

PAN MALAYSIA CORPORATION BERHAD
Company No : 4920 - D
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT
THIRD QUARTER ENDED 30 SEPTEMBER 2008
(The figures are unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 30 September 2008

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
				(Restated)
Continuing Operations				
Revenue	35,745	34,632	99,436	91,275
Cost of sales	(23,520)	(23,259)	(64,483)	(61,592)
Gross profit	<u>12,225</u>	<u>11,373</u>	<u>34,953</u>	<u>29,683</u>
Other income	216	361	677	1,360
Administration expenses	(3,289)	(2,555)	(8,225)	(7,525)
Selling and distribution expenses	(3,020)	(3,869)	(10,264)	(10,945)
Other expenses	(4,501) *	(1,358)	(22,534) *	(44)
Finance costs	(3,809)	(4,281)	(11,794)	(11,880)
Profit/(Loss) before taxation	<u>(2,178)</u>	<u>(329)</u>	<u>(17,187)</u>	<u>649</u>
Taxation	(491)	(474)	(1,304)	(1,156)
Loss for the financial period from continuing operations	<u>(2,669)</u>	<u>(803)</u>	<u>(18,491)</u>	<u>(507)</u>
Discontinued Operation				
Profit for the financial period from discontinued operation (see Note A9)	-	-	-	9,182
Profit/(Loss) for the financial period	<u>(2,669)</u>	<u>(803)</u>	<u>(18,491)</u>	<u>8,675</u>
Attributable to:-				
Equity holders of the Company	(2,920)	(948)	(18,951)	8,075
Minority interests	<u>251</u>	<u>145</u>	<u>460</u>	<u>600</u>
Profit/(Loss) for the financial period	<u>(2,669)</u>	<u>(803)</u>	<u>(18,491)</u>	<u>8,675</u>
Earnings/(Loss) per 50 sen share attributable to equity holders of the Company :				
- from continuing operations	(0.41)	(0.13)	(2.66)	(0.16)
- from discontinued operation	-	-	-	1.29
	<u>(0.41)</u>	<u>(0.13)</u>	<u>(2.66)</u>	<u>1.13</u>
Fully diluted	N/A	N/A	N/A	N/A

N/A - Not applicable.

* - Other expenses include unrealised losses on foreign exchange and allowance for diminution in value of quoted investments.

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

Company No : 4920 - D
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2008

	30/09/2008	31/12/2007
	RM'000	(Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,071	34,848
Prepaid land lease payments	1,822	1,853
Investment property	1,259	1,227
Goodwill on consolidation	58,206	58,206
Trademarks	4,984	4,984
Investments	137,108	149,721
Deferred tax assets	355	337
	<u>238,805</u>	<u>251,176</u>
Current assets		
Inventories	24,442	22,943
Trade and other receivables	37,739	32,378
Tax recoverable	476	2,035
Deposits, bank balances and cash	353,370	382,853
	<u>416,027</u>	<u>440,209</u>
TOTAL ASSETS	<u>654,832</u>	<u>691,385</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	386,678	386,678
Treasury shares	(30,466)	(29,478)
Reserves	(11,928)	687
	<u>344,284</u>	<u>357,887</u>
Minority interests	8,701	8,738
Total Equity	<u>352,985</u>	<u>366,625</u>
Non-current liabilities		
Deferred tax liabilities	693	693
Current liabilities		
Short term borrowings	272,618	297,688
Trade and other payables	27,586	25,429
Amounts owing to related companies	251	251
Provision for taxation	699	699
	<u>301,154</u>	<u>324,067</u>
Total Liabilities	<u>301,847</u>	<u>324,760</u>
TOTAL EQUITY AND LIABILITIES	<u>654,832</u>	<u>691,385</u>
	RM	RM
Net Assets per 50 sen share attributable to equity holders of the Company	0.49 *	0.50 *

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

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
 Company No : 4920 - D
 (Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the financial period ended 30 September 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	-	-	-	-	6,336	-	6,336	(497)	5,839
Loss for the financial period	-	-	-	-	-	(18,951)	(18,951)	460	(18,491)
Total recognised income and expense for the period	-	-	-	-	6,336	(18,951)	(12,615)	(37)	(12,652)
Purchase of own shares	-	(988)	-	-	-	-	(988)	-	(988)
At 30 September 2008	386,678	(30,466)	472,258	33,327	89,452	(606,965)	344,284	8,701	352,985
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	-	-	-	-	(2,916)	-	(2,916)	-	(2,916)
Profit for the financial period	-	-	-	-	-	8,075	8,075	600	8,675
Total recognised income and expense for the period	-	-	-	-	(2,916)	8,075	5,159	600	5,759
At 30 September 2007	386,678	(29,478)	472,258	33,327	83,400	(604,239)	341,946	8,586	350,532

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
Company No : 4920 - D
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the financial period ended 30 September 2008

	CUMULATIVE 9 MONTHS	
	30/09/2008	30/09/2007
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation		
- from continuing operations	(17,187)	649
- from discontinued operation	-	9,182
	<u>(17,187)</u>	<u>9,831</u>
Adjustments:-		
Allowance for diminution in value of quoted investments	12,575	-
Allowance for doubtful debts	14	58
Write back of allowance for doubtful debts	(661)	-
Gain on disposal of property, plant and equipment	(89)	(27)
Gain on disposal of other investments	-	(392)
Surplus arising from deconsolidation of a subsidiary	-	(14,493)
Others	10,549	5,670
Operating profit before working capital changes	<u>5,201</u>	<u>647</u>
Net change in working capital	<u>(2,386)</u>	<u>(3,215)</u>
Cash generated from/(used in) operating activities	2,815	(2,568)
Interest paid	(11,794)	(12,400)
Interest received	10,469	7,177
Dividend received	49	44
Tax paid	(1,494)	(1,071)
Tax refunded	1,710	2,675
Net cash generated from/(used in) operating activities	<u>1,755</u>	<u>(6,143)</u>
Cash Flows From Investing Activities		
Purchase of investments	(4)	-
Purchase of property, plant and equipment	(1,052)	(1,321)
Proceeds from sale of investments	43	4,559
Proceeds from disposal of property, plant and equipment	89	27
Bank overdraft net of bank balances and cash of a subsidiary not consolidated	-	6,449
Net cash (used in)/from investing activities	<u>(924)</u>	<u>9,714</u>
Cash Flows From Financing Activities		
Purchase of own shares	(988)	-
Repayment of bank borrowings (net)	(16,647)	(7,926)
Repayment of hire purchase lease payables (net)	-	(6)
Net cash used in financing activities	<u>(17,635)</u>	<u>(7,932)</u>
Net decrease in cash and cash equivalents	(16,804)	(4,361)
Exchange translation differences	(3,136)	(381)
Cash and cash equivalents at 1 January	346,297	349,691
Cash and cash equivalents at 30 September	<u>326,357</u>	<u>344,949</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

Company No : 4920 - D
(Incorporated in Malaysia)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The Interim Financial Report of the Group is unaudited 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

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 30 September 2008, other than the following:-

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2008 RM'000	30/09/2007 RM'000	30/09/2008 RM'000	30/09/2007 RM'000
(Loss)/Gain on foreign exchange	(4,501)	(1,641)	(9,959)	530
Allowance for diminution in value of quoted investments	-	-	(12,575)	-
Gain on disposal of investments	-	414	-	392
Surplus arising from deconsolidation of a subsidiary	-	-	-	14,493
	<u>(4,501)</u>	<u>(1,227)</u>	<u>(22,534)</u>	<u>15,415</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 30 September 2008.

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

A7. Issuances and Repayments of Debt and Equity Securities

During the financial period ended 30 September 2008, the Company purchased a further 4,763,000 of its own ordinary shares from the open market for a total cash consideration of RM988,000 including transaction cost and this was financed by internally generated funds. The average price paid for the shares repurchased was RM0.21 per share. These shares repurchased are held as treasury shares as at 30 September 2008 in accordance with Section 67A of the Companies Act, 1965 and are stated as cost.

As at 30 September 2008, the number of treasury shares held is 64,759,800 ordinary shares.

There were no issuances and repayments of debt and equity securities and resale of treasury shares for the financial period ended 30 September 2008.

A8. Dividends Paid

No dividend was paid by the Company during the financial period ended 30 September 2008 (30 September 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 were 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 was re-presented to show the discontinued operation separately from continuing operations.

Results of discontinued operation of NFL

	30/09/2007
	Up to date of
	deconsolidation
	RM'000
Revenue	14,685
Operating costs	<u>(19,476)</u>
	(4,791)
Exceptional item - surplus arising from deconsolidation of a subsidiary	14,493
Finance cost	<u>(520)</u>
Profit for the financial period	<u>9,182</u>

A10. Segment Information

The analysis of the Group's continuing operations for the nine months ended 30 September 2008 is as follows:-

	Food &	Investment	
	Confectionery	Holding	
	RM'000	RM'000	Total
			RM'000
REVENUE			
- External revenue	89,187	10,249	99,436
- Inter-segment revenue	-	-	-
Total	<u>89,187</u>	<u>10,249</u>	<u>99,436</u>
RESULTS			
Segment results	8,597	(13,990)	(5,393)
Finance cost	(354)	(11,440)	(11,794)
Profit/(Loss) before taxation	<u>8,243</u>	<u>(25,430)</u>	<u>(17,187)</u>

PAN MALAYSIA CORPORATION BERHAD

**Company No : 4920 - D
(Incorporated in Malaysia)**

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 30 September 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 30 September 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 other than the acquisition of the property for a cash consideration of RM17.0 million disclosed in Note B8. The acquisition is currently pending completion .

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Company No : 4920 - D
(Incorporated in Malaysia)

B NOTES PER BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

For the nine months ended 30 September 2008, the Group recorded revenue of RM99.4 million, representing a growth of 8.9% over the previous year corresponding period's revenue of RM91.3 million, resulting in better operating profit. The higher revenue was mainly contributed by higher sales from the food and confectionery operations. The pre-tax loss for the nine months ended 30 September 2008 of RM17.2 million, compared to a pre-tax profit of RM0.6 million last year, was mainly due to unrealised losses on foreign exchange and allowance for diminution in value of quoted investments as a result of the current global financial crisis and the bearish stock market condition.

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

The current quarter recorded revenue of RM34.7 million and a pre-tax loss of RM2.2 million compared to the preceding quarter's revenue of RM29.8 million and pre-tax loss of RM12.5 million. The higher revenue for the current quarter was due to better sales during the festive seasons, in line with the seasonal nature of the Group's food and confectionery operations. The higher loss for the preceding quarter was mainly due to unrealised losses on foreign exchange and allowance for diminution in value of quoted investments as explained in Note B1 above.

B3. Prospects for Current Financial Year

The Group expects its tough operating environment to continue due to higher costs of production, tighter consumer spending and the current unfavourable global economic conditions. To mitigate this, the Group has embarked on initiatives to improve productivity and cost efficiency, increasing its product prices and market reach and better product offering. The Group remains cautious of the general trading environment for the remaining period of the current financial year.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Taxation

Taxation comprises:-

	Third Quarter		Cumulative 9 months	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
Current taxation	484	474	1,255	1,198
Under / (Over) provision in respect of prior years	7	-	49	(42)
	<u>491</u>	<u>474</u>	<u>1,304</u>	<u>1,156</u>

The tax provision of the Group for the financial period ended 30 September 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 30 September 2008.

B7. Quoted Securities

(a) Total purchases and disposals of quoted securities for the financial period ended 30 September 2008 are as follows:-

	RM'000
(i) Total purchases	4
(ii) Total disposals	47
Total gain/(loss) on disposal	-

(b) Total investments in quoted securities as at 30 September 2008 are as follows:-

	RM'000
At cost	187,994
Less: Allowance for diminution in value of quoted investments	<u>(147,271)</u>
	<u>40,723</u>
Market value	<u>40,136</u>

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**Company No : 4920 - D
(Incorporated in Malaysia)**

B8. Status of Corporate Proposals

On 17 July 2008, the Company announced that Network Foods Industries Sdn Bhd ("NFI"), a 81.54% owned subsidiary, had entered into a sale and purchase agreement with Malaysian Plastics Sdn Bhd to acquire a piece of property held under H.S.(D) 167496 (Lot No. 614), Mukim Damansara, District of Petaling, Selangor Darul Ehsan, with buildings erected thereon ("Property") for a cash consideration of RM17.0 million ("Acquisition").

The Property is located next to NFI's existing factory in Shah Alam and is therefore well suited for NFI's expansion plans to meet its growth demand. The Acquisition is currently pending completion.

Other than the above, 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 30 September 2008 are as follows:-

	RM'000
Short Term Borrowings	
Unsecured	<u>272,618</u>

(b) Foreign borrowings in Ringgit equivalent as at 30 September 2008 included in (a) above are as follows:-

Currency	RM'000
US Dollars	167
Hong Kong Dollars	439
Singapore Dollars	<u>224</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 30 September 2008 (30 September 2007: Nil).

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(Incorporated in Malaysia)

B13. Earnings/(Loss) Per Share

(i) Basic earnings/(loss) per share

The basic earnings/(loss) 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	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
Profit/(Loss) attributable to equity holders of the Company (RM'000)				
- from continuing operations	(2,920)	(948)	(18,951)	(1,107)
- from discontinued operation	-	-	-	9,182
	<u>(2,920)</u>	<u>(948)</u>	<u>(18,951)</u>	<u>8,075</u>
Weighted average number of ordinary shares in issue ('000)	709,104	713,361	711,750	713,361
Earnings/(Loss) per share (sen)				
- from continuing operations	(0.41)	(0.13)	(2.66)	(0.16)
- from discontinued operation	-	-	-	1.29
	<u>(0.41)</u>	<u>(0.13)</u>	<u>(2.66)</u>	<u>1.13</u>

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

B14. Other Matters

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

	Balance as at 01/01/2008 RM'000	Amount utilised RM'000	Balance as at 30/09/2008 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	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: 18 November 2008