

**PAN MALAYSIA CORPORATION BERHAD**

Registration No: 196301000008 (4920-D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Revenue	9,983	20,057	23,029	35,649
Cost of sales	(8,783)	(13,821)	(17,352)	(25,073)
Gross profit	1,200	6,236	5,677	10,576
Other income	1,741	1,008	9,742	1,847
Selling and distribution expenses	(1,960)	(2,257)	(3,944)	(4,617)
Administration and operating expenses	(3,240)	(3,791)	(6,299)	(7,112)
Other expenses	(247)	34	(913)	(505)
Finance costs	(34)	-	(40)	-
Share of losses of an equity accounted joint venture	(2)	(9)	(3)	(15)
(Loss)/Profit before tax	(2,542)	1,221	4,220	174
Tax expense	(27)	(32)	(87)	(56)
(Loss)/Profit for the financial period attributable to owners of the Company	(2,569)	1,189	4,133	118
Other comprehensive (expenses)/income:				
Net (loss)/gain on fair value changes of equity investments	(1,654)	1,973	(5,231)	(424)
Foreign currency translation differences for foreign operations	(616)	(453)	(736)	164
Total comprehensive (expenses)/income for the financial period attributable to owners of the Company	(4,839)	2,709	(1,834)	(142)
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
(Loss)/Earnings per share attributable to owners of the Company:				
Basic / Diluted	(0.36)	0.17	0.58	0.02

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

**PAN MALAYSIA CORPORATION BERHAD**

Registration No: 196301000008 (4920-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	31/12/2020	30/06/2020
	RM'000	Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	40,231	39,332
Investment property	933	995
Investments	82,438	87,772
Investment in a joint venture	196	449
Goodwill on consolidation	38,406	38,406
Trademarks	4,984	4,984
Deferred tax assets	296	298
	<u>167,484</u>	<u>172,236</u>
<b>Current assets</b>		
Inventories	13,295	15,420
Trade and other receivables	25,576	27,272
Right to recover returned goods	538	538
Current tax assets	1,578	1,357
Other investments	22,398	16,102
Short term investments	6,311	5,372
Deposits, bank balances and cash	56,359	56,857
	<u>126,055</u>	<u>122,918</u>
Non current assets held for sale	-	3,554
	<u>126,055</u>	<u>126,472</u>
<b>TOTAL ASSETS</b>	<u>293,539</u>	<u>298,708</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	221,959	221,959
Treasury shares	(30,484)	(30,484)
Reserves	88,737	90,571
	<u>280,212</u>	<u>282,046</u>
<b>Total Equity</b>	<u>280,212</u>	<u>282,046</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	906	965
Lease liabilities	1,021	-
<b>Current liabilities</b>		
Trade and other payables	9,754	14,092
Refund liabilities	957	958
Lease liabilities	307	-
Bank overdraft	255	452
Current tax liabilities	127	195
	<u>11,400</u>	<u>15,697</u>
<b>Total Liabilities</b>	<u>13,327</u>	<u>16,662</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>293,539</u>	<u>298,708</u>
	<b>RM</b>	<b>RM</b>
Net Assets per share attributable to owners 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 2020 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 31 DECEMBER 2020**

	Share Capital	Treasury Shares	Exchange Translation Reserve	Fair Value Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2020	221,959	(30,484)	(692)	5,281	85,982	282,046
Other comprehensive income:						
Net loss on fair value changes of equity investments	-	-	-	(5,231)	-	(5,231)
Reversal of impairment on investment	-	-	-	15	(15)	-
Foreign currency translation differences for foreign operations	-	-	(736)	-	-	(736)
Profit for the financial period	-	-	-	-	4,133	4,133
Total comprehensive (expenses)/income for the financial period	-	-	(736)	(5,216)	4,118	(1,834)
At 31 December 2020	221,959	(30,484)	(1,428)	65	90,100	280,212
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	-	-	-	(424)	-	(424)
Foreign currency translation differences for foreign operations	-	-	164	-	-	164
Profit for the financial period	-	-	-	-	118	118
Total comprehensive income/(expenses) for the financial period	-	-	164	(424)	118	(142)
At 31 December 2019	221,959	(30,484)	(1,277)	(2,368)	97,569	285,399

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	31/12/2020 RM'000	31/12/2019 RM'000
<b>Operating Activities</b>		
Profit before tax	4,220	174
Net adjustments:		
Non-cash items	521	422
Non-operating items	(7,400)	555
Operating (loss)/profit before working capital changes	<u>(2,659)</u>	<u>1,151</u>
Net change in working capital	<u>(935)</u>	<u>(7,654)</u>
Cash used in operations	(3,594)	(6,503)
Interest paid	(40)	-
Interest received	649	1,351
Net tax paid	(377)	(232)
Net cash used in operating activities	<u>(3,362)</u>	<u>(5,384)</u>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(2,674)	(408)
Subscription of investment	(1,822)	-
Proceeds from disposal of investment	4,926	-
Proceeds from disposal of property, plant and equipment	7,726	-
Placement of fixed deposit for more than 3 months	-	(1,106)
Use of restricted fund to purchase property, plant and equipment (Note B14)	2,465	-
Net cash generated from/(used in) investing activities	<u>10,621</u>	<u>(1,514)</u>
<b>Financing Activities</b>		
Capital reduction from joint venture	250	-
Drawdown of lease liabilities	1,532	-
Repayment of lease liabilities	(204)	-
Net cash generated from financing activities	<u>1,578</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	8,837	(6,898)
Exchange translation differences	(278)	(373)
Cash and cash equivalents at 1 July	38,102	57,245
Cash and cash equivalents at 31 December	<u>46,661</u>	<u>49,974</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2020 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 2020. 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 2020.

**A2. Significant Accounting Policies**

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards ("IFRS") 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):

<u>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</u>	<u>Effective Date</u>
Amendments to MFRS 3: Definition of Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16 : COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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.

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:

<u>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</u>	<u>Effective Date</u>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	At issue date of 17 August 2020
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020 Cycles	1 January 2022

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

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

**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 31 December 2020.

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporary closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in a reduced demand for the Group's goods and services. The Group exercises judgement, in light of all facts and circumstances, to assess the extent in which these series of events provide additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities as at 31 December 2020.

**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 31 December 2020.

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

As at 31 December 2020, the number of treasury shares held is 64,959,800 ordinary shares.

Ordinary shares issued and fully paid:

	<b>No of Shares In '000</b>	<b>RM'000</b>
At 31 December 2020 (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 31 December 2020.

**A7. Dividend Paid**

No dividend was paid by the Company during the financial period ended 31 December 2020 (31 December 2019: 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 was paid on 15 January 2020).

**A8. Operating Segments**

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

**For the financial period ended 31 December 2020**

	<b>Food RM'000</b>	<b>Investment Holding RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>			
- External revenue	<u>23,029</u>	-	<u>23,029</u>
<b>RESULTS</b>			
Segment results	(2,210)	6,470	4,260
Finance cost	(40)	-	(40)
(Loss)/Profit before tax	<u>(2,250)</u>	<u>6,470</u>	<u>4,220</u>
<b>Segment assets</b>	<u>144,025</u>	<u>147,640</u>	291,665
Unallocated assets			<u>1,874</u>
			<u>293,539</u>

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

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

**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 31 December 2020 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 31 December 2020.

**A12. Contingent Liabilities**

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

**A13. Capital Commitments**

As at 31 December 2020, the Group has capital commitment in respect of a subscription of interest as a limited partner of Genesis Alternative Ventures I L.P. as follows:

	<b>USD'000</b>	<b>RM'000</b>
Capital committed to invest	2,000	8,034
Capital invested	665	2,671
Balance of commitment	<u>1,335</u>	<u>5,363</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 6 MONTHS		CHANGES %
	31/12/2020 RM'000	31/12/2019 RM'000		31/12/2020 RM'000	31/12/2019 RM'000	
Revenue	9,983	20,057	(50.2)	23,029	35,649	(35.4)
(Loss)/Profit before tax ("LBT"/"PBT")	(2,542)	1,221	(308.2)	4,220	174	2,325.3

**Current Quarter Ended 31 December 2020**

Revenue in the second quarter dropped by 50.2% compared to the same period last year mainly due to sluggish demand in both the export and domestic markets. This was primarily due to the continuing effects of COVID-19 hampering consumer demand for certain categories of goods and services. Consequently, the Group incurred a LBT in the current quarter.

**Financial Period Ended 31 December 2020**

Revenue dropped by 35.4% mainly due to lower export sales. Although this was mitigated by some pick-up in domestic sales, demand was still lacklustre as a whole.

The Group's PBT increased more than 100% compared to the preceding financial period, mainly due to gain on disposals of a property (RM4.2 million) and quoted equities (RM3.2 million).

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

	QUARTER ENDED		CHANGES %
	31/12/2020 RM'000	30/09/2020 RM'000	
Revenue	9,983	13,046	(23.5)
(Loss)/Profit before tax ("LBT"/"PBT")	(2,542)	6,762	(137.6)

The revenue of the current quarter suffered a 23.5% drop compared to the preceding quarter because of the slump in export sales causing the Group to fall into the red.

As explained above, the profit for the preceding quarter was due to gain on disposals of a property (RM4.2 million) and quoted equities (RM3.2 million).

**B3. Prospects for the Financial Year Ending 30 June 2021**

The prospects for the remaining quarters remain challenging with the prolonged imposition of MCO in Malaysia which will affect domestic sales, while the pick up of export sales remain slow. Nevertheless, the management will continue to focus on opening new business channels and improvements in the Group's products and operational efficiency as part of the turnaround plans.

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

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

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

	QUARTER ENDED		CHANGES	CUMULATIVE		CHANGES
	31/12/2020	31/12/2019		6 MONTHS		
	RM'000	RM'000	%	RM'000	RM'000	%
Depreciation/amortisation	(525)	(439)	(19.6)	(1,036)	(908)	(14.1)
Finance income from deposits with banks	379	721	(47.4)	649	1,350	(51.9)
Finance income from related party	65	59	10.2	132	118	11.9
Gain on disposal of property, plant and equipment	-	-	-	4,144	-	100.0
Gain on disposal of investments	-	-	-	3,176	-	100.0
Realised gain on short term investments	84	-	100.0	84	-	100.0
Unrealised gain on short term investments	809	-	100.0	814	-	100.0
Write down of inventories	13	(316)	104.1	(238)	(919)	74.1
	<u>13</u>	<u>(316)</u>	<u>104.1</u>	<u>(238)</u>	<u>(919)</u>	<u>74.1</u>

**B5. Tax Expense**

Taxation comprises:

	QUARTER ENDED		CHANGES	CUMULATIVE		CHANGES
	31/12/2020	31/12/2019		6 MONTHS		
	RM'000	RM'000	%	RM'000	RM'000	%
Current tax expense	(26)	(35)	25.7	(86)	(59)	(45.8)
(Under)/Over provision in respect of prior year	(1)	3	(133.3)	(1)	3	(133.3)
	<u>(27)</u>	<u>(32)</u>	<u>15.6</u>	<u>(87)</u>	<u>(56)</u>	<u>(55.4)</u>

The effective tax rate for the financial period ended 31 December 2020 is lower than the statutory tax rate applicable mainly due to utilisation of unabsorbed tax losses against the taxable profit of a certain subsidiary.

**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:

	31/12/2020	30/06/2020	CHANGES
	RM'000	RM'000	%
Not past due	9,715	9,672	0.4
Past due 1-30 days	1,009	2,343	(56.9)
Past due 31-60 days	398	1,434	(72.2)
Past due 61-120 days	2,064	2,980	(30.7)
Past due more than 120 days	3,878	760	410.3
	<u>17,064</u>	<u>17,189</u>	<u>(0.7)</u>

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

**B8. Group Borrowings**

The Group's borrowings (denominated in Ringgit Malaysia) as at the end of the reporting period were as follows :

	31/12/2020 RM'000	30/06/2020 RM'000
<b>Non-current liabilities</b>		
Lease liabilities	1,021	-
<b>Current liabilities</b>		
Lease liabilities	307	-
Bank overdraft	255	452
	<u>1,583</u>	<u>452</u>

**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 31 December 2020, the Group did not have any financial liabilities measured at fair value through profit or loss.

**B11. Material Litigations**

There were no material litigations not provided for as at the date of this report.

**B12. Dividend**

No dividend was declared by the Board for the financial period ended 31 December 2020 (31 December 2019: Nil).

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

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

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
(Loss)/Profit attributable to owners of the Company	(2,569)	1,189	4,133	118
	No. of Shares '000	No. of Shares '000	No. of Shares '000	No. of Shares '000
Weighted average number of ordinary shares in issue	708,397	708,397	708,397	708,397
	Sen	Sen	Sen	Sen
(Loss)/Earnings per share	<u>(0.36)</u>	<u>0.17</u>	<u>0.58</u>	<u>0.02</u>

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

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

**B14. Other Matters**

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

	<b>Balance as at 01/07/2020 RM'000</b>	<b>Amount utilised RM'000</b>	<b>Balance as at 31/12/2020 RM'000</b>
<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.	26,549	(2,465)	24,084
Total	<u>26,549</u>	<u>(2,465)</u>	<u>24,084</u>

**B15. Auditors' Report**

The auditors' report on the audited financial statements for the financial year ended 30 June 2020 was unmodified.

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

**LEE CHIK SIONG**  
**WONG SHUK FUEN**  
**Joint Company Secretaries**  
**Date: 24 February 2021**