

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

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For the financial period ended 30 September 2009**

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Revenue	19,574	35,745	51,566	99,436
Cost of sales	(11,686)	(23,520)	(31,231)	(64,483)
Gross profit	7,888	12,225	20,335	34,953
Other income	480	216	5,026	677
Administration expenses	(2,798)	(3,289)	(8,468)	(8,225)
Selling and distribution expenses	(4,312)	(3,020)	(11,397)	(10,264)
Other expenses	(2,496)	(4,501)	-	(22,534)
Finance costs	(433)	(3,809)	(1,693)	(11,794)
Profit/(Loss) before taxation	(1,671)	(2,178)	3,803	(17,187)
Taxation	(221)	(491)	(799)	(1,304)
Profit/(Loss) for the financial period	(1,892)	(2,669)	3,004	(18,491)
Attributable to:-				
Equity holders of the Company	(2,043)	(2,920)	2,651	(18,951)
Minority interests	151	251	353	460
	(1,892)	(2,669)	3,004	(18,491)
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
<b>Earnings/(Loss) per 50 sen share attributable to equity holders of the Company :</b>				
Basic	(0.29)	(0.41)	0.37	(2.66)
Fully diluted	N/A	N/A	N/A	N/A

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 September 2009**

	30/09/2009	31/12/2008
	RM'000	(Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	24,028	24,741
Prepaid land lease payments	19,288	1,816
Investment property	1,239	1,249
Goodwill on consolidation	58,206	58,206
Trademarks	4,984	4,984
Investments	138,064	122,337
Deferred tax assets	214	215
	<u>246,023</u>	<u>213,548</u>
<b>Current assets</b>		
Inventories	13,551	19,790
Trade and other receivables	19,024	33,452
Tax recoverable	548	413
Deposits, bank balances and cash	109,672	304,563
Investments	-	2,802
	<u>142,795</u>	<u>361,020</u>
<b>TOTAL ASSETS</b>	<u>388,818</u>	<u>574,568</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	386,678	386,678
Treasury shares	(30,466)	(30,466)
Reserves	(30,377)	(34,168)
	<u>325,835</u>	<u>322,044</u>
<b>Minority interests</b>	9,984	9,616
<b>Total Equity</b>	<u>335,819</u>	<u>331,660</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	568	567
<b>Current liabilities</b>		
Short term borrowings	39,871	219,938
Trade and other payables	11,935	21,513
Amounts owing to related companies	-	250
Provision for taxation	625	640
	<u>52,431</u>	<u>242,341</u>
<b>Total Liabilities</b>	<u>52,999</u>	<u>242,908</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>388,818</u>	<u>574,568</u>
	<b>RM</b>	<b>RM</b>
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**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 For the financial period ended 30 September 2009

	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	-	-	-	-	1,140	-	1,140	15	1,155
Profit for the financial period	-	-	-	-	-	2,651	2,651	353	3,004
Total recognised income for the period	-	-	-	-	1,140	2,651	3,791	368	4,159
At 30 September 2009	386,678	(30,466)	472,258	33,327	88,762	(624,724)	325,835	9,984	335,819
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	-	-	-	-	6,336	-	6,336	(497)	5,839
Loss for the financial period	-	-	-	-	-	(18,951)	(18,951)	460	(18,491)
Total recognised income and expense for the period	-	-	-	-	6,336	(18,951)	(12,615)	(37)	(12,652)
Purchase of own shares	-	(988)	-	-	-	-	(988)	-	(988)
At 30 September 2008	386,678	(30,466)	472,258	33,327	89,452	(606,965)	344,284	8,701	352,985

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 September 2009**

	<b>CUMULATIVE 9 MONTHS</b>	
	<b>30/09/2009</b>	<b>30/09/2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before taxation	3,803	(17,187)
Adjustments:-		
Allowance for diminution in value of quoted investments	-	12,575
Allowance for doubtful debts	-	14
Gain on disposal of investments	(826)	-
Gain on disposal of property, plant and equipment	(24)	(89)
Inventories written off	973	-
Unrealised (gain) / loss on foreign exchange	(3,626)	7,801
Write back of allowance for doubtful debts	(27)	(661)
Others	2,060	2,748
Operating profit before working capital changes	<u>2,333</u>	<u>5,201</u>
Net change in working capital	10,129	(2,386)
Cash generated from operating activities	12,462	2,815
Dividend received	123	49
Interest paid	(1,693)	(11,794)
Interest received	1,264	10,469
Tax paid	(1,390)	(1,494)
Tax refunded	443	1,710
Net cash generated from operating activities	<u>11,209</u>	<u>1,755</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	26	89
Proceeds from sale of investments	3,680	43
Purchase of investments	(15,779)	(4)
Purchase of property, plant and equipment	(18,243)	(1,052)
Repayment to related company	(250)	-
Net cash used in investing activities	<u>(30,566)</u>	<u>(924)</u>
<b>Cash Flows From Financing Activities</b>		
Purchase of own shares	-	(988)
Repayment of bank borrowings (net)	(171,574)	(16,647)
Net cash used in financing activities	<u>(171,574)</u>	<u>(17,635)</u>
Net decrease in cash and cash equivalents	(190,931)	(16,804)
Exchange translation differences	4,534	(3,136)
Cash and cash equivalents at 1 January	295,697	346,297
Cash and cash equivalents at 30 September	<u>109,300</u>	<u>326,357</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.

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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" and Chapter 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). 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 September 2009, other than the following which were included in other income and other expenses:-

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Gain/(Loss) on foreign exchange	(2,496)	(4,501)	3,226	(9,959)
Allowance for diminution in value of quoted investments	-	-	-	(12,575)
	<u>(2,496)</u>	<u>(4,501)</u>	<u>3,226</u>	<u>(22,534)</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 September 2009.

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**A7. Issuances and Repayments of Debt and Equity Securities**

As at 30 September 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 September 2009.

**A8. Dividends Paid**

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

**A9. Segment Information**

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

	<b>Food &amp; Confectionery RM'000</b>	<b>Investment Holding RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>			
- External revenue	50,460	1,106	51,566
- Inter-segment revenue	-	-	-
Total	<u>50,460</u>	<u>1,106</u>	<u>51,566</u>
<b>RESULTS</b>			
Segment results	2,197	3,299	5,496
Finance cost	(10)	(1,683)	(1,693)
Profit before taxation	<u>2,187</u>	<u>1,616</u>	<u>3,803</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 September 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 September 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 nine months ended 30 September 2009, the Group recorded a revenue of RM51.6 million, compared with a revenue of RM99.4 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 RM3.8 million compared with a pre-tax loss of RM17.2 million in the previous year corresponding period. This was mainly due to significantly lower finance cost and gain on foreign exchange 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 first 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 a revenue of RM19.6 million and a pre-tax loss of RM1.7 million compared with the preceding quarter's revenue of RM14.0 million and pre-tax profit of RM2.6 million. The higher revenue for the current quarter was due to better sales during the festive seasons, in line with the seasonal nature of the Group's food and confectionery operations. The pre-tax loss for the current quarter was mainly due to loss on foreign exchange and higher advertising and promotion expenditure as part of the Group's rebranding exercise whilst the pre-tax profit in the preceding quarter was mainly due to gain on foreign exchange.

### B3. Prospects for Current Financial Year

Whilst there is some optimism seen in the global economic outlook, consumer spending on non-essential goods is likely to remain cautious. To mitigate this, the Group will focus on initiatives to offer innovative and 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:-

	Third Quarter		Cumulative 9 months	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Current taxation	166	484	738	1,255
Under provision in respect of prior years	55	7	61	49
	<u>221</u>	<u>491</u>	<u>799</u>	<u>1,304</u>

The tax provision of the Group for the financial period ended 30 September 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 September 2009 other than as disclosed in Note B7.

### B7. Quoted Securities

(a) Total purchases and disposals of quoted securities for the financial period ended 30 September 2009 are as follows:-

	RM'000
(i) Total purchases	15,779
(ii) Total disposals	2,854
(iii) Net gain on disposals	826

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

	RM'000
At cost	185,547
Less: Allowance for diminution in value of quoted investments	<u>(143,868)</u>
	<u>41,679</u>
Market value	<u>54,504</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 September 2009 are as follows:-

	<b>RM'000</b>
Short Term Borrowings	
Unsecured	<u>39,871</u>

(b) There are no foreign borrowings in Ringgit equivalent as at 30 September 2009 which have been included in (a) above.

**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 September 2009 (30 September 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:-

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
Profit/(Loss) attributable to equity holders of the Company (RM'000)	(2,043)	(2,920)	2,651	(18,951)
Weighted average number of ordinary shares in issue ('000)	708,597	709,104	708,597	711,750
Earnings/(Loss) per share (sen)	(0.29)	(0.41)	0.37	(2.66)

- (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 30/09/2009 RM'million
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	193.5	31.0

On behalf of the Board  
PAN MALAYSIA CORPORATION BERHAD

LAI CHEE LEONG  
LEONG PARK YIP  
Joint Company Secretaries

Date: 19 November 2009