

PAN MALAYSIA CORPORATION BERHAD

Company No : 4920 - D
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

| | QUARTER ENDED | | CUMULATIVE 3 MONTHS | |
|---|----------------------|----------------------|------------------------|----------------------|
| | 30/09/2018 RM'000 | 30/09/2017 RM'000 | 30/09/2018 RM'000 | 30/09/2017 RM'000 |
| Revenue | 19,945 | 16,818 | 19,945 | 16,818 |
| Cost of sales | (13,491) | (12,135) | (13,491) | (12,135) |
| Gross profit | 6,454 | 4,683 | 6,454 | 4,683 |
| Other income | 3,949 | 909 | 3,949 | 909 |
| Administration and operating expenses | (3,999) | (3,132) | (3,999) | (3,132) |
| Other expenses | (93) | - | (93) | - |
| Selling and distribution expenses | (2,039) | (2,261) | (2,039) | (2,261) |
| Exceptional item (refer note A4) | 1,202 | (137) | 1,202 | (137) |
| Profit before taxation | 5,474 | 62 | 5,474 | 62 |
| Taxation | (349) | (77) | (349) | (77) |
| Profit/(Loss) for the financial period | 5,125 | (15) | 5,125 | (15) |
| Profit/(Loss) for the financial period attributable to:- | | | | |
| Equity holders of the Company | 5,125 | (15) | 5,125 | (15) |
| | Sen | Sen | Sen | Sen |
| Earnings/(Loss) per share attributable to equity holders of the Company: | | | | |
| Basic / Diluted | 0.72 | (0.00)* | 0.72 | (0.00)* |

* The loss per share is insignificant

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

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**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

| | QUARTER ENDED | | CUMULATIVE 3 MONTHS | |
|---|----------------------|----------------------|------------------------|----------------------|
| | 30/09/2018 RM'000 | 30/09/2017 RM'000 | 30/09/2018 RM'000 | 30/09/2017 RM'000 |
| Profit/(Loss) for the financial period | 5,125 | (15) | 5,125 | (15) |
| Other comprehensive income, net of tax | | | | |
| Net loss on fair value changes of equity investments | (1,505) | (727) | (1,505) | (727) |
| Foreign currency translation differences for foreign operations | (215) | (309) | (215) | (309) |
| Total comprehensive income/(expenses) for the financial period | <u>3,405</u> | <u>(1,051)</u> | <u>3,405</u> | <u>(1,051)</u> |
| Total comprehensive income/(expenses) for the financial period attributable to:- | | | | |
| Equity holders of the Company | <u>3,405</u> | <u>(1,051)</u> | <u>3,405</u> | <u>(1,051)</u> |

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIA CORPORATION BERHAD

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

| | 30/09/2018 | 30/06/2018 |
|--|----------------|--------------------|
| | RM'000 | Restated RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 31,537 | 31,708 |
| Investment property | 12,915 | 12,558 |
| Investments | 91,084 | 89,649 |
| Goodwill on consolidation | 45,406 | 45,406 |
| Trademarks | 4,984 | 4,984 |
| Deferred tax assets | 240 | 234 |
| | <u>186,166</u> | <u>184,539</u> |
| Current assets | | |
| Inventories | 14,354 | 13,158 |
| Trade and other receivables | 18,892 | 16,760 |
| Refund assets | 549 | 519 |
| Current tax assets | 1,357 | 1,850 |
| Deposits, bank balances and cash | 94,375 | 93,327 |
| | <u>129,527</u> | <u>125,614</u> |
| | <u>315,693</u> | <u>310,153</u> |
| TOTAL ASSETS | | |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 221,959 | 221,959 |
| Treasury shares | (30,484) | (30,484) |
| Reserves | 108,116 | 104,711 |
| | <u>299,591</u> | <u>296,186</u> |
| Total Equity | | |
| Non-current liabilities | | |
| Deferred tax liabilities | 1,018 | 992 |
| Current liabilities | | |
| Trade and other payables | 13,785 | 11,883 |
| Refund liabilities | 915 | 865 |
| Current tax liabilities | 384 | 227 |
| | <u>15,084</u> | <u>12,975</u> |
| | <u>16,102</u> | <u>13,967</u> |
| Total Liabilities | | |
| TOTAL EQUITY AND LIABILITIES | | |
| | <u>315,693</u> | <u>310,153</u> |
| | RM | RM |
| Net Assets per share attributable to equity holders of the Company | 0.42 * | 0.42 * |

* The net assets per share is based on the number of ordinary shares in issue less treasury shares .

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

| | Share Capital | Treasury Shares | Exchange Translation Reserve | Fair Value Reserve | Retained Profits | Total Equity |
|---|--------------------------|----------------------------|---|-------------------------------|-----------------------------|-------------------------|
| <u>Cumulative 3 months</u> | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2018 | 221,959 | (30,484) | (580) | 2,278 | 104,070 | 297,243 |
| Effect of : | | | | | | |
| Initial adoption of MFRS 9 adjustments | - | - | - | - | (711) | (711) |
| Initial adoption of MFRS 15 adjustments | - | - | - | - | (346) | (346) |
| At 1 July 2018 (Restated) | 221,959 | (30,484) | (580) | 2,278 | 103,013 | 296,186 |
| Other comprehensive income: | | | | | | |
| Net loss on fair value changes of equity investments | - | - | - | (1,505) | - | (1,505) |
| Foreign currency translation differences for foreign operations | - | - | (215) | - | - | (215) |
| Profit for the financial period | - | - | - | - | 5,125 | 5,125 |
| Total comprehensive income/(expenses) for the financial period | - | - | (215) | (1,505) | 5,125 | 3,405 |
| At 30 September 2018 | 221,959 | (30,484) | (795) | 773 | 108,138 | 299,591 |
| At 1 July 2017 | 221,959 | (30,484) | (1,655) | 5,474 | 107,294 | 302,588 |
| Other comprehensive income: | | | | | | |
| Net loss on fair value changes of equity investments | - | - | - | (727) | - | (727) |
| Foreign currency translation differences for foreign operations | - | - | (309) | - | - | (309) |
| Loss for the financial period | - | - | - | - | (15) | (15) |
| Total comprehensive expenses for the financial period | - | - | (309) | (727) | (15) | (1,051) |
| At 30 September 2017 | 221,959 | (30,484) | (1,964) | 4,747 | 107,279 | 301,537 |

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

| | CUMULATIVE 3 MONTHS | |
|--|--------------------------------|-------------------|
| | 30/09/2018 | 30/09/2017 |
| | RM'000 | RM'000 |
| Cash Flows From Operating Activities | | |
| Profit before taxation | 5,474 | 62 |
| Net adjustments:- | | |
| Non-cash items | (3,958) | (110) |
| Non-operating items | (1,264) | 165 |
| Operating profit before working capital changes | <u>252</u> | <u>117</u> |
| Net change in working capital | <u>(864)</u> | <u>1,387</u> |
| Cash (used in)/generated from operating activities | (612) | 1,504 |
| Interest received | 798 | 582 |
| Net tax refund | 296 | 445 |
| Net cash generated from operating activities | <u>482</u> | <u>2,531</u> |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (194) | (476) |
| Decrease of fixed deposits pledged with licensed banks | - | 27 |
| Use of restricted fund to purchase property, plant and equipment | - | 574 |
| Net cash (used in)/generated from investing activities | <u>(194)</u> | <u>125</u> |
| Net increase in cash and cash equivalents | 288 | 2,656 |
| Exchange translation differences | 492 | (272) |
| Cash and cash equivalents at 1 July | <u>61,831</u> | <u>50,762</u> |
| Cash and cash equivalents at 30 September | <u>62,611</u> | <u>53,146</u> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018 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 30 June 2018. 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 30 June 2018.

A2. 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, 2016 in Malaysia.

During the current financial period, 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 107: Disclosure Initiative
- . Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- . Annual Improvements to MFRS Standards 2014 - 2016 Cycle: Amendments to MFRS 12: Clarification of the Scope of the Standard
- . Amendments to MFRS 15: Revenue from Contracts with Customers
- . Amendments to MFRS 9: Financial Instruments

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

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NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

A2. Significant Accounting Policies (continued)

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 on the impairment of financial assets. The new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics.

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

In order to measure the consequences of the new standards, the Group has engaged the review on the business model corresponding to the financial assets. Investment in equity instruments and debt instrument are measured at fair value through profit or loss. The Group has applied the simplified approach and record 12 months expected losses on its financial assets at amortised cost and there were no significant impact on the Group's financial performance and position.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. Revenue is recognised when a customer obtains control of goods, i.e. when the customer has the ability to direct the use of the goods.

The Group has adopted MFRS 15 using the full retrospective method of adoption. The impact to the Group is to estimate the goods of return based on the Trading Term Agreement with customers that provide a right of return. Besides, the Group has reclassified the sales related expenses to offset against the revenue which was treated as marketing and distribution expenses previously. The marketing and distribution expenses included rebates, promotion support and other sales related discount to customers. The adoption of MFRS 15 has no significant financial impact to the Group.

The restatement of the Group's financial statement as at 30 September 2017 is as below :-

i) Reconciliation of Profit & Loss

| | As Previously Reported 30/09/2017 RM'000 | Effect of MFRS 15 RM'000 | Restated 30/09/2017 RM'000 |
|---------------------------------------|---|---|---|
| Revenue | 17,213 | (395) | 16,818 |
| Cost of sales | (12,115) | (20) | (12,135) |
| Gross profit | 5,098 | (415) | 4,683 |
| Other income | 909 | - | 909 |
| Administration and operating expenses | (3,132) | - | (3,132) |
| Selling and distribution expenses | (2,690) | 429 | (2,261) |
| Exceptional item (refer note A4) | (137) | - | (137) |
| Profit before taxation | 48 | 14 | 62 |
| Taxation | (77) | - | (77) |
| Loss for the financial period | (29) | 14 | (15) |

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NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

A2. Significant Accounting Policies (continued)

ii) Reconciliation of Financial Position

| | As Previously Reported 30/06/2018 RM'000 | Effect of MFRS 9 RM'000 | Effect of MFRS 15 RM'000 | Restated 30/06/2018 RM'000 |
|-------------------------------------|---|--|---|---|
| ASSETS | | | | |
| Non-Current Assets | 184,539 | - | - | 184,539 |
| Inventories | 13,158 | - | - | 13,158 |
| Trade and other receivables | 17,275 | (515) | - | 16,760 |
| Current tax assets | 1,850 | - | - | 1,850 |
| Refund assets | - | - | 519 | 519 |
| Deposits, bank balances and cash | 93,523 | (196) | - | 93,327 |
| Total Current Assets | 125,806 | (711) | 519 | 125,614 |
| TOTAL ASSETS | 310,345 | (711) | 519 | 310,153 |
| Equity | | | | |
| Share capital | 221,959 | - | - | 221,959 |
| Treasury shares | (30,484) | - | - | (30,484) |
| Reserves | 105,768 | (711) | (346) | 104,711 |
| Total Equity | 297,243 | (711) | (346) | 296,186 |
| Liabilities | | | | |
| Non-Current Liabilities | 992 | - | - | 992 |
| Trade and other payables | 11,883 | - | - | 11,883 |
| Refund Liabilities | - | - | 865 | 865 |
| Current tax liabilities | 227 | - | - | 227 |
| Total Current Liabilities | 12,110 | - | 865 | 12,975 |
| TOTAL EQUITY AND LIABILITIES | 310,345 | (711) | 519 | 310,153 |

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NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

A2. Significant Accounting Policies (continued)

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 16 Leases | 1 January 2019 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| IC Interpretation 23 Uncertainty Over Income Tax Treatments | 1 January 2019 |
| Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions | 1 January 2018 |
| Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts | 1 January 2018 |
| Amendments to MFRS 9: Prepayment Features with Negative Compensation | 1 January 2019 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 15: Effective Date of MFRS 15 | 1 January 2018 |
| Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers' | 1 January 2018 |
| Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement | 1 January 2019 |
| Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| Amendments to MFRS 140 – Transfers of Investment Property | 1 January 2018 |
| Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2020 |
| Annual Improvements to MFRS Standards 2014 – 2016 Cycles:' | |
| - Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters | |
| - Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value | 1 January 2018 |
| Annual Improvements to MFRS Standards 2015 – 2017 Cycles | 1 January 2019 |

The adoption of above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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A3. Seasonal or Cyclical Factors

The food business of the Group is affected by seasonal factors.

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 during the financial period ended 30 September 2018 other than the exceptional item as follows:-

| Exceptional item | QUARTER ENDED | | CUMULATIVE 3 MONTHS | |
|-------------------------------------|----------------------|----------------------|------------------------|----------------------|
| | 30/09/2018 RM'000 | 30/09/2017 RM'000 | 30/09/2018 RM'000 | 30/09/2017 RM'000 |
| Net gain/(loss) on foreign exchange | 1,202 | (137) | 1,202 | (137) |

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 2018.

A6. Issuances and Repayments of Debt and Equity Securities

As at 30 September 2018, the number of treasury shares held is 64,959,800 ordinary shares.

| Ordinary shares issued and fully paid: | No Of Shares In '000 | RM'000 |
|--|-------------------------|---------|
| At 30 September 2018 (net of 64,959,800 treasury shares) | 708,397 | 221,959 |

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 2018.

A7. Dividends Paid

No dividend was paid by the Company during the financial period ended 30 September 2018 (30 September 2017: Nil).

A8. Operating Segments

Segment information is presented in respect of the Group's business segments.

For the 3 months ended 30 September 2018

| | Food RM'000 | Investment Holding RM'000 | Total RM'000 |
|------------------------|----------------|---------------------------------|-----------------|
| REVENUE | | | |
| - External revenue | 19,945 | - | 19,945 |
| Total | 19,945 | - | 19,945 |
| RESULTS | | | |
| Segment results | 1,236 | 4,238 | 5,474 |
| Profit before taxation | 1,236 | 4,238 | 5,474 |
| Segment assets | 157,978 | 156,358 | 314,336 |
| Unallocated assets | | | 1,357 |
| | | | 315,693 |

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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 Period

There were no material events subsequent to the financial period ended 30 September 2018 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

- (a) On 22 October 2018, Pan Malaysia Corporation Berhad ("PMC") announced that Uniwell Nominees (Tempatan) Sdn Bhd, a wholly-owned subsidiary of the Group was placed under members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 ("Winding-Up").
- (b) On 15 November 2018, PMC announced that Tiffany Hampers & Gifts Pte Ltd ("THG") and Specialist Food Retailers Pte Ltd ("SFR"), both incorporated in Singapore and indirect wholly-owned subsidiaries of PMC, have been struck off from the Register on 5 November 2018 following an earlier application by THG and SFR to the Companies Registry in Singapore.

The Winding-Up and dissolution of the subsidiaries did not have any material financial or operational effect on the Group.

Other than the above, there were no changes in the composition of the Group during the financial period ended 30 September 2018.

A12. Contingent Liabilities

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

A13. Capital Commitments

As at 30 September 2018, the Group has commitments in respect of capital expenditure as follows:-

| | RM'000 |
|-----------------------------------|------------|
| Authorised but not contracted for | <u>265</u> |
| Contracted but not provided for | <u>21</u> |

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

B1. Review of Performance

| | QUARTER ENDED | | CHANGES | CUMULATIVE 3 MONTHS | | CHANGES |
|--|---------------|------------|---------|------------------------|------------|---------|
| | 30/09/2018 | 30/09/2017 | | 30/09/2018 | 30/09/2017 | |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | 19,945 | 16,818 | 18.6 | 19,945 | 16,818 | 18.6 |
| Profit/(Loss) before tax ("PBT/(LBT)") | 5,474 | 62 | 8,729.0 | 5,474 | 62 | 8,729.0 |

Quarter ended 30 September 2018 vs Quarter ended 30 September 2017

For the current quarter ended 30 September 2018, the Group recorded revenue of RM19.9 million compared with RM16.8 million in the corresponding quarter of the financial period ended 30 September 2017, representing an increase of RM3.1 million driven by higher local sales in Crispy and Tango. The appointment of new distributors and the transitional implementation of 0% GST from June 2018 to August 2018 have boosted consumer spending.

The Group recorded PBT of RM5.5 million for the current quarter ended 30 September 2018, compared with PBT of RM0.06 million for the preceding financial period's corresponding quarter. The increase in PBT was mainly due to increase in sales, fair value gain on investment and unrealised gain on foreign exchange translation of intragroup balances.

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

| | QUARTER ENDED | | CHANGES |
|--|---------------|------------|---------|
| | 30/09/2018 | 30/06/2018 | |
| | RM'000 | RM'000 | % |
| Revenue | 19,945 | 12,553 | 58.9 |
| Profit/(Loss) before tax ("PBT/(LBT)") | 5,474 | 284 | 1,827.5 |

For the current quarter, the Group recorded higher revenue of RM19.9 million, representing an increase of RM7.4 million compared with RM12.6 million in the preceding quarter. The increase in revenue was mainly driven by higher local and export sales in Crispy and Tango and export sales in contract manufacturing.

The Group recorded PBT of RM5.5 million compared with the preceding quarter's PBT of RM0.3 million. The increase in PBT was mainly due to increase in sales, fair value gain on investment and unrealised exchange gain on foreign exchange translation of intragroup balances.

B3. Prospects for the financial year ending 30 June 2019

The Group's turnaround strategies involving aggressive market penetration as well as cost management initiatives have yielded significant improvement in the quarter just ended, showing a 18.6% growth in quarterly revenue. This business momentum is expected to continue for the rest of the financial year.

In addition, the Group is also putting greater emphasis on a number of export markets as well as creating more innovative product offerings to tap into the growing snack food market.

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B4. Profit before taxation

Included in the profit before taxation are the following items :

| | QUARTER ENDED | | CHANGES | CUMULATIVE 3 MONTHS | | CHANGES |
|------------------------------------|----------------------|----------------------|---------|------------------------|----------------------|---------|
| | 30/09/2018 RM'000 | 30/09/2017 RM'000 | % | 30/09/2018 RM'000 | 30/09/2017 RM'000 | % |
| Depreciation / amortisation | (464) | (438) | (5.9) | (464) | (438) | (5.9) |
| Interest income | 798 | 582 | 37.1 | 798 | 582 | 37.1 |
| Interest income from related party | 59 | 94 | (37.2) | 59 | 94 | (37.2) |
| Write down of inventories | (63) | (129) | 51.2 | (63) | (129) | 51.2 |

B5. Taxation

Taxation comprises:-

| | QUARTER ENDED | | CHANGES | CUMULATIVE 3 MONTHS | | CHANGES |
|---------------------|----------------------|----------------------|---------|------------------------|----------------------|---------|
| | 30/09/2018 RM'000 | 30/09/2017 RM'000 | % | 30/09/2018 RM'000 | 30/09/2017 RM'000 | % |
| Current tax expense | (349) | (77) | 353.2 | (349) | (77) | 353.2 |

The effective tax rate for the financial period ended 30 September 2018 is lower than the statutory tax rate applicable mainly due to utilisation of unabsorbed tax credit against the taxable profit of certain subsidiary.

B6. Status of Corporate Proposals

On 20 September 2018, a wholly-owned subsidiary, Megafort Sdn Bhd ("MSB") entered into a joint venture and shareholders agreement with Baker & Cook Pte Ltd ("B&C") for the purpose of forming a Joint Venture Company to carry on the franchise business of retail food and beverage outlet in Malaysia.

On 24 September 2018, Pan Malaysia Corporation Berhad announced that joint venture company under the name of Baker & Cook (Malaysia) Sdn Bhd (1296339-M) ("B&C Malaysia") has been incorporated on 24 September 2018. The principal activity of B&C Malaysia is to establish and operate the franchise business of retail food and beverage outlets operated and conducted under the trade names of "Baker & Cook" and "Plank Sourdough Pizza" subject to the terms and conditions of the Joint Venture and Shareholders Agreement dated 20 September 2018.

The current paid-up share capital of B&C Malaysia is RM1,500,000.00, comprising of 100,000 ordinary shares.

The Shareholders and their respective shareholding in B&C Malaysia are as follows:-

- a) Megafort Sdn Bhd - 50%; and
- b) Baker & Cook Pte Ltd - 50%.

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

B7. Trade Receivables

(a) The credit term of trade receivables range from 30 to 120 days.

(b) The ageing of trade receivables as at the end of the reporting period was:-

| | 30/09/2018 RM'000 | 30/06/2018 RM'000 | CHANGES % |
|-----------------------------|----------------------|----------------------|--------------|
| Not past due | 7,727 | 5,542 | 39.4 |
| Past due 1-30 days | 2,662 | 2,438 | 9.2 |
| Past due 31-60 days | 933 | 1,207 | (22.7) |
| Past due 61-120 days | 240 | 374 | (35.8) |
| Past due more than 120 days | - | - | - |
| | <u>11,562</u> | <u>9,561</u> | <u>20.9</u> |

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B8. Group Borrowings

There were no Group borrowings as at 30 September 2018 (30 September 2017: Nil).

B9. Derivative Financial Instruments

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

B10. Fair Value Changes of Financial Liabilities

As at 30 September 2018, the Group did not have any financial liabilities measured at fair value through profit or loss.

B11. Material Litigations

There were no material litigations as at the date of this report.

B12. Dividend

No dividend was declared by the Board for the financial period ended 30 September 2018 (30 September 2017: Nil).

B13. 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 | | CHANGES | CUMULATIVE | | CHANGES |
|--|---------------|------------|----------|------------|------------|----------|
| | 30/09/2018 | 30/09/2017 | % | 3 MONTHS | | % |
| | | | | 30/09/2018 | 30/09/2017 | |
| Profit/(Loss) attributable to equity holders of the Company (RM'000) | 5,125 | (15) | 34,266.7 | 5,125 | (15) | 34,266.7 |
| Weighted average number of ordinary shares in issue ('000) | 708,397 | 708,397 | - | 708,397 | 708,397 | - |
| Earnings/(Loss) per share (sen) | 0.72 | (0.00)* | 0.00# | 0.72 | (0.00)* | 0.00# |

* The loss per share is insignificant

The changes are insignificant

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

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B14. Other Matters

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

| Proposed utilisation as approved by the Securities Commission ("SC") | Balance as at 01/07/2018 RM'000 | Amount utilised RM'000 | Balance as at 30/09/2018 RM'000 |
|--|--|-----------------------------------|--|
| 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. | 26,693 | - | 26,693 |
| Total | <u>26,693</u> | <u>-</u> | <u>26,693</u> |

B15. Auditors' Report

The auditors' report on the audited financial statements for the financial year ended 30 June 2018 was unmodified.

By order of the Board
PAN MALAYSIA CORPORATION BERHAD

LEE CHIK SIONG
NORLYN BINTI KAMAL BASHA
Joint Company Secretaries

Date: 23 November 2018