



BUILDING THE FUTURE

annual report 2010

VISION

To be a progressive and excellent organization

MISSION

To be an esteemed organisation in property development and to invest in other business which could contribute the best return to the investors, customers and employees through an efficient and responsible management

INTRODUCTION

Pasdec Holdings Berhad (“PASDEC”) is a leading property developer in Pahang listed on the Main Board of the Bursa Malaysia Securities Berhad (Stock Code: 6912) under the property counter since 27 October 1997.

PASDEC is responsible for coordinating and marketing Pahang’s vast resources to create new opportunities for growth and prosperity. Its present authorised and paid up capital is RM500 million and RM205.9 million respectively.

As an investment holding company, PASDEC’s principal interests are in property development, project management, building and civil construction, manufacturing of bricks, trading of building materials, resort ownership and property management.

PASDEC’s constantly expanding investment portfolio is channeled through numerous subsidiary companies and joint ventures.

CONTENTS

Notice of Annual General Meeting	002	Corporate Governance Statement	020
Statement Accompanying Notice of Annual General Meeting	003	Statement of Directors’ Responsibilities	024
Letter from Chairman	004	Audit Committee Report	025
Group Financial Summary	009	Statement on Internal Control	029
Corporate Information	010	Corporate Human Resource Events 2010	031
Corporate Structure	011	Analysis of Shareholdings	036
Profile of Directors	012	List of Properties	038
Top Management Team	018	Financial Statements	043
Profile Of Chief Executive Officer/President	019	Proxy Form	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) Annual General Meeting of PASDEC HOLDINGS BERHAD will be held at **Meranti 1, Hyatt Regency Kuantan Resort, Telok Chempedak, 25050 Kuantan, Pahang Darul Makmur** on **Tuesday, 21 June 2011** at **10:30 a.m.** for the following purposes:-

AGENDA

1. To receive the audited financial statements for the year ended 31 December 2010 together with the reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve a final tax exempt (single-tier) dividend of 2% in respect of the financial year ended 31 December 2010. **(Resolution 2)**
3. To re-elect the following Directors who retire in accordance with Article 83 of the Company's Articles of Association:-
 - a) Dato' Haji Lias bin Mohd Noor **(Resolution 3)**
 - b) Dato' Haji Mohamad Nor bin Ali **(Resolution 4)**
4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:-

"That Dato' Mohamed Amin bin Haji Daud, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting". **(Resolution 5)**
5. To approve the payment of Directors' fees for the year ended 31 December 2010. **(Resolution 6)**
6. To re-appoint Messrs Hanafiah Raslan & Mohamad as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**
7. To consider any other business of which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT a final tax exempt (single-tier) dividend of 2% in respect of the financial year ended 31 December 2010, if approved by the shareholders at the forthcoming Fifteenth Annual General Meeting, shall be paid on 26 August 2011.

The entitlement date shall be on 8 August 2011 and a Depositor shall qualify for entitlement to the dividend only in respect of:-

- a. Shares transferred to the Depositors' Securities Account before 4:00 p.m. on 8 August 2011 in respect of transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board,

SHAKERAH ENAYETALI
Company Secretary

Kuantan
26 May 2011

NOTES :

1. A member entitled to attend and vote at the meeting may appoint not more than two proxies to attend and vote in his stead, but such appointment shall be invalid unless he specifies the proportions of his holdings for each proxy. A proxy may, but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 may appoint at least one proxy but not more than two proxies in respect of each securities account.
3. The instrument appointing a proxy must be signed by the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under common seal or under the hand of an attorney or an officer duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 14th Floor, Menara Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

No individual is seeking election as a Director at the Fifteenth Annual General Meeting of the Company.

LETTER FROM CHAIRMAN

“ Dear Shareholders,

On behalf of the Board of Directors of Pasdec Holdings Berhad (“PASDEC” or the “Company”), I have the pleasure of presenting to you the Annual Report and Audited Financial Statements of PASDEC Group for the financial year ended 31 December 2010.

”

DATO' SRI DIRAJA HAJI ADNAN BIN YAAKOB
Chairman

LETTER FROM CHAIRMAN (CONTINUED)

OPERATING ENVIRONMENT

While the Malaysian economy contracted by 1.7% in the year 2009, the year 2010 saw a strengthening recovery particularly in the first half of the year while the growth momentum softened in the second half of the year in tandem with moderation in global trade. Nevertheless, a healthy growth of 7.2% was recorded in the Malaysian economy for the year 2010.

The growth was driven by robust domestic demand, especially from private sector activities. Private consumption expanded on the back of improved labour market conditions, a steady increase in personal income as well as more optimistic consumer sentiment.

The Malaysian Government continued to play a crucial role in supporting the economy. During the year, various national programmes were implemented to enhance infrastructure and public sector delivery systems. External demand also rebounded strongly in the first half of the year supported by strong regional demand.

FINANCIAL PERFORMANCE

The Group's turnover for the financial year ended 31 December 2010 stood at RM85.14 million compared to the turnover of RM103.2 million recorded in the previous financial year due to moderate growth of the property sector in the year 2010. Despite the decrease in revenue, the Group turned in a profit of RM4.47 million for the financial year 2010 compared to the net loss of RM8.7 million recorded last year. Earnings per share improved to 0.51 sen against net loss per share of 2.15 sen the previous year.

DIVIDEND

The Board of Directors is pleased to recommend for shareholders' approval a first and final tax exempt (single-tier) dividend of 2% per ordinary share of RM1.00 each in the Company in respect of the financial year 2010.

CORPORATE DEVELOPMENT

During the year, RM7 million nominal amount of Rainbow Exchangeable Bonds (REBs) issued under Series 2 were redeemed. To date, the entire RM15 million nominal amount issued under Series 1 and RM98 million out of RM135 million issued under Series 2 have been redeemed.

In the financial year 2010, the Group established a new subsidiary, Pasdec Engineering Sdn. Bhd., in collaboration with Perunding ZNA Group. This subsidiary provides value engineering designs and other environmental and cost saving technology and services for the construction industry.

On 30 December 2010, the Company entered into a Sale and Purchase Agreement with Kim Swee Loong Sdn. Bhd. to acquire the remaining 49% equity interest it did not already own in its subsidiary, Kimdec Corporation Sdn. Bhd. for RM17,618,814. As a result of this acquisition, Kimdec Corporation Sdn. Bhd. is now a wholly owned subsidiary of PASDEC.

More recently, the Company acquired 100% equity interest in Pahang Off-Shore Sdn. Bhd. via a wholly owned subsidiary, Mutiara Pasdec Sdn. Bhd. and entered into an agreement for the disposal of its entire equity interest in Kuantan Bricks Sdn. Bhd. held via a wholly owned subsidiary, Pasdec Bina Sdn. Bhd. The acquisition of Pahang Off-Shore Sdn. Bhd. has been completed while the disposal of Kuantan Bricks Sdn. Bhd. is pending the settlement of the consideration by the purchaser.

REVIEW OF OPERATIONS

The Group continued to focus on its main business of property development whilst maintaining its involvement in the construction, property management, trading and manufacturing activities.

During the year, PASDEC Group generated a turnover of RM52.6 million from sales of 228 units of development properties within its on-going projects. Purchasers of 205



LETTER FROM CHAIRMAN (CONTINUED)

completed units at Balok Permai, first phase of Pinggiran Kota and first phase of Bandar Putra in Kuantan were handed over keys to their respective houses.

The Group's flagship projects at Bandar Putra, Baluk Perdana and Pasdec Damansara, all in Kuantan, continued to progress well in terms of construction and sales.

Bandar Putra township has a total estimated gross development value of RM1.3 billion and is being developed in various phases on 417 acres of freehold land in Tanjung Lumpur. The first phase was launched in 2008 and until today, 85% of the residential units have been taken up while Putra Business Centre which was launched last year has generated very encouraging demand.

During the year under review, we added to our land bank 30 acres of land at Chenor, Maran for future development.

Pasdec Bina Sdn. Bhd., our construction arm, completed several in-house Group projects during the year while progressing with the building works of the Customs Complex in Mentakab worth RM13.6 million in value.

CORPORATE SOCIAL RESPONSIBILITY

PASDEC Group believes in doing business that delivers sustainable value to our stakeholders and the society at large. As a responsible property developer, we have in place environmental plans and strategies that are in-line with our beliefs. Our tag line "Developing lifestyle, fulfilling dreams" reflects our commitment to provide quality homes within safe and friendly community for the society that we build.

Our People

The Group understands that it is important for a business organization to be lean and mean to optimize on operational costs and to maximize resources in order to achieve better business performance and build market niche. We also recognize that it is equally important to develop, grow and care for our staff as we strongly believe that the engine of performance of an organization is primarily driven by its people. We strive to inspire and provide our employees with opportunities to pursue academic and personal excellence which in turn will enable the Group to achieve its medium and long term goals.

Community and Environment

At PASDEC, we encourage our staff to participate in the corporate social responsibility initiatives, programmes and charity works of the Group. PASDEC Staff Volunteer was set up with the aim to create a platform for the employees



Customs Complex in Mentakab

to go down to the ground to extend a helping hand to the community and the needy. The experience is in itself a reward and a sense of personal satisfaction for the team, which currently has 50 staff members.

As a government linked company (GLC), we are responsible for the development and well being of our people, particularly the quality of life in homes within the community in the townships that we built. We continuously promote and foster close relationship with the community by participating and contributing to programmes that benefit the community such as the yearly Ramadhan Feast, Tree Planting and "Go Green Awareness" campaign as well as motivational workshops for students.

As a responsible property developer, we have put in place an environment management plan as well as initiatives which are in line with our MS ISO9001 : 2008 status that emphasizes on quality standards, value and services. Priorities are given to preserving the natural surroundings within new township, incorporation of natural ventilation in the designs of the houses and buildings that we develop and the usage of environmental friendly construction materials, where possible, without compromising on quality.

THE FUTURE

The Malaysian economy is projected to grow at 5 to 6% in the year 2011. The property market is expected to remain strong despite global challenging events such as the recent Japan earthquakes.

The residential sub-sector will continue to be supported by the expansion in domestic demand and favourable financing environment while the non-residential sub-sector will be driven by the on-going construction of purpose built offices and retail space and the public sector's expenditure on building and upgrading of schools, hospitals and clinics.

Measures such as the "My First Home Scheme" and the "Affordable Quality Housing Programme" to help young

LETTER FROM CHAIRMAN (CONTINUED)

adults who have just joined the workforce own their first home and the 50% exemption on stamp duty for houses below RM350,000 announced by the Government in the 2011 Budget, are expected to underpin the property market.

PASDEC Group will continue to emphasize on development of medium cost houses and we aim to increase our market share through improved product designs and quality.

In addition to our on-going development projects to cater to various market segments, we plan to launch approximately RM252 million worth of properties in the coming year. These include the development of Pasdec Persona and Pasdec Avenue in Kuantan as well as Pasdec Perdana and Pasdec Idaman in Temerloh.

The Group will launch its next phase of residential development at Bandar Putra comprising of 222 units of link houses and 54 units of semi-detached homes with a gross development value of RM90 million in the second half of this year.

Looking ahead, as an effort to replenish our land bank, we plan to acquire approximately 300 acres of strategic land in Kuantan, Jerantut, Rompin and Temerloh. We also seek for development opportunities outside Pahang particularly in the Klang Valley either via strategic joint ventures or direct acquisition in order to strengthen our position as a property developer.

In the area of diversification, the Group is considering investing in the renewable energy, green technology and oil and gas sectors.

APPRECIATION

On behalf of the Board of Directors, I wish to express my sincere gratitude and appreciation to all our stakeholders; our customers for their trust in our products; our employees for their unrelenting dedication and hard work; our shareholders and business partners for their continued support and confidence in the Group.

I must also thank the government authorities, especially the State EXCO members and the State Government of Pahang for their uncompromising and constant support of the Group.

My special thanks and gratitude goes to my fellow Board members for their commitment and wisdom that proved fundamental in steering the Group towards success.



DATO' SRI DIRAJA HAJI ADNAN BIN HAJI YAAKOB
Chairman

12 May 2011



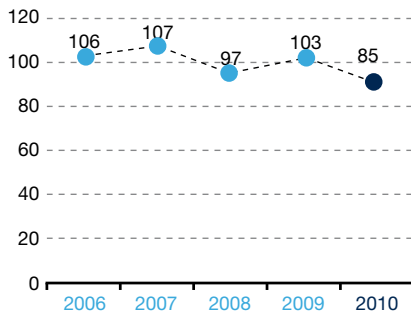


GROUP FINANCIAL SUMMARY

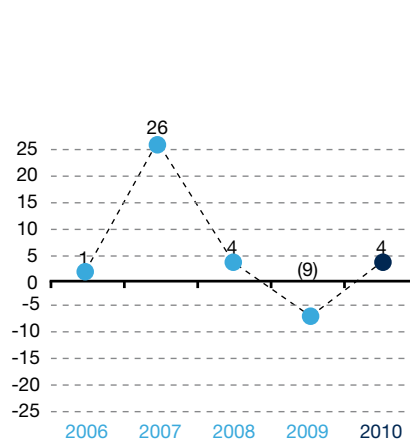
Year Ended 31 December

	2006	2007	2008	2009	2010
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	105,659	107,229	97,175	103,181	85,143
Profit/(Loss) After Taxation	1,251	26,404	3,579	(8,706)	4,476
Net Assets	326,576	348,984	350,399	345,979	384,198
Net Assets Per Share (RM)	1.59	1.69	1.70	1.68	1.87
Earnings/(Loss) Per Share (Sen)	0.55	15.34	2.17	(2.15)	0.51

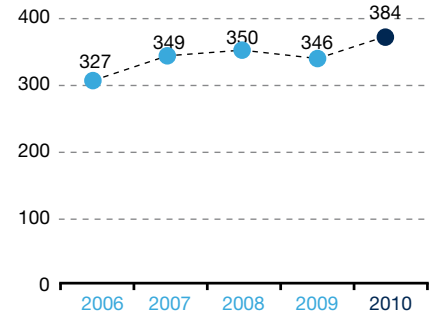
TURNOVER
(RM'million)



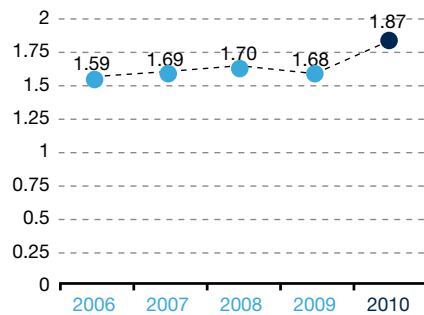
PROFIT/(LOSS) FOR THE YEAR
(RM'million)



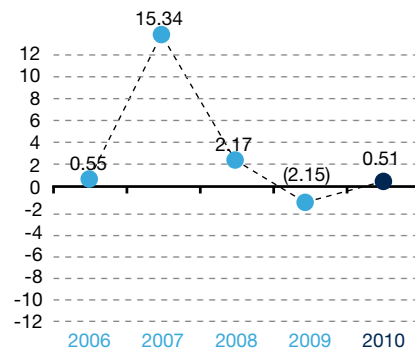
NET ASSETS
(RM'million)



NET ASSETS PER SHARE
(RM)



EARNINGS/(LOSS) PER SHARE
(SEN)



CORPORATE INFORMATION

BOARD OF DIRECTORS

YAB DATO' SRI DIRAJA HAJI ADNAN BIN HAJI YAAKOB
Non-Independent Non-Executive Chairman

YH DATO' ABDUL GHANI BIN L. SULAIMAN
Non-Independent Non- Executive Deputy Chairman

YH DATO' HAJI LIAS BIN MOHD NOOR
Non-Independent Non-Executive Director

YH DATO' DR. HAMDAN BIN JAAFAR
Non-Independent Non-Executive Director

YH DATO' HAJI MOHAMAD NOR BIN ALI
Non-Independent Non-Executive Director

YH DATO' MOHAMED AMIN BIN HAJI DAUD
Senior Independent Non- Executive Director

YH DATO' SRI KHALID BIN MOHAMAD JIWA
Independent Non- Executive Director

YH DATO' ABDULLAH BIN A. RASOL
Independent Non- Executive Director

CHIEF EXECUTIVE OFFICER/PRESIDENT

YH DATO' MOHD KHAIRUDDIN HJ. ABDUL MANAN

COMPANY SECRETARY

MISS SHAKERAH ENAYETALI

REGISTERED OFFICE

Tingkat 14, Menara Teruntum
Jalan Mahkota, 25000 Kuantan
Telephone : 09-5133888
Facsimile : 09-5145988

WEBSITE

www.pasdec.com.my

AUDITORS

Messrs. Hanafiah Raslan & Mohamad
Public Accountants

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights, 50490 Kuala Lumpur
Telephone : 03-2084 9000
Facsimile : 03-2094 9940
03-2095 0292
e-mail : info@sshbs.com.my

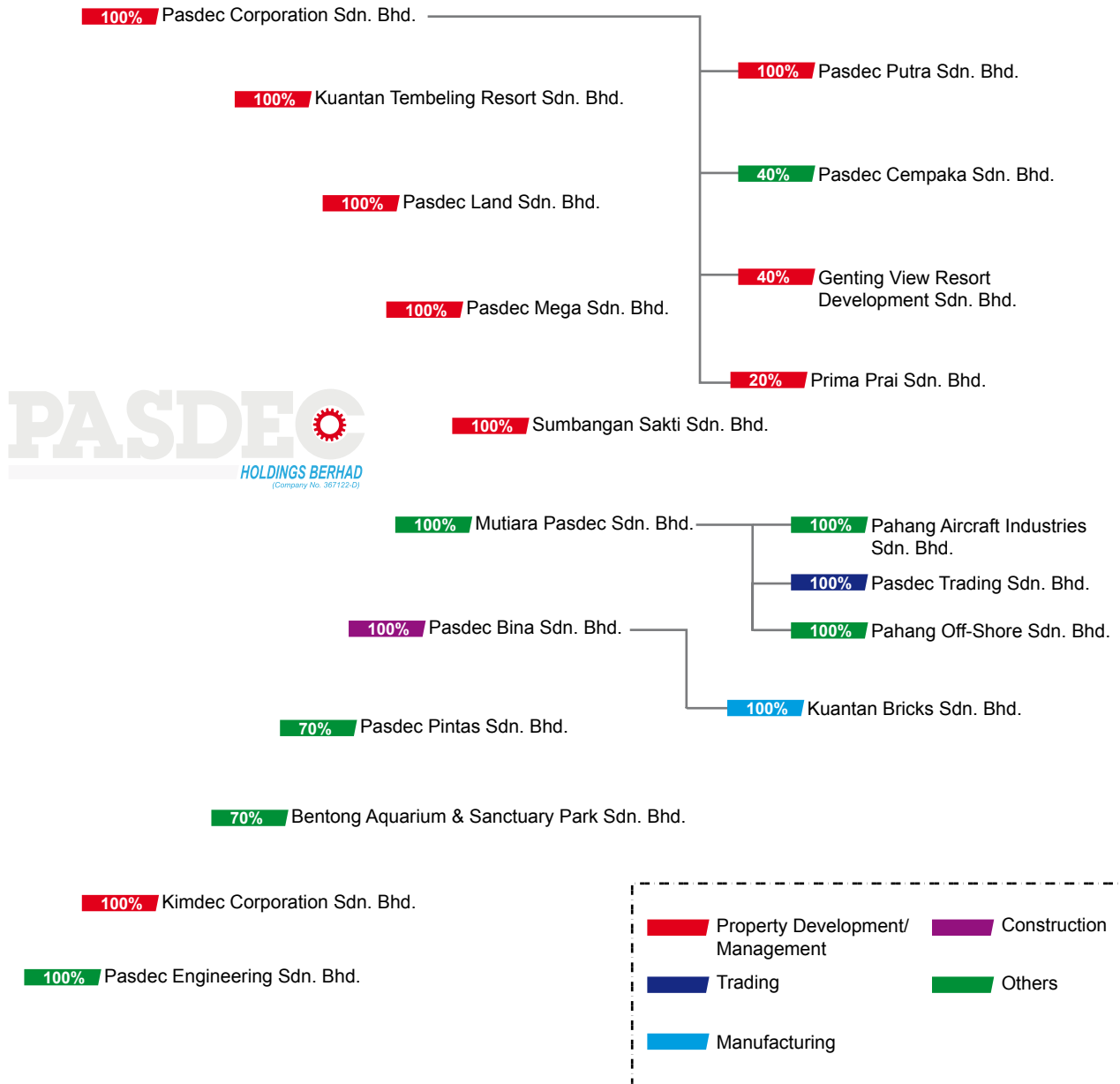
PRINCIPAL BANKERS

CIMB Bank Berhad
RHB Bank Berhad
HSBC Bank Berhad
AMBank Berhad
EON Bank Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE



PROFILE OF DIRECTORS



Dato' Sri DiRaja Haji Adnan Bin Haji Yaakob
Chairman
Non-Independent Non-Executive Director



Dato' Abdul Ghani Bin L. Sulaiman
Deputy Chairman
Non-Independent Non-Executive Director

PROFILE OF DIRECTORS (CONTINUED)

Dato' Sri DiRaja Haji Adnan bin Haji Yaakob, a Malaysian, aged 61, was appointed as Chairman and Director of Pasdec Holdings Berhad on 21 January 2003. He also serves as Chairman of the Tender Committee.

He holds a B.A (Hons) and Diploma in Education from University of Malaya. In October 2010, he was conferred a degree of Honorary Doctorate in Education Administration. Dato' Sri DiRaja Haji Adnan is the first ever Malaysian to receive such honour from the most prestigious and oldest university in Jordan as a recognition towards his contribution to education especially in providing opportunity to the financially less fortunate students of Pahang to pursue higher education locally and internationally. The same month last year, he was also conferred the Honorary Doctorate in Technology Management by Malaysia Pahang University (UMP).

Dato' Sri DiRaja Haji Adnan is the first recipient of the newly-introduced award of Darjah Sri DiRaja Sultan Ahmad Shah Pahang (SDSA) which was bestowed upon him by His Royal Highness The Sultan of Pahang on His Royal Highness' 80th birthday and carries the title Dato' Sri DiRaja.

A well-known politician, he is a member of the Pahang State Legislative Assembly representing the Pelangai Constituency since 1986. Dato' Sri DiRaja Haji Adnan has been the Chief Minister of Pahang since May 1999. He is also the Chairman of the State Executive Council of Pahang and holds portfolios in various committees.

Dato' Sri DiRaja Haji Adnan is the Chairman of Mentiga Corporation Berhad and state owned agencies such as Perbadanan Kemajuan Negeri Pahang (PKNP), Pahang State Foundation, Amanah Saham Pahang (ASPA), Kumpulan Permodalan Bumiputera Pahang (KUMIPA), Lembaga Kemajuan Perusahaan Pertanian (LKPP) and Perbadanan Perpustakaan Awam Pahang (PPAP).

He does not have any family relationship with any other director and/or major shareholder, nor any conflict of interest with Pasdec Holdings Berhad. He has not been convicted for any offences (other than traffic offences) within the past 10 years.

Dato' Abdul Ghani bin L. Sulaiman, a Malaysian, aged 68, was appointed as Deputy Chairman and Director of Pasdec Holdings Berhad on 22 April 2003. He graduated with a degree in Bachelor of Arts (Honours) from the University of Malaya in 1968 and served as an Officer of the Malaysian Administrative and Diplomatic Service in various government agencies.

Subsequently, he obtained his Diploma in Development Administration from Manchester University, United Kingdom in 1976, after which he continued to hold various posts in government agencies including the post of Malacca State Financial Officer, Sarawak State Development Officer, General Manager of Penang Regional Development Authority (PERDA) and Director of Pay and Allowance Division, Public Services Department, Malaysia.

Dato' Abdul Ghani went on to serve as the State Secretary of Pahang in 1996 before retiring in 1998. Presently, he is the Deputy Chairman of Pahang State Planning Appeal Board under the Town And Country Planning Act, 1976 and Chairman of Segi Perkasa (M) Sdn. Bhd. He is Chairman of the Remuneration Committee of Pasdec Holdings Berhad.

He does not have any family relationship with any other director and/or major shareholder, nor any conflict of interest with Pasdec Holdings Berhad. He has not been convicted for any offences (other than traffic offences) within the past 10 years.

PROFILE OF DIRECTORS (CONTINUED)



Dato' Haji Lias Bin Mohd Noor
*Non-Independent
Non-Executive Director*



Dato' Dr. Hamdan Bin Jaafar
*Non-Independent
Non-Executive Director*



Dato' Haji Mohamad Nor Bin Ali
*Non-Independent
Non-Executive Director*

PROFILE OF DIRECTORS (CONTINUED)

Dato' Haji Lias bin Mohd Noor, a Malaysian, aged 60, was appointed to the Board on 19 August 2002. He is a B.A (Econs) (Hons) graduate of Universiti Kebangsaan Malaysia. In 1993, he attended the Stanford Executive Program at Stanford University, USA and later in 2000 earned an MBA from Universiti Kebangsaan Malaysia.

He is the Chief Executive Officer of Perbadanan Kemajuan Negeri Pahang (PKNP). Prior to being promoted to his present post on 1 January 2003, he was the Acting Chief Executive Officer and Deputy General Manager of PKNP. He also sits on the Board of Astana Golf Resort Berhad and Pascorp Paper Industries Berhad.

Dato' Haji Lias is Chairman of the Executive Committee and a member of the Nomination Committee and Tender Committee of Pasdec Holdings Berhad.

He does not have any family relationship with any other director and/or major shareholder, nor any conflict of interest with Pasdec Holdings Berhad. He has not been convicted for any offences (other than traffic offences) within the past 10 years.

Dato' Dr. Hamdan bin Jaafar, a Malaysian aged 60, was appointed to the Board on 14 November 1995. He is an Economics Graduate from University Malaya and joined Perbadanan Kemajuan Negeri Pahang (PKNP) as an Administrative Officer upon his graduation in 1974.

He served in various departments within the PKNP Group and went on to become the Deputy General Manager before being promoted to Chief Executive of PKNP, a post which he held from 1994 to 2001. He was appointed as an Executive Director of Pasdec Holdings Berhad in December 1996 and subsequently in November 2001, he was seconded to Pasdec Holdings Berhad as the Group Managing Director where he served until early January 2005 before being called back to serve PKNP until his retirement in 2007.

During his tenure with PKNP, he attended the Stanford Top Management Program at Stanford University, USA in 1986. Dato' Dr. Hamdan's quest for knowledge earned him a Doctorate in Business Administration from the European-American University at Oxford Centre and a Fellowship with The Oxford Centre for Leadership, United Kingdom in 2011. He has also been awarded a Doctorate in Business Administration by The Oxford Association of Management in 2006 and has been a Fellow of The Oxford Centre for Leadership in Business Administration since 2007.

Presently, he is running his own business. His experience ranges from township and real estate development to major socio-economic development in Pahang. Dato' Dr. Hamdan is also a member of the Audit Committee and Remuneration Committee of Pasdec Holdings Berhad.

He does not have any family relationship with any other director and/or major shareholder, nor any conflict of interest with Pasdec Holdings Berhad. He has not been convicted for any offences (other than traffic offences) within the past 10 years.

Dato' Haji Mohamad Nor bin Ali, a Malaysian, aged 65, was appointed to the Board on 22 August 2002. Having graduated from University of Malaya with a B.A (Hons) Sociology in 1969, Dato' Haji Mohamad Nor went on to take his Diploma in Management Science, and subsequently earned an MBA (Investments) and MBO from Northrop University, USA. He is a Fellow of Canadian Comprehensive Auditing Foundation (CCAF) since 1986.

He has vast experience in the audit field having served in the Public Sector as Director of Audit in various states including Pahang, Terengganu, Johor and Selangor. He was the Assistant Auditor General in 1996 before being promoted to Deputy Auditor General, a post he held until his retirement in 2001.

He is a member of the Executive Committee, Remuneration Committee and Tender Committee of Pasdec Holdings Berhad.

He does not have any family relationship with any other director and/or major shareholder, nor any conflict of interest with Pasdec Holdings Berhad. He has not been convicted for any offences (other than traffic offences) within the past 10 years.

PROFILE OF DIRECTORS (CONTINUED)



Dato' Mohamed Amin Bin Haji Daud
*Senior Independent
Non-Executive Director*



Dato' Sri Khalid Bin Mohamad Jiwa
Independent Non-Executive Director



Dato' Abdullah Bin A. Rasol
Independent Non-Executive Director

PROFILE OF DIRECTORS (CONTINUED)

Dato' Mohamed Amin bin Haji Daud, a Malaysian, aged 73, was appointed to the Board on 30 April 1997. He is a Barrister-at-law of the Honorable Society of Middle Temple and was called to the English Bar in November 1971. Upon returning to Malaysia, he joined Messrs Ibam Sdn. Bhd. in 1972 as Company Secretary and was later promoted to Deputy General Manager of the same company. Subsequently, he went on to set-up his own law practice with two other lawyers in Kuantan.

He was a Member of Parliament of Pekan, Pahang from 1982 to 1986 and Rompin, Pahang from 1986 to 1990. He served as the Deputy Speaker of Dewan Rakyat Malaysia from 1986 until 1990. He was the Chairman of Lembaga Kemajuan Pahang Tenggara from 1986 until 1995 and Chairman of Kuantan Port Authority from 1985 until 1987.

Dato' Mohamed Amin serves as Chairman of the Audit Committee and a member of the Nomination Committee of Pasdec Holdings Berhad.

He does not have any family relationship with any other director and/or major shareholder, nor any conflict of interest with Pasdec Holdings Berhad. He has not been convicted for any offences (other than traffic offences) within the past 10 years.

Dato' Sri Khalid bin Mohamad Jiwa, a Malaysian aged 52, was appointed to the Board of Pasdec Holdings Berhad on 30 April 1997. He serves as Chairman of Nomination Committee and a member of Audit Committee of Pasdec Holdings Berhad.

He also currently sits on the Board of DFZ Capital Berhad and previously on the Board of Naluri Corporation Berhad, Atlan Holdings Berhad, Asian Composite Manufacturing Sdn. Bhd. and United Industries Sdn. Bhd. Dato' Sri Khalid is the Group Executive Chairman of K-Corporation Sdn. Bhd. and its group of companies dealing with construction, property management, cosmetic products, specialised trading, IT and media services and agriculture activities.

Dato' Sri Khalid is a business graduate and had previously worked in the financial sector after completing his studies in 1981. He then left the bank to start his own business with vast experience and knowledge in financial business. He is the Chairman and Founder of Yayasan Nurjiwa, a foundation that is actively involved in charity and social activities.

He does not have any family relationship with any other director and/or major shareholder, nor any conflict of interest with Pasdec Holdings Berhad. He has not been convicted for any offences (other than traffic offences) within the past 10 years.

Dato' Abdullah bin A. Rasol, a Malaysian, aged 61, was appointed to the Board on 23 May 2002. Dato' Abdullah is a Fellow of the Chartered Association of Certified Accountants, United Kingdom and a Chartered Accountant with the Malaysian Institute of Accountants. He is presently the Director, Corporate Affairs of Eden Inc. Berhad.

Prior to joining Eden Inc. Berhad, he was the Executive Director and Chief Executive Officer of Amanah General Insurance Berhad. He served the Amanah Capital Group since 1984, initially serving as the Finance Manager of Amanah Merchant Bank Berhad (AMBB) and moving on towards corporate banking and subsequently as the General Manager of AMBB. His tasks whilst at AMBB include marketing and evaluation of credit facilities, management of assets, financial advisory, equity restructuring and project financing. He gained audit and accounting experience in Coopers & Lybrand, Guthrie Malaysia Holdings Bhd and Pemas Construction Sdn. Bhd. prior to joining AMBB.

Dato' Abdullah serves as a member of the Audit Committee and the Remuneration Committee of Pasdec Holdings Berhad.

He does not have any family relationship with any other director and/or major shareholder, nor any conflict of interest with Pasdec Holdings Berhad. He has not been convicted for any offences (other than traffic offences) within the past 10 years.

TOP MANAGEMENT TEAM



Dato' Mohd Khairuddin Hj Abdul Manan
Chief Executive Officer/President



Goh Song Han
Senior Vice President Corporate Resources



Mohd Azman Bin Sa'ad
Senior Vice President Property



Shakerah Enayetali
Group Company Secretary

PROFILE OF CHIEF EXECUTIVE OFFICER/PRESIDENT



Dato' Mohd Khairuddin Hj Abdul Manan
Chief Executive Officer/President

Dato' Mohd Khairuddin Hj Abdul Manan, a Malaysian, aged 54, was appointed as Chief Executive Officer/President of Pasdec Holdings Berhad on 11 March 2009. He holds a B.A (Hons) in Strategic Environmental Planning Studies from Liverpool John Moores University, England.

Dato' Mohd Khairuddin started his career as a Forecaster/Demographer at Binafon Sdn. Bhd. after graduating in 1982 and went on to gain experience and in depth knowledge in the property development and construction industry while serving Rimman International Sdn. Bhd., Housecoff Sdn. Bhd. and Panji Timor Sdn. Bhd. as Project Manager and General Manager.

He ventured into his own property development and construction business in 1992 and has undertaken projects in Seremban, Klang Valley, Pahang and Kedah prior to joining Pasdec Holdings Berhad. Among the notable projects undertaken by Dato' Mohd Khairuddin are the Terminal One and Light Industrial Park in Seremban, Water Treatment Plant in Habu, Cameron Highland and Langkawi Hospital in Kuah, Langkawi.

Dato' Mohd Khairuddin is also a member of the Malay College Old Boys' Association of the Malay College Kuala Kangsar and a committee member of its Negeri Sembilan branch.

He does not have any family relationship with any other director and/or major shareholder, nor any conflict of interest with Pasdec Holdings Berhad. He has not been convicted for any offences (other than traffic offences) within the past 10 years and does not hold any shares in Pasdec Holdings Berhad or its subsidiaries.

CORPORATE GOVERNANCE STATEMENT

“ The Board of Directors of Pasdec Holdings Berhad recognizes the importance of good corporate governance to the success of the Group. The Board consistently strives to ensure high standard of corporate governance is being practiced throughout the Group in ensuring continuous and sustainable growth for the interests of all stakeholders. ”

Corporate Governance in Pasdec Holdings Berhad adheres to the principles and best practices of corporate governance as prescribed in the Malaysian Code of Corporate Governance - Revised 2007 (the Code). The Board is pleased to provide the following statements, which outlines how the group has applied the principles laid down in the Code during the financial ended 31 December 2010.

THE BOARD OF DIRECTORS

Composition of the Board

The Board currently has eight (8) members comprising of a Non-Executive Chairman, a Non-Executive Deputy Chairman, three (3) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.

The Board's composition represents a mix of knowledge, skills and expertise relevant to the Company's operations to provide strong and effective leadership and control of the Group. The profile of each Director is set out on pages 12 to 17 of this Annual Report.

The Non-Executive Directors, all of whom are respected business leaders in their own right, play an important role in the Board's decisions, and provide unbiased and independent views, advice and judgment in the decision making process.

The roles of the Chairman and the Chief Executive Officer/President are distinct and each has clearly defined responsibilities to ensure a balance of power and authority. The Chairman is primarily responsible for ensuring orderly conduct and effectiveness of the Board whilst the -Chief Executive Officer/President has the principal responsibility of reporting, clarifying and communicating matters relating to the day-to-day operations of the Company to the Board.

Board Responsibility

The Board is responsible for the overall performance of the Company and the Group -

and performs the following key duties and responsibilities:

- i) ensure the formulation of strategic plan and strategic direction of the Group;
- ii) approve the Group's annual business plan and annual budget;
- iii) continuously review the Group's business operations and monitoring of Group's performance against the business plan and budget;
- iv) approve major business transactions;
- v) implement and review the appropriate processes and internal controls to manage business risks.

Generally the Board is responsible to ensure that the Group is being managed and conducted in accordance with high standards of accountability and transparency.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Meetings

The Board meets at least five (5) times a year. Additional meetings are convened when necessary. During the financial year ended 31 December 2010, seven (7) Board meetings were held and the attendance of each Director and the Chief Executive Officer/President at the Board meetings is as follows:-

Director	No. of Meetings Attended	%
Dato' Sri DiRaja Haji Adnan bin Haji Yaakob	7 / 7	100
Dato' Abdul Ghani bin Sulaiman	6 / 7	86
Dato' Haji Lias bin Mohd Noor	7 / 7	100
Dato' Dr. Hamdan bin Jaafar	7 / 7	100
Dato' Haji Mohamad Nor bin Ali	7 / 7	100
Dato' Mohamed Amin bin Haji Daud	7 / 7	100
Dato' Sri Khalid bin Mohamad Jiwa	7 / 7	100
Dato' Abdullah bin A. Rasol	5 / 7	71
Dato' Mohd Khairuddin Hj. Abdul Manan (<i>Chief Executive Officer/President</i>)	7 / 7	100

Supply of Information

The agenda and Board papers are distributed well in advance of each Board meeting to enable the Directors to fully consider and appreciate the matters arising for discussion, and to seek additional information of the same, if necessary. The Chief Executive Officer/President attends the Board meetings and senior management staff may also be invited to participate at the Board meetings to provide the Board with detailed explanations and clarifications on issues that are being deliberated.

All the Directors have access to the advice and services of the Company Secretary and the senior management staff in the Group. The Directors may also seek independent professional advice, where necessary, in the furtherance of their duties at the Group's expense.

Board Committees

The Board has delegated specific responsibilities to other Board committees, which operate with clearly defined terms of reference.

a) Audit Committee

The Audit Committee report detailing its membership, its terms of reference and activities during the year is set out in pages 25 to 28 of this Annual Report.

b) Nomination Committee

The nomination committee comprises of two (2) Independent Non-Executive Directors, and one (1) Non-Independent Non-Executive Director, the majority of whom are independent:-

Dato' Sri Khalid bin Mohamad Jiwa (Chairman - Independent, Non-Executive)

Dato' Mohamed Amin bin Haji Daud (Senior Independent, Non-Executive)

Dato' Haji Lias bin Mohd Noor (Non-Independent, Non-Executive)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Committee is primarily responsible for the followings:-

- i) to review and recommend new candidates for appointment to the Board;
- ii) to review and recommend appointments to committees of the Board; and
- iii) to assist the Board in reviewing on an annual basis the required mix of skills and experience of the Directors of the Company.

c) Remuneration Committee

The Remuneration Committee comprises of four (4) Non-Executive Directors, one of whom is independent:-

Dato' Haji Abdul Ghani bin Sulaiman (Chairman - Non-Independent, Non-Executive)

Dato' Dr. Hamdan bin Jaafar (Non-Independent, Non-Executive)

Dato' Haji Mohamad Nor bin Ali (Non-Independent, Non-Executive)

Dato' Abdullah bin A. Rasol (Independent, Non-Executive)

The Committee is primarily responsible for making recommendation to the Board on all elements of remuneration and terms of employment of the Executive Director and Chief Executive Officer/President, drawing from outside advice if necessary.

d) Other Committee

In addition to the aforementioned committees, the Board has also established a Tender Committee to ensure control over award of contracts and an Executive Committee to control functions of investment and certain levels of operation of the Group.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the Annual General Meeting held following their appointment.

The Company's Articles of Association also provide that at least one-third (1/3) of the Directors including the Managing Director shall retire from office at each Annual General Meeting. All Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

Director's Training

All the Directors have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Securities Berhad. The Directors are encouraged to attend seminars, forums, training programmes and conferences in order to enhance their skills and knowledge and to keep abreast with the relevant changes in law, regulations and the business environment to enable them to discharge their roles and responsibilities effectively.

During the financial year, the Directors attended various seminars, conferences and training programmes organized by various agencies covering areas that included corporate governance, regulatory updates and business developments, including among others, the following:-

- 1) Directors' Duties and Governance Conference 2010;
- 2) The Regulatory Framework and Directors' Duties 2010 "What Directors Need To Know";
- 3) Towards Corporate Governance Excellence For Sustainable Success; and
- 4) Latest Audit Committee Issues.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

DIRECTORS' REMUNERATION

Remuneration of the Executive Director is recommended by the Remuneration Committee to the Board and is structured to link rewards to corporate and individual performance.

The Board as a whole decides on the remuneration of Non Executive Directors, with the individual Director concerned abstaining from discussion of his own remuneration. Directors' fees are paid to the Directors with approval by the shareholders at the Annual General Meeting.

The aggregate remuneration of Directors of the Company for the financial year ended 31 December 2010 categorised by components and range of remuneration can be found in Note 9 (Page 82) of Notes to the Financial Statements in this Annual Report.

SHAREHOLDERS

Relations with Shareholders and Investors

The Board recognises the importance of transparency and accountability to its shareholders and communicates with its shareholders and stakeholders regularly through timely release of financial results on a quarterly basis, press releases and announcements, which provide shareholders with an overview of the Group's performance, operations and major developments.

The Annual General Meeting serves as the primary channel for communicating with shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. The Chairman and the Board will respond to the questions raised by the shareholders during the Annual General Meeting.

Shareholders and the general public may obtain up-to-date information relating to the various activities of the Group by assessing its website at www.pasdec.com.my. The Group's press releases and latest financial and non-financial announcements can also be found in this website.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcement to the shareholders, the Board is committed to presenting a balanced and fair assessment of the Group's financial position, performance and prospects while complying with all applicable regulations and accounting standards. To this end, the Audit Committee assists the Board in discharging its fiduciary duties relating to corporate accountability and reporting practices of the Group.

Internal Control

The Directors acknowledge their responsibilities for the internal control system in the Group, which include financial controls, operational controls, compliance monitoring as well as risk management in order to safeguard shareholders' investment and the Company's assets. The Group's Statement of Internal Control is set out on page 30 of this Annual Report.

Relationship with External Auditors

The Board maintains a formal and transparent professional relationship with the external auditors through the Audit Committee. The Audit Committee has been empowered to communicate directly with both the internal and external auditors.

The external auditors have an obligation to bring significant defects to the Group's system of control and compliance to the attention of the management and if necessary, to the Audit Committee and the Board.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements for each financial year to give a true and fair view of the state of affairs of the Group and of the Company and of the results and cash flows of the Group and of the Company for the financial year then ended.

In ensuring the preparation of these financial statements the Directors have:-

- ensured compliance with applicable approved accounting standards;
- adopted suitable accounting policies and apply them consistently; and
- made judgments and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that the Company and the Group maintain accounting records that disclose with reasonable accuracy the financial position in order to ensure that the financial statements comply with the Companies Act, 1965. The statement of Directors pursuant to Section 168(15) of the Companies Act, 1965 is set out on page 47 of this Annual Report.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

AUDIT COMMITTEE REPORT

Pasdec Hodlings Berhad Board of Directors has ensured that the best practices and principles of the Code in relation to Audit Committee have been applied. The Audit Committee has been formed to emphasize on the importance of good governance, accountability and transparency in all aspects of the Group.

COMPOSITION OF AUDIT COMMITTEE

The members of the Audit Committee are:-

1. Dato' Mohamed Amin bin Haji Daud (Chairman / Senior Independent Non-Executive Director)
2. Dato' Sri Khalid bin Mohamad Jiwa (Member / Independent Non-Executive Director)
3. Dato' Abdullah bin A. Rasol (Member / Independent Non-Executive Director)
4. Dato' Dr. Hamdan bin Jaafar (Member / Non-Independent Non-Executive Director)

MEETINGS

The Audit Committee convened seven (7) meetings in the financial year ended 31 December 2010. The details of attendance of each Audit Committee member at the Audit Committee meetings are as follows:-

Director	No. of Meetings Attended	Percentage %
Dato' Mohamed Amin bin Haji Daud	7 / 7	100
Dato' Sri Khalid bin Mohamad Jiwa	5 / 7	71
Dato' Abdullah bin A. Rasol	6 / 7	86
Dato' Dr. Hamdan bin Jaafar	7 / 7	100

TERMS OF REFERENCE

Objectives

The primary objectives of the Audit Committee is to assist the Board of Directors in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting, risk management, internal control and compliance of statutory and legal requirements. The Audit Committee is to review the quality of the audits conducted both by the internal and external auditors of the Company.

Membership

The members of the Audit Committee shall be appointed by the Board from amongst their number and shall be composed of no fewer than three (3) members with a majority of Independent Non-Executive Directors.

At least one member of the Audit Committee:-

- (a) Must be a member of the Malaysian Institute of Accountants; or
- (b) If he is not a member of the Malaysia Institute of Accountants, he must have at least 3 years working experience and:-
 - (i) he must have passed the examinations specified in Part I of the Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

AUDIT COMMITTEE REPORT (CONTINUED)

The Chairman of the Audit Committee shall be an independent Non-Executive Director appointed by the Board. No alternate director shall be appointed as a member of the Audit Committee.

The Board shall review the performance of the Audit Committee and each of its members at least once in every three (3) years to determine that they have carried out their duties in accordance with their terms of reference.

The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which results in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

Notice of Meeting and Attendance

The agenda for Audit Committee meetings shall be circulated before each meeting to members of the Committee. The quorum for each meeting shall comprise of at least two (2) members and the majority of members present shall be Independent Directors.

The Audit Committee has the discretion to invite other Directors, members of the management and employees of the Group, and / or the external auditors to its meetings.

The Company Secretary of the Company shall be the Secretary of the Committee.

Frequency of Meetings

The Committee shall meet at least four (4) times during each financial year. Additional meeting may be called at any time at the discretion of the Chairman of the Committee.

Authority

The Audit Committee has the following authority as empowered by the Board:-

- (a) to investigate any activity of the Company within its term of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information and personnel pertaining to the Group;
- (d) have direct communication channels with the external and internal auditors;
- (e) to convene meetings with the external auditors excluding the attendance of the executive members of the Committee, whenever deemed necessary; and
- (f) to obtain independent professional advice as necessary.

Duties and Responsibilities

In fulfilling its primary objectives, the Audit Committee shall undertake the following duties and responsibilities:-

1. Review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - (a) going concern assumptions;
 - (b) changes in or implementation of major accounting policy;
 - (c) significant and unusual events; and
 - (d) compliance with accounting standards, regulatory and other legal requirements.

AUDIT COMMITTEE REPORT (CONTINUED)

2. Review and discuss with the external auditors of the following:-
 - (a) the audit plan prior to the commencement of audit;
 - (b) their audit report;
 - (c) their evaluation of the system of internal control;
 - (d) problems and reservations arising from interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary); and
 - (e) their management letter and management's response.
3. Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
4. Review the following in respect of Internal Auditors:-
 - (a) adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (b) internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and whether or not appropriate actions are taken on the recommendations of the internal audit function;
 - (c) effectiveness of the system of internal control;
 - (d) major findings of internal audit investigations and management's response;
 - (e) review any appraisal or assessment of the performance of the staff of the internal audit function;
 - (f) approve any appointment or termination of senior staff member of the internal audit function; and
 - (g) note resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation.
5. Consider and recommend the nomination and appointment, the audit fee and any questions of resignation, dismissal or re-appointment of the external auditors.
6. Report promptly to Bursa Malaysia Securities Berhad on any matter reported by it to the Board of Directors which has not been satisfactorily resolved resulting in the breach of the Listing Requirements.
7. Carry out such other responsibilities, functions or special assignments as may be defined jointly by the Audit Committee and Board of Directors from time to time.

INTERNAL AUDIT

Pasdec Holdings Berhad supports internal audit as an independent appraisal function to examine and evaluate its activities as a value-added service to the management. The Internal Audit Department was incepted to provide internal audit services to the Group. The internal audit function is independent of the activities they audit and audit is performed with impartiality, proficiency and professional due care.

The internal audit team assists the Audit Committee in providing assurance on the existence of sound system of internal controls within the Group. The annual audit plan is presented to the Audit Committee for approval. Audit findings on internal control weaknesses and recommendations for improvements in the audit reports are presented to Audit Committee.

During the financial year ended 31 December 2010, the internal audit function was performed in-house and the cost incurred was RM178,566.94.

AUDIT COMMITTEE REPORT (CONTINUED)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee has discharged its functions and duties by introducing a systematic and disciplined method to improve the effectiveness of risk management, internal control and governance process for the Group. Summary of the key activities are as follows:-

i. Financial Statement

- a) The Group's quarterly financial results announcements;
- b) The Group's annual audited financial statements and recommended to the Board for approval;
- c) Reviewed related party transactions within the Group;
- d) Review the Group's annual budget and recommended to the Board for approval.

ii. Internal Audit

- a) Reviewed the results of the risk assessment exercise and annual internal audit plan;
- b) Instruct follow-up audits to determine the status of implementation of the recommendations made by Internal Audit; and
- c) Reviewed audit reports, findings and recommendations presented by Head of Internal Audit in respect of internal control and system weaknesses.

iii. External Audit

- a) The external auditor's reports in relation to the audit and accounting issues arising from its audit, and updates of new developments on accounting standards issued by Malaysian Accounting Standard Board; and
- b) External Auditors' annual audit strategy and plan.

ADDITIONAL COMPLIANCE INFORMATION

Material Contracts Involving Directors' and Major Shareholder's Interests

None of the Directors and major shareholders had any material contracts with the Company during the financial year ended 31 December 2010.

Sanctions and / or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company by the relevant regulatory bodies during the financial year ended 31 December 2010.

Non-Audit Fees

The amount for non-audit fees paid or payable to the external auditors and their associates for the financial year ended 31 December 2010 is RM25,000.00.

STATEMENT ON INTERNAL CONTROL

Paragraph 15.27(b) of the Listing Requirements of the Bursa Malaysia Securities Berhad requires the Board of Directors of a listed company to include in its annual report a “statement about the state of internal control of the company as a group”.

Set out below is the Pasdec Holdings Berhad Board’s Statement on Internal Control.

Key elements of the Group’s internal control system are described below;

- i) Clearly defined lines of authority and a divisionalised organization structure for monitoring the conduct and operations of individual business units and support services departments;
- ii) Clear division and delegation of responsibilities from the Board to Board Committees and to operating units, including authorization levels for aspects of the business set out in the Group’s Limits of Authority;
- iii) Establishment of Tender Committee to ensure transparency and integrity of the award process;
- iv) A detailed budgeting process, where operating units prepare budgets for coming year that are approved both at operating unit level and by the Board;
- v) Periodic reporting of actual results and review against the budget;
- vi) Regular information provided by Management to the Board and its committees, covering financial performance and key performance indicators including staff utilization and financial cashflow;
- vii) Regular internal audit visits and reviews, which provide independent assurance on the effectiveness of internal controls as well as advising Management on areas for further improvements;
- viii) Clearly documented internal policies and procedures that take into account risk factors. The policies and procedures are set out in a series of standard operating manuals, which is periodically reviewed for improvements and reflect changes in business structures and processes as well as changes in external environments.

The Board acknowledges its responsibility of ensuring the effectiveness and adequacy of the internal control system to cover risk management, financial, operational and compliance controls within the Group. The Board shall also periodically review all internal control mechanism so as to ensure its strengths are being maintained and weaknesses are being remedied. The Board, however, does not regularly review the internal control system of its associated companies, as the Board does not have any direct control over their operations.



PASDEC GOES GREEN

