

PAN MALAYSIA CAPITAL BERHAD

Company No : 76771 - M
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	3,401	5,326	17,338	23,977
Cost of services	(1,474)	(3,105)	(8,828)	(12,497)
Gross profit	1,927	2,221	8,510	11,480
Other income	355	393	1,461	1,423
Other operating expenses	(3,394)	(3,950)	(14,829)	(17,514)
Loss from operations	(1,112)	(1,336)	(4,858)	(4,611)
Non-operating (expenses)/income (refer Note A3)	(99,399)	4,374	(94,310)	5,561
Finance costs	(720)	(563)	(2,739)	(2,584)
(Loss)/Profit before taxation	(101,231)	2,475	(101,907)	(1,634)
Tax (expense)/income	(11,050)	60	(11,492)	(49)
(Loss)/Profit for the financial period/year	(112,281)	2,535	(113,399)	(1,683)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income for the financial period/year	(112,281)	2,535	(113,399)	(1,683)
	Sen	Sen	Sen	Sen
(Loss)/earning per share:				
- Basic	(13.77)	0.31	(13.91)	(0.21)
- Diluted	N/A	N/A	N/A	N/A

Notes:-

"N/A" - Not applicable

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

PAN MALAYSIA CAPITAL BERHAD

Company No : 76771 - M

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	31.12.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
		Restated*	Restated*
ASSETS			
Non-current assets			
Property, plant and equipment	8,162	9,275	10,220
Other investments	200	200	200
Intangible assets	44,037	144,037	144,037
Goodwill on consolidation	1,580	1,580	1,580
Deferred tax assets	5,001	16,000	16,000
Deposits	230	225	220
	<u>59,210</u>	<u>171,317</u>	<u>172,257</u>
Current assets			
Other investments	1,717	2,368	1,658
Trade and other receivables	50,197	68,678	65,281
Current tax assets	1,010	754	203
Deposits, cash and bank balances	95,059	97,185	119,920
	<u>147,983</u>	<u>168,985</u>	<u>187,062</u>
TOTAL ASSETS	<u>207,193</u>	<u>340,302</u>	<u>359,319</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	326,124	326,124	326,124
Reserves	(298,228)	(184,829)	(183,146)
Total Equity	<u>27,896</u>	<u>141,295</u>	<u>142,978</u>
Non-current liabilities	54,383	54,327	54,253
Current liabilities			
Amounts owing to brokers and clients	39,039	59,670	55,934
Other payables and accruals	85,875	84,987	106,135
Current tax liabilities	-	23	19
	<u>124,914</u>	<u>144,680</u>	<u>162,088</u>
Total Liabilities	<u>179,297</u>	<u>199,007</u>	<u>216,341</u>
TOTAL EQUITY AND LIABILITIES	<u>207,193</u>	<u>340,302</u>	<u>359,319</u>
	RM	RM	RM
Net assets per share attributable to equity holders	<u>0.03</u>	<u>0.17</u>	<u>0.18</u>

* Upon the adoption of the MFRS Framework, the Condensed Consolidated Statements of Financial Position as at 31 December 2011 and 1 January 2011 have been restated.

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

PAN MALAYSIA CAPITAL BERHAD

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

CUMULATIVE 12 MONTHS	Non Distributable		Accumulated Losses	Total Equity
	Share Capital	Other Reserves		
	RM'000	RM'000	RM'000	RM'000
Balance as at 1.1.2012	326,124	30,350	(215,179)	141,295
Total comprehensive loss	-	-	(113,399)	(113,399)
Balance as at 31.12.2012	326,124	30,350	(328,578)	27,896
Balance as at 1.1.2011	326,124	30,350	(213,496)	142,978
Total comprehensive loss	-	-	(1,683)	(1,683)
Balance as at 31.12.2011	326,124	30,350	(215,179)	141,295

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

PAN MALAYSIA CAPITAL BERHAD

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	CUMULATIVE 12 MONTHS	
	31.12.2012	31.12.2011
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before taxation	(101,907)	(1,634)
Adjustments for:-		
Depreciation	880	1,060
Dividend income	-	(118)
Finance costs	2,739	2,584
Interest income	(3,021)	(2,448)
Other non-cash items	99,987	(2,335)
Operating loss before working capital changes	(1,322)	(2,891)
Net change in working capital (Placement) / Withdrawal of deposits belonging to clients maintained as trust monies	(3,953)	(20,564)
Withdrawal of dealers' and remisiers' deposits maintained as trust monies	(2,158)	5,056
Interest paid	2,676	759
Interest received	(147)	-
Tax paid	1,689	1,146
	(777)	(600)
Net cash flows used in operating activities	(3,992)	(17,094)
Cash Flows From Investing Activities		
Dividend received	-	118
Interest received	1,412	1,318
Purchase of property, plant and equipment	(347)	(115)
Proceeds from disposal of property, plant and equipment	595	52
Net cash flows from investing activities	1,660	1,373
Cash Flows From Financing Activities		
Drawdown of term loans	29	78
Net cash from financing activities	29	78
Net Decrease In Cash and Cash Equivalents	(2,303)	(15,643)
Cash And Cash Equivalents At Beginning Of The Year	62,923	78,566
Cash And Cash Equivalents At End Of The Year	60,620	62,923
Cash And Cash Equivalents consist of:-		
Deposits, cash and bank balances	95,059	97,185
Deposits pledged to banks	(282)	(150)
Deposits maintained as trust monies	(34,157)	(34,112)
	60,620	62,923

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

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NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011. These explanatory notes attached to the 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 2011. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRSs").

These interim financial statements is the Group's first MFRS interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ended 31 December 2012. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* has been applied.

The date of transition to the MFRS framework is 1 January 2011. At the transition date, the Group has performed the assessment of the impact of adoption of MFRS and concluded that there is no material impact.

Comparative

The following comparative amounts have been restated to conform with the current year presentation:-

	As previously reported RM'000	Change in presentation RM'000	As restated RM'000
At 1 January 2011			
Clients' investment portfolio	86,343	(86,343)	-
Deposits, cash and bank balances	161,604	(41,684)	119,920
Amounts owing to brokers and clients	183,961	(128,027)	55,934
At 31 December 2011			
Clients' investment portfolio	85,754	(85,754)	-
Deposits, cash and bank balances	157,315	(60,130)	97,185
Amounts owing to brokers and clients	205,554	(145,884)	59,670

A2. Seasonal or Cyclical Factors

The businesses of the Group are not materially affected by seasonal or cyclical factors.

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 year ended 31 December 2012 other than the non-operating income as follows:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Bad debts recovered	2	3,000	5,377	3,019
Gain on disposal of property, plant and equipment	-	11	14	52
Gain on foreign exchange (realised)	25	50	300	205
Impairment of intangible assets	(100,000)	-	(100,000)	-
Reversal of impairment/(impairment) on other investments	119	1,006	(651)	710
Reversal of impairment on receivables	455	307	650	1,575
	(99,399)	4,374	(94,310)	5,561

A4. Changes in Estimates Reported in Prior Interim Years

There were no changes in estimates of amounts reported in prior financial year, which may have a material effect during the financial year ended 31 December 2012.

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A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

There were no issuances or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year ended 31 December 2012.

A6. Dividends Paid

No dividend was paid during the financial year ended 31 December 2012.

A7. Operating Segment

Segmental information is not provided as the activities of the Group comprise principally stockbroking and related services, which are conducted in Malaysia.

A8. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the financial year ended 31 December 2012 that have not been reflected in the interim financial statements for the said year as at the date of this report.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group in the financial year ended 31 December 2012.

A10. Commitments and Contingent Liabilities

The Group does not have any material contingent liabilities and capital commitments as at the date of this report.

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

B1. Review of Performance

The Group recorded revenue of RM17.3 million and loss before tax ("LBT") of RM101.9 million for the year ended 31 December 2012, compared with revenue of RM24 million and LBT of RM1.6 million for the same period last year.

The lower revenue of the Group in the period under review was mainly due to lower gross brokerage income and the absence of corporate advisory income.

The gross brokerage income from the stockbroking business of the Group decreased by 27% compared to the same period last year due to the decrease in Bursa Malaysia's turnover and lower trading activities.

The Group recorded higher LBT for the current period under review mainly due to impairment on intangible assets and lower trading activities. The impairment of intangible assets of RM100 million is made to reflect the fair value of its stockbroking business. The impairment has no impact on the cash flow of the Group.

B2. Comparison with Preceding Quarter's Results

The Group recorded revenue of RM3.4 million and loss before tax ("LBT") of RM101.2 million for the current quarter compared with the revenue of RM4.2 million and LBT of RM2.4 million recorded in the preceding quarter. The lower revenue in the current quarter was mainly due to lower trading activities. The Group recorded higher LBT for the current quarter mainly due to impairment of intangible assets.

B3. Year 2013 Prospects

Despite the challenging global economy, the Malaysian economy is expected to grow between 4.5% and 5.5%. The Group will strengthen its stockbroking activities to improve its brokerage income and other income. The Group expects the business environment for the financial year ending 31 December 2013 to be challenging.

B4. Variance on Forecast Profit/Profit Guarantee

This is not applicable to the Group.

B5. Loss before tax

Included in the loss before tax are the following:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Interest income	922	680	3,021	2,448
Depreciation	(209)	(267)	(880)	(1,060)

B6. Tax Expense/(Income)

Tax expense/(income) comprises the following:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Current tax expense	51	74	276	181
Under/(over) provision in respect of prior years	1	(130)	218	(128)
	52	(56)	494	53
Deferred tax	10,998	(4)	10,998	(4)
	11,050	(60)	11,492	49

The tax provision of the Group is mainly due to taxable profits of certain subsidiaries and the absence of group relief on losses incurred by other subsidiaries.

B7. Status of Corporate Proposals

There are no outstanding corporate proposals as at the date of this report.

B8. Group Borrowings and Debt Securities

- (i) As at 31 December 2012, no bank facilities were utilised by the Group.
- (ii) The Company has a term loan of RM54.3 million due to a company related to a corporate shareholder of the Company. The term loan is measured at amortised cost.

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B9. Derivative Financial Instruments

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

B10. Fair Values Changes Of Financial Liabilities

As at 31 December 2012, the Group does not have any financial liabilities measured at fair value through profit or loss.

B11. Realised and Unrealised Profits/(Losses)

The accumulated losses of the Group comprised the following:-

	At 31.12.2012	At 31.12.2011
	RM'000	RM'000
		(Restated)
Realised losses	(333,579)	(231,177)
Unrealised profits	5,001	15,998
Total accumulated losses of the Group	<u>(328,578)</u>	<u>(215,179)</u>

B12. Material Litigation

The material litigation of the Group as at the date of this report are as follows:-

Proceedings have been and will be initiated by PM Securities Sdn. Bhd. and Pan Malaysia Equities Sdn. Bhd. against various clients and debtors whose accounts are in default or overdue. As at 31 January 2013, these subsidiaries have filed claims against various clients and debtors in the aggregate sums of RM119.5 million together with interest and costs.

B13. Dividend

No dividend has been recommended by the Board for the financial year ended 31 December 2012 (31 December 2011 : Nil).

B14. (Loss)/Earning Per Share

(i) (Loss)/earning per share :-

The (loss)/earning per ordinary share is calculated by dividing the (loss)/profit for the financial year with the weighted average number of ordinary shares in issue during the financial year as follows:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
(Loss)/profit for the financial year (RM'000)	(112,281)	2,535	(113,399)	(1,683)
Weighted average number of ordinary shares in issue ('000)	815,309	815,309	815,309	815,309
(Loss)/earning per share (sen)	<u>(13.77)</u>	<u>0.31</u>	<u>(13.91)</u>	<u>(0.21)</u>

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

B15. Audit Report of Preceding Annual Financial Statements

The audit report of the audited financial statements for the year ended 31 December 2011 was not qualified.

BY ORDER OF THE BOARD
PAN MALAYSIA CAPITAL BERHAD

Soo-Hoo Siew Hoon
Ng Hock Ping
Joint Company Secretaries
26 February 2013