

PAN MALAYSIA CORPORATION BERHAD
Company No : 4920 - D
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT
FOURTH QUARTER ENDED 31 DECEMBER 2008
(The figures are unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 31 December 2008

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000 (Restated)
Continuing Operations				
Revenue	25,523	38,591	124,959	129,866
Cost of sales	(14,483)	(26,236)	(78,966)	(87,828)
Gross profit	11,040	12,355	45,993	42,038
Other income	5,477	25,608	6,154	26,968
Administration expenses	(3,507)	(2,894)	(11,732)	(10,419)
Selling and distribution expenses	(5,239)	(4,181)	(15,503)	(15,126)
Other expenses	(21,710) *	(9,985)	(44,244) *	(10,029)
Finance costs	(3,617)	(4,091)	(15,411)	(15,971)
(Loss)/Profit before taxation	(17,556)	16,812	(34,743)	17,461
Taxation	(817)	(435)	(2,121)	(1,591)
(Loss)/Profit for the financial period from continuing operations	(18,373)	16,377	(36,864)	15,870
Discontinued Operation				
Profit for the financial period from discontinued operation (see Note A9)	-	-	-	9,182
(Loss)/Profit for the financial period	(18,373)	16,377	(36,864)	25,052
Attributable to:-				
Equity holders of the Company	(19,305)	16,225	(38,256)	24,300
Minority interests	932	152	1,392	752
	(18,373)	16,377	(36,864)	25,052
	Sen	Sen	Sen	Sen
(Loss)/Earnings per 50 sen share attributable to equity holders of the Company :				
- from continuing operations	(2.72)	2.27	(5.38)	2.12
- from discontinued operation	-	-	-	1.29
	(2.72)	2.27	(5.38)	3.41
Fully diluted	N/A	N/A	N/A	N/A

* - Other expenses include losses on foreign exchange and allowances for diminution in value of quoted investments totalling RM19.4 million for the fourth quarter and RM41.9 million for the cumulative 12 months period as a result of the current global financial crisis which worsened in the fourth quarter and the bearish stock market condition.

N/A - Not applicable.

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
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CONDENSED CONSOLIDATED BALANCE SHEET
At 31 December 2008

	31/12/2008	31/12/2007
	RM'000	(Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,741	34,848
Prepaid land lease payments	1,816	1,853
Investment property	1,249	1,227
Goodwill on consolidation	58,206	58,206
Trademarks	4,984	4,984
Investments	125,139	149,721
Deferred tax assets	215	337
	<u>216,350</u>	<u>251,176</u>
Current assets		
Inventories	19,790	22,943
Trade and other receivables	34,992	32,378
Tax recoverable	414	2,035
Deposits, bank balances and cash	304,560	382,853
	<u>359,756</u>	<u>440,209</u>
TOTAL ASSETS	<u>576,106</u>	<u>691,385</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	386,678	386,678
Treasury shares	(30,466)	(29,478)
Reserves	(32,920)	687
	<u>323,292</u>	<u>357,887</u>
Minority interests	9,616	8,738
Total Equity	<u>332,908</u>	<u>366,625</u>
Non-current liabilities		
Deferred tax liabilities	567	693
	<u>567</u>	<u>693</u>
Current liabilities		
Short term borrowings	219,938	297,688
Trade and other payables	21,411	25,429
Amounts owing to related companies	251	251
Provision for taxation	1,031	699
	<u>242,631</u>	<u>324,067</u>
Total Liabilities	<u>243,198</u>	<u>324,760</u>
TOTAL EQUITY AND LIABILITIES	<u>576,106</u>	<u>691,385</u>
	RM	RM
Net Assets per 50 sen share attributable to equity holders of the Company	0.46 *	0.50 *

* The net assets per share is based on the number of ordinary shares in issue less shares bought back

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the financial period ended 31 December 2008

<u>Cumulative 12 months</u>	Attributable to Equity Holders of the Company						Minority Interests	Total Equity	
	Non-Distributable						Total RM'000	RM'000	
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Other Reserves RM'000	Accumulated Losses RM'000			RM'000
At 1 January 2008	386,678	(29,478)	472,258	33,327	83,116	(588,014)	357,887	8,738	366,625
Net income recognised directly in equity	-	-	-	-	4,649	-	4,649	(514)	4,135
Loss for the financial period	-	-	-	-	-	(38,256)	(38,256)	1,392	(36,864)
Total recognised income and expense for the period	-	-	-	-	4,649	(38,256)	(33,607)	878	(32,729)
Purchase of own shares	-	(988)	-	-	-	-	(988)	-	(988)
At 31 December 2008	386,678	(30,466)	472,258	33,327	87,765	(626,270)	323,292	9,616	332,908
At 1 January 2007	386,678	(29,478)	472,258	33,327	86,316	(612,314)	336,787	7,986	344,773
Net expenses recognised directly in equity	-	-	-	-	(3,200)	-	(3,200)	-	(3,200)
Profit for the financial period	-	-	-	-	-	24,300	24,300	752	25,052
Total recognised income and expense for the period	-	-	-	-	(3,200)	24,300	21,100	752	21,852
At 31 December 2007	386,678	(29,478)	472,258	33,327	83,116	(588,014)	357,887	8,738	366,625

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the financial period ended 31 December 2008

	CUMULATIVE 12 MONTHS	
	31/12/2008	31/12/2007
	RM'000	RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before taxation		
- from continuing operations	(34,743)	17,461
- from discontinued operation	-	9,182
	<u>(34,743)</u>	<u>26,643</u>
Adjustments:-		
Allowance for diminution in value of quoted investments	16,389	-
Allowance for doubtful debts	547	78
Gain on disposal of property, plant and equipment	(3,755)	(52)
Loss/(Gain) on disposal of investments	2,338	(5,493)
Negative goodwill recognised	-	(1,669)
Surplus arising from deconsolidation of a subsidiary	-	(14,493)
Write back of allowance for doubtful debts	(670)	(127)
Write back of impairment in value of property	(1,545)	(875)
Write back of impairment in value of investments (net)	-	(16,305)
Others	33,082	7,375
	<u>11,643</u>	<u>(4,918)</u>
Operating profit/(loss) before working capital changes		
Net change in working capital	<u>(3,108)</u>	<u>10,815</u>
Cash generated from operating activities	8,535	5,897
Interest paid	(15,411)	(16,491)
Interest received	13,310	10,930
Dividend received	198	106
Tax paid	(1,869)	(1,654)
Tax refunded	1,711	2,675
Net cash generated from operating activities	<u>6,474</u>	<u>1,463</u>
Cash Flows From Investing Activities		
Purchase of investments	(96)	-
Purchase of property, plant and equipment	(1,258)	(1,662)
Proceeds from sale of investments	5,951	11,422
Proceeds from disposal of property, plant and equipment	15,303	52
Repayments to related company	-	(1,039)
Bank overdraft net of bank balances and cash of a subsidiary not consolidated	-	(6,612)
Net cash from investing activities	<u>19,900</u>	<u>2,161</u>
Cash Flows From Financing Activities		
Purchase of own shares	(988)	-
Repayment of bank borrowings (net)	(51,181)	(6,719)
Repayment of hire purchase lease payables (net)	-	(6)
Net cash used in financing activities	<u>(52,169)</u>	<u>(6,725)</u>
Net decrease in cash and cash equivalents	(25,795)	(3,101)
Exchange translation differences	(24,808)	(292)
Cash and cash equivalents at 1 January	346,298	349,691
Cash and cash equivalents at 31 December	<u>295,695</u>	<u>346,298</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The Interim Financial Report of the Group is unaudited and has been prepared in accordance with the requirements of FRS 134 "Interim Financial Reporting". The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007.

A2. Changes in Accounting Policies

The significant accounting policies adopted in this Interim Financial Report are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 July 2007:-

FRSs

FRS 107, *Cash Flow Statements*

FRS 111, *Construction Contracts*

FRS 112, *Income Taxes*

FRS 118, *Revenue*

FRS 120, *Accounting for Government Grants and Disclosure of Government Assistance*

Amendment to FRS 121, *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation*

FRS 134, *Interim Financial Reporting*

FRS 137, *Provisions, Contingent Liabilities and Contingent Assets*

The Group and the Company have applied the abovementioned FRSs for the annual period beginning 1 January 2008. The adoption of these new and revised FRSs does not have any significant impact on the financial statements of the Group.

A3. Auditors' Report

The auditors' report on the audited financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

For the food and confectionery operations in Asia Pacific regions, such as Malaysia, Singapore and Hong Kong, sales are better during the various festive seasons.

A5. Exceptional Items

There are no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the financial period ended 31 December 2008, other than the following:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	3,755	-	3,755	-
Loss on foreign exchange	(15,558)	(6,982)	(25,517)	(6,452)
Allowance for diminution in value of quoted investments	(3,814)	-	(16,389)	-
Loss on disposal of investments	(2,338)	-	(2,338)	-
Write back of impairment in value of property	1,545	875	1,545	875
Write back of impairment in value of investments (net)	-	16,306	-	16,306
Surplus arising from deconsolidation of a subsidiary	-	-	-	14,493
	<u>(16,410)</u>	<u>10,199</u>	<u>(38,944)</u>	<u>25,222</u>

A6. Changes In Estimates of Amounts Reported Previously

There were no changes in estimates of amounts reported in prior financial years which may have a material effect in the financial period ended 31 December 2008.

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A7. Issuances and Repayments of Debt and Equity Securities

During the financial period ended 31 December 2008, the Company purchased a further 4,763,400 of its own ordinary shares from the open market for a total cash consideration of RM988,000 including transaction cost and this was financed by internally generated funds. The average price paid for the shares repurchased was RM0.21 per share. These shares repurchased are held as treasury shares as at 31 December 2008 in accordance with Section 67A of the Companies Act, 1965 and are stated as cost.

As at 31 December 2008, the number of treasury shares held is 64,759,800 ordinary shares.

There were no issuances and repayments of debt and equity securities and resale of treasury shares for the financial period ended 31 December 2008.

A8. Dividends Paid

No dividend was paid by the Company during the financial period ended 31 December 2008 (31 December 2007: Nil).

A9. Discontinued Operation

On 7 May 2007, the Board of directors of Network Foods Limited ("NFL"), Australia appointed voluntary administrators ("Administrators") under the Australian Corporations Act 2001 (the "Act"). Upon the appointment, the Administrators took control of the affairs of NFL and the powers of the directors of NFL were suspended.

In view of the above, the financial statements of NFL were deconsolidated from the consolidated Financial Statements of the Group with effect from 7 May 2007. Subsequently, the operation of NFL was discontinued.

The comparative Consolidated Income Statement was re-presented to show the discontinued operation separately from continuing operations.

Results of discontinued operation of NFL

	31/12/2007
	Up to date of
	deconsolidation
	RM'000
Revenue	14,685
Operating costs	<u>(19,476)</u>
	(4,791)
Exceptional item - surplus arising from deconsolidation of a subsidiary	14,493
Finance cost	<u>(520)</u>
Profit for the financial period	<u>9,182</u>

A10. Segment Information

The analysis of the Group's continuing operations for the financial period ended 31 December 2008 is as follows:-

	Food &	Investment	Total
	Confectionery	Holding	Total
	RM'000	RM'000	RM'000
REVENUE			
- External revenue	111,848	13,111	124,959
- Inter-segment revenue	-	-	-
Total	<u>111,848</u>	<u>13,111</u>	<u>124,959</u>
RESULTS			
Segment results	14,820	(34,152)	(19,332)
Finance cost	(456)	(14,955)	(15,411)
Profit/(Loss) before taxation	<u>14,364</u>	<u>(49,107)</u>	<u>(34,743)</u>

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A11. Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The valuations of land and buildings have been brought forward without amendment from the previous annual report.

A12. Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 31 December 2008 that have not been reflected in the financial statements for the said period as at the date of this report.

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 December 2008.

A14. Contingent Liabilities

There are no material contingent liabilities as at the date of this report.

A15. Capital Commitments

There are no material capital commitments as at the date of this report other than the acquisition of the property for a cash consideration of RM17.0 million disclosed in Note B8. The acquisition is currently pending completion .

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B NOTES PER BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

For the twelve months ended 31 December 2008, the Group recorded revenue of RM125.0 million, lower than the revenue of RM129.9 million recorded for the previous year corresponding period. The lower revenue was due to rationalisation of its product portfolio by the Group's food and confectionery business, including discontinuing products with low margins or slow offtake. As a result, gross profit was higher than the previous year while gross profit margin improved despite the lower revenue.

Unfortunately, the global financial crisis which worsened in the fourth quarter and the bearish stock market condition during the said period have affected the results of the Group. The Group recorded a pre-tax loss of RM34.7 million mainly due to losses on foreign exchange and allowances for diminution in value of quoted investments.

B2. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

The current quarter recorded revenue of RM25.5 million and a pre-tax loss of RM17.6 million compared with the preceding quarter's revenue of RM35.7 million and pre-tax loss of RM2.2 million. The lower revenue was mainly due to the rationalisation of its product portfolio by the food & confectionery business, while the higher loss was mainly due to losses on foreign exchange and allowances for diminution in value of quoted investments as explained in Note B1 above.

B3. Prospects for Current Financial Year

The Group expects its tough operating environment to continue in the current financial year due to the prevailing unfavourable global economic conditions and the expected downturn in consumer spending on non-essential goods locally. To mitigate this, the Group will continue to embark on initiatives to improve productivity and cost efficiency, increasing its market reach and better product offering.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Taxation

Taxation comprises:-

	Fourth Quarter		Cumulative 12 months	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	RM'000	RM'000	RM'000	RM'000
Current taxation	810	328	2,065	1,526
Under / (Over) provision in respect of prior years	(7)	-	42	(42)
Deferred taxation	14	107	14	107
	<u>817</u>	<u>435</u>	<u>2,121</u>	<u>1,591</u>

The tax provision of the Group for the financial period ended 31 December 2008 is due to certain subsidiaries having taxable profits while no group relief is available for losses suffered by other subsidiaries.

B6. Gain/(Loss) on Disposal of Investments and/or Properties

There was no gain/(loss) on disposal of investments and/or properties for the financial period ended 31 December 2008 other than as disclosed in Note A5 and Note B7.

B7. Quoted Securities

(a) Total purchases and disposals of quoted securities for the financial period ended 31 December 2008 are as follows:-

	RM'000
(i) Total purchases	96
(ii) Total disposals	8,289
Net loss on disposal	(2,338)

(b) Total investments in quoted securities as at 31 December 2008 are as follows:-

	RM'000
At cost	179,839
Less: Allowance for diminution in value of quoted investments	<u>(151,085)</u>
	<u>28,754</u>
Market value	<u>22,324</u>

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B8. Status of Corporate Proposals

On 17 July 2008, the Company announced that Network Foods Industries Sdn Bhd ("NFI"), a 81.54% owned subsidiary, had entered into a sale and purchase agreement with Malaysia Plastics Sdn Bhd to acquire a piece of property held under H.S.(D) 167496 (Lot No. 614), Mukim Damansara, District of Petaling, Selangor Darul Ehsan, with buildings erected thereon ("Property") for a cash consideration of RM17.0 million ("Acquisition").

The Property is located next to NFI's existing factory in Shah Alam and is therefore well suited for NFI's expansion plans to meet its growth demand. The Acquisition is currently pending completion.

Other than the above, the Group has not announced any corporate proposals which have not been completed as at the date of this report.

B9. Group Borrowings

(a) Total Group borrowings as at 31 December 2008 are as follows:-

	RM'000
Short Term Borrowings	
Unsecured	<u>219,938</u>

(b) Foreign borrowings in Ringgit equivalent as at 31 December 2008 included in (a) above are as follows:-

	RM'000
Currency	
Singapore Dollars	<u>521</u>

The foreign borrowings are taken by the foreign subsidiaries of the Group.

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

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

B12. Dividend

No dividend has been declared by the Board for the financial period ended 31 December 2008 (31 December 2007: Nil).

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B13. (Loss)/Earnings Per Share

(i) (Loss)/Basic earnings per share

The basic (loss)/earnings per ordinary share is calculated by dividing the (loss)/profit for the financial period attributable to equity holders of the Company with the weighted average number of shares in issue during the period as follows:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
(Loss)/Profit attributable to equity holders of the Company (RM'000)				
- from continuing operations	(19,305)	16,225	(38,256)	15,118
- from discontinued operation	-	-	-	9,182
	(19,305)	16,225	(38,256)	24,300
Weighted average number of ordinary shares in issue ('000)	708,597	713,361	710,958	713,361
(Loss)/Earnings per share (sen)				
- from continuing operations	(2.72)	2.27	(5.38)	2.12
- from discontinued operation	-	-	-	1.29
	(2.72)	2.27	(5.38)	3.41

(ii) The diluted earnings per share is not disclosed as it is not applicable.

B14. Other Matters

The Company had unutilised cash proceeds of approximately RM288.5 million raised from the disposal of its cement-based associated companies in previous years. These proceeds were placed with financial institutions, in line with one of the conditions stipulated by Securities Commission ("SC"). The SC had vide its letter dated 15 December 2008 approved the Company's application to utilise the said funds for the following purposes:-

	Amount Unutilised RM'million	Amount Utilised RM'million	Balance As At 31/12/2008 RM'million
a) To finance the acquisition of a piece of factory property comprising leasehold land with factory buildings in Shah Alam, Selangor Darul Ehsan by Network Foods Industries Sdn Bhd ("NFI")	17.0	-	17.0
b) To finance the development of the above and existing properties for the expansion of NFI's manufacturing operations and consolidation with the marketing and distribution operations of Network Foods (Malaysia) Sdn Bhd	31.0	-	31.0
c) To repay existing bank borrowings of the Company	240.5	64.0	176.5 *
Total	288.5	64.0	224.5

* Subsequent to 31 December 2008, the balance amount of RM176.5 million has been utilised to repay bank borrowings of the Company in January 2009.

**On behalf of the Board
PAN MALAYSIA CORPORATION BERHAD**

**LAI CHEE LEONG
LEONG PARK YIP
Joint Company Secretaries**

Date: 26 February 2009