

PAN MALAYSIA CORPORATION BERHAD
Company No : 4920 - D
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015
(The figures are unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
For the Financial Period Ended 31 December 2015

	QUARTER ENDED		CUMULATIVE
	31/12/2015	31/12/2014	12 MONTHS
	RM'000	RM'000	31/12/2015
			RM'000
Revenue	24,921	22,889	75,117
Cost of sales	(15,994)	(16,470)	(48,533)
Gross profit	<u>8,927</u>	<u>6,419</u>	<u>26,584</u>
Other income	229	607	895
Administration and operating expenses	(3,929)	(4,347)	(12,209)
Other expenses	-	(520)	(230)
Selling and distribution expenses	(3,184)	(2,228)	(12,956)
Exceptional item (refer note A5)	(1,684)	1,367	7,641
Finance costs	(6)	(137)	(248)
Profit before taxation	<u>353</u>	<u>1,161</u>	<u>9,477</u>
Taxation	(523)	(839)	(1,324)
Profit/(Loss) for the financial period	<u>(170)</u>	<u>322</u>	<u>8,153</u>
Profit/(Loss) for the financial period attributable to:-			
Equity holders of the Company	<u>(170)</u>	<u>322</u>	<u>8,153</u>
	Sen	Sen	Sen
Earnings/(Loss) per share attributable to equity holders of the Company:			
Basic / Diluted	(0.02)	0.05	1.15

Note : There are no comparative figures for the cumulative 12 months period ended 31 December 2015 due to the Company's change of financial year end to 30 June 2016.

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014 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 31 December 2015

	QUARTER ENDED		CUMULATIVE
	31/12/2015 RM'000	31/12/2014 RM'000	12 MONTHS 31/12/2015 RM'000
Profit/(Loss) for the financial period	(170)	322	8,153
Other comprehensive income, net of tax			
Fair value of financial assets			
-(loss)/gain on fair value changes	848	(2,443)	(399)
Foreign currency translation differences for foreign operations	(285)	448	640
Total comprehensive income/(loss) for the financial period	<u>393</u>	<u>(1,673)</u>	<u>8,394</u>
Total comprehensive income/(loss) for the financial period attributable to:-			
Equity holders of the Company	<u>393</u>	<u>(1,673)</u>	<u>8,394</u>

Note : There are no comparative figures for the cumulative 12 months period ended 31 December 2015 due to the Company's change of financial year end to 30 June 2016.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014 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 FINANCIAL POSITION
As at 31 December 2015

	31/12/2015	31/12/2014
	RM'000	Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,983	30,369
Investment property	1,277	1,147
Investments	90,402	91,031
Goodwill on consolidation	58,206	58,206
Trademarks	4,984	4,984
	<u>184,852</u>	<u>185,737</u>
Current assets		
Inventories	15,494	17,363
Trade and other receivables	20,169	17,273
Tax recoverable	1,032	651
Deposits, bank balances and cash	141,959	134,292
	<u>178,654</u>	<u>169,579</u>
Non current assets held for sale	9,930	9,930
	<u>188,584</u>	<u>179,509</u>
TOTAL ASSETS	<u>373,436</u>	<u>365,246</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	386,678	386,678
Treasury shares	(30,484)	(30,484)
Reserves	3,381	(5,013)
Total Equity	<u>359,575</u>	<u>351,181</u>
Non-current liabilities		
Loans and borrowings	46	114
Deferred tax liabilities	1,002	883
	<u>1,048</u>	<u>997</u>
Current liabilities		
Loans and borrowings	85	383
Trade and other payables	12,511	12,624
Taxation	217	61
	<u>12,813</u>	<u>13,068</u>
Total Liabilities	<u>13,861</u>	<u>14,065</u>
TOTAL EQUITY AND LIABILITIES	<u>373,436</u>	<u>365,246</u>
	RM	RM
Net Assets per share attributable to equity holders of the Company	0.51 *	0.50 *

* 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 2014 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Financial Period Ended 31 December 2015

<u>Cumulative 12 months</u>	Attributable to Equity Holders of the Company						
	Non-Distributable					Accumulated Loss RM'000	Total Equity 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 2015	386,678	(30,484)	472,258	33,327	57,367	(567,965)	351,181
Other comprehensive income:							
Net loss on fair value changes of financial assets	-	-	-	-	-	(399)	(399)
Foreign exchange translation differences for foreign operations	-	-	-	-	640	-	640
Profit for the financial period	-	-	-	-	-	8,153	8,153
Total comprehensive income for the financial period	-	-	-	-	640	7,754	8,394
At 31 December 2015	<u>386,678</u>	<u>(30,484)</u>	<u>472,258</u>	<u>33,327</u>	<u>58,007</u>	<u>(560,211)</u>	<u>359,575</u>
At 1 January 2014, as restated	386,678	(30,484)	472,258	33,327	57,846	(575,941)	343,684
Net gain on fair value changes of financial assets	-	-	-	-	-	6,509	6,509
Foreign exchange translation differences for foreign operations	-	-	-	-	(479)	-	(479)
Profit for the financial period	-	-	-	-	-	1,467	1,467
Total comprehensive income / (loss) for the financial period	-	-	-	-	(479)	7,976	7,497
At 31 December 2014	<u>386,678</u>	<u>(30,484)</u>	<u>472,258</u>	<u>33,327</u>	<u>57,367</u>	<u>(567,965)</u>	<u>351,181</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 2014 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 31 December 2015

	CUMULATIVE 12 MONTHS	
	31/12/2015	31/12/2014
	RM'000	Audited RM'000
Cash Flows From Operating Activities		
Profit before taxation	9,477	2,292
Net adjustments:-		
Non-cash items	76	1,710
Non-operating items	(7,415)	(1,015)
Operating profit before working capital changes	<u>2,138</u>	<u>2,987</u>
Net change in working capital	<u>5,095</u>	<u>(2,515)</u>
Cash generated from operating activities	7,233	472
Dividend received	6	5
Interest paid	(248)	(581)
Interest received	3,430	2,750
Net tax paid	(1,812)	(780)
Net cash generated from operating activities	<u>8,609</u>	<u>1,866</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(839)	(766)
Net cash used in investing activities	<u>(839)</u>	<u>(766)</u>
Cash Flows From Financing Activities		
Repayment of hire purchase	(67)	(64)
Repayment of bank borrowings	-	(5,000)
Net cash used in financing activities	<u>(67)</u>	<u>(5,064)</u>
Net increase/(decrease) in cash and cash equivalents	7,703	(3,964)
Exchange translation differences	6,997	(582)
Cash and cash equivalents at 1 January	<u>125,984</u>	<u>130,530</u>
Cash and cash equivalents at 31 December	<u>140,684</u>	<u>125,984</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1. Change In Financial Year End

The Company has changed its financial year end from 31 December to 30 June. As a result of this change, the next audited financial statements of the Company shall be for a period of 18 months from 1 January 2015 to 30 June 2016 and thereafter 30 June for each subsequent year.

A2. 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 2014. 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 2014.

A3. Significant Accounting Policies

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

- Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011) : Investment Entities
- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

The adoption of the above accounting standards and/or interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customer	1 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendment to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities-Appling the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements-Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contribution	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING (continued)

A3. Significant Accounting Policies (continued)

The adoption of above accounting standards and interpretations (including the consequential amendments) is expected to have no material impact on the financial statements of the Group upon their initial application.

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. 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 during the financial period ended 31 December 2015 other than the exceptional item as follows:-

Exceptional item	QUARTER ENDED		CUMULATIVE
	31/12/2015	31/12/2014	12 MONTHS
	RM'000	RM'000	31/12/2015 RM'000
Net gain/(loss) on foreign exchange	(1,684)	1,367	7,641

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 31 December 2015.

A7. Issuances and Repayments of Debt and Equity Securities

As at 31 December 2015, 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 31 December 2015.

A8. Dividends Paid

No dividend was paid by the Company during the financial period ended 31 December 2015 (31 December 2014: Nil).

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

A9. Segment Information

The analysis of the Group's operations for the financial period ended 31 December 2015 is as follows:-

	Food & Confectionery RM'000	Investment Holding RM'000	Total RM'000
REVENUE			
- External revenue	72,330	2,787	75,117
Total	<u>72,330</u>	<u>2,787</u>	<u>75,117</u>
RESULTS			
Segment results	1,096	8,629	9,725
Finance cost	(28)	(220)	(248)
Profit before taxation	<u>1,068</u>	<u>8,409</u>	<u>9,477</u>
Segment assets	<u>193,833</u>	<u>178,571</u>	372,404
Unallocated assets			<u>1,032</u>
			<u>373,436</u>

A10. 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.

A11. Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 31 December 2015 that have not been reflected in the financial statements for the said period as at the date of this report.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 December 2015.

A13. Contingent Liabilities

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

A14. Capital Commitments

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

PAN MALAYSIA CORPORATION BERHAD

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(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED PURSUANT TO BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1. Review of Performance

In the current quarter, the Group recorded a revenue of RM24.9 million and profit before tax of RM0.4 million as compared with revenue of RM22.9 million and profit before tax of RM1.2 million in the previous year's corresponding quarter. The higher revenue was mainly attributed to increase in domestic sales. The current quarter recorded a lower profit before tax mainly due to unrealised loss on foreign exchange on translation of amount owing by a foreign subsidiary.

For the cumulative 12 months period, the profit before tax of RM9.5 million was mainly attributed to unrealised gain on foreign exchange of RM7.6 million arising from the depreciation of Ringgit Malaysia against Singapore Dollar on translation of amount owing by a foreign subsidiary.

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

In the current quarter, the Group recorded revenue of RM24.9 million and profit before tax of RM0.4 million as compared with the preceding quarter's revenue of RM16.8 million and profit before tax of RM5.9 million.

The higher revenue was mainly attributed to increase in domestic sales. The lower profit before tax was due to unrealised loss on foreign exchange in the current quarter, compared with unrealised gain on foreign exchange in the preceding quarter.

B3. Prospects for Year 2016

According to Bank Negara Malaysia, the Malaysian economy is projected to achieve real GDP growth rate of between 4% and 5% in 2016, amidst weaker consumer sentiment.

The Group will continue to improve sales and margins through export development, distribution network enhancement, cost control, and productivity improvement.

B4. Profit/(Loss) before Taxation

Included in the profit/(loss) before taxation are the following items :

	QUARTER ENDED		CUMULATIVE
	31/12/2015	31/12/2014	12 MONTHS
	RM'000	RM'000	31/12/2015
			RM'000
Depreciation / amortisation	(465)	(490)	(1,849)
Dividend income	2	1	6
Impairment loss on amount owing by related company	-	(153)	-
Impairment loss on investment	-	-	(230)
Impairment loss on receivables	91	(626)	91
Interest income	1,030	813	3,431
Interest income from related party	93	94	373
Property, plant and equipment written off	-	(56)	-
Reversal of impairment on property	-	5	-
Write down of inventories	(425)	(561)	(1,276)

PAN MALAYSIA CORPORATION BERHAD

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

B5. Taxation

Taxation comprises:-

	QUARTER ENDED		CUMULATIVE
	31/12/2015	31/12/2014	12 MONTHS
	RM'000	RM'000	31/12/2015
			RM'000
Current tax expense	523	839	1,038
Under provision in respect of prior years	-	-	286
	<u>523</u>	<u>839</u>	<u>1,324</u>

The effective taxation rate of the financial period ended 31 December 2015 is lower than the statutory rate, due to exceptional items not subjected to tax.

B6. Status of Corporate Proposals

- a) On 12 December 2014, the Company announced that Dato' Dr Yu Kuan Chon had entered into a share sale agreement with various vendors to acquire 642,700,783 shares in the Company for a total cash consideration of approximately RM77.1 million ("Proposed Disposal"). On 11 May 2015, the Company announced that the Securities Commission Malaysia ("SC") had vide its letter dated 7 May 2015 addressed to PM Securities Sdn Bhd ("PMS") (a subsidiary of Pan Malaysia Capital Berhad which is in turn the associated company of the Company), rejected PMS's application for change of controlling shareholder. On 18 December 2015, PMS submitted an application for change of new controlling shareholder. PMS is awaiting the outcome of the application. In the meantime, the cut-off date to fulfill the condition precedent in the Share Sale Agreement has been mutually extended to 11 March 2016.
- b) On 27 November 2015, KAF Investment Bank Berhad had, on behalf of the Board of Directors of the Company, announced that the Company proposes to undertake the following proposals:-
- proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Act") involving the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 each held in the Company ("Proposed Par Value Reduction");
 - proposed reduction of RM438.3 million from the share premium reserve of the Company pursuant to Sections 60(2) and 64 of the Act ("Proposed Share Premium Reduction");
 - proposed capital distribution to the shareholders of the Company involving a cash distribution of RM0.08 for each ordinary share in the Company pursuant to the Proposed Share Premium Reduction; and
 - proposed amendments to certain clauses of the Memorandum & Articles of Association of the Company to facilitate the implementation of the Proposed Par Value Reduction ("Proposed M&A Amendments"),
- (hereinafter collectively referred to as the "Proposals").
An extraordinary general meeting to seek the approval of the shareholders of the Company for the Proposals will be held on 3 March 2016.

Other than the above, the Group has not announced any corporate proposals which have not been completed as at the date of this report.

B7. Group Borrowings

- (a) Total Group borrowings as at 31 December 2015 are as follows:-

	RM'000
Borrowings	
- non-current (finance lease liabilities)	46
- current (finance lease liabilities)	85
	<u>131</u>

- (b) There are no foreign borrowings as at 31 December 2015 included in (a) above.

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

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 31 December 2015, 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 31 December 2015 (31 December 2014: Nil).

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:-

	QUARTER ENDED		CUMULATIVE
	31/12/2015	31/12/2014	12 MONTHS 31/12/2015
Profit/(Loss) attributable to equity holders of the Company (RM'000)	(170)	322	8,153
Weighted average number of ordinary shares in issue ('000)	708,397	708,397	708,397
Earnings/(Loss) per share (sen)	(0.02)	0.05	1.15

(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 01/01/2015 RM'000	Amount utilised RM'000	Balance as at 31/12/2015 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

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

B14. Realised and Unrealised Profits/(Losses)

Total accumulated losses of the Group comprised the following:-

	31/12/2015	31/12/2014
	RM'000	Audited RM'000
Realised	(1,261,129)	(1,260,477)
Unrealised	28,516	20,425
	<u>(1,232,613)</u>	<u>(1,240,052)</u>
Less: Consolidation adjustments	672,402	672,087
	<u>(560,211)</u>	<u>(567,965)</u>

B15. Comparative Figures

There are no comparative figures for the cumulative 12 months period ended 31 December 2015 due to the Company's change of financial year end to 30 June 2016. The Interim Financial Report for the quarter ended 31 December 2014 marked as "Appendix 1" is appended for reference.

B16. Auditors' Report

The auditors' report on the audited financial statements for the financial year ended 31 December 2014 was not subject to any qualification.

By order of the Board
PAN MALAYSIA CORPORATION BERHAD

LEE CHIK SIONG
CHIN SUAN YONG
Joint Company Secretaries

Date: 23 February 2016