

PAN MALAYSIA CORPORATION BERHAD
Company No : 4920 - D
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT
THIRD QUARTER ENDED 30 SEPTEMBER 2007
(The figures are unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 30 September 2007

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
Revenue	34,632	61,773	105,960	176,587
Cost of sales	(23,259)	(49,537)	(74,872)	(140,381)
Gross profit	11,373	12,236	31,088	36,206
Other income	361	453	1,388	1,501
Exceptional items (Refer Note 5)	414	(5,993)	14,885	2,731
Administration expenses	(2,555)	(3,925)	(8,274)	(12,705)
Selling and distribution expenses	(3,869)	(6,232)	(13,031)	(18,369)
Other expenses	(1,772)	(5,101)	(3,825)	(16,919)
Finance costs	(4,281)	(4,332)	(12,400)	(13,490)
Share of results of associate	-	(2,522)	-	(1,622)
Profit/(Loss) before taxation	(329)	(15,416)	9,831	(22,667)
Taxation	(474)	(454)	(1,156)	(1,747)
Profit/(Loss) for the financial period	(803)	(15,870)	8,675	(24,414)
Attributable to:-				
Equity holders of the Company	(948)	(15,973)	8,075	(24,187)
Minority interests	145	103	600	(227)
	(803)	(15,870)	8,675	(24,414)
	Sen	Sen	Sen	Sen
Earnings/(Loss) per 50 sen share attributable to equity holders of the Company :				
Basic	(0.13)	(2.24)	1.13	(3.38)
Fully 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 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

	30/09/2007	31/12/2006
	RM'000	(Audited) RM'000
		Restated
ASSETS		
Non-current assets		
Property, plant and equipment	34,445	34,913
Prepaid land lease payments	1,884	1,889
Investment property	1,237	1,272
Goodwill on consolidation	58,206	58,206
Trademarks	4,984	4,984
Investments	135,175	139,355
Deferred tax assets	660	681
	<u>236,591</u>	<u>241,300</u>
Current assets		
Inventories	21,511	30,684
Trade and other receivables	33,902	40,722
Tax recoverable	1,882	3,991
Deposits, bank balances and cash	386,788	397,374
	<u>444,083</u>	<u>472,771</u>
TOTAL ASSETS	<u>680,674</u>	<u>714,071</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	386,678	386,678
Treasury shares	(29,478)	(29,478)
Reserves	(15,254)	(20,413)
	<u>341,946</u>	<u>336,787</u>
Minority interests	8,586	7,986
Total Equity	<u>350,532</u>	<u>344,773</u>
Non-current liabilities		
Long term borrowings	-	30
Deferred tax liabilities	908	897
	<u>908</u>	<u>927</u>
Current liabilities		
Short term borrowings	302,439	318,196
Trade and other payables	25,092	48,747
Amounts owing to related companies	911	1,289
Provision for taxation	792	139
	<u>329,234</u>	<u>368,371</u>
Total Liabilities	<u>330,142</u>	<u>369,298</u>
TOTAL EQUITY AND LIABILITIES	<u>680,674</u>	<u>714,071</u>
	RM	RM
Net Assets per 50 sen share attributable to equity holders of the Company	0.48 *	0.47 *

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

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 September 2007

	Attributable to Equity Holders of the Company							Minority Interests	Total Equity
	Non-Distributable								
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000		
At 1 January 2007	386,678	(29,478)	472,258	33,327	86,316	(612,314)	336,787	7,986	344,773
Currency translation differences, recognised in equity	-	-	-	-	(2,916)	-	(2,916)	-	(2,916)
Profit for the financial period	-	-	-	-	-	8,075	8,075	600	8,675
At 30 September 2007	386,678	(29,478)	472,258	33,327	83,400	(604,239)	341,946	8,586	350,532
At 1 January 2006									
As previously stated	386,678	(27,666)	472,258	33,327	84,638	(548,290)	400,945	26,906	427,851
Share of associate's prior year adjustments arising from:-									
Effects of adopting FRS 5	-	-	-	-	-	(11,493)	(11,493)	-	(11,493)
Effects of adopting FRS 119	-	-	-	-	-	(3,610)	(3,610)	-	(3,610)
	386,678	(27,666)	472,258	33,327	84,638	(563,393)	385,842	26,906	412,748
Share of associate's effects of adopting FRS 3	-	-	-	-	-	17,752	17,752	-	17,752
At 1 January 2006 (restated)	386,678	(27,666)	472,258	33,327	84,638	(545,641)	403,594	26,906	430,500
Currency translation differences, recognised in equity	-	-	-	-	3,265	-	3,265	-	3,265
Purchase of Company's shares	-	(1,807)	-	-	-	-	(1,807)	-	(1,807)
Cancellation of issued shares held by minority shareholders of a subsidiary	-	-	-	-	-	-	-	(19,028)	(19,028)
Loss for the financial period	-	-	-	-	-	(24,187)	(24,187)	(227)	(24,414)
At 30 September 2006	386,678	(29,473)	472,258	33,327	87,903	(569,828)	380,865	7,651	388,516

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the financial period ended 30 September 2007

	CUMULATIVE 9 MONTHS	
	30/09/2007	30/09/2006
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	9,831	(22,667)
Adjustments:-		
Share of results of associate	-	1,622
Gain on disposal of other investments	(392)	(2,827)
Loss on disposal of investment in an associate	-	6,025
Gain on disposal of property, plant and equipment	(27)	(5,741)
Write back of provision for diminution in value of unquoted investment	-	(188)
Allowance for doubtful debts	58	517
Surplus arising from deconsolidation of a subsidiary	(14,493)	-
Other non-cash items	5,670	8,218
Operating profit/(loss) before working capital changes	<u>647</u>	<u>(15,041)</u>
Net change in working capital	<u>(3,215)</u>	<u>10,952</u>
Cash used in operating activities	(2,568)	(4,089)
Interest paid	(12,400)	(13,490)
Interest received	7,177	7,642
Dividend received	44	57
Tax paid	(1,071)	(536)
Tax refunded	<u>2,675</u>	<u>11,101</u>
Net cash (used in)/generated from operating activities	<u>(6,143)</u>	<u>685</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(1,321)	(1,979)
Purchase of investments	-	(297)
Payment in relation to privatisation of a subsidiary by way of a scheme of arrangement	-	(15,306)
Proceeds from sale of investments	4,559	9,446
Proceeds from disposal of property, plant and equipment	27	10,349
Proceeds from sale of investment in an associate (net)	-	10,735
Bank overdraft net of bank balances and cash of a subsidiary not consolidated	<u>6,449</u>	<u>-</u>
Net cash from investing activities	<u>9,714</u>	<u>12,948</u>
Cash Flows From Financing Activities		
Repayment of bank borrowings (net)	(7,926)	(11,470)
Purchase of Company's shares	-	(1,807)
Repayment of hire purchase lease payables (net)	(6)	(21)
Net cash used in financing activities	<u>(7,932)</u>	<u>(13,298)</u>
Net increase/(decrease) in cash and cash equivalents	(4,361)	335
Exchange translation differences	(381)	1,294
Cash and cash equivalents at 1 January	<u>349,691</u>	<u>352,104</u>
Cash and cash equivalents at 30 September	<u><u>344,949</u></u>	<u><u>353,733</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The Interim Financial Report of the Group is unaudited (with limited review carried out by the Company's external auditors) and has been prepared in accordance with the requirements of FRS 134 "Interim Financial Reporting". The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006.

2. Changes in Accounting Policies

The significant accounting policies adopted in this Interim Financial Report are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 October 2006:-

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above FRS has not resulted in any material adjustments to the financial statements of the Group except for FRS 117 Leases.

The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leasehold land. The upfront payments made for the leasehold land represent prepaid lease payments and are amortised on straight-line basis over the lease term. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses, if any.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117 and the following comparative figures as at 31 December 2006 have been restated:-

	Previously stated RM'000	FRS117 RM'000	Restated RM'000
At 31 December 2006			
Property, plant and equipment	36,802	(1,889)	34,913
Prepaid land lease payments	-	1,889	1,889

3. Auditors' Report

The auditors' report on the audited financial statements for the financial year ended 31 December 2006 was not subject to any qualification.

4. 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.

5. Exceptional Items

There are no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the financial period ended 30 September 2007, other than as follows:-

	Third Quarter		Cumulative 9 months	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	-	-	5,741
Gain on disposal of investments	414	32	392	2,827
Loss on disposal of investment in an associate	-	(6,025)	-	(6,025)
Write back of allowance for diminution in value of investments	-	-	-	188
Surplus arising from deconsolidation of a subsidiary	-	-	14,493	-
	414	(5,993)	14,885	2,731

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6. 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 period ended 30 September 2007.

7. Issuances and Repayments of Debt and Equity Securities

There were no issuances and repayments of debt and equity securities and resale of treasury shares for the financial period ended 30 September 2007.

8. Dividends Paid

No dividend was paid by the Company during the financial period ended 30 September 2007 (30 September 2006: Nil).

9. Segment Information

The analysis of the Group's operations for the financial period ended 30 September 2007 is as follows:-

	Food & Confectionery RM'000	Investment Holding RM'000	Total RM'000
REVENUE			
- External revenue	99,076	6,884	105,960
- Inter-segment revenue	-	-	-
Total	<u>99,076</u>	<u>6,884</u>	<u>105,960</u>
RESULTS			
Segment results	1,539	5,807	7,346
Exceptional items	14,493	392	14,885
Finance cost	(909)	(11,491)	(12,400)
Profit before taxation	<u>15,123</u>	<u>(5,292)</u>	<u>9,831</u>

10. 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.

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

There are no material events subsequent to the financial period ended 30 September 2007 that have not been reflected in the financial statements for the said period as at the date of this report.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 September 2007, except for the appointment of voluntary administrators for Network Foods Limited on 7 May 2007 as detailed in Note 8 of the Notes Per Bursa Securities Listing Requirements.

13. Contingent Liabilities

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

14. Capital Commitments

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

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NOTES PER BURSA SECURITIES LISTING REQUIREMENTS

1. Review of Performance

For the nine months ended 30 September 2007, the Group recorded revenue of RM106.0 million and pre-tax profit of RM9.8 million compared to the previous year corresponding period's revenue of RM176.6 million and pre-tax loss of RM22.7 million. The lower revenue is due to the non-inclusion of the Australian operations as explained in Note 8 below. However, this was offset by a much lower cost of sales to the Group. Together with overall sales growth in Malaysia, Hong Kong and Singapore, the Group's food and confectionery operations turned in a profit of RM15.1 million from a loss of RM7.7 million in the previous year. The pre-tax profit for the period under review included a surplus of RM14.5 million arising from the deconsolidation of Network Foods Limited ("NFL") from the Consolidated Financial Statements of the Group.

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

The current quarter recorded revenue of RM34.6 million and a marginal pre-tax loss of RM0.3 million compared to the preceding quarter's revenue of RM27.0 million and pre-tax profit of RM15.3 million. The higher revenue in the current quarter was mainly due to better sales by the food operations in Malaysia. The pre-tax profit in the preceding quarter included the surplus arising from deconsolidation of NFL.

3. Prospects for Current Financial Year

Sales of the Group's food and confectionery products have gained momentum in the third quarter and are expected to sustain through the remaining quarter of 2007. Although input costs have risen mainly due to higher commodity prices, the Group expects to stay competitive by focusing on improving productivity and cost efficiency, increasing its market penetration and rationalisation of its product portfolio. With the appointment of voluntary administrators for the food operations in Australia on 7 May 2007, the Group does not anticipate further losses from that operation and looks forward to a satisfactory performance for the current financial year.

4. Variance of Actual Profit from Forecast Profit

Not applicable.

5. Taxation

Taxation comprises:-

	Third Quarter		Cumulative 9 months	
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
Current taxation	474	450	1,198	911
Over provision in respect of prior years	-	(1)	(42)	(3)
Deferred taxation	-	5	-	839
	<u>474</u>	<u>454</u>	<u>1,156</u>	<u>1,747</u>

The tax expense of the Group for the financial period ended 30 September 2007 is lower than the statutory tax rate mainly due to certain gains not subject to income tax.

6. Gain/(Loss) on Disposal of Investments and/or Properties

There was no gain/(loss) on disposal of investments and/or properties for the financial period ended 30 September 2007, other than as disclosed in Note 7 below.

7. Quoted Securities

(a) Total purchases and disposals of quoted securities for the six months ended 30 September 2007 are as follows:-

	RM'000
(i) Total purchases	-
(ii) Total disposals	4,167
Total gain on disposals	392

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7. Quoted Securities (Cont'd)

(b) Total investments in quoted securities as at 30 September 2007 are as follows:-

	RM'000
At cost	189,794
Less: Impairment	<u>(154,577)</u>
	<u>35,217</u>
Market value	<u>80,860</u>

8. Status of Corporate Proposals

On 7 May 2007, the Board of Directors of Network Foods Limited ("NFL"), Australia appointed Ms Robin Erskine and Mr Peter Goodin of Brooke Bird & Co., Chartered Accountants, as voluntary administrators under the Australian Corporations Act 2001 (the "Act"). Upon the appointment, the Administrators took control of the affairs of NFL and the powers of the directors of NFL were suspended.

On 28 June 2007, the Administrators, the Company and other parties executed a deed of company arrangement ("Deed") prepared in accordance with the provisions of Part 5.3A of the Act and containing the terms specified in the creditors' resolution further to the creditors' meeting convened by the Administrators on 12 June 2007. Pursuant to the terms of the Deed, a sum of A\$2.0 million (equivalent to approximately RM5.9 million) was paid by PMRI Investments (Singapore) Pte Ltd, a subsidiary of the Company, to the Administrators in full and final satisfaction of any and all obligations of the Company and the directors of NFL to NFL and to the creditors of NFL.

In view of the above, the financial statements of NFL are deconsolidated from the Consolidated Financial Statements of the Group with effect from 7 May 2007.

9. Group Borrowings

(a) Total Group borrowings as at 30 September 2007 are as follows:-

	RM'000
Short Term Borrowings	
Secured	14,987
Unsecured	<u>287,452</u>
	<u>302,439</u>

(b) Foreign borrowings in Ringgit equivalent as at 30 September 2007 included in (a) above are as follows:-

	RM'000
Currency	
Australian Dollars	14,987
US Dollars	383
Hong Kong Dollars	229
Singapore Dollars	<u>1,391</u>

The foreign borrowings are taken by the foreign subsidiaries of the Group.

10. Off Balance Sheet Financial Instruments

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

11. Material Litigation

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

12. Dividend

No dividend has been declared by the Board for the financial period ended 30 September 2007 (30 September 2006: Nil).

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13. Earnings/(Loss) Per Share

(i) Basic earnings/(loss) per share

The basic earnings 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:-

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
Profit/(loss) for the financial period (RM'000)	(948)	(15,973)	8,075	(24,187)
Weighted average number of ordinary shares in issue ('000)	713,361	713,906	713,361	715,185
Earnings/(Loss) per share (sen)	<u>(0.13)</u>	<u>(2.24)</u>	<u>1.13</u>	<u>(3.38)</u>

(ii) The diluted earnings per share is not disclosed as it is not applicable.

14. Other Matters

The utilisation of balance of proceeds from the disposal of the cement-based associated companies are as follows:-

	Balance as at 01/01/2007 RM'000	Amount utilised RM'000	Balance as at 30/09/2007 RM'000
Proposed utilisation as approved by the Securities Commission			
(a) To subscribe to the rights issue of Pan Malaysian Industries Berhad	24,254	-	24,254
(b) Balance of proceeds to continue to be placed in fixed deposits in financial institutions or to be invested temporarily in fixed income securities and unit trust funds	<u>264,200</u>	<u>-</u>	<u>264,200</u>
	<u>288,454</u>	<u>-</u>	<u>288,454</u>

The Group has from time to time, on its own and through investment bankers, sought viable investments in food business to expand the current food and confectionery operations. The Group will continue to look for viable investments with good long term potential in the food, retailing and other viable businesses.

**On behalf of the Board
PAN MALAYSIA CORPORATION BERHAD**

**LAI CHEE LEONG
Company Secretary**

Date: 21 November 2007