

**CONDENSED CONSOLIDATED INCOME STATEMENT  
 FOR THE PERIOD ENDED 31 OCTOBER 2007**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/10/2007	31/10/2006	31/10/2007	31/10/2006
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	15,015	24,235	15,015	24,235
Cost of sales	(11,503)	(20,813)	(11,503)	(20,813)
Gross profit	3,512	3,422	3,512	3,422
Other operating income	408	1,150	408	1,150
Distribution costs	(320)	(78)	(320)	(78)
Administration expenses	(3,503)	(3,062)	(3,503)	(3,062)
Other operating expenses	(880)	(322)	(880)	(322)
<b>(Loss)/Profit from operations</b>	(783)	1,110	(783)	1,110
Finance costs	(3,399)	(3,410)	(3,399)	(3,410)
Share of profit after tax and minority interest of associate	110	158	110	158
<b>Loss before tax</b>	(4,072)	(2,142)	(4,072)	(2,142)
Income tax expense	2,700	(297)	2,700	(297)
<b>Loss for the period</b>	(1,372)	(2,439)	(1,372)	(2,439)
Attributable to:				
Shareholders of the company	(2,410)	(3,547)	(2,410)	(3,547)
Minority interests	1,038	1,108	1,038	1,108
<b>Loss for the period</b>	(1,372)	(2,439)	(1,372)	(2,439)
Basic loss per ordinary share (sen)	(0.37)	(0.55)	(0.37)	(0.55)
Diluted loss per ordinary share (sen)	-	-	-	-

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 July 2007.

(Company No.: 15379-V)

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 OCTOBER 2007**

	(Unaudited) 31/10/2007 RM'000	(Audited) 31/07/2007 RM'000
<b>Non-current Assets</b>		
Property, Plant and Equipment	75,749	76,108
Investment Properties	308,664	308,582
Prepaid Lease Payments	3,980	4,026
Investment in an Associate	23,493	23,383
Other Long Term Investments	6,875	6,873
Deferred Tax Asset	1,940	1,887
Other Intangible Asset	560	399
Goodwill	839	839
	<u>422,100</u>	<u>422,097</u>
<b>Current Assets</b>		
Property Development Costs	87,598	87,598
Inventories	2,781	3,427
Trade Receivables	52,700	54,670
Other Receivables, Deposits and prepayments	9,122	10,449
Tax Recoverable	172	172
Fixed Deposit with Licensed Bank	1,430	1,422
Cash and Cash Equivalents	2,301	2,715
	<u>156,104</u>	<u>160,453</u>
<b>TOTAL ASSETS</b>	<u>578,204</u>	<u>582,550</u>
<b>Equity</b>		
Share Capital	325,074	325,074
Reserves	(58,217)	(55,131)
<b>Equity attributable to shareholders of the Company</b>	<u>266,857</u>	<u>269,943</u>
<b>Minority Interest</b>	31,975	31,002
Total Equity	<u>298,832</u>	<u>300,945</u>
<b>Non-current Liabilities</b>		
Hire Purchase Liabilities	216	126
Borrowings	109,983	99,057
Deferred Taxation	2,699	2,713
	<u>112,898</u>	<u>101,896</u>
<b>Current Liabilities</b>		
Trade Payables	6,385	11,116
Amount due to an Associate	6	37
Other Payables and Accruals	101,966	94,861
Hire Purchase Liabilities	161	180
Short Term Borrowings	35,878	51,148
Taxation	22,078	22,367
	<u>166,474</u>	<u>179,709</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>578,204</u>	<u>582,550</u>
Net Assets per share attributable to ordinary equity holders of the Company (RM)	0.4105	0.4152

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the financial year ended 31 July 2007.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE PERIOD ENDED 31 OCTOBER 2007**

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Differences RM'000	Accumulated Losses RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
<b>Balance as at 1 August 2007</b>	325,074	295,727	4,398	(3,581)	(351,675)	269,943	31,002	300,945
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	(16)	(660)	-	(676)	(65)	(741)
Net (loss)/profit for the period	-	-	-	-	(2,410)	(2,410)	1,038	(1,372)
<b>Balance as at 31 July 2007</b>	<b>325,074</b>	<b>295,727</b>	<b>4,382</b>	<b>(4,241)</b>	<b>(354,085)</b>	<b>266,857</b>	<b>31,975</b>	<b>298,832</b>
<b>Balance as at 1 August 2006</b>	325,074	295,727	7,111	(2,905)	(318,229)	306,778	27,979	334,757
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(881)	-	(881)	(157)	(1,038)
Realisation of reserves on disposal of equity shares included under other long term investments	-	-	(2,210)	-	2,210	-	-	-
Net (loss)/profit for the period	-	-	-	-	(3,547)	(3,547)	1,108	(2,439)
<b>Balance as at 31 October 2006</b>	<b>325,074</b>	<b>295,727</b>	<b>4,901</b>	<b>(3,786)</b>	<b>(319,566)</b>	<b>302,350</b>	<b>28,930</b>	<b>331,280</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 July 2007.

**CONDENSED CONSOLIDATED CASHFLOW STATEMENT  
 FOR THE PERIOD ENDED 31 OCTOBER 2007**

	<b>Three Months Ended 31/10/2007 RM'000</b>	<b>Three Months Ended 31/10/2006 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Loss Before Tax	(4,072)	(2,142)
Adjustments for:		
Non-Cash Items	761	819
Non-Operating Items	3,257	2,871
Operating (Loss)/Profit Before Working Capital Changes	<u>(54)</u>	<u>1,548</u>
Changes in Working Capital	6,286	(2,882)
Cash Generated from/(Used in) Operations	<u>6,232</u>	<u>(1,334)</u>
Tax Refunded	2,357	-
Net Cash Generated from/(Used in) Operating Activities	<u><u>8,589</u></u>	<u><u>(1,334)</u></u>
<b>Cash Flows from Investing Activities</b>		
Equity Investments	-	3,915
Others	(983)	(1,515)
Net Cash (Used in)/Generated from Investing Activities	<u><u>(983)</u></u>	<u><u>2,400</u></u>
<b>Cash Flows from Financing Activities</b>		
Bank Borrowings	(7,659)	(5,701)
Others	(9)	(38)
Net Cash Used in Financing Activities	<u><u>(7,668)</u></u>	<u><u>(5,739)</u></u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(62)	(4,673)
Effects of Exchange Rate Changes	(196)	(916)
<b>Cash and Cash Equivalents at Beginning of Period</b>	(1,254)	(11,575)
Effect of Exchange Rate Changes	(6)	11
<b>Cash and Cash Equivalents at End of Period</b>	<u><u>(1,518)</u></u>	<u><u>(17,153)</u></u>

The Cash and Cash Equivalents comprise the following balance sheet amounts:

	<b>RM'000</b>	<b>RM'000</b>
Cash and Bank Balances	2,301	1,919
Deposits	1,430	2,081
Bank Overdrafts	<u>(3,838)</u>	<u>(19,783)</u>
	(107)	(15,783)
Fixed Deposits Pledged to Banks	<u>(1,411)</u>	<u>(1,370)</u>
	<u><u>(1,518)</u></u>	<u><u>(17,153)</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 July 2007.

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 2007

### A. *DISCLOSURE REQUIREMENTS AS PER FRS 134*

#### 1. **Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with requirements of FRS 134: Interim Financial Reporting and the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report has been prepared in accordance with the same accounting policies adopted in 2007 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2008 annual financial statements. Details of these changes in accounting policies are set out in Note 3.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 July 2007. These explanatory notes attached to the financial statements provided an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 July 2007.

#### 2. **Changes in accounting policies**

The MASB has issued a number of new and revised Financial Reporting Standards (FRSs, which term collectively includes the MASB's Issues Committee's Interpretations) that are effective for accounting periods beginning on or after 1 January 2006.

The FRS that will be effective in the annual financial statements for the year ending 31 July 2008 may be affected by the issue of additional interpretation(s) or other changes announced by the MASB subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Group's financial statements for the period cannot be determined with certainty at the date of issuance of this interim financial report.

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 August 2007:

##### - **FRS 117 Leases**

With the adoption of FRS 117, leasehold land is no longer classified as property, plant and equipment but classified as 'prepaid lease payment (interest in leasehold land)' and amortised over the lease term.

#### 3. **Qualification of Audit Report**

The audit report of the financial statement of the Group for the year ended 31 July 2007 was not qualified.

#### 4. **Seasonal or Cyclical Factors**

There are no seasonal factors affecting the Group performance other than the Plantation/Palm Oil Mills Division.

## 5. Material Changes In Estimates

There were no material changes in estimates that have had material effect in the current quarter and financial period-to-date results.

## 6. Debt and Equity Securities

There were no cancellation, repurchases, resale and repayments of debts and equity securities during the financial period-to-date.

## 7. Dividends Paid

There were no dividends paid during the financial period-to-date.

## 8. Segmental Reporting

	Gross Operating Revenue RM'000	Profit/ (Loss) Before Taxation RM'000
Plantations/ Palm Oil Mills	10,011	2,072
Property/ Construction	1,949	(532)
Manufacturing	34	(350)
Investment & Others	3,170	(1,973)
	<u>15,164</u>	<u>(783)</u>
Elimination	(149)	-
Financing Costs	-	(3,399)
Share of Profit of Associate	-	110
	<u><u>15,015</u></u>	<u><u>(4,072)</u></u>

## 9. Valuation of Property, Plant & Equipment

The valuation of land and building have been brought forward, without amendments from the previous annual report.

## 10. Material Subsequent Events

The Group has disposed all its holding of 1,275 ordinary shares representing 51% of the issued and paid up capital in a direct subsidiary, Cross Continental Investments and all its holding of 61,000 ordinary shares representing 1.14% of the issued and paid up capital in an indirect subsidiary, PalmTech India Limited during the quarter under review. The completion is recognized in the subsequent quarter in accordance with the requirements of accounting standards.

## 11. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

## 12. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial period ended 31 October 2007 are as follows:

	RM'000
Guarantees and Contingencies Relating to:	
- Affiliated Companies	10,218
- Third Party	2,496
	<u>12,714</u>

## ***B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD***

### 1. Review of Performance

Revenue during the quarter was lower at RM15.015 million as compared to the preceding year, substantially due to completion of the construction projects of the Group.

The preceding year quarter's results included gains on disposal of investments which contributed substantially to operational profits whereas the current quarter's results recorded an operational loss of RM0.8 million.

Loss after tax for the current quarter was reduced by 56% from RM2.439 million to RM1.372 million as compared to the preceding year quarter, arising from tax overprovision in prior years.

### 2. Variation of results against preceding quarter

The Group recorded a loss before tax of RM4.072 million for the current quarter compared to a loss of RM23.454 million in the previous quarter. The variance was largely due to provisions made for impairment losses and profit guarantee liabilities which amounted to approximately RM21 million in the previous quarter.

### 3. Current year prospects

The Group is actively seeking to participate in some significant construction projects targeted to come on stream towards the end of the financial year. In the meantime, the Group's performance of the multilevel marketing and food franchise business are expected to improve in terms of revenue and returns.

### 4. Variance of Profit Forecast / Profit Guarantee

Not applicable.

## 5. Income Tax Expense

	Current Quarter Ended 31 October 2007 (RM'000)	Cumulative Year-To-Date 31 October 2007 (RM'000)
Over provision in prior years	(2647)	(2647)
	<u>(2,647)</u>	<u>(2,647)</u>
Deferred tax - prior year	(53)	(53)
	<u>(2,700)</u>	<u>(2,700)</u>

## 6. Unquoted Investments and Properties

There were no sales of unquoted investments and properties during the current quarter.

## 7. Purchase or Disposal of Quoted Investments

(a) There was no acquisition of quoted investments during the current quarter.

(b) Total investments in quoted securities as at the end of the financial period-to-date are as follows:

	RM'000
(i) At cost	73,002
(ii) At book value	29,229
(iii) At market value	27,805

## 8. Status of Corporate Proposals Announced

There are no corporate proposals announced but not completed as at 12 December 2007 other than that mentioned earlier in Note A(10) above.

## 9. Group Borrowings and Debt Securities

Total Group borrowings as at 31 October 2007 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Amount repayable after twelve months	108,983	-	108,983
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>108,983</u>	<u>1,000</u>	<u>109,983</u>



	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short Term Borrowings</u>			
Bank overdrafts	3,838	-	3,838
Revolving credits	8,071	-	8,071
Current portion of long term loans	<u>23,969</u>	<u>-</u>	<u>23,969</u>
	<u>35,878</u>	<u>-</u>	<u>35,878</u>
 Total Group Borrowings	 <u>144,861</u>	 <u>1,000</u>	 <u>145,861</u>

Included in the above Group borrowings are the following loans denominated in Indian Rupees (RS) and Solomon Dollars (SBD):

***Secured Borrowings:***

	Foreign Currency		RM'000 (equivalent)
Long term bank borrowings	RS'000	20,642	1,751
Short term bank borrowings	RS'000	6,695	568
	SBD'000	499	212

## 10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 12 December 2007 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

## 11. Changes in Material Litigation

Further to the disclosure in the previous quarter's report on material litigation, the changes in material litigation as at 12 December 2007 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are as follows:

- (i) *The Company v Individual (1st defendant) and Astounding Holdings Sdn Bhd (2nd defendant) for RM15 million*

The case is now consolidated with another suit between Pica (M) Corporation Berhad Vs Individual (1<sup>st</sup> defendant). It is pending the setting down for trial.

- (ii) *Jiddi Joned Enterprises Sdn Bhd and 3 other subsidiary companies v Yeng Chong Realty Sdn Bhd (1st defendant)/ Louis KH Wong (2nd defendant)*

The 1st defendant's application to strike out the plaintiffs' suit had been dismissed with costs on 3 August 2004 but was allowed on appeal to the judge. The plaintiffs have since appealed to the Court of Appeal. Matter fixed for hearing on 25 February 2008.

- (iii) *56 purchasers of South City Condominiums v Pujian Development Sdn Bhd ("Pujian"), a subsidiary company, and seven others.*

The matter is fixed for case management on 21 January 2008.

- (iv) *24 purchasers of South City Plaza v Pujian*

The matter is now fixed for further hearing in respect of the Plaintiff's application for summary judgement on 21 January 2008.

- (v) *Pujian v Arab-Malaysian Assurance Berhad*

Pujian's claim has been dismissed with costs. Pujian has since filed an appeal on 30 August 2007.

- (vi) *The Government of Malaysia (Inland Revenue Board) ("IRB") v 4 Subsidiary companies, Mudek Sdn Bhd ("Mudek"), Seri Jasin Sdn Bhd ("Seri Jasin"), Berembang Sdn Bhd ("Berembang") and Jiddi Joned Sdn Bhd ("Jiddi Joned") in individual cases*

Mudek was successful in its application to set aside the judgement in default obtained earlier by IRB. The court has dismissed IRB's application to renew the summons with costs on 3 October 2007.

In respect of Seri Jasin's suit, the matter is now pending extraction of IRB's summary judgement application.

Jiddi Joned and Berembang have both filed their defences. In respect of Jiddi Joned's suit, the plaintiff has filed an application for summon judgement, however it has yet to be extracted.

The said subsidiary companies have initiated another legal proceeding against Yeng Chong Realty Bhd similar to (ii) above, for part of the said real property gains tax withheld from the purchase consideration for the disposal of the properties concerned. The defendant has again filed an application to strike out the action which was dismissed. The defendant's further appeal was also dismissed on 12 July 2007.

- (vii) *Yeng Chong Realty Bhd ("Yeng Chong") v Tenaga Nasional Bhd ("TNB"), Mudek and Berembang*

Yeng Chong has also applied for an injunction against TNB to prevent TNB from entering into the property and making compensation to Mudek and Berembang, the injunction of which was refused on 27 September 2006. Yeng Chong has since filed an appeal against the decision. Matter is now fixed for decision on 15 January 2008 in respect of our application to transfer proceeding to Kuala Lumpur.

(viii) *IRB v Pujian*

The Government of Malaysia is claiming for tax assessment for the year 1998, 1999, 2000 in one action and for year 1999 (Tambahan) in another action, and for year 2001 in another action, and for year 2004 in another action. For the first action, Pujian succeeded in setting aside the judgement in default of appearance. IRB has since filed an appeal against the said decision. In relation to the second action, Pujian's defence was filed on 29 August 2007. In relation to the third action, Pujian succeeded in striking out the action on 27 December 2006. IRB has since filed and served a fresh suit for the same subject matter and Pujian's defence was filed on 29 August 2007. In respect of the fourth action, Pujian's defence was filed on 2 November 2006.

 (ix) *IRB v Tashima Development Sdn Bhd ("Tashima")*

IRB commenced two actions against Tashima for income tax outstanding for assessment years 2000 in one action, and 2001 and 2002 in another action. In the first action, Tashima has filed its statement of defence on 10 April 2007. In respect of the second action, the matter is fixed for clarification/decision on 12 February 2008 for the Plaintiff's application for leave to enter Summary Judgement.

## 12. Dividend

No dividend has been declared for the current financial period-to-date.

## 13. Loss Per Share

The basic and diluted loss per share have been calculated based on the consolidated net loss attributable to ordinary shareholders for the period and the weighted average number of ordinary shares outstanding during the period.

### *Basic loss per share*

	Current Quarter Ended 31/10/07 (RM'000)	Comparative Quarter Ended 31/10/06 (RM'000)	Cumulative Year-To-Date	
			31/10/07 (RM'000)	31/10/06 (RM'000)
<b>Loss</b>				
Net Loss attributable to ordinary shareholders	( 2,410)	( 3,547)	( 2,410)	( 3,547)
	('000)	('000)	('000)	('000)
<b>Weighted average number of ordinary shares</b>	650,148	650,148	650,148	650,148

The diluted loss per share for the current quarter and cumulative year are not shown as the effect is anti-dilutive.