

HDM-CARLAW CORPORATION BERHAD

(Company No. 645104-H)

CONDENSED CONSOLIDATED INCOME STATEMENT**For The Second Quarter Ended 30 June 2009****(The figures have not been audited)**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|---|-------------------------------------|-------------------------------------|
| | Current year quarter 6/30/2009 RM | Preceding year corresponding quarter 6/30/2008 RM | Six months to 6/30/2009 RM | Six months to 6/30/2008 RM |
| Revenue | 280,800 | 58,901 | 398,800 | 555,061 |
| Cost of sales | (438,551) | (483,648) | (732,654) | (1,342,024) |
| Gross Loss | (157,751) | (424,747) | (333,854) | (786,963) |
| Other income | 13 | 1,227 | 13 | 3,181 |
| Expenses | (903,504) | (826,805) | (1,167,290) | (1,340,190) |
| Finance costs | (78,300) | (83,318) | (156,600) | (121,665) |
| Loss before taxation | (1,139,542) | (1,333,643) | (1,657,731) | (2,245,637) |
| Income tax | - | - | - | 1 |
| Loss for the period | <u>(1,139,542)</u> | <u>(1,333,643)</u> | <u>(1,657,731)</u> | <u>(2,245,636)</u> |
| Attributable to: | | | | |
| Equity holders of the parent | (1,139,542) | (1,333,643) | (1,657,731) | (2,245,636) |
| Minority interest | - | - | - | - |
| | <u>(1,139,542)</u> | <u>(1,333,643)</u> | <u>(1,657,731)</u> | <u>(2,245,636)</u> |
| Earnings per share attributable to equity holders of parent | | | | |
| Basic, for profit for the period (sen) | <u>(1.29)</u> | <u>(1.52)</u> | <u>(1.88)</u> | <u>(2.55)</u> |
| Diluted, for profit for the period | <u>NA</u> | <u>NA</u> | <u>NA</u> | <u>NA</u> |

Note:

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.

HDM-CARLAW CORPORATION BERHAD

(Company No. 645104-H)

CONDENSED CONSOLIDATED BALANCE SHEETS

For The Second Quarter Ended 30 June 2009

(The figures have not been audited)

| | As at current quarter 30-Jun-09 (unaudited) RM | As at preceding financial year end 31-Dec-08 (audited) RM |
|--|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 4,764,977 | 5,836,039 |
| Intangible assets | 3,341,009 | 3,400,219 |
| Prepaid land lease payment | 1,297,242 | 1,318,393 |
| | 9,403,228 | 10,554,651 |
| CURRENT ASSETS | | |
| Inventories | 1,911,993 | 2,193,942 |
| Trade receivables | 801,817 | 682,435 |
| Other receivables | 222,936 | 285,041 |
| Tax recoverable | 127,591 | 127,591 |
| Fixed deposit with a licensed bank | 3,825 | 561,264 |
| Cash and bank balances | - | 3,105 |
| | 3,068,162 | 3,853,378 |
| TOTAL ASSETS | 12,471,390 | 14,408,029 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 8,800,000 | 8,800,000 |
| Share premium | 5,599,409 | 5,599,409 |
| Foreign exchange reserve | (158,958) | (25,687) |
| Accumulated losses | (8,569,820) | (6,912,089) |
| | 5,670,631 | 7,461,633 |
| Minority interest | 1 | 1 |
| Total equity | 5,670,632 | 7,461,634 |
| Non-current liabilities | | |
| Borrowings | 1,410,000 | 1,410,000 |
| Deferred tax liabilities | - | - |
| | 1,410,000 | 1,410,000 |
| Current liabilities | | |
| Trade payables | 1,493,466 | 708,112 |
| Other payables | 1,809,455 | 2,173,945 |
| Bank balances | 14,136 | 140,607 |
| Borrowings | 2,073,701 | 2,513,731 |
| Current tax payable | - | - |
| Dividends payable | - | - |
| | 5,390,758 | 5,536,395 |
| Total liabilities | 6,800,758 | 6,946,395 |
| TOTAL EQUITY AND LIABILITIES | 12,471,390 | 14,408,029 |
| Net assets per share (RM) | 0.0640 | 0.0848 |

Note:

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.

HDM-CARLAW CORPORATION BERHAD

(Company No. 645104-H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Second Quarter Ended 30 June 2009

(The figures have not been audited)

| | Share capital RM | Share premium RM | Exchange reserve RM | Accumulated profit/(loss) RM | Total RM | Minority Interest RM | Total RM |
|--|---------------------|------------------------|---------------------------|------------------------------------|-------------|----------------------------|-------------|
| Balance as at 1 January 2009 | 8,800,000 | 5,599,409 | (25,687) | (6,912,089) | 7,461,633 | 1 | 7,461,634 |
| Foreign exchange translation difference | - | - | (133,271) | - | (133,271) | - | (133,271) |
| Net loss for the period | - | - | - | (1,657,731) | (1,657,731) | - | (1,657,731) |
| Total recognised income and expense for the period | 8,800,000 | 5,599,409 | (158,958) | (8,569,820) | 5,670,631 | 1 | 5,670,632 |
| Dividends | - | - | - | - | - | - | - |
| Balance as at 30 June 2009 | 8,800,000 | 5,599,409 | (158,958) | (8,569,820) | 5,670,631 | 1 | 5,670,632 |
| Balance as at 1 January 2008 | 8,800,000 | 5,599,409 | (18,969) | 3,272,145 | 17,652,585 | 1 | 17,652,586 |
| Foreign exchange translation difference | - | - | (2,888) | - | (2,888) | - | (2,888) |
| Net loss for the period | - | - | - | (2,245,637) | (2,245,637) | - | (2,245,637) |
| Total recognised income and expense for the period | 8,800,000 | 5,599,409 | (21,857) | 1,026,508 | 15,404,060 | 1 | 15,404,061 |
| Dividends | - | - | - | - | - | - | - |
| Balance as at 30 June 2008 | 8,800,000 | 5,599,409 | (21,857) | 1,026,508 | 15,404,060 | 1 | 15,404,061 |

Note:

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.

HDM-CARLAW CORPORATION BERHAD

(Company No. 645104-H)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For The Second Quarter Ended 30 June 2009

(The figures have not been audited)

| | Current Year 30-Jun-09 RM | Preceding Year 30-Jun-08 RM |
|---|---------------------------------|-----------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (1,657,731) | (2,245,637) |
| Adjusted for: | | |
| Amortisation of development cost | 59,210 | 59,209 |
| Amortisation of leasehold land | 21,151 | 21,151 |
| Depreciation | 180,420 | 124,913 |
| Losses on disposal of property, plant and equipment | 614,462 | - |
| Interest income | (13) | (3,181) |
| Interest expense | 156,600 | 121,665 |
| Operating loss before working capital changes | (625,901) | (1,921,880) |
| (Increase)/decrease in inventories | 281,949 | (60,210) |
| (Increase)/decrease in receivables | (57,277) | 722,743 |
| Increase/(decrease) in payables | 420,864 | 427,976 |
| Cash (used in)/generating from operating activities | 19,635 | (831,371) |
| Interest expenses | (156,600) | (121,665) |
| Interest income | 13 | 3,181 |
| Tax paid | - | (40,000) |
| Net cash flow from operating activities | (136,952) | (989,855) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Development cost incurred | - | (768,979) |
| Proceed from disposal of property, plant and equipment | 276,180 | - |
| Purchase of property, plant and equipment | - | (1,530) |
| Capital work-in-progress | - | (1,436,856) |
| Net cash flow from investing activities | 276,180 | (2,207,365) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Withdrawn from fixed deposit at license bank | 557,626 | 0 |
| Proceeds from term loan | - | 1,320,000 |
| Net cash flow from financing activities | 557,626 | 1,320,000 |
| Net (decrease)/increase in cash and cash equivalents | 696,854 | (1,877,220) |
| Effects of exchange rate changes | (133,271) | (2,888) |
| Cash and cash equivalents at beginning of year | (2,647,595) | (1,285,935) |
| Cash and cash equivalents at end of year | <u>(2,084,012)</u> | <u>(3,166,043)</u> |

Cash and cash equivalents comprise the following balance sheet amounts:

| | | |
|-------------------------------------|--------------------|--------------------|
| Deposits with licensed banks | 3,825 | 1,060,212 |
| Cash and bank balances | (14,136) | 28,930 |
| Bank overdraft | (2,073,701) | (3,198,500) |
| Deposit pledged with licensed banks | 0 | (1,056,685) |
| | <u>(2,084,012)</u> | <u>(3,166,043)</u> |

Note:

The condensed consolidated cashflow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.