

**PAN MALAYSIA CORPORATION BERHAD**  
**Company No : 4920 - D**  
**(Incorporated in Malaysia)**  
**INTERIM FINANCIAL REPORT**  
**FIRST QUARTER ENDED 31 MARCH 2008**  
(The figures are unaudited)

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For the financial period ended 31 March 2008**

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	31/03/2008 RM'000	31/03/2007 RM'000	31/03/2008 RM'000	31/03/2007 RM'000
<b>Continuing Operations</b>				
Revenue	33,842	29,639	33,842	29,639
Cost of sales	(22,301)	(20,024)	(22,301)	(20,024)
Gross profit	11,541	9,615	11,541	9,615
Other income	177	781	177	781
Administration expenses	(2,176)	(2,456)	(2,176)	(2,456)
Selling and distribution expenses	(3,534)	(3,539)	(3,534)	(3,539)
Other expenses	(4,521) *	(431)	(4,521) *	(431)
Finance costs	(4,000)	(3,783)	(4,000)	(3,783)
Profit/(Loss) before taxation	(2,513)	187	(2,513)	187
Taxation	(413)	(403)	(413)	(403)
Loss for the financial period from continuing operations	(2,926)	(216)	(2,926)	(216)
<b>Discontinued Operation</b>				
Loss for the financial period from discontinued operation	-	(5,311)	-	(5,311)
Loss for the financial period	(2,926)	(5,527)	(2,926)	(5,527)
Attributable to:-				
Equity holders of the Company	(3,013)	(5,774)	(3,013)	(5,774)
Minority interests	87	247	87	247
Loss for the financial period	(2,926)	(5,527)	(2,926)	(5,527)
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
<b>Loss per 50 sen share attributable to equity holders of the Company :</b>				
- from continuing operations	(0.42)	(0.06)	(0.42)	(0.06)
- from discontinued operation	-	(0.75)	-	(0.75)
	(0.42)	(0.81)	(0.42)	(0.81)
Fully diluted	N/A	N/A	N/A	N/A

N/A - Not applicable.

\* - Other expenses comprised unrealised losses on foreign exchange.

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**PAN MALAYSIA CORPORATION BERHAD**

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**CONDENSED CONSOLIDATED BALANCE SHEET**

**At 31 March 2008**

	31/03/2008	31/12/2007
	RM'000	(Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	35,434	34,848
Prepaid land lease payments	1,843	1,853
Investment property	1,228	1,227
Goodwill on consolidation	58,206	58,206
Trademarks	4,984	4,984
Investments	149,721	149,721
Deferred tax assets	326	337
	<u>251,742</u>	<u>251,176</u>
<b>Current assets</b>		
Inventories	20,727	22,943
Trade and other receivables	33,528	32,378
Tax recoverable	1,665	2,035
Deposits, bank balances and cash	381,366	382,853
	<u>437,286</u>	<u>440,209</u>
<b>TOTAL ASSETS</b>	<u>689,028</u>	<u>691,385</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	386,678	386,678
Treasury shares	(29,478)	(29,478)
Reserves	(1,526)	687
	<u>355,674</u>	<u>357,887</u>
<b>Minority interests</b>	8,825	8,738
<b>Total Equity</b>	<u>364,499</u>	<u>366,625</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	692	693
<b>Current liabilities</b>		
Short term borrowings	298,577	297,688
Trade and other payables	24,244	25,429
Amounts owing to related companies	250	251
Provision for taxation	766	699
	<u>323,837</u>	<u>324,067</u>
<b>Total Liabilities</b>	<u>324,529</u>	<u>324,760</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>689,028</u>	<u>691,385</u>
	<b>RM</b>	<b>RM</b>
Net Assets per 50 sen share attributable to equity holders of the Company	0.50 *	0.50 *

\* 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 2007 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 31 March 2008

	Attributable to Equity Holders of the Company						Minority	Total	
	Non-Distributable						Interests	Equity	
	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	RM'000	RM'000
At 1 January 2008	386,678	(29,478)	472,258	33,327	83,116	(588,014)	357,887	8,738	366,625
Net gain recognised directly in equity	-	-	-	-	800	-	800	-	800
Loss for the financial period	-	-	-	-	-	(3,013)	(3,013)	87	(2,926)
Total recognised income and expense for the period	-	-	-	-	800	(3,013)	(2,213)	87	(2,126)
At 31 March 2008	386,678	(29,478)	472,258	33,327	83,916	(591,027)	355,674	8,825	364,499
At 1 January 2007	386,678	(29,478)	472,258	33,327	86,316	(612,314)	336,787	7,986	344,773
Net expenses recognised directly in equity	-	-	-	-	(1,623)	-	(1,623)	-	(1,623)
Loss for the financial period	-	-	-	-	-	(5,774)	(5,774)	247	(5,527)
Total recognised income and expense for the period	-	-	-	-	(1,623)	(5,774)	(7,397)	247	(7,150)
At 31 March 2007	386,678	(29,478)	472,258	33,327	84,693	(618,088)	329,390	8,233	337,623

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 2007 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 31 March 2008**

	<b>CUMULATIVE 3 MONTHS</b>	
	<b>31/03/2008</b>	<b>31/03/2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before taxation		
- from continuing operations	(2,513)	187
- from discontinued operation	-	(5,311)
	<u>(2,513)</u>	<u>(5,124)</u>
<b>Adjustments:-</b>		
Gain on disposal of other investments	-	422
Write back of allowance for doubtful debts	(11)	(119)
Allowance for doubtful debts	-	42
Others	4,621	2,468
	<u>2,097</u>	<u>(2,311)</u>
Operating profit / (loss) before working capital changes		
Net change in working capital	183	11,798
Cash generated from operating activities	2,280	9,487
Interest paid	(4,000)	(4,303)
Interest received	3,605	2,503
Dividend received	4	12
Tax paid	(472)	(246)
Tax refunded	500	-
Net cash generated from operating activities	<u>1,917</u>	<u>7,453</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(833)	(416)
Proceeds from sale of investments	-	2,831
Net cash (used in) / from investing activities	<u>(833)</u>	<u>2,415</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of bank borrowings (net)	(1,303)	(5,109)
Repayment of hire purchase lease payables (net)	-	(6)
Net cash used in financing activities	<u>(1,303)</u>	<u>(5,115)</u>
Net (decrease) / increase in cash and cash equivalents	(219)	4,753
Exchange translation differences	(3,262)	(1,001)
Cash and cash equivalents at 1 January	346,298	349,691
Cash and cash equivalents at 31 March	<u>342,817</u>	<u>353,443</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

# PAN MALAYSIA CORPORATION BERHAD

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## A. NOTES TO THE INTERIM FINANCIAL REPORT

### A1. 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 2007.

### A2. 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 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 July 2007:-

#### FRSs / Interpretations

FRS 107, *Cash Flow Statements*

FRS 111, *Construction Contracts*

FRS 112, *Income Taxes*

FRS 118, *Revenue*

FRS 120, *Accounting for Government Grants and Disclosure of Government Assistance*

Amendment to FRS 121, *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation*

FRS 134, *Interim Financial Reporting*

FRS 137, *Provisions, Contingent Liabilities and Contingent Assets*

The Group and the Company has applied the abovementioned FRSs for the annual period beginning 1 January 2008. The adoption of these new and revised FRSs does not have any significant impact on the financial statements of the Group.

### A3. Auditors' Report

The auditors' report on the audited financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

### A4. 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.

### A5. 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 31 March 2008, other than the following which were reflected in other expenses:-

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	31/03/2008 RM'000	31/03/2007 RM'000	31/03/2008 RM'000	31/03/2007 RM'000
Loss on foreign exchange	(4,521)	-	(4,521)	-
Loss on disposal of investment in an associate	-	(422)	-	(422)
	<u>(4,521)</u>	<u>(422)</u>	<u>(4,521)</u>	<u>(422)</u>

### A6. 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 31 March 2008.

### A7. Issuances and Repayments of Debt and Equity Securities

As at 31 March 2008, the number of treasury shares held is 59,996,400 ordinary shares.

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations and resale of treasury shares for the financial period ended 31 March 2008.

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## A8. Dividends Paid

No dividend was paid by the Company during the financial period ended 31 March 2008 (31 March 2007: Nil).

## A9. Discontinued Operation

On 7 May 2007, the Board of directors of Network Foods Limited ("NFL"), Australia appointed voluntary administrators ("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.

In view of the above, the financial statements of NFL have been deconsolidated from the consolidated Financial Statements of the Group with effect from 7 May 2007. Subsequently, the operation of NFL was discontinued.

The comparative Consolidated Income Statement has been re-presented to show the discontinued operation separately from continuing operations.

Results of discontinued operation of NFL

	<b>31/03/2007</b> <b>RM'000</b>
Revenue	14,685
Operating costs	<u>(19,476)</u>
	(4,791)
Finance cost	<u>(520)</u>
Loss for the financial period	<u>(5,311)</u>

## A10. Segment Information

The analysis of the Group's continuing operations for the financial period ended 31 March 2008 is as follows:-

	<b>Food &amp; Confectionery</b> <b>RM'000</b>	<b>Investment Holding</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>REVENUE</b>			
- External revenue	30,314	3,528	33,842
- Inter-segment revenue	-	-	-
Total	<u>30,314</u>	<u>3,528</u>	<u>33,842</u>
<b>RESULTS</b>			
Segment results	2,892	(1,405)	1,487
Finance cost	(133)	(3,867)	(4,000)
Profit/(Loss) before taxation	<u>2,759</u>	<u>(5,272)</u>	<u>(2,513)</u>

## A11. 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.

## A12. Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 31 March 2008 that have not been reflected in the financial statements for the said period as at the date of this report.

## A13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 March 2008.

## A14. Contingent Liabilities

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

## A15. Capital Commitments

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

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**B NOTES PER BURSA SECURITIES LISTING REQUIREMENTS**

**B1. Review of Performance**

For the three months ended 31 March 2008, the Group recorded revenue of RM33.8 million and pre-tax loss of RM2.5 million compared to the previous year corresponding period's revenue of RM29.6 million and pre-tax profit of RM0.2 million under continuing operations. The higher revenue is mainly due to the existing food and confectionery operations achieving better results in the period under review. The pre-tax loss for the period under review was mainly due to unrealised losses on foreign exchange.

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

The current quarter recorded revenue of RM33.8 million and a pre-tax loss of RM2.5 million compared to the preceding quarter's revenue of RM38.6 million and pre-tax profit of RM16.8 million. The results of the preceding quarter were better due to the various festive seasons, in line with the seasonal nature of the Group's food and confectionery operations, and also write back of impairment in value of property and investments.

**B3. Prospects for Current Financial Year**

The Group expects its operating environment to be affected by rising cost of raw materials and also higher production costs. To mitigate this, the Group will stay competitive by focusing on improving productivity and cost efficiency, increasing its market penetration and better product offering. Barring unforeseen circumstances, the Group expects to achieve a satisfactory performance for the remaining periods of the financial year ending 31 December 2008.

**B4. Variance of Actual Profit from Forecast Profit**

Not applicable.

**B5. Taxation**

Taxation comprises:-

	First Quarter		Cumulative 3 months	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
Current taxation	397	403	397	403
Under provision in respect of prior years	16	-	16	-
	<u>413</u>	<u>403</u>	<u>413</u>	<u>403</u>

The tax provision of the Group for the financial period ended 31 March 2008 is due to certain subsidiaries having taxable profits while no group relief is available for losses suffered by other subsidiaries.

**B6. 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 31 March 2008.

**B7. Quoted Securities**

(a) There were no purchases and disposals of quoted securities for the three months ended 31 March 2008.

(b) Total investments in quoted securities as at 31 March 2008 are as follows:-

	<b>RM'000</b>
At cost	188,032
Less: Impairment	<u>(134,696)</u>
	<u>53,336</u>
Market value	<u>60,013</u>

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**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**

(a) Total Group borrowings as at 31 March 2008 are as follows:-

	<b>RM'000</b>
Short Term Borrowings	
Secured	14,602
Unsecured	<u>283,975</u>
	<u>298,577</u>

(b) Foreign borrowings in Ringgit equivalent as at 31 March 2008 included in (a) above are as follows:-

	<b>RM'000</b>
Currency	
Australian Dollars	14,602
US Dollars	111
Hong Kong Dollars	315
Singapore Dollars	<u>907</u>

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

**B10. Off Balance Sheet Financial Instruments**

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

**B11. Material Litigation**

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

**B12. Dividend**

No dividend has been declared by the Board for the financial period ended 31 March 2008 (31 March 2007: Nil).

**B13. Loss Per Share**

(i) Basic loss per share

The basic loss per ordinary share is calculated by dividing the 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:-

	<u>FIRST QUARTER</u>		<u>CUMULATIVE 3 MONTHS</u>	
	<u>31/03/2008</u>	<u>31/03/2007</u>	<u>31/03/2008</u>	<u>31/03/2007</u>
Loss attributable to equity holders of the Company (RM'000)				
- from continuing operations	(3,013)	(463)	(3,013)	(463)
- from discontinued operation	-	(5,311)	-	(5,311)
	<u>(3,013)</u>	<u>(5,774)</u>	<u>(3,013)</u>	<u>(5,774)</u>
Weighted average number of ordinary shares in issue ('000)	713,361	713,361	713,361	713,361
Loss per share (sen)				
- from continuing operations	(0.42)	(0.06)	(0.42)	(0.06)
- from discontinued operation	-	(0.75)	-	(0.75)
	<u>(0.42)</u>	<u>(0.81)</u>	<u>(0.42)</u>	<u>(0.81)</u>

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



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**B14. Other Matters**

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

	<b>Balance as at 01/01/2008 RM'000</b>	<b>Amount utilised RM'000</b>	<b>Balance as at 31/03/2008 RM'000</b>
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	264,200	-	264,200
	<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: 27 May 2008**