

PAN MALAYSIAN INDUSTRIES BERHAD

Company No: 5138 - W
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MARCH 2010**

PAN MALAYSIAN INDUSTRIES BERHAD

Company No : 5138 - W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOURTH QUARTER ENDED 31 MARCH 2010
(The figures are unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.3.2010	31.3.2009	31.3.2010	31.3.2009
	RM'000	RM'000	RM'000	RM'000
				(Audited)
Revenue	1,198	971	4,882	1,013
Operating expenses	(1,182)	(847)	(3,315)	(2,643)
(Loss)/Profit from operations	16	124	1,567	(1,630)
Other income	84	-	240	-
Exceptional items (Note A4)	(5,449)	-	(5,449)	-
Finance cost	(1,840)	(2,538)	(7,475)	(13,220)
Share of results of associate	(239)	(1,570)	1,961	(13,930)
Loss before tax	(7,428)	(3,984)	(9,156)	(28,780)
Tax expense	(42)	(35)	(222)	(35)
Loss for the financial period	(7,470)	(4,019)	(9,378)	(28,815)
	Sen	Sen	Sen	Sen
Loss per share attributable to equity holders of the Company:				
- Basic	(0.60)	(0.32)	(0.76)	(2.32)
- 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 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIAN INDUSTRIES BERHAD

Company No: 5138-W
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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2010**

	31.3.2010	31.3.2009
	RM'000	RM'000
		(Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	4	-
Investment property	39,824	38,914
Associate	129,234	137,750
Land held for property development	10,000	10,004
Goodwill on consolidation	2,269	2,269
	<u>181,331</u>	<u>188,937</u>
Current Assets		
Other receivables	1,808	1,663
Cash and cash equivalents	1,722	8,574
	<u>3,530</u>	<u>10,237</u>
TOTAL ASSETS	<u>184,861</u>	<u>199,174</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	61,983	123,966
Reserves	(25,140)	(72,717)
Total Equity	<u>36,843</u>	<u>51,249</u>
Non-Current Liability		
Deferred tax	2,273	2,273
Employee benefit	43	-
	<u>2,316</u>	<u>2,273</u>
Current Liabilities		
Other payables	17,069	16,302
Bank borrowings	128,556	129,315
Current tax	77	35
	<u>145,702</u>	<u>145,652</u>
Total Liabilities	<u>148,018</u>	<u>147,925</u>
TOTAL EQUITY AND LIABILITIES	<u>184,861</u>	<u>199,174</u>
	Sen	Sen
Net assets per share attributable to equity holders of the Company	2.97	4.13

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

CUMULATIVE 12 MONTHS

	Share Capital RM'000	Non- distributable Reserves RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 April 2009	123,966	22,099	(94,816)	51,249
Group's share of post-acquisition reserves in associate, recognised directly in equity	-	(5,028)	-	(5,028)
Loss for the financial period	-	-	(9,378)	(9,378)
Total recognised expense	-	(5,028)	(9,378)	(14,406)
Reduction in par value	(61,983)	-	61,983	-
At 31 March 2010	61,983	17,071	(42,211)	36,843
At 1 April 2008	123,966	83,942	(120,340)	87,568
Group's share of post-acquisition reserves in associate, recognised directly in equity	-	(7,504)	-	(7,504)
Loss for the financial period	-	-	(28,815)	(28,815)
Total recognised expense	-	(7,504)	(28,815)	(36,319)
Disposal of shares in an associate classified as non-current assets held for sale		(54,339)	54,339	-
At 31 March 2009	123,966	22,099	(94,816)	51,249

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

	CUMULATIVE 12 MONTHS	
	31.3.2010	31.3.2009
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before tax	(9,156)	(28,780)
Adjustments for :-		
Depreciation of investment property	532	-
Finance cost	7,475	13,220
Loss on dilution of interest in an associate	5,449	-
Interest income	(72)	(222)
Share of results of associate	(1,961)	13,930
Other non-cash items	37	111
Operating profit/(loss) before working capital changes	2,304	(1,741)
Net change in current assets	(145)	3,206
Net change in current liabilities	374	1,140
Interest expense paid	(7,072)	(12,782)
Interest income received	72	222
Tax paid	(180)	-
Net cash used in operating activities	(4,647)	(9,955)
Cash Flows From Investing Activities		
Acquisition of investment property	-	(39,000)
Incidental cost on acquisition of investment property	(1,443)	-
Net cash outflow on acquisition of subsidiary	-	(9,299)
Proceeds from disposal of shares in an associate	-	139,159
Proceeds from disposal of property, plant and equipment	2	-
Purchase of property, plant and equipment	(5)	-
Net cash (used in)/generated from investing activities	(1,446)	90,860
Cash Flows From Financing Activities		
Repayment of borrowings	(1,314)	(63,489)
Net cash used in financing activities	(1,314)	(63,489)
Net (decrease)/increase in cash and cash equivalents	(7,407)	17,416
Cash and cash equivalents at beginning of the financial period	(13,027)	(30,443)
Cash and cash equivalents at end of the financial period	(20,434)	(13,027)
Cash and cash equivalents consist of the following:-		
Deposits, bank balances and cash	1,722	8,574
Bank overdrafts	(22,156)	(21,601)
	(20,434)	(13,027)

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements for the financial period ended 31 March 2010 are unaudited and have 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 Statements should be read in conjunction with the audited Annual Statements for the year ended 31 March 2009. The significant accounting policies and methods of computation applied in this unaudited interim financial report are consistent with those adopted in the audited annual financial statements for the financial year ended 31 March 2009.

A2. Audit Report of Preceding Annual Financial Statements

The audit report of the preceding annual financial statements was not qualified.

A3. Seasonal or Cyclical Factors

The businesses of the Group's associate where seasonal or cyclical factors would have some effects on the operations are as follows:-

- (a) The retailing operations in Malaysia have seasonal peaks in tandem with the year end school holidays, various festive seasons and during sales promotions. The retailing operations in United Kingdom normally record better sales in the third quarter of the financial year due to Christmas season;
- (b) The hotel operations in United Kingdom normally experience low trading after Christmas, New Year and Easter due to the after effects of the holiday seasons. Additionally, winter periods will also experience a decline in trading; and
- (c) The food and confectionery operations in Malaysia, Singapore and Hong Kong will normally record better sales during the various festive seasons.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence in the financial period ended 31 March 2010 except for the following:

During the fourth (4th) quarter ended 31 March 2010, the Group reported an exceptional loss of RM5.4 million. This loss was due to the effect on dilution of interest in an associate arising from the issuance of ordinary shares by the associate pursuant to the partial conversion of Class A1 Irredeemable Convertible Unsecured Loan Stocks ("ICULS") by the ICULS holders up to 31 March 2010. The said conversion has resulted in the Group's equity interest in the associate being diluted from 20.0% to 19.2% as at 31 March 2010 .

A5. Changes in Estimates Reported in Prior Interim Periods

There were no changes in estimates of amounts reported in prior financial year which may have a material effect in the financial period ended 31 March 2010.

A6. Issuance or Repayment of Debts and Equity Securities

There were no issuances or repayments of debt and equity securities, share buybacks, share cancellations and resale of treasury shares in the financial period ended 31 March 2010

A7. Dividends Paid

No dividend was paid in the financial period ended 31 March 2010.

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A8. Segment Information

The analysis of the Group's operations for the 12 months ended 31 March 2010 is as follows:-

	Investment Property RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
REVENUE				
External revenue	4,804	78	-	4,882
Inter-segments revenue	16	2,455	(2,471)	-
	<u>4,820</u>	<u>2,533</u>	<u>(2,471)</u>	<u>4,882</u>
RESULTS				
Segment results	<u>2,687</u>	<u>1,339</u>	<u>(2,459)</u>	1,567
Other income				240
Exceptional items (Note A4)				(5,449)
Finance costs				(7,475)
Share of results of associate				1,961
Loss before tax				<u>(9,156)</u>
Tax expense				(222)
Loss for the financial period				<u>(9,378)</u>

A9. Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

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

There were no material events subsequent to the financial period ended 31 March 2010 and up to date of this report that have not been reflected in the financial statements.

A11. Changes in the Composition of the Group

Triple Tiara (M) Sdn Bhd ("TTSB"), which was placed under creditors voluntary winding-up on 13 March 2007, was dissolved on 27 July 2009 pursuant to Section 272(5) of the Companies Act, 1965. TTSB was a wholly-owned subsidiary of Hikari Builders Sdn Bhd ("Hikari") which in turn is a 72.77% owned subsidiary of PMI. Hikari is also under creditors' voluntary winding-up.

Other than the above, there were no changes in the composition of the Group during the financial period ended 31 March 2010.

Subsequent to the balance sheet date, Pamford Limited ("Pamford"), which was placed under member voluntary winding-up on 7 August 2008, was dissolved on 12 May 2010 pursuant to Section 291AA of the Companies Ordinance, Hong Kong. Pamford, a company incorporated in Hong Kong, was a wholly-owned subsidiary of Gerbang Ekuiti Sdn Bhd which in turn is a wholly-owned subsidiary of PMI.

A12. Contingent Liabilities

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

A13. Capital Commitments

The Group has no material capital commitments as at the date of this report.

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B. ADDITIONAL INFORMATION PURSUANT TO BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded a revenue of RM4.9 million for the 12 months ended 31 March 2010. The revenue comprised substantially rental income from its investment property acquired on 30 January 2009. The higher revenue in the period under review was due to revenue earned for the full 12 months. For the same period, the Group recorded a much lower net loss of RM9.3 million compared with RM28.8 million in the previous year corresponding period. The lower loss was mainly due to share of better results from the associate, reduction in finance cost following the substantial loan repayments in previous financial years, and earnings from the investment property.

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

The Group recorded a revenue of RM1.2 million in the current quarter, similar level as the preceding quarter. However, the Group recorded a net loss of RM7.5 million in the current quarter compared to net profit of RM1.8 million in the preceding quarter. The loss in the current quarter was mainly due to the share of loss in associate of RM0.2 million in the current quarter compared to share of profit in associate of RM3.1 million in the preceding quarter and the effect on dilution of interest in an associate arising from the issuance of ordinary shares by the associate pursuant to the partial conversion of the Irredeemable Convertible Unsecured Loan Stocks ("ICULS") by ICULS holders of the associate during the current quarter.

B3. Prospects for Financial Year Ending 31 March 2011

The successful completion of various corporate exercises in the previous years has placed the Group in a better financial position with significantly reduced gearing. The Group is continuing with its efforts to improve its earnings base and financial position further. However, the Group remains cautious of the current business environment which is expected to remain challenging in this current financial year ending 31 March 2011.

B4. Variance of Actual Results from Forecast Results

The Group had included forecast results for the financial years ended/ending 31 March 2009 to 2013 in its Prospectus dated 22 December 2008 issued in relation to the Restricted Offer for Sale undertaken by the Group in the previous year.

The variances of the actual results for the financial year ended 31 March 2010 as compared with the forecast are detailed in Appendix I.

B5. Tax expense

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.3.2010	31.3.2009	31.3.2010	31.3.2009
	RM'000	RM'000	RM'000	RM'000
Current taxation	42	35	222	35

The current tax for the financial period ended 31 March 2010 is in respect of a subsidiary with taxable profit.

B6. Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties in the financial period ended 31 March 2010.

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B7. Quoted Securities

There were no purchases or disposals of quoted securities in the financial period ended 31 March 2010.

B8. Status of Corporate Proposals

Reduction in Par Value and Memorandum Amendment

On 30 December 2009, the Company announced the completion of the following proposals:-

- (a) Reduction of share capital pursuant to Section 64(1) of the Companies Act, 1965 ("Act") involving the reduction of the par value of each existing ordinary share in the Company from RM0.10 to RM0.05 via the cancellation of RM0.05 of the par value of each existing ordinary share of RM0.10 each in the Company in issue ("Reduction in Par Value"). The credit arising therefrom was utilised to set-off the accumulated losses of the Company; and
- (b) Amendment to the Company's Memorandum of Association ("M&A"). The M&A of the Company was amended to facilitate the change in the par value of the Company's ordinary shares and the increase in the number of authorised shares of the Company arising from the Reduction in Par Value.

Both the proposals were announced on 8 June 2009 and approved by the shareholders of the Company at an extraordinary general meeting held on 28 August 2009. The High Court of Malaya granted an order on 7 December 2009 confirming the Reduction in Par Value and the office copy of the order was lodged with Companies Commission of Malaysia on 30 December 2009. With this, the proposals were completed.

With the completion of the Reduction in Par Value, the Company's paid-up capital is now reduced to RM61,983,106 comprising 1,239,662,112 ordinary shares of RM0.05 each and the accumulated losses of the Company were set off by RM61,983,105 accordingly from the credit arising from the Reduction in Par Value.

Arising from the Reduction in Par Value, the subscription price of the existing warrants of PMI has been adjusted accordingly from RM0.10 to RM0.05.

B9. Group Borrowings

As at 31 March 2010, all the Group borrowings amounting to RM128.6 million which are unsecured were classified under current liabilities. There are no borrowings denominated in foreign currencies.

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

There is no material litigation 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.

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B13. Loss Per Share

a) Loss per share

The loss per share is calculated by dividing the loss for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period as follows:

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.3.2010	31.3.2009	31.3.2010	31.3.2009
Loss attributable to equity holders of the Company (RM'000)	(7,470)	(4,019)	(9,378)	(28,815)
Weighted average number of ordinary shares in issue ('000)	1,239,662	1,239,662	1,239,662	1,239,662
Loss per share (sen)	(0.60)	(0.32)	(0.76)	(2.32)

b) Diluted earnings per share

The diluted earnings per share is not disclosed as it is antidilutive.

**On behalf of the Board
PAN MALAYSIAN INDUSTRIES BERHAD**

**LEONG PARK YIP
Company Secretary
27 May 2010**

APPENDIX I

PAN MALAYSIAN INDUSTRIES BERHAD (“PMI” OR THE “COMPANY”)

VARIANCE OF ACTUAL RESULTS FROM FORECAST RESULTS FOR FINANCIAL YEAR ENDED 31 MARCH 2010

The Company had included forecast results for the financial years ended/ending 31 March 2009 to 2013 in its Prospectus dated 22 December 2008 issued in relation to the Restricted Offer for Sale undertaken by the Company.

The variances of the actual unaudited results for the financial year ended 31 March 2010 as compared with the forecast are as follows:

	Financial year ended 31 March 2010			
	Actual	Forecast	Variance	
	(Unaudited) RM'000	RM'000	RM'000	%
Loss of the Company and its subsidiaries after tax	(11,339)	(7,253)	(4,086)	(56)
Share of results of associate	1,961	1,579	382	24
Loss after taxation	<u>(9,378)</u>	<u>(5,674)</u>	<u>(3,704)</u>	<u>(65)</u>

The major variance of actual unaudited results compared with forecast results for the financial year ended 31 March 2010 was mainly due to the recognition in the actual results of the loss on dilution of interest in an associate, Malayan United Industries Berhad (“MUI”), amounting to RM5.449 million. However, this variance was partly mitigated by reduction in finance cost of RM1.225 million and the share of better results of an associate amounting to RM0.382 million. The clarifications on these variances are as follows:

1. Dilution of interest in associate

During the fourth (4th) quarter ended 31 March 2010, PMI reported an exceptional loss of RM5.449 million. This loss was in respect of the effect on dilution of interest in MUI arising from the issuance of 78,616,934 ordinary shares by MUI pursuant to the partial conversion of the Class A1 Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) in MUI by the ICULS holders up to 31 March 2010. The ICULS are available for conversion during the first conversion period from 30 December 2009 to 30 June 2010. The conversion of the ICULS up to 31 March 2010 had resulted in the Company’s equity interest in MUI being diluted from 20.0% to 19.2% as at 31 March 2010.

However, the Company had in its forecast prepared in 2008 assumed that all the Class A1 ICULS conversion would take place closer to the expiry of the first conversion period which is on 30 June 2010 ie the conversion of the ICULS taking place after 31 March 2010. As such, in the forecast, the Company has accounted for the effect of the dilution in the results of the next financial year ending 31 March 2011.

2. Finance cost

The finance cost for the financial year ended 31 March 2010 amounted to RM7.475 million. This is lower by RM1.225 million compared with the forecast of RM8.700 million. This favourable variance was due to the cut in interest rates by Bank Negara Malaysia as part of the measures to counter the economic recession in 2009. As such, the weighted average interest rate of the Company was reduced to 5.69% p.a. compared to the forecast of 6.99% p.a., thus reducing the finance cost accordingly

3. Share of result of an associate

The share of results of an associate, MUI, for the financial year ended 31 March 2010 was at RM1.961 million, marginally higher by RM0.382 million compared with the forecast of RM1.579 million. The actual share of results are quite in line with the forecast.