

**PAN MALAYSIA CORPORATION BERHAD**

Company No : 4920 - D  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	QUARTER ENDED		CUMULATIVE 3 MONTHS	
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Revenue	15,592	19,945	15,592	19,945
Cost of sales	(11,252)	(13,491)	(11,252)	(13,491)
Gross profit	4,340	6,454	4,340	6,454
Other income	827	3,949	827	3,949
Administration and operating expenses	(3,321)	(3,999)	(3,321)	(3,999)
Other expenses	-	(93)	-	(93)
Selling and distribution expenses	(2,360)	(2,039)	(2,360)	(2,039)
Exceptional item (refer note A4)	(527)	1,202	(527)	1,202
Share of losses of an equity accounted joint venture	(6)	-	(6)	-
(Loss)/Profit before tax	(1,047)	5,474	(1,047)	5,474
Tax expense	(24)	(349)	(24)	(349)
(Loss)/Profit for the financial period	(1,071)	5,125	(1,071)	5,125
(Loss)/Profit for the financial period attributable to:-				
Equity holders of the Company	(1,071)	5,125	(1,071)	5,125
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
(Loss)/Earnings per share attributable to equity holders of the Company:				
Basic / Diluted	(0.15)	0.72	(0.15)	0.72

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 2019 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 OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	QUARTER ENDED		CUMULATIVE 3 MONTHS	
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
(Loss)/Profit for the financial period	(1,071)	5,125	(1,071)	5,125
<b>Other comprehensive expenses, net of tax</b>				
Net loss on fair value changes of equity investments	(2,397)	(1,505)	(2,397)	(1,505)
Foreign currency translation differences for foreign operations	617	(215)	617	(215)
Total comprehensive (expenses)/income for the financial period	<u>(2,851)</u>	<u>3,405</u>	<u>(2,851)</u>	<u>3,405</u>
Total comprehensive (expenses)/income for the financial period attributable to:-				
Equity holders of the Company	<u>(2,851)</u>	<u>3,405</u>	<u>(2,851)</u>	<u>3,405</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 2019 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 2019**

	30/09/2019	30/06/2019
	RM'000	Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	31,878	32,198
Investment property	13,300	13,209
Investments	73,863	76,260
Investment in a joint venture	452	459
Goodwill on consolidation	45,406	45,406
Trademarks	4,984	4,984
Deferred tax assets	295	298
	<u>170,178</u>	<u>172,814</u>
<b>Current assets</b>		
Inventories	12,931	14,084
Trade and other receivables	22,220	19,178
Right to recover returned goods	624	615
Current tax assets	1,160	1,198
Other investments	31,047	32,480
Deposits, bank balances and cash	57,972	59,249
	<u>125,954</u>	<u>126,804</u>
<b>TOTAL ASSETS</b>	<u>296,132</u>	<u>299,618</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	221,959	221,959
Treasury shares	(30,484)	(30,484)
Reserves	91,215	94,066
<b>Total Equity</b>	<u>282,690</u>	<u>285,541</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,028	1,022
<b>Current liabilities</b>		
Trade and other payables	11,163	11,831
Refund liabilities	1,043	1,024
Current tax liabilities	208	200
	<u>12,414</u>	<u>13,055</u>
<b>Total Liabilities</b>	<u>13,442</u>	<u>14,077</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>296,132</u>	<u>299,618</u>
	<b>RM</b>	<b>RM</b>
Net Assets per share attributable to equity holders of the Company	0.40 *	0.40 *

\* 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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**PAN MALAYSIA CORPORATION BERHAD**

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	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 2019	221,959	(30,484)	(1,441)	(1,944)	97,451	285,541
Other comprehensive income:						
Net loss on fair value changes of equity investments	-	-	-	(2,397)	-	(2,397)
Foreign currency translation differences for foreign operations	-	-	617	-	-	617
Loss for the financial period	-	-	-	-	(1,071)	(1,071)
Total comprehensive (expenses)/income for the financial period	-	-	617	(2,397)	(1,071)	(2,851)
At 30 September 2019	221,959	(30,484)	(824)	(4,341)	96,380	282,690
At 1 July 2018	221,959	(30,484)	(580)	2,278	104,070	297,243
Effect of :						
Adjustment on initial application of MFRS 9	-	-	-	-	(758)	(758)
Adjustment on initial application of MFRS 15	-	-	-	-	(346)	(346)
At 1 July 2018 (Restated)	221,959	(30,484)	(580)	2,278	102,966	296,139
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 (expenses)/income for the financial period	-	-	(215)	(1,505)	5,125	3,405
At 30 September 2018	221,959	(30,484)	(795)	773	108,091	299,544

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**PAN MALAYSIA CORPORATION BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	<b>CUMULATIVE 3 MONTHS</b>	
	<b>30/09/2019</b>	<b>30/09/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash Flows From Operating Activities		
(Loss)/Profit before tax	(1,047)	5,474
Net adjustments:-		
Non-cash items	424	(3,958)
Non-operating items	574	(1,264)
Operating (loss)/profit before working capital changes	<u>(49)</u>	<u>252</u>
Net change in working capital	<u>(2,990)</u>	<u>(864)</u>
Cash used in operations	(3,039)	(612)
Interest received	629	798
Net tax refund	-	296
Net cash (used in)/generated from operating activities	<u>(2,410)</u>	<u>482</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(191)	(194)
Net cash used in investing activities	<u>(191)</u>	<u>(194)</u>
Net (Decrease)/increase in cash and cash equivalents	(2,601)	288
Exchange translation differences	(1,234)	492
Cash and cash equivalents at 1 July	57,245	61,831
Cash and cash equivalents at 30 September	<u>53,410</u>	<u>62,611</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 2019 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 MFRS 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 2019. 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 2019.

#### 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)

- MFRS 16 Leases
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'
- Amendments to MFRS 140 – Transfers of Investment Property
- 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

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.

MFRS 16: Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statements of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

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**NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**

**A. EXPLANATORY NOTES PURSUANT TO MFRS 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 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Asset between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
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 References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

**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 2019 other than the exceptional item as follows:-

Exceptional item	QUARTER ENDED		CUMULATIVE 3 MONTHS	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Net gain/(loss) on foreign exchange:				
- Realised	36	58	36	58
- Unrealised	(575)	1,144	(575)	1,144
Reversal of impairment on other receivables	12	-	12	-
	<u>(527)</u>	<u>1,202</u>	<u>(527)</u>	<u>1,202</u>

**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 2019.

**A6. Issuances or Repayments of Debt and Equity Securities**

As at 30 September 2019, 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 2019 (net of 64,959,800 treasury shares)	<u>708,397</u>	<u>221,959</u>

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 2019.

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**A7. Dividend Paid**

No dividend was paid by the Company during the financial period ended 30 September 2019 (30 September 2018: Nil).

**A8. Operating Segments**

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

**For the 3 months ended 30 September 2019**

	<b>Food RM'000</b>	<b>Investment Holding RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>			
- External revenue	15,592	-	15,592
Total	<u>15,592</u>	<u>-</u>	<u>15,592</u>
<b>RESULTS</b>			
Segment results	(276)	(771)	(1,047)
Loss before tax	<u>(276)</u>	<u>(771)</u>	<u>(1,047)</u>
<b>Segment assets</b>	<u>158,543</u>	<u>136,429</u>	294,972
Unallocated assets			1,160
			<u>296,132</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 Period**

There were no material events subsequent to the financial period ended 30 September 2019 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 2019.

**A12. Contingent Liabilities**

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

**A13. Capital Commitments**

As at 30 September 2019, the Group has commitments in respect of capital expenditure as follows:-

	RM'000
Authorised but not contracted for	<u>115</u>
Contracted but not provided for	<u>84</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
	30/09/2019 RM'000	30/09/2018 RM'000	%	30/09/2019 RM'000	30/09/2018 RM'000	%
Revenue	15,592	19,945	(21.8)	15,592	19,945	(21.8)
(Loss)/Profit before tax ("LBT"/PBT")	(1,047)	5,474	(119.1)	(1,047)	5,474	119.1

**Quarter Ended 30 September 2019 vs Quarter Ended 30 September 2018**

The decrease in revenue was due to weak retail sentiments in both the domestic and export markets. In the preceding year, the appointment of new distributors resulted in an increase in local revenue.

The profit in the preceding financial period's corresponding quarter was due to the higher revenue achieved, as well as from 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
	30/09/2019 RM'000	30/06/2019 RM'000	%
Revenue	15,592	10,953	42.4
Loss before tax ("LBT")	(1,047)	(10,149)	(89.7)

The new Crispy version 2.0, launched in May 2019, coupled with the various trade activities carried out during the current quarter, saw an increase in revenue.

The lower LBT was mainly due to a fair value loss of RM10.2 million on an overseas investment, which occurred in the preceding quarter.

**B3. Prospects for the Financial Year Ending 30 June 2020**

The continuing global trade tension has impacted the export and OEM business in Asia to a larger degree than anticipated. On the domestic front, market sentiments remained weak in the first financial quarter.

Nonetheless, the management remains confident that the performance of the Foods' division for the whole year will exceed that of the last financial year as a result of its focused marketing initiatives and ongoing product development effort. The planned relaunch of an improved Tango in December 2019 is also expected to improve overall sales for the Group.

**B4. (Loss)/Profit Before Tax**

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

	QUARTER ENDED		CHANGES	CUMULATIVE 3 MONTHS		CHANGES
	30/09/2019 RM'000	30/09/2018 RM'000	%	30/09/2019 RM'000	30/09/2018 RM'000	%
Depreciation / amortisation	(469)	(464)	(1.1)	(469)	(464)	(1.1)
Interest income	629	798	(21.2)	629	798	(21.2)
Interest income from related party	59	59	-	59	59	-
Write down of inventories	(603)	(63)	(857.1)	(603)	(63)	(857.1)

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**B5. Tax expense**

Taxation comprises:-

	QUARTER ENDED		CHANGES	CUMULATIVE 3 MONTHS		CHANGES
	30/09/2019 RM'000	30/09/2018 RM'000	%	30/09/2019 RM'000	30/09/2018 RM'000	%
Current tax expense	(24)	(349)	(93.1)	(24)	(349)	(93.1)
	<u>(24)</u>	<u>(349)</u>	<u>(93.1)</u>	<u>(24)</u>	<u>(349)</u>	<u>(93.1)</u>

Despite a loss for the current financial period, the Group has made a provision for tax as the profit of certain subsidiary companies cannot be offset against the loss of other subsidiary companies within the Group.

**B6. Status of Corporate Proposals**

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:-

	30/09/2019 RM'000	30/06/2019 RM'000	CHANGES %
Not past due	7,593	4,886	55.4
Past due 1-30 days	1,870	2,775	(32.6)
Past due 31-60 days	1,325	1,551	(14.6)
Past due 61-120 days	1,167	891	31.0
Past due more than 120 days	733	1,165	(37.1)
	<u>12,688</u>	<u>11,268</u>	<u>12.6</u>

**B8. Group Borrowings**

There were no Group borrowings as at 30 September 2019 (30 September 2018: 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 2019, 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**

At the forthcoming Annual General Meeting, a final single tier dividend of RM0.005 per ordinary share amounting to RM3,541,986 in respect of the financial year ended 30 June 2019 will be proposed for shareholders' approval. Such dividend, if approved by the shareholders, will be accounted for as a liability and paid off in the financial year ending 30 June 2020.

No dividend was declared by the Board for the financial period ended 30 September 2019 (30 September 2018: Nil).

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**B13. (Loss)/Earnings Per Share**

(i) (Loss)/Earnings per share

The basic (loss)/earnings per ordinary share is calculated by dividing the (loss)/profit 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
	30/09/2019	30/09/2018	%	30/09/2019	30/09/2018	%
(Loss)/Profit attributable to equity holders of the Company (RM'000)	(1,071)	5,125	120.9	(1,071)	5,125	120.9
Weighted average number of ordinary shares in issue ('000)	708,397	708,397	-	708,397	708,397	-
(Loss)/Earnings per share (sen)	(0.15)	0.72	120.8	(0.15)	0.72	120.8

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

**B14. Other Matters**

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

	Balance as at 01/07/2019 RM'000	Amount utilised RM'000	Balance as at 30/09/2019 RM'000
<b>Proposed utilisation as approved by the Securities Commission ("SC")</b>			
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 2019 was unmodified.

**By order of the Board**  
**PAN MALAYSIA CORPORATION BERHAD**

**LEE CHIK SIONG**  
**NORLYN BINTI KAMAL BASHA**  
**Joint Company Secretaries**

**Date: 22 November 2019**