

PAN MALAYSIAN INDUSTRIES BERHAD

Company No: 5138 - W
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2010**

PAN MALAYSIAN INDUSTRIES BERHAD

Company No : 5138 - W
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FIRST QUARTER ENDED 30 JUNE 2010**

(The figures are unaudited)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010**

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Revenue	1,196	1,199	1,196	1,199
Operating expenses	(459)	(528)	(459)	(528)
Profit from operations	<u>737</u>	<u>671</u>	<u>737</u>	<u>671</u>
Other income	7	-	7	-
Exceptional items (Note A3)	(629)	-	(629)	-
Finance cost	(2,057)	(1,896)	(2,057)	(1,896)
Share of results of an associate	296	(1,840)	296	(1,840)
Loss before tax	<u>(1,646)</u>	<u>(3,065)</u>	<u>(1,646)</u>	<u>(3,065)</u>
Tax expense	(60)	(90)	(60)	(90)
Loss for the financial period	<u>(1,706)</u>	<u>(3,155)</u>	<u>(1,706)</u>	<u>(3,155)</u>
	Sen	Sen	Sen	Sen
Loss per share attributable to equity holders of the Company:				
- Basic	(0.14)	(0.25)	(0.14)	(0.25)
- 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 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**INTERIM FINANCIAL REPORT
FIRST QUARTER ENDED 30 JUNE 2010**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010**

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Loss for the financial period	(1,706)	(3,155)	(1,706)	(3,155)
Other comprehensive income/(loss), net of tax:				
Share of other comprehensive (loss)/income of an associate	(639)	3,344	(639)	3,344
Total comprehensive (loss)/income for the financial period	<u>(2,345)</u>	<u>189</u>	<u>(2,345)</u>	<u>189</u>
Total comprehensive (loss)/income attributable to equity holders of the Company:	<u>(2,345)</u>	<u>189</u>	<u>(2,345)</u>	<u>189</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIAN INDUSTRIES BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	30.06.2010 RM'000	31.03.2010 RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	4	4
Investment property	39,687	39,824
Associate	130,842	128,507
Land held for property development	10,000	10,000
Goodwill on consolidation	2,269	2,269
	<u>182,802</u>	<u>180,604</u>
Current Assets		
Trade and other receivables	667	1,808
Cash and cash equivalents	736	1,722
	<u>1,403</u>	<u>3,530</u>
TOTAL ASSETS	<u>184,205</u>	<u>184,134</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	61,985	61,983
Reserves	(24,906)	(25,867)
Total Equity	<u>37,079</u>	<u>36,116</u>
Non-Current Liability		
Deferred tax	2,273	2,273
Provision for employee benefits	43	43
	<u>2,316</u>	<u>2,316</u>
Current Liabilities		
Other payables	16,250	17,069
Bank borrowings	128,502	128,556
Current tax	58	77
	<u>144,810</u>	<u>145,702</u>
Total Liabilities	<u>147,126</u>	<u>148,018</u>
TOTAL EQUITY AND LIABILITIES	<u>184,205</u>	<u>184,134</u>
	Sen	Sen
Net assets per share attributable to equity holders of the Company	2.99	2.91

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2010 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 30 JUNE 2010**

CUMULATIVE 3 MONTHS

	Share Capital RM'000	Non- distributable Reserves RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 April 2010				
As previously stated	61,983	17,071	(42,211)	36,843
- effect of adopting IC Int. 13 by an associate	-	-	(727)	(727)
- effect of adopting FRS 139 by an associate	-	3,296	10	3,306
As restated	61,983	20,367	(42,928)	39,422
Total comprehensive loss for the financial period	-	(639)	(1,706)	(2,345)
Issuance of shares	2	-	-	2
At 30 June 2010	61,985	19,728	(44,634)	37,079
At 1 April 2009				
As previously stated	123,966	22,099	(94,816)	51,249
- effect of adopting IC Int. 13 by an associate	-	-	(727)	(727)
As restated	123,966	22,099	(95,543)	50,522
Total comprehensive (loss)/income for the financial period	-	3,344	(3,155)	189
Disposal of shares in an associate classified as non-current assets held for sale	-	(54,339)	54,339	-
At 30 June 2009	123,966	(28,896)	(44,359)	50,711

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010**

	CUMULATIVE 3 MONTHS	
	30.06.2010	30.06.2009
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before tax	(1,646)	(3,065)
Adjustments for :-		
Depreciation of investment property	137	130
Finance cost	2,057	1,896
Interest income	(7)	(15)
Loss on dilution of interest in an associate	629	-
Share of results of an associate	(296)	1,840
Operating profit before working capital changes	874	786
Net change in current assets	1,139	60
Net change in current liabilities	(916)	(41)
Interest expense paid	(1,959)	(1,888)
Interest income received	7	15
Tax paid	(79)	-
Net cash used in operating activities	(934)	(1,068)
Cash Flows From Investing Activities	-	-
Cash Flows From Financing Activities		
Issuance of shares	2	-
Repayment of borrowings	-	(214)
Net cash from/(used) in financing activities	2	(214)
Net decrease in cash and cash equivalents	(932)	(1,282)
Cash and cash equivalents at beginning of the financial period	(20,434)	(13,027)
Cash and cash equivalents at end of the financial period	(21,366)	(14,309)
Cash and cash equivalents consist of the following:-		
Deposits, bank balances and cash	736	7,305
Bank overdrafts	(22,102)	(21,614)
	(21,366)	(14,309)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2010 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 30 JUNE 2010

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements 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.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended 31 March 2010.

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

FRS 4	Insurance Contracts
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 Statements
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
Improvements to FRSs issued in 2009 in respect of various FRSs including Amendments to FRS 117: Leases	

Other than for the adoption of FRS 8, FRS 101, FRS 139 and IC Interpretation 13, the adoption of the above FRSs, Amendments to FRSs and IC Interpretation did not result in any significant changes in the accounting policies and the 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 segmental reporting had been presented based on the internal reporting to the senior management who makes decisions on the allocation of resources and assess the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

(b) FRS 101: Presentation of Financial Statements

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.

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A1. Basis of Preparation (cont'd)

(b) FRS 101: Presentation of Financial Statements (cont'd)

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.

Additionally, FRS 101 requires 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.

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. In accordance with the transitional provisions, the Group has adopted FRS 139 prospectively on 1 April 2010 and the comparatives as at 31 March 2010 are not restated. The adoption of FRS 139 did not result in any significant changes in accounting policies and the presentation of the financial results of the Group except for its associate where the Group share the effects arising from adoption of this Standard.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the changes are applied prospectively by the associate and the Group but the comparative figures of the Group as at 31 March 2010 are not restated. Instead, the changes have been accounted for by restating the following balances in the consolidated statement of financial position as at 1 April 2010.

	←	At 1 April 2010	→
	As previously stated RM'000	Effects of FRS 139 RM'000	As restated RM'000
Assets			
Investment in associate	128,507 *	3,306	131,813
Equity			
Fair Value reserves	-	3,296	3,296
Accumulated losses	(42,938) *	10	(42,928)

** Figures stated after the adoption of IC Interpretation 13 'Customer Loyalty Programmes' by the associate.*

(d) IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 13 'Customer Loyalty Programmes', addresses accounting by entities that grant customer loyalty awards credit to customers as part of the sales transaction, and requires such transaction to be accounted for as a separate component of the sales transaction in which they are granted. Part of the fair value of the consideration received relating to the customer loyalty awards is deferred and subsequently recognised over the period in which the awards are redeemed. The changes in accounting policy have been applied retrospectively.

The adoption of IC Interpretation 13 did not result in any significant changes in the accounting policies and the financial results of the Group except for its associate where the Group share the effects arising from adoption of this Standard.

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A1. Basis of Preparation (cont'd)

(d) IC Interpretation 13: Customer Loyalty Programmes (cont'd)

The following comparative figures of the Group have been restated following the adoption of the IC Interpretation 13 by the associate:

	←	At 31 March 2010	→
	As previously stated RM'000	Effects of IC Int. 13 RM'000	As restated RM'000
Assets			
Investment in associate	129,234	(727)	128,507
Equity			
Accumulated losses	(42,211)	(727)	(42,938)

A2. 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.

A3. 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 30 June 2010 except for the following:

During the financial period ended 30 June 2010, the Group recorded an exceptional loss of RM0.6 million 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 the associate's Class A1 Irredeemable Convertible Unsecured Loan Stocks ("ICULS") by its ICULS holders up to 30 June 2010. The said conversion has resulted in the Group's equity interest in the associate being diluted from 19.2% to 19.1% as at 30 June 2010 .

A4. 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 30 June 2010.

A5. Issuance or Repayment of Debts and Equity Securities

During the financial period ended 30 June 2010, 30,554 ordinary shares of RM0.05 each were issued arising from the exercise of warrants by warrant holders.

Other than the above, there were no issuances or repayments of debt and equity securities, share buybacks, share cancellations and resale of treasury shares for the financial period ended 30 June 2010.

Subsequent to the financial period ended 30 June 2010, the Company has further issued 3,582,670 ordinary shares of RM0.05 each pursuant to the further exercise of warrants by warrant holders.

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A6. Dividends Paid

No dividend was paid in the financial period ended 30 June 2010.

A7. Segment Information

The analysis of the Group's operations for the 3 months ended 30 June 2010 is as follows:-

	Investment Property RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
REVENUE				
External revenue	1,193	3	-	1,196
Inter-segments revenue	4	612	(616)	-
	<u>1,197</u>	<u>615</u>	<u>(616)</u>	<u>1,196</u>
RESULTS				
Segment results	<u>849</u>	<u>504</u>	<u>(616)</u>	737
Other income				7
Exceptional items (Note A3)				(629)
Finance costs				(2,057)
Share of results of an associate				296
Loss before tax				<u>(1,646)</u>
Tax expense				(60)
Loss for the financial period				<u>(1,706)</u>

A8. Property, Plant and Equipment

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

A9. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the financial period ended 30 June 2010 and up to date of this report that have not been reflected in the financial statements other than as mentioned in Note A5.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2010.

A11. Contingent Liabilities

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

A12. 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 RM1.2 million for the 3 months ended 30 June 2010. The revenue comprised substantially rental income from its investment property acquired on 30 January 2009. For the same period, the Group recorded a lower net loss of RM1.7 million compared with RM3.2 million in the previous year corresponding period. The lower loss was mainly due to share of better results from the associate.

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 RM1.2 million, similar level as the preceding quarter. It recorded a lower net loss of RM1.7 million in the same quarter compared to a net loss of RM7.4 million in the preceding quarter. The lower loss was mainly due to the share of profit in an associate and lower loss on dilution of interest in the associate.

B3. Prospects for Financial Year Ending 31 March 2011

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

B4. Variance of Actual Results from Forecast Results

There was no profit forecast announced by the Company relating to the financial period ended 30 June 2010.

B5. Tax expense

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Current taxation	(60)	(90)	(60)	(90)

The current taxation for the financial period ended 30 June 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 30 June 2010.

B7. Quoted Securities

There were no purchases or disposals of quoted securities in the financial period ended 30 June 2010.

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

As at 30 June 2010, all the Group borrowings amounting to RM128.5 million which are unsecured were classified under current liabilities. There are no borrowings denominated in foreign currencies.

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B10. Derivative Financial Instruments

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

B11. Fair Value Changes of Financial Liabilities

As at 30 June 2010, the Group does not have any financial liabilities measured at fair value through profit or loss.

B12. Material Litigation

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

B13. Dividend

No dividend has been declared by the Board for the financial period ended 30 June 2010.

B14. 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:

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
Loss attributable to equity holders of the Company (RM'000)	(1,706)	(3,155)	(1,706)	(3,155)
Weighted average number of ordinary shares in issue ('000)	1,239,666	1,239,662	1,239,666	1,239,662
Loss per share (sen)	(0.14)	(0.25)	(0.14)	(0.25)

b) Diluted earnings per share

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

B15. Audit Report of Preceding Annual Financial Statements

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

On behalf of the Board
PAN MALAYSIAN INDUSTRIES BERHAD

LEONG PARK YIP
Company Secretary
23 August 2010