

PAN MALAYSIA CORPORATION BERHAD

Registration No: 196301000008 (4920-D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MARCH 2021**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

	QUARTER ENDED		CUMULATIVE 9 MONTHS	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Revenue	4,846	10,997	27,875	46,646
Cost of sales	(9,872)	(8,233)	(27,224)	(33,306)
Gross profit/(loss)	(5,026)	2,764	651	13,340
Other income	1,931	1,496	10,760	3,343
Selling and distribution expenses	(1,921)	(2,359)	(5,865)	(6,976)
Administration and operating expenses	(3,192)	(3,248)	(9,491)	(10,360)
Other expenses	-	(430)	-	(935)
Finance costs	(21)	-	(61)	-
Share of losses of an equity accounted joint venture	-	-	(3)	(15)
Loss before tax	(8,229)	(1,777)	(4,009)	(1,603)
Tax expense	(57)	(15)	(144)	(71)
Loss for the financial period attributable to owners of the Company	(8,286)	(1,792)	(4,153)	(1,674)
Other comprehensive income/(expenses):				
Net gain/(loss) on fair value changes of equity investments	301	(924)	(4,930)	(1,348)
Foreign currency translation differences for foreign operations	(153)	1,547	(889)	1,711
Total other comprehensive income/(expenses)	148	623	(5,819)	363
Total comprehensive expenses for the financial period attributable to owners of the Company	(8,138)	(1,169)	(9,972)	(1,311)
Loss per share attributable to owners of the Company (Sen):				
Basic / Diluted	(1.17)	(0.25)	(0.59)	(0.24)

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)

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	31/03/2021	30/06/2020
	RM'000	Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,065	39,332
Investment property	962	995
Investments	82,527	87,772
Investment in a joint venture	196	449
Goodwill on consolidation	38,406	38,406
Trademarks	4,984	4,984
Deferred tax assets	300	298
	<u>167,440</u>	<u>172,236</u>
Current assets		
Inventories	9,988	15,420
Trade and other receivables	21,258	27,272
Right to recover returned goods	537	538
Current tax assets	1,643	1,357
Other investments	25,152	16,102
Short term investments	6,488	5,372
Deposits, bank balances and cash	52,192	56,857
	<u>117,258</u>	<u>122,918</u>
Non current assets held for sale	-	3,554
	<u>117,258</u>	<u>126,472</u>
TOTAL ASSETS	<u>284,698</u>	<u>298,708</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	221,959	221,959
Treasury shares	(30,484)	(30,484)
Reserves	80,599	90,571
Total Equity	<u>272,074</u>	<u>282,046</u>
Non-current liabilities		
Deferred tax liabilities	931	965
Lease liabilities	941	-
	<u>1,872</u>	<u>965</u>
Current liabilities		
Trade and other payables	8,856	14,092
Refund liabilities	956	958
Lease liabilities	305	-
Bank overdraft	472	452
Current tax liabilities	163	195
	<u>10,752</u>	<u>15,697</u>
Total Liabilities	<u>12,624</u>	<u>16,662</u>
TOTAL EQUITY AND LIABILITIES	<u>284,698</u>	<u>298,708</u>
	RM	RM
Net Assets per share attributable to owners of the Company	0.38 *	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.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

	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	-	-	-	(4,930)	-	(4,930)
Reversal of impairment on investment	-	-	-	15	(15)	-
Foreign currency translation differences for foreign operations	-	-	(889)	-	-	(889)
Loss for the financial period	-	-	-	-	(4,153)	(4,153)
Total comprehensive expenses for the financial period	-	-	(889)	(4,915)	(4,168)	(9,972)
At 31 March 2021	221,959	(30,484)	(1,581)	366	81,814	272,074
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	-	-	-	(1,348)	-	(1,348)
Foreign currency translation differences for foreign operations	-	-	1,711	-	-	1,711
Loss for the financial period	-	-	-	-	(1,674)	(1,674)
Total comprehensive income/(expenses) for the financial period	-	-	1,711	(1,348)	(1,674)	(1,311)
Final single tier dividend of RM0.005 per ordinary share in respect of the financial year ended 30/6/2019	-	-	-	-	(3,542)	(3,542)
At 31 March 2020	221,959	(30,484)	270	(3,292)	92,235	280,688

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 MARCH 2021**

	31/03/2021 RM'000	31/03/2020 RM'000
Operating Activities		
Loss before tax	(4,009)	(1,603)
Net adjustments:		
Non-cash items	317	532
Non-operating items	(8,305)	136
Operating loss before working capital changes	<u>(11,997)</u>	<u>(935)</u>
Net change in working capital	<u>5,748</u>	<u>(9,640)</u>
Cash used in operations	(6,249)	(10,575)
Dividend received	84	-
Interest paid	(40)	-
Interest received	1,102	1,871
Net tax paid	(465)	(118)
Net cash used in operating activities	<u>(5,568)</u>	<u>(8,822)</u>
Investing Activities		
Purchase of property, plant and equipment	(2,746)	(613)
Acquisition of short term investments	(84)	(5,000)
Subscription of investment	(1,520)	-
Proceeds from disposal of investment	4,926	-
Proceeds from disposal of property, plant and equipment	7,727	1,001
Placement of fixed deposit for more than 3 months	-	(1,106)
Utilisation of restricted fund (Note B14)	2,466	-
Net cash generated from/(used in) investing activities	<u>10,769</u>	<u>(5,718)</u>
Financing Activities		
Capital reduction from joint venture	554	-
Dividend paid	-	(3,542)
Drawdown of lease liabilities	1,527	-
Repayment of lease liabilities	(281)	-
Net cash generated from/(used in) financing activities	<u>1,800</u>	<u>(3,542)</u>
Net increase/(decrease) in cash and cash equivalents	7,001	(18,082)
Exchange translation differences	(119)	(68)
Cash and cash equivalents at 1 July	38,102	57,245
Cash and cash equivalents at 31 March	<u>44,984</u>	<u>39,095</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 March 2021.

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporary closure 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 March 2021.

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 March 2021.

A6. Issuances or Repayments of Debt and Equity Securities

As at 31 March 2021, 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
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At 31 March 2021 (net of 64,959,800 treasury shares)	<u>708,397</u>	<u>221,959</u>
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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 March 2021.

A7. Dividend Paid

No dividend was paid by the Company during the financial period ended 31 March 2021 (31 March 2020: 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 March 2021

	Food RM'000	Investment Holding RM'000	Total RM'000
REVENUE			
- External revenue	<u>27,875</u>	-	<u>27,875</u>
RESULTS			
Segment results	(11,168)	7,220	(3,948)
Finance cost	(61)	-	(61)
Profit/(Loss) before tax	<u>(11,229)</u>	<u>7,220</u>	<u>(4,009)</u>
Segment assets	<u>133,154</u>	<u>149,601</u>	<u>282,755</u>
Unallocated assets			<u>1,943</u>
			<u>284,698</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 March 2021 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 March 2021.

A12. Contingent Liabilities

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

A13. Capital Commitments

As at 31 March 2021, 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:

	USD'000	RM'000
Capital committed to invest	2,000	8,292
Capital invested	591	2,450
Balance of commitment	<u>1,409</u>	<u>5,842</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 9 MONTHS		CHANGES %
	31/03/2021 RM'000	31/03/2020 RM'000		31/03/2021 RM'000	31/03/2020 RM'000	
Revenue	4,846	10,997	(55.9)	27,875	46,646	(40.2)
Loss before tax ("LBT")	(8,229)	(1,777)	(363.1)	(4,009)	(1,603)	(150.1)

Current Quarter Ended 31 March 2021

Revenue in the third quarter dropped by 55.9% while LBT widened further compared to the same quarter last year mainly due to sluggish demand and substantially higher advertising and promotion expenses. This was primarily due to the continuing effects of COVID-19 hampering consumer demand for certain categories of goods and services.

Financial Period Ended 31 March 2021

Revenue dropped by 40.2% compared to the previous corresponding financial period. Although this was mitigated by some pick-up in domestic sales, demand was still lacklustre as a whole.

As a result, the Group suffered a LBT of RM4.0 million, from RM1.6 million in the previous corresponding financial period.

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

	QUARTER ENDED		CHANGES %
	31/03/2021 RM'000	31/12/2020 RM'000	
Revenue	4,846	9,983	(51.5)
Loss before tax ("LBT")	(8,229)	(2,542)	(223.7)

The revenue of the current quarter suffered a 51.5% drop compared to the preceding quarter mainly because of the slower than expected recovery in export sales.

B3. Prospects for the Financial Year Ending 30 June 2021

The prospects for the remaining quarter remain challenging. 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 Before Tax

Included in the loss before tax are the following items :

	QUARTER ENDED		CHANGES %	CUMULATIVE 9 MONTHS		CHANGES %
	31/03/2021 RM'000	31/03/2020 RM'000		31/03/2021 RM'000	31/03/2020 RM'000	
Depreciation/amortisation	(509)	(426)	(19.5)	(1,545)	(1,334)	(15.8)
Finance income from deposits with banks	453	521	(13.1)	1,102	1,871	(41.1)
Finance income from related party	63	57	10.5	195	175	11.4
Gain on disposal of property, plant and equipment	-	701	(100.0)	4,144	701	491.2
Gain on disposal of investments	-	-	-	3,176	-	100.0
Realised gain on short term investments	247	23	973.9	331	23	1,339.1
Unrealised gain/(loss) on short term investments	(83)	109	(176.1)	731	109	570.6
Write down of inventories	(116)	(304)	61.8	(354)	(1,223)	71.1

B5. Tax Expense

Taxation comprises:

	QUARTER ENDED		CHANGES %	CUMULATIVE 9 MONTHS		CHANGES %
	31/03/2021 RM'000	31/03/2020 RM'000		31/03/2021 RM'000	31/03/2020 RM'000	
Current tax expense	(57)	(15)	(280.0)	(143)	(74)	(93.2)
(Under)/Over provision in respect of prior year	-	-	-	(1)	3	(133.3)
	<u>(57)</u>	<u>(15)</u>	<u>(280.0)</u>	<u>(144)</u>	<u>(71)</u>	<u>(102.8)</u>

The current tax expense for the financial period ended 31 March 2021 was mainly due to the tax charge on the interest income from deposits with banks.

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:

	31/03/2021 RM'000	30/06/2020 RM'000	CHANGES %
Not past due	9,559	9,672	(1.2)
Past due 1-30 days	546	2,343	(76.7)
Past due 31-60 days	1,002	1,434	(30.1)
Past due 61-120 days	626	2,980	(79.0)
Past due more than 120 days	1,271	760	67.2
	<u>13,004</u>	<u>17,189</u>	<u>(24.3)</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 :

	31/03/2021 RM'000	30/06/2020 RM'000
Non-current liabilities		
Lease liabilities	941	-
Current liabilities		
Lease liabilities	305	-
Bank overdraft	472	452
	<u>1,718</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 March 2021, 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 March 2021 (31 March 2020: Nil).

B13. Loss Per Share

(i) The basic loss per ordinary share is calculated by dividing the loss 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 9 MONTHS	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Loss attributable to owners of the Company	(8,286)	(1,792)	(4,153)	(1,674)
	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 per share	<u>(1.17)</u>	<u>(0.25)</u>	<u>(0.59)</u>	<u>(0.24)</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

As announced to Bursa Malaysia Securities Berhad on 4 March 2021, the utilisation of the balance of the proceeds from the disposal of the previously cement-based associates has been revised as follows:

	Announcement on 04/03/2021 RM'000	Amount utilised RM'000	Balance as at 31/03/2021 RM'000
Revised utilisation as approved by the Securities Commission on 4 March 2021:			
For purchase of inventories comprising amongst others, raw materials and packing materials for Network Foods Industries Sdn Bhd.	21,083	-	21,083
For management fees charged by related company and operating expenses including audit fees, tax agent fees, the Company's annual listing fees, expenses for the Company's annual general meeting, etc.	3,000	-	3,000
Total	<u>24,083</u> *	<u>-</u>	<u>24,083</u>

Note * : After deducting RM2,466,000 for the purchase of property, plant and equipments from the previous balance brought forward of RM26,549,000.

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: 25 May 2021