u>(673)</u>	<u>20,809</u>
Net decrease in cash and cash equivalents	303	(7,135)
Cash and cash equivalents at beginning of period	<u>(13,308)</u>	<u>(8,278)</u>
Cash and cash equivalents at end of period	<u>(13,005)</u>	<u>(15,413)</u>
Represented by:		
Cash and bank balances	15,132	16,146
Bank overdrafts (in short term borrowings , Note 22)	<u>(28,137)</u>	<u>(31,559)</u>
	<u>(13,005)</u>	<u>(15,413)</u>

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 2013 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 2013. 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 2013.

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 2013, 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 or after 1 July 2012 and 1 January 2013.

FRSs, Amendments to FRSs and IC Interpretations

Description	Effective date
Amendments FRS 101: Presentation of items of Other Comprehensive Income	1 July 2012
Amendments FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
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 Measurement	1 January 2013
FRS 119: Fair Value Measurement	1 January 2013
FRS 127 ²⁰¹¹ : Separate Financial Statements	1 January 2013

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2 Changes in Accounting Policies (continued)

Description	Effective date
FRS 128 ²⁰¹¹ : Investment in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1, FRS 116, FRS 132, FRS 134 and FRS 12 (2012): First time-Adoption of Malaysian Financial Reporting Standards (MFRS), Property, Plant & Equipment, and Financial Instruments: Presentation and Interim Financial Reporting respectively	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

The adoption of the above new/revised/amendment to FRSs is not expected to have any significant impact to the Group except for FRS 101, FRS 10, FRS 12, FRS 13, FRS 127, FRS 128, FRS 7 and FRS 119.

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
Malaysian Financial Reporting Standards (“MFRS Framework”) (continued)

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Framework. The majority of the adjustments required on transition will be made retrospectively, against retained earnings.

The major differences between FRS Framework and MFRS Framework are as follows:

- a) Agreement for the Construction of Real Estates: under FRS 201 revenues and expenses are recognised using the stage of completion method whilst under MFRS Framework, in accordance to IC Interpretation 15: Agreements for the Construction of Real Estate ("IC 15"), property development revenue and expenses from development of real estate units are recognized upon completion. This change in accounting policy, including the related deferred tax impact, shall be accounted for retrospectively.
- b) Land held for development: Under the FRS Framework, land held for future development is stated at cost. Under MFRS, land held for future development is to be stated at the lower of cost and net realisable value.
- c) Agriculture: Under the MFRS Framework, MFRS 141 Agriculture (MFRS 141), requires biological assets to be measured at fair value less costs to sell unless it is not possible to measure fair value reliably, in which case they are measured at cost. However this MFRS is not applicable to the Group.

3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 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 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 those disclosed in the cash flow.

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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	
	31.03.2014 RM'000	31.03.2013 RM'000
Segment revenue		
Investment holding	3,024	3,003
Property development	40,410	12,979
Construction	4,720	947
Manufacturing	17,585	15,016
Others	1,228	1,641
	66,967	33,586
Elimination	(4,522)	(3,876)
Revenue	62,445	29,710
Segment results		
Investment holding	540	4,220
Property development	7,156	2,045
Construction	(746)	(168)
Trading in building materials	49	(59)
Manufacturing	56	322
Others	(174)	132
Total	6,881	6,492
Elimination	(1,353)	(2,376)
Sub Total	5,528	4,116
Finance costs		
-current	(1,470)	(1,487)
-reversal of prior year provision	-	375
Share of profit from associates	211	375
	4,269	3,379

10 Changes in the composition of the Group

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

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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 2013.

12 Capital commitments of the Group

	Current Quarter 31.03.2014 RM'000	Preceding Quarter 31.12.2013 RM'000
Capital expenditure Approved and 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 31.03.2014 RM'000	Preceding Quarter 31.12.2013 RM'000
Turnover	62,445	31,573
Profit/(loss) before tax	<u>4,269</u>	<u>(18,598)</u>

During the quarter under review, the Group recorded profit before tax of RM4.27 million compared with RM18.6 million losses reported in the immediate preceding quarter. The losses in the preceding quarter were mainly due to impairment of goodwill on acquisition of subsidiary of RM15.65 million.

14 Review of performance

During the quarter under review, the disposal of land for a consideration of RM25.91 million had contributed to the Group's revenue of RM62.44 million compared with RM29.71 million in the previous year's corresponding quarter revenue.

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 2014.

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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	
	31.03.2014	31.03.2013	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Malaysian income tax	1,068	962	1,068	962
Foreign income tax	239	259	239	259
	1,307	1,221	1,307	1,221

19 Sale of property, plant and equipment

During the quarter under review, the Group had disposed 1 unit of apartment for a profit of RM116,572 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 2014, the available-for-sale financial assets position is as follows:

	As at 31.03.2014 RM'000		As at 31.03.2013 RM'000	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Shares quoted in Malaysia	20	20	49,447	49,447
Unit trusts quoted in Malaysia	565	565	527	527
	585	585	49,974	49,974

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22 Group borrowings and debt securities

The Group's exposure in borrowings is as follows:

	As at 31.03.2014 RM'000	As at 31.03.2013 RM'000
Current loans and borrowings		
- secured	45,270	40,427
Non current loans and borrowings		
- secured	49,624	42,545
Total loans and borrowings	94,894	82,972

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.

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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.

27 Earnings per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Basic (loss)/earnings per share				
Profit/(loss) attributable to owners of the parent RM'000	2,762	239	2,762	239
Number of shares at the beginning of the period unit ('000)	205,978	205,978	205,978	205,978
Basic earnings per share (sen)	1.34	0.12	1.34	0.12

28 Realised and unrealised retained earnings disclosure

	Unaudited 31.03.2014 RM'000	Audited 31.12.2013 RM'000
Realised	(63,723)	(66,395)
Unrealised	6,153	6,461
	(57,570)	(59,934)
Share of retained earnings of associates		
-Realised	2,571	2,782
	(54,999)	(57,152)
Less:		
Consolidation adjustments	(167,652)	(167,043)
Retained earnings c/f	112,653	109,891

29 Comparative figures

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