

PAN MALAYSIA CORPORATION BERHAD
Company No : 4920 - D
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT
FIRST QUARTER ENDED 31 MARCH 2010
(The figures are unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 31 March 2010

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
Revenue	21,739	17,971	21,739	17,971
Cost of sales	(14,525)	(11,116)	(14,525)	(11,116)
Gross profit	7,214	6,855	7,214	6,855
Other income	425	2,801	425	2,801
Administration expenses	(3,187)	(2,718)	(3,187)	(2,718)
Selling and distribution expenses	(4,768)	(3,273)	(4,768)	(3,273)
Other expenses	(2,238) *	-	(2,238) *	-
Finance costs	(442)	(807)	(442)	(807)
(Loss)/Profit before taxation	(2,996)	2,858	(2,996)	2,858
Taxation	(408)	(353)	(408)	(353)
(Loss)/Profit for the financial period	<u>(3,404)</u>	<u>2,505</u>	<u>(3,404)</u>	<u>2,505</u>
 (Loss)/Profit for the financial period attributable to:-				
Equity holders of the Company	(3,597)	2,351	(3,597)	2,351
Minority interests	193	154	193	154
	<u>(3,404)</u>	<u>2,505</u>	<u>(3,404)</u>	<u>2,505</u>
	Sen	Sen	Sen	Sen
(Loss)/Earnings per share attributable to equity holders of the Company:				
Basic	(0.51)	0.33	(0.51)	0.33
Fully diluted	N/A	N/A	N/A	N/A

* Other expenses comprised unrealised losses on foreign exchange.

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 2009 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 COMPREHENSIVE INCOME
For the financial period ended 31 March 2010

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the financial period	(3,404)	2,505	(3,404)	2,505
Other comprehensive income, net of tax				
Fair value of available-for-sale financial assets	(2,869)	-	(2,869)	-
Foreign currency translation differences for foreign operations	(2,806)	130	(2,806)	130
Total comprehensive (loss)/income for the financial period	<u>(9,079)</u>	<u>2,635</u>	<u>(9,079)</u>	<u>2,635</u>
 Total comprehensive (loss)/income for the financial period attributable to:-				
Equity holders of the Company	(9,269)	2,440	(9,269)	2,440
Minority interests	190	195	190	195
	<u>(9,079)</u>	<u>2,635</u>	<u>(9,079)</u>	<u>2,635</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2009 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 FINANCIAL POSITION
At 31 March 2010

	31/03/2010 (Unaudited) RM'000	31/12/2009 (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,136	44,471
Investment property	1,160	1,219
Investments	150,579	136,743
Goodwill on consolidation	58,206	58,206
Trademarks	4,984	4,984
Deferred tax assets	77	82
	<u>259,142</u>	<u>245,705</u>
Current assets		
Inventories	21,622	22,577
Trade and other receivables	18,921	18,250
Tax recoverable	848	819
Deposits, bank balances and cash	92,253	102,687
	<u>133,644</u>	<u>144,333</u>
TOTAL ASSETS	<u>392,786</u>	<u>390,038</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	386,678	386,678
Treasury shares	(30,466)	(30,466)
Reserves	(28,359)	(35,788)
	<u>327,853</u>	<u>320,424</u>
Minority interests	11,222	11,032
Total Equity	<u>339,075</u>	<u>331,456</u>
Non-current liabilities		
Deferred tax liabilities	779	781
Hire purchase and finance lease creditors	430	-
	<u>1,209</u>	<u>781</u>
Current liabilities		
Borrowings	42,243	40,738
Trade and other payables	10,224	17,063
Provision for taxation	35	-
	<u>52,502</u>	<u>57,801</u>
Total Liabilities	<u>53,711</u>	<u>58,582</u>
TOTAL EQUITY AND LIABILITIES	<u>392,786</u>	<u>390,038</u>
	RM	RM
Net Assets per 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 Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2009 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 March 2010

	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	Fair Value Reserves RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	RM'000
At 1 January 2010, as previously stated	386,678	(30,466)	472,258	33,327	87,188	-	(628,561)	320,424	11,032	331,456
Effects arising from adoption of FRS 139 (Note A2 (d))	-	-	-	-	-	16,698	-	16,698	-	16,698
At 1 January 2010, as restated	386,678	(30,466)	472,258	33,327	87,188	16,698	(628,561)	337,122	11,032	348,154
Total comprehensive (loss)/income for the period	-	-	-	-	(2,803)	(2,869)	(3,597)	(9,269)	190	(9,079)
At 31 March 2010	386,678	(30,466)	472,258	33,327	84,385	13,829	(632,158)	327,853	11,222	339,075
At 1 January 2009	386,678	(30,466)	472,258	33,327	87,622	-	(627,375)	322,044	9,616	331,660
Total comprehensive income for the period	-	-	-	-	89	-	2,351	2,440	195	2,635
At 31 March 2009	386,678	(30,466)	472,258	33,327	87,711	-	(625,024)	324,484	9,811	334,295

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 2009 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2010

	CUMULATIVE 3 MONTHS	
	31/03/2010	31/03/2009
	RM'000	RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before taxation	(2,996)	2,858
Adjustments:-		
Allowances/(Write back) for doubtful debts	24	(22)
Inventories written off	425	-
Gain on disposal of investments	-	(714)
Gain on disposal of property, plant and equipment	(43)	(10)
Unrealised loss / (gain) on foreign exchange	3,169	(1,222)
Others	973	847
Operating profit before working capital changes	<u>1,552</u>	<u>1,737</u>
Net change in working capital	<u>(7,237)</u>	<u>8,022</u>
Cash (used in)/generated from operating activities	(5,685)	9,759
Dividend received	4	5
Interest paid	(442)	(807)
Interest received	236	520
Tax paid	(399)	(418)
Net cash (used in)/generated from operating activities	<u>(6,286)</u>	<u>9,059</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	43	10
Proceeds from sale of investments	-	3,516
Purchase of investments	(7)	(15,739)
Purchase of property, plant and equipment	<u>(994)</u>	<u>(225)</u>
Net cash used in investing activities	<u>(958)</u>	<u>(12,438)</u>
Cash Flows From Financing Activities		
Proceeds from hire purchase (net)	578	-
Drawdown/(Repayment) of bank borrowings (net)	814	(176,459)
Net cash generated from/(used in) financing activities	<u>1,392</u>	<u>(176,459)</u>
Net decrease in cash and cash equivalents	(5,852)	(179,838)
Exchange translation differences	(5,273)	1,256
Cash and cash equivalents at 1 January	101,449	295,697
Cash and cash equivalents at 31 March	<u>90,324</u>	<u>117,115</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2009 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 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 2009. These explanatory notes attached to the the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

A2. Significant Accounting Policies

The significant accounting policies adopted in this interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards ("FRS"), Amendments to FRS and Interpretations with effect from 1 January 2010:-

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing costs (revised)
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 127	Consolidated and Separate Financial
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives: Embedded derivatives
Improvements to FRSs issued in 2009 in respect of various FRSs including Amendments to FRS 117	

Other than for the application of FRS 8, FRS 101, FRS 139 and Amendments to FRS 117, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 8: Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting had been presented based on the internal reporting to the management, who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial positions or results of the Group.

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A2. Significant Accounting Policies (Cont'd)

(b) FRS 101: Presentation of Financial Statements

The adoption of revised FRS 101 will have the following impact on the consolidation financial statements.

- i) This Standard introduces the titles "statement of financial position" and "statement of cash flows" to replace the current titles "balance sheet" and "cash flow statement" respectively. A new statement known as the "statement of comprehensive income" is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.
- ii) This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.
- iii) Additionally, FRS 101 require the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.
- iv) This Standard introduces a new requirement to disclose information on the objective, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124: *Related Party Disclosures*. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

(c) FRS 139: Financial Instruments - Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and commercial contracts to buy and sell non-financial items. The Group adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Available-for-sale ("AFS") investments

Prior to 1 January 2010, the Group classified its investments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon adoption of FRS 139, these investments are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at fair value.

For those investments that do not have quoted market price in an active market and of which fair value cannot be reliably measured at 1 January 2010 shall continued to be carried at cost less impairment loss.

Impact on opening balance

In accordance with the transitional provision of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following balances in the statement of financial position as at 1 January 2010.

	← At 1 January 2010 →		
	Previously stated	Effects of FRS 139	As restated
	RM'000	RM'000	RM'000
Assets			
Investments	136,743	16,698	153,441
Equity			
Fair value reserves	-	16,698	16,698

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A2. Significant Accounting Policies (Cont'd)

(d) Amendments to FRS 117: Leases

The Group has adopted the Amendments to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the Amendments to FRS 117:

	As at 31 December 2009	
	As previously stated	As restated
	RM'000	RM'000
Property, plant and equipment	25,262	44,471
Prepaid land lease payments	19,209	-

A3. Auditors' Report

The auditors' report on the audited financial statements for the financial year ended 31 December 2009 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 March 2010, other than the following which were included in other income and other expenses:-

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
(Loss)/Gain on foreign exchange	(2,238)	1,826	(2,238)	1,826
Gain on disposal of investments	-	714	-	714
	(2,238)	2,540	(2,238)	2,540

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 March 2010.

A7. Issuances and Repayments of Debt and Equity Securities

As at 31 March 2010, 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 31 March 2010.

A8. Dividends Paid

No dividend was paid by the Company during the financial period ended 31 March 2010 (31 March 2009: Nil).

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A9. Segment Information

The analysis of the Group's operations for the financial period ended 31 March 2010 is as follows:-

	Food & Confectionery RM'000	Investment Holding RM'000	Total RM'000
REVENUE			
- External revenue	21,551	188	21,739
- Inter-segment revenue	-	-	-
Total	<u>21,551</u>	<u>188</u>	<u>21,739</u>
RESULTS			
Segment results	174	(2,728)	(2,554)
Finance cost	(12)	(430)	(442)
Profit/(Loss) before taxation	<u>162</u>	<u>(3,158)</u>	<u>(2,996)</u>
Segment assets	<u>173,397</u>	<u>218,464</u>	391,861
Unallocated assets			<u>925</u>
			<u>392,786</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 31 March 2010 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

There were no changes in the composition of the Group during the financial period ended 31 March 2010.

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.

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B NOTES PER BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1. Review of Performance

For the financial year ended 31 March 2010, the Group recorded a revenue of RM21.7 million compared with a revenue of RM18.0 million for the previous year corresponding period. The higher revenue was due to better sales following the major rebranding exercise undertaken by the Group for several of its products. This has elevated the products brand positioning and improved market acceptance.

The Group recorded a pre-tax loss of RM3.0 million mainly due to loss on foreign exchange and higher advertising and promotion expenditure which was incurred as part of the rebranding exercise.

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 RM21.7 million and a pre-tax loss of RM3.0 million, about the same level as the preceding quarter's revenue of RM21.4 million and pre-tax loss of RM3.9 million.

B3. Prospects for Year 2010

The Group will continue to focus on re-aligning its strategy to implement a rationalisation programme that will improve further the overall productivity and cost efficiency. There are renewed initiatives to offer innovative and quality products at competitive prices, and to also increase brand visibility and loyalty. These have shown some positive results.

The Group looks forward to a better trading environment for the remaining periods of the financial year 2010 as it aggressively seeks to expand market share.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Taxation

Taxation comprises:-

	First Quarter		Cumulative 3 months	
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
Current taxation	408	367	408	367
Over provision in respect of prior years	-	(14)	-	(14)
	<u>408</u>	<u>353</u>	<u>408</u>	<u>353</u>

The tax provision of the Group for the financial period ended 31 March 2010 is higher than the statutory rate of tax mainly due to certain subsidiaries having taxable profit 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 March 2010.

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B7. Quoted Securities

(a) Total purchases and disposals of quoted securities for the financial period ended 31 March 2010 are as follows:-

	RM'000
(i) Total purchases	7
(ii) Total disposals	-
(iii) Net gain on disposals	-

(b) Total investments in quoted securities as at 31 March 2010 are as follows:

	RM'000
At market value	<u>53,333</u>

B8. Status of Corporate Proposals

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 March 2010 are as follows:-

	RM'000
Borrowings - current Unsecured	<u>42,243</u>

(b) There are no foreign borrowings as at 31 March 2010 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 31 March 2010 (31 March 2009: Nil).

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B13. (Loss)/Earnings Per Share

(i) (Loss)/Earnings per share

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

	<u>FIRST QUARTER</u>		<u>CUMULATIVE 3 MONTHS</u>	
	<u>31/03/2010</u>	<u>31/03/2009</u>	<u>31/03/2010</u>	<u>31/03/2009</u>
(Loss)/Earnings attributable to equity holders of the Company (RM'000)	(3,597)	2,351	(3,597)	2,351
Weighted average number of ordinary shares in issue ('000)	708,597	708,597	708,597	708,597
(Loss)/Earnings per share (sen)	<u>(0.51)</u>	<u>0.33</u>	<u>(0.51)</u>	<u>0.33</u>

(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 01/01/2010 RM'million	Amount utilised RM'million	Balance as at 31/03/2010 RM'million
Proposed utilisation as approved by the Securities Commission ("SC")			
To finance the development of the adjoining factory property acquired and existing properties for the expansion of Network Foods Industrial Sdn Bhd's manufacturing operations and consolidation with the marketing and distribution operations of Network Foods (Malaysia) Sdn Bhd	31.0	-	31.0
Total	<u>31.0</u>	<u>-</u>	<u>31.0</u>

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

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

Date: 25 May 2010