

PAN MALAYSIA CORPORATION BERHAD
Company No : 4920 - D
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT
FOURTH QUARTER ENDED 31 DECEMBER 2013
(The figures are unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENTS
For the financial year ended 31 December 2013

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Revenue	24,403	27,170	80,793	85,611
Cost of sales	(16,443)	(16,903)	(53,457)	(54,168)
Gross profit	<u>7,960</u>	<u>10,267</u>	<u>27,336</u>	<u>31,443</u>
Other income	253	3,942	24,226	5,838
Administration and operating expenses	(9,209)	(4,989)	(17,595)	(13,461)
Selling and distribution expenses	(3,557)	(3,323)	(14,077)	(13,831)
Finance costs	(201)	(315)	(772)	(1,304)
Profit/(Loss) before taxation	<u>(4,754)</u>	<u>5,582</u>	<u>19,118</u>	<u>8,685</u>
Taxation	107	(397)	(497)	(687)
Profit/(Loss) for the financial period/year	<u>(4,647)</u>	<u>5,185</u>	<u>18,621</u>	<u>7,998</u>
Profit/(Loss) for the financial period/year attributable to:-				
Equity holders of the Company	(4,647)	5,185	18,621	7,998
Non-controlling interests	-	-	-	-
	<u>(4,647)</u>	<u>5,185</u>	<u>18,621</u>	<u>7,998</u>
	Sen	Sen	Sen	Sen
Earnings/(Loss) per share attributable to equity holders of the Company:				
Basic	(0.66)	0.73	2.63	1.13
Fully diluted	N/A	N/A	N/A	N/A

N/A - Not applicable.

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2013

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Profit/(Loss) for the financial period/year	(4,647)	5,185	18,621	7,998
Other comprehensive income, net of tax				
Gain/(Loss) on disposal of investments Fair value of financial assets	-	(1,320)	5	-
-(loss)/gain on fair value changes	434	3,817	(1,919)	334
Foreign currency translation differences for foreign operations	(9)	8	938	(259)
Total comprehensive income/(loss) for the financial period/year	<u>(4,222)</u>	<u>7,690</u>	<u>17,645</u>	<u>8,073</u>
Total comprehensive income/(loss) for the financial period/year attributable to:-				
Equity holders of the Company	(4,222)	7,690	17,645	8,073
Non-controlling interests	-	-	-	-
	<u>(4,222)</u>	<u>7,690</u>	<u>17,645</u>	<u>8,073</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 December 2013**

	31/12/2013 (Unaudited) RM'000	31/12/2012 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,988	48,328
Investment property	1,160	1,152
Investments	82,707	90,064
Goodwill on consolidation	58,206	58,206
Trademarks	4,984	4,984
	<u>178,045</u>	<u>202,734</u>
Current assets		
Inventories	15,598	17,009
Trade and other receivables	18,400	20,472
Tax recoverable	619	274
Deposits, bank balances and cash	140,998	99,482
	<u>175,615</u>	<u>137,237</u>
TOTAL ASSETS	<u>353,660</u>	<u>339,971</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	386,678	386,678
Treasury shares	(30,484)	(30,484)
Reserves	(23,294)	(40,939)
	<u>332,900</u>	<u>315,255</u>
Non-controlling interests	-	-
Total Equity	<u>332,900</u>	<u>315,255</u>
Non-current liabilities		
Deferred tax liabilities	760	984
Loans and borrowings	179	263
	<u>939</u>	<u>1,247</u>
Current liabilities		
Loans and borrowings	7,562	14,350
Trade and other payables	12,164	9,107
Taxation	95	12
	<u>19,821</u>	<u>23,469</u>
Total Liabilities	<u>20,760</u>	<u>24,716</u>
TOTAL EQUITY AND LIABILITIES	<u>353,660</u>	<u>339,971</u>
	RM	RM
Net Assets per share attributable to equity holders of the Company	0.47 *	0.45 *

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

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

<u>Cumulative 12 months</u>	Attributable to Equity Holders of the Company								
	Non-Distributable					Accumulated Losses RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Other Reserves RM'000				
At 1 January 2013, as restated	386,678	(30,484)	472,258	33,327	56,910	(603,434)	315,255	-	315,255
Other comprehensive income:									
Gain on disposal of investments	-	-	-	-	-	5	5	-	5
Net loss on fair value changes of financial assets	-	-	-	-	-	(1,919)	(1,919)	-	(1,919)
Foreign exchange translation differences for foreign operations	-	-	-	-	938	-	938	-	938
Profit for the financial year	-	-	-	-	-	18,621	18,621	-	18,621
Total comprehensive income for the financial year	-	-	-	-	938	16,707	17,645	-	17,645
At 31 December 2013	386,678	(30,484)	472,258	33,327	57,848	(586,727)	332,900	-	332,900
At 1 January 2012, as restated	386,678	(30,466)	472,258	33,327	57,169	(611,766)	307,200	-	307,200
Net gain on fair value changes of financial assets	-	-	-	-	-	334	334	-	334
Foreign exchange translation differences for foreign operations	-	-	-	-	(259)	-	(259)	-	(259)
Profit for the financial year	-	-	-	-	-	7,998	7,998	-	7,998
Total comprehensive income/(loss) for the financial year	-	-	-	-	(259)	8,332	8,073	-	8,073
Transaction with owners:									
Own shares acquired	-	(18)	-	-	-	-	(18)	-	(18)
At 31 December 2012	386,678	(30,484)	472,258	33,327	56,910	(603,434)	315,255	-	315,255

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHADCompany No : 4920 - D
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
For the financial year ended 31 December 2013

	CUMULATIVE 12 MONTHS	
	31/12/2013	31/12/2012
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	19,118	8,685
Net adjustments:-		
Non-cash items	7,837	3,310
Non-operating items	(22,080)	(2,612)
Operating profit before working capital changes	<u>4,875</u>	<u>9,383</u>
Net change in working capital	<u>(404)</u>	<u>(3,773)</u>
Cash generated from operating activities	4,471	5,610
Dividend received	4	932
Interest paid	(772)	(1,304)
Interest received	2,291	1,422
Net tax paid	(1,008)	(930)
Net cash generated from operating activities	<u>4,986</u>	<u>5,730</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	38,475	63
Proceeds from disposal of investments	5,441	36,773
Purchase of investments	-	(1,777)
Purchase of property, plant and equipment	(1,406)	(1,236)
Net cash generated from investing activities	<u>42,510</u>	<u>33,823</u>
Cash Flows From Financing Activities		
Share buy-back	-	(18)
Repayment of hire purchase	(88)	(95)
Repayment of bank borrowings	(8,930)	-
Net cash used in financing activities	<u>(9,018)</u>	<u>(113)</u>
Net increase in cash and cash equivalents	38,478	39,440
Exchange translation differences	891	(525)
Cash and cash equivalents at 1 January	99,149	60,234
Cash and cash equivalents at 31 December	<u>138,518</u>	<u>99,149</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

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NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The condensed consolidated interim financial statements, other than financial instruments, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance with Malaysian Financial Reporting Standards ("MFRS") 139 Financial Instruments: Recognition and Measurement.

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to and understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2013:-

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

A3. 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.

A4. Exceptional Items

During the current financial year, the Group recorded an exceptional gain of RM21.7 million arising from the disposal of the leasehold land together with a warehouse and office erected thereon known as 12 Woodlands Link, Singapore.

A5. 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 year ended 31 December 2013.

A6. Issuances and Repayments of Debt and Equity Securities

As at 31 December 2013, the number of treasury shares held is 64,959,800 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 year ended 31 December 2013.

A7. Dividends Paid

No dividend was paid by the Company during the financial year ended 31 December 2013 (31 December 2012: Nil).

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A8. Segment Information

The analysis of the Group's operations for the financial year ended 31 December 2013 is as follows:-

	Food & Confectionery RM'000	Investment Holding RM'000	Total RM'000
REVENUE			
- External revenue	79,104	1,689	80,793
- Inter-segment revenue	-	-	-
Total	<u>79,104</u>	<u>1,689</u>	<u>80,793</u>
RESULTS			
Segment results	24,112	(4,222)	19,890
Finance cost	(28)	(744)	(772)
Profit/(loss) before taxation	<u>24,084</u>	<u>(4,966)</u>	<u>19,118</u>
Segment assets	<u>209,091</u>	<u>143,950</u>	353,041
Unallocated assets			<u>619</u>
			<u>353,660</u>

A9. 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.

A10. Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial year ended 31 December 2013 that have not been reflected in the financial statements for the said period as at the date of this report.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 December 2013.

A12. Contingent Liabilities

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

A13. 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 December 2013, the Group recorded revenue of RM80.8 million compared with revenue of RM85.6 million for the previous year. This was mainly due to lower OEM sales and export sales.

Gross profit margin decreased from 36.7% in the previous year to 33.8% in the current year. The lower gross profit margin for the current year was mainly due to higher prices for certain raw materials.

Despite lower revenue, pre-tax profit for the current year increased compared with previous year. This was due to an exceptional gain of RM21.7 million arising from disposal of leasehold land and building in the current year.

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 RM24.4 million and a pre-tax loss of RM4.8 million as compared with the preceding quarter's revenue of RM18.9 million and pre-tax profit of RM23.0 million.

The revenue for the current quarter increased by RM5.5 million due to increase in export sales. The pre-tax loss for current quarter compared to the preceding quarter was due to an impairment of receivables recognised in the current quarter.

B3. Prospects for Year 2014

The global economic situation is expected to remain challenging in 2014. The Group will continue to develop its strategy of further developing its range of products, strengthening its marketing activities and improving its manufacturing facilities. The Group continues to explore new markets overseas.

B4. Profit before Taxation

Included in the profit before taxation are the following items :

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Allowance for inventories obsolescence	144	-	-	-
Depreciation	(528)	(708)	(2,230)	(2,574)
Dividend Income	1	2	4	932
Gain on disposal of property, plant and equipment	134	20	21,696	59
Gain/(Loss) on foreign exchange (net)	(69)	(534)	1,391	136
Impairment loss on receivables	(5,411)	(257)	(5,574)	(259)
Interest Income	547	344	2,291	1,422
Loss on fair value changes of derivatives	-	-	-	(8)
Property, plant & equipment written off	-	-	(5)	-
Write down of inventories	276	(330)	(851)	(1,527)

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B5. Taxation

Taxation comprises:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Current taxation	500	539	1,149	1,230
Over provision in respect of prior years	(357)	(142)	(402)	(543)
Deferred taxation	(250)	-	(250)	-
	<u>(107)</u>	<u>397</u>	<u>497</u>	<u>687</u>

The effective taxation rate of the financial year ended 31 December 2013 is lower than the statutory rate, mainly due to exceptional gains, which is not subject to tax.

B6. Status of Corporate Proposals

On 04 February 2013 the Company announced that its indirect wholly - owned subsidiary, Network Foods International Ltd ("NFIL"), a company incorporated in the Republic of Singapore, had on 1 February 2013 granted an option to purchase ("Option") to Sing Long Foodstuff Trading Co. Pte Ltd ("Sing Long"), a company incorporated in the Republic of Singapore, for Sing Long to acquire the leasehold land together with a warehouse and office erected thereon known as 12 Woodlands Link, Singapore ("Properties") for a total cash consideration of S\$15.4 million (equivalent to approximately RM38.18 million) ("Purchase Consideration"). The Purchase Consideration payable by Sing Long is exclusive of Goods and Services Tax. Sing Long had on 15 February 2013 accepted the option to purchase ("Disposal").

The Disposal was completed on 31 July 2013. Simultaneously, NFIL executed a Lease Agreement with Sing Long to lease back part of the warehouse and office measuring 295.2 square meters.

B7. Group Borrowings

(a) Total Group borrowings as at 31 December 2013 are as follows:-

	RM'000
Borrowings	
- non-current (finance lease liabilities)	179
- current (finance lease liabilities)	83
- current (unsecured)	7,479
	<u>7,741</u>

(b) There are no foreign borrowings as at 31 December 2013 included in (a) above.

B8. Derivative Financial Instruments

There were no derivative financial instruments at the date of this report.

B9. Fair Value Changes of Financial Liabilities

As at 31 December 2013, the Group does not have any financial liabilities measured at fair value through profit or loss.

B10. Material Litigation

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

B11. Dividend

No dividend has been declared by the Board for the financial year ended 31 December 2013 (31 December 2012: Nil).

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B12. Earnings/(Loss) Per Share

(i) 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:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Profit/(Loss) attributable to equity holders of the Company (RM'000)	(4,647)	5,185	18,621	7,998
Weighted average number of ordinary shares in issue ('000)	708,397	708,397	708,397	708,526
Earnings/(Loss) per share (sen)	(0.66)	0.73	2.63	1.13

(ii) The diluted earnings per share is not disclosed as there is no dilutive potential ordinary shares.

B13. Other Matters

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

	Balance as at 01/01/2013 RM'000	Amount utilised RM'000	Balance as at 31/12/2013 RM'000
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 Industries Sdn Bhd's manufacturing operations and consolidation with the marketing and distribution operations of Network Foods (Malaysia) Sdn Bhd.	31,000	-	31,000
Total	31,000	-	31,000

B14. Realised and Unrealised Profits/(Losses)

Total accumulated losses of the Group comprised the following:-

	31/12/2013 RM'000	31/12/2012 (Audited) RM'000
Realised	(1,248,971)	(1,266,970)
Unrealised	3,281	(881)
	(1,245,690)	(1,267,851)
Less: Consolidation adjustment	658,963	664,417
	(586,727)	(603,434)

B15. Auditors' Report

The auditors' report on the audited financial statements for the financial year ended 31 December 2012 was not subject to any qualification.

On behalf of the Board
PAN MALAYSIA CORPORATION BERHAD

SOO-HOO SIEW HOON
LEE CHIK SIONG
Joint Company Secretaries

Date: 21 February 2014