

PAN MALAYSIA CAPITAL BERHAD

Company No : 76771 - M

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

The figures have not been audited

**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
Revenue	4,968	17,285	20,595	56,579
Operating expenses	(8,205)	(15,562)	(27,499)	(49,790)
Other operating income	1,878	2,860	7,346	10,130
(Loss) / Profit from operations	(1,359)	4,583	442	16,919
Finance costs	(855)	(1,012)	(2,590)	(3,144)
(Loss) / Profit before taxation	(2,214)	3,571	(2,148)	13,775
Taxation	(114)	(28)	(168)	(52)
(Loss) / Profit for the financial period	<u>(2,328)</u>	<u>3,543</u>	<u>(2,316)</u>	<u>13,723</u>
	Sen	Sen	Sen	Sen
(Loss) / Earnings per 40 sen share:				
- Basic	(0.29)	0.43	(0.28)	1.68
- 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 30 SEPTEMBER 2008**

	30.09.2008	31.12.2007 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,869	9,563
Prepaid land lease payments	1,469	1,481
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>172,385</u>	<u>173,051</u>
Current assets		
Amounts owing by brokers and clients	112,348	184,986
Other receivables, deposits and prepayments	12,396	12,773
Marketable securities	2,410	3,786
Deposits, cash and bank balances	102,577	100,329
	<u>229,731</u>	<u>301,874</u>
TOTAL ASSETS	<u>402,116</u>	<u>474,925</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	326,124	326,124
Reserves	(170,294)	(167,978)
Total Equity	<u>155,830</u>	<u>158,146</u>
Non-current liabilities		
Long term loans - unsecured	54,384	54,384
Current liabilities		
Amounts owing to brokers and clients	102,979	165,268
Other payables and accruals	88,432	96,645
Tax liabilities	491	482
	<u>191,902</u>	<u>262,395</u>
Total Liabilities	<u>246,286</u>	<u>316,779</u>
TOTAL EQUITY AND LIABILITIES	<u>402,116</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 30 SEPTEMBER 2008**

	Share Capital	Non Distributable Other Reserves	Distributable Accumulated Losses	Total Equity
CUMULATIVE 9 MONTHS	RM'000	RM'000	RM'000	RM'000
30.09.2008				
Balance as at 1.1.2008	326,124	30,350	(198,328)	158,146
Loss for the financial period	-	-	(2,316)	(2,316)
Balance as at 30.09.2008	326,124	30,350	(200,644)	155,830
30.09.2007				
Balance as at 1.1.2007	326,124	30,350	(219,373)	137,101
Profit for the financial period	-	-	13,723	13,723
Balance as at 30.09.2007	326,124	30,350	(205,650)	150,824

(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 30 SEPTEMBER 2008**

	CUMULATIVE 9 MONTHS	
	30.09.2008	30.09.2007
	RM'000	RM'000
Cash Flows From Operating Activities		
(Loss) / Profit before taxation	(2,148)	13,775
Adjustments for:-		
Depreciation	1,130	1,776
Finance costs	2,590	3,144
Interest income	(3,401)	(4,115)
Other non-cash items	(462)	(4,478)
Operating (loss) / profit before working capital changes	(2,291)	10,102
Net change in current assets	74,454	(19,607)
Net change in current liabilities	(70,518)	57,022
Deposits withdrawn from trust monies	3,796	2,250
Tax refund	393	-
Tax paid	(175)	(106)
Interest income received	2,221	3,701
Net cash from operating activities	7,880	53,362
Cash Flows From Investing Activities		
Dividend received	29	-
Interest income received	1,180	415
Proceeds from disposal of marketable securities	760	3,045
Proceeds from disposal of property, plant and equipment	50	-
Purchase of property, plant and equipment	(512)	(561)
Purchase of investments	(752)	(41)
Net cash from investing activities	755	2,858
Cash Flows From Financing Activities		
Interest paid	(2,590)	(3,144)
Net cash used in financing activities	(2,590)	(3,144)
Net Increase In Cash and Cash Equivalents	6,045	53,076
Cash And Cash Equivalents At Beginning Of The Period	83,910	59,507
Cash And Cash Equivalents At End Of The Period	89,955	112,583
Cash And Cash Equivalents consists of:-		
Deposits, cash and bank balances	102,577	127,826
Deposits pledged to banks	(150)	(150)
Deposits maintained as trust monies	(12,472)	(15,093)
	89,955	112,583

(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 112 Income Taxes
FRS 118 Revenue
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 30 September 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 30 September 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 30 September 2008.

A7. Dividends Paid

No dividend was paid in the financial period ended 30 September 2008.

A8. Segmental Information

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

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NOTES TO THE INTERIM FINANCIAL REPORT

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 30 September 2008, property, plant and equipment acquired by the Group amounted to RM512,000.

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

There are no material events subsequent to the financial period ended 30 September 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 30 September 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.

(iii) Capital Commitments

	30.09.2008 RM'000
Contracted but not provided for	<u>294</u>

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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

The universal broking operation has been affected by the drastic decrease in value of market transactions on Bursa Securities due to the lack lustre performance of the Malaysian equity market. In view of this, group revenue decreased to RM20.6 million for the 9 months ended 30 September 2008 from RM56.6 million in the same period last year due to lower brokerage income. Accordingly, the Group recorded loss before tax of RM2.1 million for the financial period under review compared to the profit before tax of RM13.8 million in the same period last year.

B2. Comparison with Preceding Quarter's Results

The Group recorded revenue of RM5.0 million and loss before tax of RM2.2 million for the current quarter compared to the revenue of RM6.0 million and loss before tax of RM0.4 million recorded in the preceding quarter. The results in the current quarter were affected mainly by lower brokerage income as explained above.

B3. Year 2008 Prospects

The universal broking operation is expected to remain challenging amidst concerns over the slowing US economy, current global financial crisis and the lack lustre performance of the Malaysian equity market. As such, the Group remains cautious of the general business environment for the remaining period in 2008.

B4. Variance on Forecast Profit/Profit Guarantee

This is not applicable to the Group.

B5. Taxation

Taxation comprises the following:-

	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	22	28	89	52
Over provision in respect of prior years	92	-	79	-
	<u>114</u>	<u>28</u>	<u>168</u>	<u>52</u>

The Group's effective tax rate for the financial period ended 30 September 2008 is higher than the statutory tax rate. This is mainly due to taxable profits in certain subsidiaries and non-availability of group relief for losses in other subsidiaries.

B6. Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties for the financial period ended 30 September 2008

B7. Quoted Securities

- There were no purchases or sales of quoted securities by the Group in the financial period ended 30 September 2008 other than by the universal broking subsidiary.
- The investments in quoted securities by the Group, other than by the universal broking subsidiary, are as follows:-

	30.09.2008
	RM'000
At cost	11,948
At book value	1,184
At market value	<u>1,184</u>

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NOTES TO THE INTERIM FINANCIAL REPORT

B8. Status of Corporate Proposals

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

B9. Group Borrowings and Debt Securities

- (i) As at 30 September 2008, no short term bank facilities were utilised by the Group.
- (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 12 November 2008, these subsidiary companies have filed claims against various clients and debtors in the aggregate sums of RM810.7 million together with interest and costs.

Counterclaims have been filed against these subsidiary companies alleging claims of RM110.1 million as at 12 November 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 30 September 2008 (30 September 2007 : Nil).

B13. (Loss) / Earnings Per Share

- (i) (Loss) / Basic earnings per share :-

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

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
(Loss) / Profit for the financial period (RM'000)	(2,328)	3,543	(2,316)	13,723
Weighted average number of ordinary shares in issue ('000)	815,309	815,309	815,309	815,309
(Loss) / Earnings per share (sen)	(0.29)	0.43	(0.28)	1.68

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

BY ORDER OF THE BOARD
PAN MALAYSIA CAPITAL BERHAD

LEONG PARK YIP
Company Secretary

19 November 2008