

PAN MALAYSIAN INDUSTRIES BERHAD
Company No : 5138 - W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2007

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Continuing Operations				
Revenue	97	-	97	10
Operating expenses	(1,522)	(370)	(1,762)	(821)
Loss from operations	(1,425)	(370)	(1,665)	(811)
Exceptional item (refer to Note A4)	(142,318)	(701)	(142,318)	6,709
(Loss)/Profit from operations after exceptional item	(143,743)	(1,071)	(143,983)	5,898
Finance cost	(5,023)	(8,880)	(13,548)	(21,224)
Share of results of associated companies	(1,052)	(4,070)	(4,214)	154
Loss before tax	(149,818)	(14,021)	(161,745)	(15,172)
Tax expense	-	-	-	-
Loss for the period from continuing operations	(149,818)	(14,021)	(161,745)	(15,172)
Discontinued Operations				
Profit from discontinued operations	609	3,071	1,808	2,346
Gain on disposal of discontinued operations	129,472	-	129,472	-
	130,081	3,071	131,280	2,346
Loss for the period	(19,737)	(10,950)	(30,465)	(12,826)
Attributable to:				
Equity holders of the Company	(19,796)	(11,234)	(30,644)	(13,045)
Minority interest	59	284	179	219
	(19,737)	(10,950)	(30,465)	(12,826)
Loss per share attributable to equity holders of the Company:-				
	Sen	Sen	Sen	Sen
Basic	(0.80)	(0.45)	(1.24)	(0.53)
Diluted	1	N/A	N/A	N/A

Notes:-

(1) "N/A" - Not applicable as the exercise price of the warrants under the assumed exercise of the warrants is higher than the average market price of the shares.

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

PAN MALAYSIAN INDUSTRIES BERHAD (Company No. 5138-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2007

	30.9.2007	31.3.2007
	RM'000	(Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	1	1
Associated companies	124,295	428,208
	<u>124,296</u>	<u>428,209</u>
Current Assets		
Other receivables	2,434	218
Tax recoverable	7	6,997
Deposits, bank balances and cash	25,974	299
	<u>28,415</u>	<u>7,514</u>
Assets of disposal group classified as held for sale	-	207,294
Non-current assets held for sale	164,929	-
	<u>193,344</u>	<u>214,808</u>
TOTAL ASSETS	<u>317,640</u>	<u>643,017</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,239,662	1,239,662
Reserves	(1,155,894)	(1,276,348)
	83,768	(36,686)
Minority interest	2,124	12,806
Total Equity	<u>85,892</u>	<u>(23,880)</u>
Non-Current Liabilities		
Borrowings	-	148,915
Current Liabilities		
Other payables	14,677	29,707
Borrowings	217,071	424,415
	<u>231,748</u>	<u>454,122</u>
Liabilities directly associated with assets classified as held for sale	-	63,860
	<u>231,748</u>	<u>517,982</u>
Total Liabilities	<u>231,748</u>	<u>666,897</u>
TOTAL EQUITY AND LIABILITIES	<u>317,640</u>	<u>643,017</u>
	Sen	Sen
Net assets/(liabilities) per 50 sen share attributable to ordinary equity holders of the Company	3.38	(1.48)

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

PAN MALAYSIAN INDUSTRIES BERHAD (Company No. 5138-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	Attributable to Equity Holders of the Company				Minority Interest	Total Equity	
	Share Capital RM'000	Non-distributable Reserves RM'000	Distributable Reserves RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	
CUMULATIVE 6 MONTHS							
At 1 April 2007	1,239,662	445,947	3,948	(1,726,243)	(36,686)	12,806	(23,880)
Group's share of post-acquisition reserves in associated companies, recognised directly in equity	-	7,548	-	-	7,548	-	7,548
Loss for the period	-	-	-	(30,644)	(30,644)	179	(30,465)
Total recognised income and expense	-	7,548	-	(30,644)	(23,096)	179	(22,917)
Disposal of a subsidiary company	-	-	-	-	-	(12,311)	(12,311)
Preference shares issued by a subsidiary company	-	143,550	-	-	143,550	1,450	145,000
At 30 September 2007	1,239,662	597,045	3,948	(1,756,887)	83,768	2,124	85,892
At 1 April 2006	1,239,662	386,510	3,948	(1,708,918)	(78,798)	25,656	(53,142)
Effects of adoption of FRS 3 by an associated company	-	-	-	54,159	54,159	-	54,159
	1,239,662	386,510	3,948	(1,654,759)	(24,639)	25,656	1,017
Group's share of post-acquisition reserves in associated companies, recognised directly in equity	-	2,474	-	25,914	28,388	-	28,388
Loss for the period	-	-	-	(13,045)	(13,045)	219	(12,826)
Total recognised income	-	2,474	-	12,869	15,343	219	15,562
Capital repayment to minority shareholders of a subsidiary company	-	-	-	-	-	(14,743)	(14,743)
At 30 September 2006	1,239,662	388,984	3,948	(1,641,890)	(9,296)	11,132	1,836

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

PAN MALAYSIAN INDUSTRIES BERHAD (Company No. 5138-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	CUMULATIVE 6 MONTHS	
	30.09.2007	30.09.2006
	RM'000	RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before tax from:		
Continuing operations	(161,745)	(15,172)
Discontinued operations	2,933	4,359
	<u>(158,812)</u>	<u>(10,813)</u>
Adjustments for :-		
Continuing operations		
Depreciation	-	1
Finance cost	13,548	21,224
Interest income	(97)	(10)
Impairment of investment in an associated company	142,318	-
Share of results of associated companies	4,214	(154)
Other non-cash items	876	(4,679)
Discontinued operations	3,303	2,606
	<u>5,350</u>	<u>8,175</u>
Operating profit before working capital changes		
Continuing operations		
Net change in current assets	(1,996)	(195)
Net change in current liabilities	(27,236)	(10,887)
Interest expenses paid	(13,050)	(15,416)
Interest income received	98	-
Tax refund	6,990	-
Discontinued operations	(3,788)	(1,695)
	<u>(33,632)</u>	<u>(20,018)</u>
Net cash used in operating activities		
Cash Flows From Investing Activities		
Net cash flow from disposal of a subsidiary company	253,449	-
Discontinued operations	(2,375)	(9,727)
	<u>251,074</u>	<u>(9,727)</u>
Net cash from/(used in) investing activities		
Cash Flows From Financing Activities		
Continuing operations		
Interest expenses paid	(84)	(241)
Capital repayment to minority shareholders of a subsidiary company	-	(14,743)
Repayments of term loans and revolving credits	(219,633)	(20,813)
Discontinued operations	(129)	2,314
	<u>(219,846)</u>	<u>(33,483)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(2,404)	(63,228)
Cash and cash equivalents at beginning of the financial period	(10,525)	35,049
	<u>(12,929)</u>	<u>(28,179)</u>
Cash and cash equivalents at end of the financial period		
Cash and cash equivalents consist of the following:-		
Continuing operations		
Deposits, bank balances and cash	25,974	2,121
Bank overdrafts	(38,903)	(39,768)
Discontinued operations		
Deposits, bank balances and cash	-	9,468
	<u>(12,929)</u>	<u>(28,179)</u>

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

PAN MALAYSIAN INDUSTRIES BERHAD (Company No. 5138-W)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The significant accounting policies and methods of computation applied in this unaudited interim financial report are consistent with those adopted in the audited annual financial statements for the financial year ended 31 March 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 April 2007:

FRS 117 Leases
FRS 124 Related Party Disclosures

Under the Discontinued Operations, the leasehold land and buildings were previously classified under property, plant and equipment. With the adoption of FRS 117, the leasehold land and buildings are now classified under prepaid lease payment.

The adoption of FRS 124 does not have any significant financial impact on the Group.

Comparative

The following comparative have been restated due to the adoption of new FRS:

Discontinued Operations:

	As previously reported RM'000	Adjustment FRS 117 RM'000	As restated RM'000
At 31 March 2007			
Property, plant and equipment	56,249	(12,154)	44,095
Prepaid lease payment	-	12,154	12,154

A2. Audit Report of Preceding Annual Financial Statements

The audit report of the preceding annual financial statements was not qualified.

A3. Seasonal or Cyclical Factors

The Group's businesses where seasonal or cyclical factors would have some effects on the operations are as follows:-

(a) Subsidiaries

The retailing operations in Malaysia have seasonal peaks in tandem with the year end school holidays, various festive seasons and during sales promotions.

The subsidiary involved in retailing operations was disposed of in the current financial quarter.

(b) Associated Companies

- (i) The retailing operations in United Kingdom normally record better sales in the third quarter of the financial year due to the Christmas season;
- (ii) The hotel operations in United Kingdom normally experience low trading after Christmas, New Year and Easter due to the after effects of the holiday seasons. Additionally, winter periods will also experience a decline in trading; and
- (iii) The food and confectionery operations in Malaysia, Singapore and Hong Kong will normally record better sales during the various festive seasons.

A4. 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 period ended 30 September 2007 other than the exceptional items as follows:-

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Impairment of investment in associated company	(142,318)	-	(142,318)	-
(Loss)/Gain on foreign exchange	-	(701)	-	6,709
	<u>(142,318)</u>	<u>(701)</u>	<u>(142,318)</u>	<u>6,709</u>
Discontinued operations				
Gain on disposal of a subsidiary company	129,472	-	129,472	-
	<u>129,472</u>	<u>-</u>	<u>129,472</u>	<u>-</u>

A5. Changes in Estimates Reported in Prior Interim Periods

There were no changes in estimates of amounts reported in prior financial year which may have a material effect in the financial period ended 30 September 2007.

A6. Issuance or Repayments of Debts and Equity Securities

There was no issuance or repayment of debt and equity securities, share buyback, share cancellation, and resale of treasury shares in the financial period ended 30 September 2007.

A7. Dividends Paid

There was no dividend paid in the financial period ended 30 September 2007.

A8. Segment Information

The analysis of the Group's operations for the 6 months ended 30 September 2007 is as follows:-

	Continuing	Discontinued	Elimination	Group
	Operations	Operations		
	01.04.2007	01.04.2007		
	to 30.9.2007	to 14.08.2007		
	Investment			
	Holding	Retailing		
	RM'000	RM'000	RM'000	RM'000
REVENUE				
External revenue	<u>97</u>	<u>110,677</u>	<u>-</u>	<u>110,774</u>
RESULTS				
Segment results	(1,665)	3,262	(200)	1,397
Exceptional items	(142,318)	-	-	(142,318)
(Loss)/Profit from operations after exceptional items	<u>(143,983)</u>	<u>3,262</u>	<u>(200)</u>	<u>(140,921)</u>
Finance costs	(13,548)	(129)	-	(13,677)
Share of results of associated companies	(4,214)	-	-	(4,214)
(Loss)/Profit before tax	<u>(161,745)</u>	<u>3,133</u>	<u>(200)</u>	<u>(158,812)</u>
Tax expense	-	(1,125)	-	(1,125)
(Loss)/Profit after tax	<u>(161,745)</u>	<u>2,008</u>	<u>(200)</u>	<u>(159,937)</u>
Gain on disposal of discontinued operations	-	129,472	-	129,472
(Loss)/Profit for the period	<u>(161,745)</u>	<u>131,480</u>	<u>(200)</u>	<u>(30,465)</u>

A9. Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements. Certain properties were reclassified to prepaid lease payment as disclosed in Note A1.

A10. Material Events Subsequent to the End of the Interim Period

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

A11. Changes in the Composition of the Group

The Group completed the disposal of Metrojaya Berhad, a 91.06% owned subsidiary, on 14 August 2007. Further details of the disposal are disclosed in Note A12 and B8(a).

Other than the above, there were no changes in the composition of the Group during the financial period ended 30 September 2007.

A12. Discontinued Operations

On 31 October 2006, the Company and its wholly-owned subsidiary company, Excelton Sdn Bhd ("Excelton"), entered into Share Sale Agreement with Libertyray (M) Sdn Bhd ("LMSB"), a wholly-owned subsidiary of Malayan United Industries Berhad, to dispose a total of 113,751,983 ordinary shares of RM1.00 each representing an equity interest of approximately 91.06% in Metrojaya Berhad ("MJB") to LMSB ("Disposal"). Accordingly, MJB was classified as a disposal group held for sale. The Disposal was subsequently completed on 14 August 2007.

The revenue, results and cash flows of MJB Group (after eliminating inter-company transactions) are as follows:-

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30.09.2007 Up to date of disposal RM'000	30.09.2006 RM'000	30.09.2007 Up to date of disposal RM'000	30.09.2006 RM'000
Revenue	28,046	91,520	110,677	163,644
Profit from operations	990	4,184	3,062	4,545
Finance cost	(31)	(106)	(129)	(186)
Profit before tax	959	4,078	2,933	4,359
Tax expense	(350)	(1,007)	(1,125)	(2,013)
Profit for the period	609	3,071	1,808	2,346
Cash flows from operating activities			2,448	5,270
Cash flows used in investing activities			(2,375)	(9,727)
Cash flows (used in)/from financing activities			(129)	2,314
Net cash flows			(56)	(2,143)

The major classes of assets and liabilities of MJB classified as held for sale as at 31 March 2007 (after eliminating inter-company items) are as follows:-

	31.03.2007 (Audited) RM'000
Assets:	
Property, plant and equipment	44,095
Investment properties	36,638
Prepaid lease payments	12,154
Other investments	7,362
Goodwill on consolidation	21,895
Deferred tax assets	1,454
Inventories	50,513
Trade and other receivables	13,144
Tax recoverable	557
Deposits, bank balances and cash	19,482
Assets of disposal group classified as held for sale	207,294
Liabilities:	
Deferred tax liabilities	345
Trade and other payables	61,477
Tax liabilities	2,038
Liabilities directly associated with assets classified as held for sale	63,860
Net assets attributable to discontinued operations	143,434

A13. Non-Current Assets Held For Sale

On 14 September 2007, the Company announced the proposed divestment of 26.56% equity interest comprising 515,405,240 shares of RM1.00 each in Malayan United Industries Berhad ("MUI") ("MUI Shares) held by the Group by way of a restricted offer for sale by PMI on a renounceable basis ("Proposed Restricted Offer for Sale"). The MUI Shares under the Proposed Restricted Offer for Sale are reclassified under non-current assets held for sale. Further details of the Proposed Restricted Offer for Sale are disclosed in Note B8(b).

A14. Contingent Liabilities

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

A15. Capital Commitments

Save as disclosed in Note B8(b), the Group has no other capital commitments as at 30 September 2007.

B. ADDITIONAL INFORMATION PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded a loss of RM30.5 million for the financial period ended 30 September 2007 compared to a loss of RM12.8 million in the previous year corresponding period. The loss in the current financial period was mainly due to recognition of impairment in investment in an associated company, which was necessary in view of the Proposed Restricted Offer for Sale as detailed in Note B8(b). However, the loss was substantially mitigated by the gain on disposal of Metrojaya Berhad, which was completed in the current financial period.

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

The Group recorded a loss for the period of RM19.7 million for the current quarter compared to RM10.7 million in the preceding quarter. The higher loss in the current quarter was mainly attributable to the factors as mentioned in Note B1 above.

B3. Prospects for Financial Year Ending 31 March 2008

With the proceeds raised from the disposal of Metrojaya Berhad, the Group was able to repay its bank borrowings substantially. This will reduce interest expense in the remaining period of the current financial year to improve the financial position of the Group.

The Group is undertaking a Proposed Restricted Offer for Sale, Proposed Office Building Acquisition and Proposed Land Company Acquisition as detailed in Note B8(b) to further improve its financial condition. The Proposed Restricted Offer for Sale will enable the Group to raise significant proceeds to further repay bank borrowings and finance the proposed acquisitions. These proposals will enable the Group to reduce its gearing to a manageable level and at the same time to have new businesses to generate positive returns to the Group. This will be in addition to the Group's substantial interest in the associated company, Malayan United Industries Berhad.

B4. Variance of Actual Profit from Forecast Profit

There was no profit forecast made by the Company.

B5. Taxation

Taxation comprises:-

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	RM'000	RM'000	RM'000	RM'000
Tax expense				
- Discontinued operations	(350)	(1,007)	(1,125)	(2,013)

The tax expense under the Discontinued Operations in the current and previous financial periods were higher than the statutory tax rate due to certain expenses not deductible for tax.

B6. Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties in the financial period ended 30 September 2007 other than the completion of the disposal of Metrojaya Berhad by the Group as disclosed in Note B8(a).

B7. Quoted Securities

There were no purchases and disposals of quoted securities of the Group in the financial period ended 30 September 2007.

B8. Status of Corporate Proposals

(a) Affected Listed Issuer pursuant to Practice Note 17/2005 ("PN17") of the Listing Requirements of Bursa Securities; Proposed Capital Reconstruction; and MJB Disposal.

The Company had on 8 March 2006 announced the following proposed corporate exercises:-

- (i) Proposed reduction of share capital pursuant to Section 64(1) of the Companies Act, 1965 (the "Act") involving the reduction of the par value of each existing ordinary share of PMI in issue from RM0.50 to RM0.05 via cancellation of RM0.45 of the par value of existing ordinary share of RM0.50 each ("Proposed Par Value Reduction") and the credit arising therefrom will be utilised to set off the accumulated losses of PMI;
- (ii) Proposed reduction of the share premium account of PMI of up to RM265.6 million pursuant to Sections 64(1) and 60(2) of the Act ("Proposed Share Premium Reduction") and the credit arising therefrom will be utilised to set off the accumulated losses of PMI;
- (iii) Proposed consolidation of 2 ordinary shares of RM0.05 each in PMI (after the Proposed Par Value Reduction) into 1 ordinary share of RM0.10 each in PMI ("Consolidated PMI Share") resulting in the reduction in the number of PMI shares from 2,479,324,224 ordinary shares of RM0.05 each amounting to RM123,966,211 (after the Proposed Par Value Reduction) to 1,239,662,112 new ordinary shares of RM0.10 each amounting to RM123,966,211 ("Proposed Share Consolidation"); and
- (iv) Proposed amendment to the Company's Memorandum of Association to facilitate the Proposed Capital Reconstruction ("Proposed Amendment").

The Proposed Par Value Reduction, Proposed Share Premium Reduction and Proposed Share Consolidation shall collectively be known as the "Proposed Capital Reconstruction".

On 31 October 2006, the Company and its wholly-owned subsidiary, Excelton Sdn Bhd ("Excelton"), entered into a Share Sale Agreement with Libertyray (M) Sdn Bhd ("LMSB"), a wholly-owned subsidiary of Malayan United Industries Berhad, to dispose a total of 113,751,983 ordinary shares of RM1.00 each representing an equity interest of approximately 91.06% in Metrojaya Berhad ("MJB") to LMSB for a cash consideration of RM2.40 per MJB share totalling RM273.0 million ("MJB Disposal"). The MJB Disposal was completed on 14 August 2007.

The Proposed Capital Reconstruction, Proposed Amendment and the MJB Disposal shall collectively be referred to as the "Proposals".

The Securities Commission ("SC") had vide its letter dated 14 May 2007 approved the Proposed Share Consolidation and MJB Disposal. The Proposals were approved by the shareholders of PMI at the extraordinary general meeting held on 3 August 2007. The MJB Disposal was subsequently completed on 14 August 2007. The Proposed Capital Reconstruction is now pending the sanction of the High Court of Malaya ("High Court") for the Proposed Par Value Reduction and the Proposed Share Premium Reduction where the hearing for the petition has been fixed on 26 November 2007 by the High Court.

The MJB Disposal realised a substantial capital gain of RM129.5 million and reduced the accumulated losses of the Company and the Group. In addition, the MJB Disposal raised proceeds of RM273.0 million which were substantially utilised to repay bank borrowings of the Group, resulting in lower gearing and interest savings for the Group.

The Proposed Par Value Reduction and Proposed Share Premium Reduction upon completion would further set off substantially the existing accumulated losses of the Company and the Group.

**(b) Proposed Restricted Offer for Sale;
Proposed Office Building Acquisition; and
Proposed Land Company Acquisition.**

In its announcement dated 14 September 2007, the Company has announced the following proposed corporate exercises:-

- (i) the divestment of 26.56% equity interest comprising 515,405,240 ordinary shares of RM1.00 each in Malayan United Industries Berhad ("MUI") ("MUI Shares) held by the Group by way of a restricted offer for sale by PMI on a renounceable basis (Proposed Restricted Offer for Sale);
- (ii) the acquisition of a 15-storey purpose built office building located at No.2, Jalan Changkat Ceylon, 50200 Kuala Lumpur by PMI from Pan Malaysia Holdings Berhad ("PMH") for a cash consideration of RM39.0 million ("Proposed Office Building Acquisition");
- (iii) the acquisition of the entire issued and paid-up share capital of Two Holdings Sdn Bhd ("THSB") by PMI from MUI Properties Berhad ("MPB") for a cash consideration of RM9.3 million ("Proposed Land Company Acquisition"). The main asset of THSB is a piece of vacant freehold land held for development.

The Proposed Restricted Offer for Sale, Proposed Office Building Acquisition and Proposed Land Company Acquisition are collectively referred to as the "Current Proposals".

The Proposed Restricted Offer for Sale will raise substantial proceeds, the amount of which will be based on the offer price to be fixed by the Board of Directors at a date to be determined. The proceeds are to be utilised to repay bank borrowings and to finance the Proposed Office Building Acquisition and Proposed Land Company Acquisition. The Company proposed to undertake the Proposed Office Building Acquisition and Proposed Land Company Acquisition as new businesses to generate positive returns to the Group.

The Current Proposals are undertaken to further improve the financial condition of PMI and are subject to approvals being obtained from the following authorities/parties:

- (i) the Securities Commissions ("SC");
- (ii) the shareholders of PMI and Pan Malaysia Holdings Berhad at their respective general meetings to be convened; and
- (iii) other relevant authorities or parties, if required.

B9. Group Borrowings

As at 30 September 2007, the Group borrowings amounted to RM217,071,000 which are short term and unsecured. There are no borrowings denominated in foreign currencies.

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

There are no material litigation as at date of this report.

B12. Dividend

No dividend has been declared by the Board for the financial period ended 30 September 2007.

B13. Loss Per Share

(a) Basic loss per share

The basic loss per share is calculated by dividing the net loss for the period attributable to equity holders of the Company by the number of ordinary shares in issue during the period.

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
Net loss attributable to equity holders of the Company (RM'000)	(19,796)	(11,234)	(30,644)	(13,045)
Number of ordinary shares in issue ('000)	2,479,324	2,479,324	2,479,324	2,479,324
Loss per share (sen)	<u>(0.80)</u>	<u>(0.45)</u>	<u>(1.24)</u>	<u>(0.53)</u>

(b) Diluted loss per share

The diluted loss per share is not applicable as the exercise price of the warrants based on the assumed exercise of the warrants is higher than the average market price of the shares during the relevant period.

On behalf of the Board
PAN MALAYSIAN INDUSTRIES BERHAD

LEONG PARK YIP
Company Secretary

23 November 2007