

PAN MALAYSIA CORPORATION BERHAD
Company No : 4920 - D
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 30 JUNE 2009
(The figures are unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 30 June 2009

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Revenue	14,021	29,849	31,992	63,691
Cost of sales	(8,429)	(18,662)	(19,545)	(40,963)
Gross profit	5,592	11,187	12,447	22,728
Other income	4,241	284	7,042	461
Administration expenses	(2,952)	(2,760)	(5,670)	(4,936)
Selling and distribution expenses	(3,812)	(3,710)	(7,085)	(7,244)
Other expenses	-	(13,512) *	-	(18,033) *
Finance costs	(453)	(3,985)	(1,260)	(7,985)
Profit/(Loss) before taxation	2,616	(12,496)	5,474	(15,009)
Taxation	(225)	(400)	(578)	(813)
Profit/(Loss) for the financial period	2,391	(12,896)	4,896	(15,822)
Attributable to:-				
Equity holders of the Company	2,343	(13,018)	4,694	(16,031)
Minority interests	48	122	202	209
	2,391	(12,896)	4,896	(15,822)
	Sen	Sen	Sen	Sen
Earning/(Loss) per 50 sen share				
attributable to equity holders of				
the Company :				
Basic	0.33	(1.83)	0.66	(2.25)
Fully diluted	N/A	N/A	N/A	N/A

* - Other expenses comprised unrealised losses on foreign exchange and allowance for diminution in value of quoted investments.

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 2008 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2009

	30/06/2009	31/12/2008
	RM'000	(Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,678	24,741
Prepaid land lease payments	1,801	1,816
Investment property	1,237	1,249
Goodwill on consolidation	58,206	58,206
Trademarks	4,984	4,984
Investments	138,116	122,337
Deferred tax assets	216	215
	<hr/>	<hr/>
	229,238	213,548
Current assets		
Inventories	17,160	19,790
Trade and other receivables	17,271	33,452
Tax recoverable	281	413
Deposits, bank balances and cash	127,466	304,563
Investments	-	2,802
	<hr/>	<hr/>
	162,178	361,020
	<hr/>	<hr/>
TOTAL ASSETS	391,416	574,568
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	386,678	386,678
Treasury shares	(30,466)	(30,466)
Reserves	(28,661)	(34,168)
	<hr/>	<hr/>
	327,551	322,044
Minority interests	9,731	9,616
	<hr/>	<hr/>
Total Equity	337,282	331,660
Non-current liabilities		
Deferred tax liabilities	567	567
	<hr/>	<hr/>
Current liabilities		
Short term borrowings	39,842	219,938
Trade and other payables	12,830	21,513
Amounts owing to related companies	250	250
Provision for taxation	645	640
	<hr/>	<hr/>
	53,567	242,341
	<hr/>	<hr/>
Total Liabilities	54,134	242,908
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	391,416	574,568
	<hr/>	<hr/>
	RM	RM
Net Assets per 50 sen share attributable to equity holders of the Company	0.46 *	0.45 *

* 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 2008 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 STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June 2009

Cumulative 6 months	Attributable to Equity Holders of the Company						Minority	Total	
	Non-Distributable						Interests	Equity	
	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	Total RM'000	RM'000	RM'000
At 1 January 2009	386,678	(30,466)	472,258	33,327	87,622	(627,375)	322,044	9,616	331,660
Net income recognised directly in equity	-	-	-	-	813	-	813	(87)	726
Profit for the financial period	-	-	-	-	-	4,694	4,694	202	4,896
Total recognised income for the period	-	-	-	-	813	4,694	5,507	115	5,622
At 30 June 2009	386,678	(30,466)	472,258	33,327	88,435	(622,681)	327,551	9,731	337,282
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	-	-	-	-	5,276	-	5,276	(427)	4,849
Loss for the financial period	-	-	-	-	-	(16,031)	(16,031)	209	(15,822)
Total recognised income and expense for the period	-	-	-	-	5,276	(16,031)	(10,755)	(218)	(10,973)
Purchase of own shares	-	(625)	-	-	-	-	(625)	-	(625)
At 30 June 2008	386,678	(30,103)	472,258	33,327	88,392	(604,045)	346,507	8,520	355,027

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 2008 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 30 June 2009

	CUMULATIVE 6 MONTHS	
	30/06/2009	30/06/2008
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	5,474	(15,009)
Adjustments:-		
Allowance for diminution in value of quoted investments	-	12,575
Write back of allowance for doubtful debts	(26)	(33)
Gain on disposal of property, plant and equipment	(26)	(88)
Gain on disposal of investments	(736)	-
Unrealised (gain) / loss on foreign exchange	(5,546)	3,171
Others	1,442	1,754
Operating profit before working capital changes	<u>582</u>	<u>2,370</u>
Net change in working capital	<u>10,172</u>	<u>(268)</u>
Cash generated from operating activities	10,754	2,102
Interest paid	(1,260)	(7,985)
Interest received	914	7,107
Dividend received	36	40
Tax paid	(882)	(1,049)
Tax refunded	443	1,712
Net cash generated from operating activities	<u>10,005</u>	<u>1,927</u>
Cash Flows From Investing Activities		
Purchase of investments	(15,779)	(4)
Purchase of property, plant and equipment	(932)	(937)
Proceeds from sale of investments	3,537	-
Proceeds from disposal of property, plant and equipment	26	88
Net cash used in investing activities	<u>(13,148)</u>	<u>(853)</u>
Cash Flows From Financing Activities		
Purchase of own shares	-	(625)
Repayment of bank borrowings (net)	(174,990)	(16,045)
Net cash used in financing activities	<u>(174,990)</u>	<u>(16,670)</u>
Net decrease in cash and cash equivalents	(178,133)	(15,596)
Exchange translation differences	6,143	777
Cash and cash equivalents at 1 January	295,697	346,298
Cash and cash equivalents at 30 June	<u>123,707</u>	<u>331,479</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

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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 2008.

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 2008.

A3. Auditors' Report

The auditors' report on the audited financial statements for the financial year ended 31 December 2008 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 30 June 2009, other than the following:-

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Gain/(Loss) on foreign exchange	3,896	(937)	5,722	(5,458)
Allowance for diminution in value of quoted investments	-	(12,575)	-	(12,575)
Gain on disposal of investments	22	-	736	-
	<u>3,918</u>	<u>(13,512)</u>	<u>6,458</u>	<u>(18,033)</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 30 June 2009.

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A7. Issuances and Repayments of Debt and Equity Securities

As at 30 June 2009, the number of treasury shares held is 64,759,800 ordinary shares.

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations and resale of treasury shares for the financial period ended 30 June 2009.

A8. Dividends Paid

No dividend was paid by the Company during the financial period ended 30 June 2009 (30 June 2008: Nil).

A9. Segment Information

The analysis of the Group's operations for the financial period ended 30 June 2009 is as follows:-

	Food & Confectionery RM'000	Investment Holding RM'000	Total RM'000
REVENUE			
- External revenue	31,194	798	31,992
- Inter-segment revenue	-	-	-
Total	<u>31,194</u>	<u>798</u>	<u>31,992</u>
RESULTS			
Segment results	935	5,799	6,734
Finance cost	(7)	(1,253)	(1,260)
Profit before taxation	<u>928</u>	<u>4,546</u>	<u>5,474</u>

A10. 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.

A11. Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 30 June 2009 that have not been reflected in the financial statements for the said period as at the date of this report.

A12. Changes in the Composition of the Group

Syahdu Pinta Berhad, a wholly-owned subsidiary of the Group, which was placed under members' voluntary winding-up on 31 January 2005, was dissolved on 1 March 2009 pursuant to Section 272 (5) of the Companies Act, 1965.

Balfour Grange Pty Ltd, Dinnie Rundle Pty Ltd and Universal Confectionery Pty Ltd, dormant wholly-owned subsidiaries of Network Foods Limited (Under Voluntary Administration) which were all incorporated in Australia, were deregistered on 27 May 2009 following an earlier application by the said subsidiaries to the Australian Securities & Investments Commission for deregistration.

Other than the above, there were no changes in the composition of the Group during the financial period ended 30 June 2009.

A13. Contingent Liabilities

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

A14. Capital Commitments

There are no material capital commitments as at the date of this report. The acquisition of the property for a cash consideration of RM17.0 million as disclosed in Note B8 was completed on 20 July 2009.

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B NOTES PER BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1. Review of Performance

For the six months ended 30 June 2009, the Group recorded revenue of RM32.0 million, lower than the revenue of RM63.7 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.

Despite the lower revenue, the Group recorded a pre-tax profit of RM5.5 million compared with a pre-tax loss of RM15.0 million in the previous year corresponding period. This was mainly due to significantly lower finance cost, gain on foreign exchange and gain on disposal of investments while the loss in the previous year was mainly due to losses on foreign exchange and allowance for diminution in value of investments. As detailed in Note B14, the Company repaid RM176.5 million of bank borrowings during the previous quarter, thus the significant reduction in finance cost compared to the previous year corresponding period.

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

In the current quarter, the Group recorded revenue of RM14.0 million and a pre-tax profit of RM2.6 million compared with the preceding quarter's revenue of RM18.0 million and pre-tax profit of RM2.9 million. The better results for the preceding quarter was due to better sales during the festive seasons, in line with the seasonal nature of the Group's food and confectionery operations.

B3. Prospects for Current Financial Year

In light of the prevailing uncertainty in the global economic outlook, consumer spending on non-essential goods is anticipated to continue to be restrained. To mitigate this, the Group will focus on initiatives to offer a wider range of quality products at competitive prices, increase brand visibility and loyalty, and improve productivity and cost efficiency.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Taxation

Taxation comprises:-

	Second Quarter		Cumulative 6 months	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Current taxation	205	374	572	771
Under provision in respect of prior years	20	26	6	42
	<u>225</u>	<u>400</u>	<u>578</u>	<u>813</u>

The tax provision of the Group for the financial period ended 30 June 2009 is lower than the statutory rate of tax mainly due to certain income not subject to tax.

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 30 June 2009 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 30 June 2009 are as follows:-

	RM'000
(i) Total purchases	15,779
(ii) Total disposals	2,802
Net gain on disposal	736

(b) Total investments in quoted securities as at 30 June 2009 are as follows:-

	RM'000
At cost	185,599
Less: Allowance for diminution in value of quoted investments	<u>(143,868)</u>
	<u>41,731</u>
Market value	<u>52,906</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 Acquisition was completed on 20 July 2009.

The Property is adjoining NFI's existing factory in Shah Alam. The enlarged site will allow for the Group's manufacturing, sales and distribution divisions to be situated in one central location. This will result in improved efficiencies and better synergies in the operations of the said divisions as well as making adequate allowance for future growth in manufacturing and warehousing capacity.

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 30 June 2009 are as follows:-

	RM'000
Short Term Borrowings	
Unsecured	<u>39,842</u>

(b) Foreign borrowings in Ringgit equivalent as at 30 June 2009 included in (a) above are as follows:-

	RM'000
Currency	
US Dollars	83
Singapore Dollars	<u>151</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 30 June 2009 (30 June 2008: Nil).

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B13. Earnings/(Loss) Per Share

(i) Basic earnings/(Loss) per share

The basic earnings/(loss) per ordinary share is calculated by dividing the profit/(loss) 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:-

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
Profit/(Loss) attributable to equity holders of the Company (RM'000)	2,343	(13,018)	4,694	(16,031)
Weighted average number of ordinary shares in issue ('000)	708,597	712,815	708,597	713,088
Earnings/(Loss) per share (sen)	0.33	(1.83)	0.66	(2.25)

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

B14. Other Matters

The utilisation of the balance of the proceeds from the disposal of the cement-based associates is as follows:

	Balance As At 01/01/2009 RM'million	Amount Utilised RM'million	Balance As At 30/06/2009 RM'million
Proposed utilisation as approved by the Securities Commission ("SC")			
a) To finance the acquisition 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	176.5	176.5	-
Total	224.5	176.5	48.0

* Subsequently utilised on 20 July 2009.

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

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

Date: 19 August 2009