

**PAN MALAYSIA CORPORATION BERHAD**  
**Company No : 4920 - D**  
**(Incorporated in Malaysia)**  
**INTERIM FINANCIAL REPORT**  
**THIRD QUARTER ENDED 30 SEPTEMBER 2014**  
(The figures are unaudited)

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**For the financial period ended 30 September 2014**

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Revenue	16,497	18,907	47,911	56,390
Cost of sales	(11,238)	(12,777)	(31,573)	(37,014)
Gross profit	<u>5,259</u>	<u>6,130</u>	<u>16,338</u>	<u>19,376</u>
Other income	89	23,179	2,256	23,973
Administration and operating expenses	(2,766)	(2,771)	(7,414)	(8,386)
Other expenses	(70)	-	(1,095)	-
Selling and distribution expenses	(3,205)	(3,313)	(8,510)	(10,520)
Finance costs	(141)	(188)	(444)	(571)
Profit/(Loss) before taxation	(834)	23,037	1,131	23,872
Taxation	192	(201)	14	(604)
Profit/(Loss) for the financial period	<u>(642)</u>	<u>22,836</u>	<u>1,145</u>	<u>23,268</u>
Profit/(Loss) for the financial period attributable to:-				
Equity holders of the Company	(642)	22,836	1,145	23,268
Non-controlling interests	-	-	-	-
	<u>(642)</u>	<u>22,836</u>	<u>1,145</u>	<u>23,268</u>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Earnings/(Loss) per share attributable to equity holders of the Company:				
Basic	(0.09)	3.22	0.16	3.28
Fully diluted	N/A	N/A	N/A	N/A

N/A - Not applicable.

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**PAN MALAYSIA CORPORATION BERHAD**

Company No : 4920 - D

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**For the financial period ended 30 September 2014**

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Profit/(Loss) for the financial period	(642)	22,836	1,145	23,268
<b>Other comprehensive income, net of tax</b>				
Gain on disposal of investments	-	-	-	5
Fair value of financial assets				
-gain/(loss) on fair value changes	4,320	298	8,952	(2,353)
Foreign currency translation differences for foreign operations	-	742	(927)	947
Total comprehensive income for the financial period	<u>3,678</u>	<u>23,876</u>	<u>9,170</u>	<u>21,867</u>
Total comprehensive income for the financial period attributable to:-				
Equity holders of the Company	3,678	23,876	9,170	21,867
Non-controlling interests	-	-	-	-
	<u>3,678</u>	<u>23,876</u>	<u>9,170</u>	<u>21,867</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**PAN MALAYSIA CORPORATION BERHAD**

Company No : 4920 - D  
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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 September 2014**

	30/09/2014 (Unaudited) RM'000	31/12/2013 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	31,146	30,991
Investment property	1,121	1,160
Investments	103,404	94,452
Goodwill on consolidation	58,206	58,206
Trademarks	4,984	4,984
	<u>198,861</u>	<u>189,793</u>
<b>Current assets</b>		
Inventories	16,824	15,598
Trade and other receivables	18,488	18,512
Tax recoverable	1,837	619
Deposits, bank balances and cash	129,898	140,998
	<u>167,047</u>	<u>175,727</u>
<b>TOTAL ASSETS</b>	<u>365,908</u>	<u>365,520</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	386,678	386,678
Treasury shares	(30,484)	(30,484)
Reserves	(2,398)	(11,568)
	<u>353,796</u>	<u>344,626</u>
<b>Non-controlling interests</b>		
	-	-
<b>Total Equity</b>	<u>353,796</u>	<u>344,626</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	759	760
Loans and borrowings	192	179
	<u>951</u>	<u>939</u>
<b>Current liabilities</b>		
Loans and borrowings	600	7,562
Trade and other payables	10,427	12,286
Taxation	134	107
	<u>11,161</u>	<u>19,955</u>
<b>Total Liabilities</b>	<u>12,112</u>	<u>20,894</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>365,908</u>	<u>365,520</u>
	<b>RM</b>	<b>RM</b>
Net Assets per share attributable to equity holders of the Company	0.50 *	0.49 *

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

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**PAN MALAYSIA CORPORATION BERHAD**

Company No : 4920 - D

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the financial period ended 30 September 2014

<u>Cumulative 9 months</u>	Attributable to Equity Holders of the Company						Total Equity RM'000
	Non-Distributable					Accumulated Loss RM'000	
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Other Reserve RM'000		
At 1 January 2014	386,678	(30,484)	472,258	33,327	57,846	(574,999)	344,626
Other comprehensive income:							
Net gain on fair value changes of financial assets	-	-	-	-	-	8,952	8,952
Foreign exchange translation differences for foreign operations	-	-	-	-	(927)	-	(927)
Profit for the financial period	-	-	-	-	-	1,145	1,145
Total comprehensive income/(loss) for the financial period	-	-	-	-	(927)	10,097	9,170
At 30 September 2014	<u>386,678</u>	<u>(30,484)</u>	<u>472,258</u>	<u>33,327</u>	<u>56,919</u>	<u>(564,902)</u>	<u>353,796</u>
At 1 January 2013	386,678	(30,484)	472,258	33,327	56,910	(603,434)	315,255
Gain on disposal of investments	-	-	-	-	-	5	5
Net loss on fair value changes of financial assets	-	-	-	-	-	(2,353)	(2,353)
Foreign exchange translation differences for foreign operations	-	-	-	-	947	-	947
Profit for the financial period	-	-	-	-	-	23,268	23,268
Total comprehensive income/(loss) for the financial period	-	-	-	-	947	20,920	21,867
At 30 September 2013	<u>386,678</u>	<u>(30,484)</u>	<u>472,258</u>	<u>33,327</u>	<u>57,857</u>	<u>(582,514)</u>	<u>337,122</u>

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**PAN MALAYSIA CORPORATION BERHAD**Company No : 4920 - D  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the financial period ended 30 September 2014**

	CUMULATIVE 9 MONTHS	
	30/09/2014	30/09/2013
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	1,131	23,872
Net adjustments:-		
Non-cash items	1,290	1,821
Non-operating items	(497)	(21,755)
Operating profit before working capital changes	<u>1,924</u>	<u>3,938</u>
Net change in working capital	<u>(4,365)</u>	<u>532</u>
Cash (used in)/generated from operating activities	<u>(2,441)</u>	<u>4,470</u>
Dividend received	4	3
Interest paid	(444)	(571)
Interest received	1,937	1,744
Net tax paid	(1,179)	(655)
Net cash (used in)/generated from operating activities	<u>(2,123)</u>	<u>4,991</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	-	38,239
Proceeds from disposal of investments	-	5,441
Purchase of property, plant and equipment	(860)	(1,365)
Net cash (used in)/generated from investing activities	<u>(860)</u>	<u>42,315</u>
Cash Flows From Financing Activities		
Repayment of hire purchase	(49)	(67)
Repayment of bank borrowings	(5,000)	(8,930)
Net cash used in financing activities	<u>(5,049)</u>	<u>(8,997)</u>
Net (decrease)/increase in cash and cash equivalents	(8,032)	38,309
Exchange translation differences	(1,157)	826
Cash and cash equivalents at 1 January	137,030	99,149
Cash and cash equivalents at 30 September	<u>127,841</u>	<u>138,284</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

# PAN MALAYSIA CORPORATION BERHAD

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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 condensed consolidated interim financial statements, other than financial instruments, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance with Malaysian Financial Reporting Standards ("MFRS") 139 Financial Instruments: Recognition and Measurement.

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to and understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

#### A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013 except for the adoption of the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2014:-

Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*

Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*

Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*

Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*

Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*

IC Interpretation 21, *Levies*

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

#### A3. 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.

#### A4. Exceptional Items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the financial period ended 30 September 2014.

#### A5. 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 2014.

#### A6. Issuances and Repayments of Debt and Equity Securities

As at 30 September 2014, the number of treasury shares held is 64,959,800 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 30 September 2014.

#### A7. Dividends Paid

No dividend was paid by the Company during the financial period ended 30 September 2014 (30 September 2013: Nil).

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**A8. Segment Information**

The analysis of the Group's operations for the financial period ended 30 September 2014 is as follows:-

	<b>Food &amp; Confectionery RM'000</b>	<b>Investment Holding RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>			
- External revenue	46,014	1,897	47,911
- Inter-segment revenue	-	-	-
Total	<u>46,014</u>	<u>1,897</u>	<u>47,911</u>
<b>RESULTS</b>			
Segment results	494	1,081	1,575
Finance cost	(23)	(421)	(444)
Profit before taxation	<u>471</u>	<u>660</u>	<u>1,131</u>
<b>Segment assets</b>	<u>184,388</u>	<u>179,683</u>	364,071
Unallocated assets			<u>1,837</u>
			<u>365,908</u>

**A9. Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. The valuations of land and buildings have been brought forward without amendment from the previous annual report.

**A10. Events Subsequent to the End of the Interim Reporting Period**

There are no material events subsequent to the financial period ended 30 September 2014 that have not been reflected in the 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 during the financial period ended 30 September 2014.

**A12. Contingent Liabilities**

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

**A13. Capital Commitments**

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

# PAN MALAYSIA CORPORATION BERHAD

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## B NOTES PER BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

### B1. Review of Performance

For the financial period ended 30 September 2014, the Group recorded revenue of RM48.0 million compared with revenue of RM56.4 million for the previous corresponding financial period. This was mainly due to lower domestic sales.

Gross profit remained consistent at 34%.

The lower pre-tax profit for the current year to date was attributed to the gain on disposal of property in the previous year corresponding period.

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

For the current quarter, the Group recorded a revenue of RM16.5 million and pre-tax loss of RM0.8 million as compared with the preceding quarter's revenue of RM14.2 million and pre-tax profit of RM0.03 million.

Revenue for the current quarter increased by RM2.3 million mainly due to increased sales. Pre-tax loss for the current quarter was due to the lower gross profit margin at 32% and higher selling & distribution expenses.

### B3. Prospects for Year 2014

The global economic situation has been and remains challenging in 2014 amidst the continuing upward trend of raw material prices. The Group endeavors to improve its profitability through expanding its overseas distributorship management, OEM customers, product R&D and marketing activities.

### B4. Profit before Taxation

Included in the profit before taxation are the following items :

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Allowance for inventories obsolescence	-	(144)	-	(144)
Depreciation	(504)	(545)	(1,525)	(1,702)
Impairment loss on amount owing by related company	(29)	-	(451)	-
Property, plant and equipment written off	-	(5)	-	(5)
Write down of inventories	(333)	(360)	(1,279)	(1,127)
Reversal/(Impairment loss) on receivables	100	(163)	173	(163)
Dividend income	4	1	4	3
Gain on disposal of property, plant and equipment	-	21,533	-	21,562
Gain/(loss) on foreign exchange (net)	(39)	1,353	335	1,460
Interest Income	718	706	1,937	1,744
Interest income from related party	94	-	294	-
Reversal/(Impairment loss) on property	(2)	-	898	-



## PAN MALAYSIA CORPORATION BERHAD

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### B5. Taxation

Taxation comprises:-

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Current tax expense	105	203	288	649
Over provision in respect of prior years	(297)	(2)	(302)	(45)
	<u>(192)</u>	<u>201</u>	<u>(14)</u>	<u>604</u>

The effective taxation rate of the financial period ended 30 September 2014 is lower than the statutory rate, due to the utilization of tax losses in a subsidiary to set off against its taxable profits and exceptional items not subjected to tax.

### B6. Status of Corporate Proposals

The Group does not have any corporate proposals which have not been completed as at the date of this report.

### B7. Group Borrowings

(a) Total Group borrowings as at 30 September 2014 are as follows:-

	RM'000
Borrowings	
- non-current (finance lease liabilities)	192
- current (finance lease liabilities)	21
- current (unsecured)	579
	<u>792</u>

(b) There are no foreign borrowings as at 30 September 2014 included in (a) above.

### B8. Derivative Financial Instruments

There were no derivative financial instruments at the date of this report.

### B9. Fair Value Changes of Financial Liabilities

As at 30 September 2014, the Group does not have any financial liabilities measured at fair value through profit or loss.

### B10. Material Litigation

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

### B11. Dividend

No dividend has been declared by the Board for the financial period ended 30 September 2014 (30 September 2013: Nil).

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**B12. Earnings/(Loss) Per Share**

(i) 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	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
Profit/(Loss) attributable to equity holders of the Company (RM'000)	(642)	22,836	1,145	23,268
Weighted average number of ordinary shares in issue ('000)	708,397	708,397	708,397	708,397
Earnings/(Loss) per share (sen)	(0.09)	3.22	0.16	3.28

(ii) The diluted earnings per share is not disclosed as there is no dilutive potential ordinary shares.

**B13. Other Matters**

The utilisation of the balance of the proceeds from the disposal of the cement-based associates is as follows:

	Balance as at 01/01/2014 RM'000	Amount utilised RM'000	Balance as at 30/09/2014 RM'000
Proposed utilisation as approved by the Securities Commission ("SC")			
To finance the development of the adjoining factory property acquired and existing properties for the expansion of Network Foods Industries Sdn Bhd's manufacturing operations and consolidation with the marketing and distribution operations of Network Foods (Malaysia) Sdn Bhd.	31,000	-	31,000
Total	31,000	-	31,000

**B14. Realised and Unrealised Profits/(Losses)**

Total accumulated losses of the Group comprised the following:-

	30/09/2014 RM'000	31/12/2013 (Audited) RM'000
Realised	(1,263,442)	(1,262,710)
Unrealised	25,621	14,792
	(1,237,821)	(1,247,918)
Less: Consolidation adjustments	672,919	672,919
	(564,902)	(574,999)

**B15. Auditors' Report**

The auditors' report on the audited financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

On behalf of the Board  
**PAN MALAYSIA CORPORATION BERHAD**

**SOO-HOO SIEW HOON**  
**LEE CHIK SIONG**  
Joint Company Secretaries

Date: 19 November 2014