

PAN MALAYSIA CAPITAL BERHAD

Company No : 76771 - M

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008**

	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
Revenue	9,616	21,280	9,616	21,280
Other operating income	2,142	2,392	2,142	2,392
Operating expenses	(10,450)	(16,375)	(10,450)	(16,375)
Profit from operations	1,308	7,297	1,308	7,297
Finance costs	(885)	(1,132)	(885)	(1,132)
Profit before taxation	423	6,165	423	6,165
Taxation	(39)	(11)	(39)	(11)
Profit for the financial period	384	6,154	384	6,154
	Sen	Sen	Sen	Sen
Earnings Per 40 Sen Share:				
- Basic	0.05	0.75	0.05	0.75
- Diluted	N/A	N/A	N/A	N/A

Notes:-

"N/A" - Not applicable

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

PAN MALAYSIA CAPITAL BERHAD

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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008**

	31.03.2008	31.12.2007
	RM'000	(Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,242	9,562
Prepaid land lease payments	1,477	1,482
Intangible assets	144,037	144,037
Goodwill on consolidation	1,580	1,580
Other investments	430	390
Deferred tax assets	16,000	16,000
	<u>172,766</u>	<u>173,051</u>
Current assets		
Amounts owing by brokers and clients	167,196	184,986
Other receivables, deposits and prepayments	12,377	12,773
Marketable securities	3,446	3,786
Deposits, cash and bank balances	108,090	100,329
	<u>291,109</u>	<u>301,874</u>
TOTAL ASSETS	<u>463,875</u>	<u>474,925</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	326,124	326,124
Reserves	(167,593)	(167,978)
Total equity	<u>158,531</u>	<u>158,146</u>
Non-current liabilities		
Long term loans - unsecured	54,384	54,384
Current liabilities		
Amounts owing to brokers and clients	154,740	165,268
Other payables and accruals	95,720	96,645
Tax liabilities	500	482
	<u>250,960</u>	<u>262,395</u>
Total liabilities	<u>305,344</u>	<u>316,779</u>
TOTAL EQUITY AND LIABILITIES	<u>463,875</u>	<u>474,925</u>
	RM	RM
Net assets per share attributable to equity holders	<u>0.19</u>	<u>0.19</u>

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

PAN MALAYSIA CAPITAL BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008**

	<u>Share Capital</u>	<u>Non Distributable Other Reserves</u>	<u>Distributable Accumulated Losses</u>	<u>Total Equity</u>
	RM'000	RM'000	RM'000	RM'000
3 months ended 31.03.2008				
Balance as at 1.1.2008	326,124	30,350	(198,327)	158,147
Profit for the financial period	-	-	384	384
Balance as at 31.03.2008	326,124	30,350	(197,943)	158,531
3 months ended 31.03.2007				
Balance as at 1.1.2007	326,124	30,350	(219,373)	137,101
Profit for the financial period	-	-	6,154	6,154
Balance as at 31.03.2007	326,124	30,350	(213,219)	143,255

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

PAN MALAYSIA CAPITAL BERHAD

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008**

	CUMULATIVE 3 MONTHS	
	31.03.2008	31.03.2007
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	423	6,165
Adjustments for:-		
Depreciation	380	663
Finance costs	885	1,132
Interest income	(1,139)	(1,177)
Other non-cash items	(168)	(1,822)
Operating profit before working capital changes	381	4,961
Net change in current assets	18,303	(161,115)
Net change in current liabilities	(11,470)	138,472
Deposits received and maintained as trust monies	-	(33,548)
Interest income received	823	1,098
Tax refund	383	-
Tax paid	(22)	(66)
Net cash from/(used in) operating activities	8,398	(50,198)
Cash Flows From Investing Activities		
Acquisition of marketable securities	(40)	-
Dividend received	27	-
Interest income received	316	78
Proceeds from disposal of marketable securities	-	522
Purchase of property, plant and equipment	(54)	(189)
Net cash from investing activities	249	411
Cash Flows From Financing Activities		
Interest paid	(885)	(1,132)
Net cash used in financing activities	(885)	(1,132)
Net Increase/(Decrease) In Cash And Cash Equivalents	7,762	(50,919)
Cash And Cash Equivalents At Beginning Of The Period	83,910	59,507
Cash And Cash Equivalents At End Of The Period	91,672	8,588
Cash And Cash Equivalents consist of:-		
Deposits, cash and bank balances	108,090	59,629
Deposits pledged to banks	(150)	(150)
Deposits maintained as trust monies	(16,268)	(50,891)
	91,672	8,588

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

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NOTES TO THE INTERIM FINANCIAL REPORT

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 financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 July 2007:-

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
FRS 134 Interim Financial Reporting
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have any significant financial impact on the Group.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007.

A2. Audit Report of Preceding Annual Financial Statements

The audit report of the audited financial statements for the year ended 31 December 2007 was not qualified.

A3. Seasonal or Cyclical Factors

The businesses of the Group are not materially affected by seasonal or cyclical factors.

A4. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There are 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 31 March 2008.

A5. Changes in Estimates Reported in Prior Interim Periods

There were no changes in estimates of amounts reported in prior financial period, which may have a material effect in the financial period ended 31 March 2008.

A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

There was no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the financial period ended 31 March 2008.

A7. Dividends Paid

No dividend was paid in the financial period ended 31 March 2008.

A8. Segmental Information

Segment information is not provided as the activities of the Group comprise principally stockbroking and related services in Malaysia.

A9. Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

During the financial period ended 31 March 2008, property, plant and equipment acquired by the Group amounted to RM54,000.

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NOTES TO THE INTERIM FINANCIAL REPORT

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

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

A11. Changes in the Composition of the Group

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

A12. Commitments and Contingent Liabilities

(i) Contingent Liabilities

The Group does not have any material contingent liabilities as at the date of this report.

(ii) Commitments

The Group does not have any material commitments which are not in the ordinary course of business as at the date of this report other than a balance of the contribution in relation to the application by PM Securities Sdn. Bhd. for its transformation to an Investment Bank amounting to RM42.5 million as disclosed in Note C1.

(iii) Capital Commitments

	31.03.2008
	RM'000
Contracted but not provided for	294

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NOTES TO THE INTERIM FINANCIAL REPORT

B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

Group revenue decreased to RM9.6 million for the three months period ended 31 March 2008 from RM21.3 million in the previous year corresponding period due to lower brokerage income in tandem with a decrease in market value of transactions on Bursa Securities. Accordingly, the Group recorded a lower profit before tax of RM0.4 million for the financial period under review compared with RM6.2 million for the previous year corresponding period.

B2. Comparison with Preceding Quarter's Results

The Group recorded revenue of RM9.6 million and profit before tax of RM0.4 million for the current quarter, lower than the revenue of RM12.4 million and profit before tax of RM3.4 million recorded in the preceding quarter. This was mainly due to lower brokerage income as explained above.

B3. Year 2008 Prospects

The universal broking operation is expected to be challenging amidst concerns over the US sub-prime mortgage crisis and the slowdown in the US economy, and their effects on Bursa Securities. The Group remains cautious of the general business environment for 2008.

B4. Variance on Forecast Profit/Profit Guarantee

This is not applicable to the Group.

B5. Taxation

Taxation comprises the following:-

	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	52	11	52	11
Over provision in respect of prior years	(13)	-	(13)	-
	<u>39</u>	<u>11</u>	<u>39</u>	<u>11</u>

The Group's effective tax rate for the financial period ended 31 March 2008 is lower than the statutory tax rate. This is mainly due to certain income which are not taxable and the availability of tax losses in certain subsidiaries to offset their respective taxable profits.

B6. Sale of Unquoted Investment and/or Properties

There were no disposals of unquoted investments or properties for the financial period ended 31 March 2008.

B7. Quoted Securities

- (i) There were no purchases or sales of quoted securities by the Group for the financial period ended 31 March 2008 other than by the universal broking subsidiary.
- (ii) The investments in quoted securities by the Group, other than by the universal broking subsidiary, are as follows:-

	31.03.2008
	RM'000
At cost	11,948
At book value	2,072
At market value	<u>2,250</u>

B8. Status of Corporate Proposals

There are no outstanding corporate proposals as at the date of this report.

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NOTES TO THE INTERIM FINANCIAL REPORT

B9. Group Borrowings and Debt Securities

- (i) As at 31 December 2007, the Group does not have any short term bank borrowings.
- (ii) The Company has term loan of RM54.4 million due to a former related company. The term loan is repayable on 31 December 2010.

B10. Off Balance Sheet Financial Instruments

The Group does not have any material off balance sheet financial instruments as at the date of this report.

B11. Material Litigation

The material litigation of the Group as at the date of this report are as follows:-

Proceedings have been and will be initiated by PM Securities Sdn. Bhd. and Pan Malaysia Equities Sdn. Bhd. against various clients and debtors whose accounts are in default or overdue. As at 22 May 2008, these subsidiary companies have filed claims against various clients and debtors in the aggregate sums of RM808.0 million together with interest and costs.

Counterclaims have been filed against these subsidiary companies alleging claims of RM110.1 million as at 22 May 2008 together with interest, cost and other general unspecified damages. The requisite defences have been filed accordingly.

B12. Dividend

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

B13. Earnings Per Share

- (i) Basic earnings per share:-

The basic earnings per ordinary share is calculated by dividing the profit for the financial period with the weighted average number of ordinary shares in issue during the financial period as follows:-

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
Profit for the financial period (RM'000)	384	6,154	384	6,154
Weighted average number of ordinary shares in issue ('000)	815,309	815,309	815,309	815,309
Earnings per share (sen)	0.05	0.75	0.05	0.75

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

C1. Transformation of PM Securities Sdn Bhd ("PM Securites") from a Universal Broker to Investment Bank

On 5 January 2006, PM Securities paid an initial deposit of RM10.0 million towards payment of a total contribution of RM52.5 million to Bank Negara Malaysia ("BNM") for its transformation to an Investment Bank. BNM, the Securities Commission and Bursa Securities had conducted their due diligence review on PM Securities on the preconditions of becoming an Investment Bank.

BY ORDER OF THE BOARD
PAN MALAYSIA CAPITAL BERHAD

LEONG PARK YIP
Company Secretary

26 May 2008