

**PAN MALAYSIA CORPORATION BERHAD**

Registration No: 196301000008 (4920-D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	QUARTER ENDED AND CUMULATIVE 3 MONTHS	
	30/9/2021 RM'000	30/9/2020 RM'000
Revenue	9,288	13,046
Cost of sales	(7,358)	(8,569)
Gross profit	1,930	4,477
Other income	1,056	8,001
Selling and distribution expenses	(1,793)	(1,984)
Administration and operating expenses	(2,986)	(3,059)
Other expenses	(323)	(666)
Finance costs	(19)	(6)
Share of losses of an equity accounted joint venture	-	(1)
Profit/(Loss) before taxation	(2,135)	6,762
Tax expense	(4)	(60)
Profit/(Loss) after taxation attributable to owners of the Company	(2,139)	6,702
Other comprehensive income/(expenses):		
Net loss on fair value changes of equity investments	(526)	(3,577)
Foreign currency translation differences for foreign operations	330	(120)
Total other comprehensive income/(expenses)	(196)	(3,697)
Total comprehensive income/(expenses) attributable to owners of the Company	(2,335)	3,005
Loss per share attributable to owners of the Company (Sen):		
Basic / Diluted	(0.30)	0.95

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2021 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 30 SEPTEMBER 2021**

	<b>30/9/2021</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	39,271	39,646
Investment property	1,132	1,124
Investments	81,280	78,112
Investment in a joint venture	150	150
Goodwill on consolidation	13,306	13,306
Trademarks	4,984	4,984
Deferred tax assets	300	328
	140,423	137,650
<b>Current assets</b>		
Inventories	11,139	9,978
Trade and other receivables	12,119	14,302
Right to recover returned goods	539	537
Current tax assets	1,593	1,554
Other investments	13,503	25,189
Short term investments	11,569	6,464
Deposits, bank balances and cash	48,131	50,380
	98,593	108,404
Assets classified as held for sale	309	309
	98,902	108,713
<b>TOTAL ASSETS</b>	<b>239,325</b>	<b>246,363</b>
<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	33,871	39,748
<b>Total Equity</b>	<b>225,346</b>	<b>231,223</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	893	914
Lease liabilities	809	886
	1,702	1,800
<b>Current liabilities</b>		
Trade and other payables	10,589	11,633
Refund liabilities	957	958
Lease liabilities	286	287
Bank overdraft	372	389
Current tax liabilities	73	73
	12,277	13,340
<b>Total Liabilities</b>	<b>13,979</b>	<b>15,140</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>239,325</b>	<b>246,363</b>
	<b>RM</b>	<b>RM</b>
Net assets per share attributable to owners of the Company	0.32 *	0.33 *

\* 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 Statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the interim

**PAN MALAYSIA CORPORATION BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	Share Capital RM'000	Treasury Shares RM'000	Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 July 2021	221,959	(30,484)	(1,624)	(2,284)	43,656	231,223
Other comprehensive income:						
Foreign currency translation differences for foreign operations	-	-	330	(526)	-	(196)
Loss for the financial period	-	-	-	-	(2,139)	(2,139)
Total comprehensive income/(expenses) for the financial period	-	-	330	(526)	(2,139)	(2,335)
Dividend paid	-	-	-	-	(3,542)	(3,542)
At 30 September 2021	221,959	(30,484)	(1,294)	(2,810)	37,975	225,346
At 1 July 2020	221,959	(30,484)	(692)	5,281	85,982	282,046
Other comprehensive income:						
Fair value changes of equity investments	-	-	-	(3,577)	-	(3,577)
Foreign currency translation differences for foreign operations	-	-	(120)	-	-	(120)
Profit for the financial period	-	-	-	-	6,702	6,702
Total comprehensive (expenses)/income for the financial period	-	-	(120)	(3,577)	6,702	3,005
Disposal of equity investments	-	-	-	15	(15)	-
At 30 September 2020	221,959	(30,484)	(812)	1,719	92,669	285,051

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2021 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 30 SEPTEMBER 2021**

	<b>CUMULATIVE 3 MONTHS</b>	
	<b>30/9/2021</b>	<b>30/9/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating Activities</b>		
Profit/(Loss) before taxation	(2,135)	6,762
Net adjustments:		
Non-cash items	245	189
Non-operating items	94	(6,746)
Operating loss before working capital changes	(1,796)	205
Net change in working capital	23	(3,120)
Cash used in operations	(1,773)	(2,915)
Dividend received	131	42
Interest paid	(19)	(6)
Interest received	209	278
Net tax paid	(42)	(166)
Net cash used in operating activities	(1,494)	(2,767)
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(83)	(1,785)
Purchase of short term investments	(5,000)	-
Purchase of investments	(3,679)	(622)
Proceeds from disposal of investment	-	4,926
Proceeds from disposal of property, plant and equipment	-	7,753
Utilisation of restricted fund (Note B14)	5,243	-
Net cash generated from/(used in) investing activities	(3,519)	10,272
<b>Financing Activities</b>		
Dividend paid	(3,542)	-
Drawdown of lease liabilities	-	1,531
Repayment of lease liabilities	(77)	(128)
Net cash generated from/(used in) financing activities	(3,619)	1,403
Net increase/(decrease) in cash and cash equivalents	(8,632)	8,908
Cash and cash equivalents at beginning of financial period		
As previously reported	45,808	38,102
Effects of exchange rate changes	(53)	(46)
As restated	45,755	38,056
Cash and cash equivalents at end of financial period	37,123	46,964

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

## 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 2021. 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 2021.

#### 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 16 : COVID-19-Related Rent Concessions	1 April 2021
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform - Phase 2	1 January 2021

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>
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
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	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
MFRS 17 Insurance Contracts	1 January 2023
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 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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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 Group's chocolate and confectionery business under the Network Foods 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 2021.

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

**A5. Changes In Estimates**

There were no changes in estimates of amounts reported in prior financial year, which may have a material effect in the financial period ended 30 September 2021.

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

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 2021.

**A7. Dividend Paid**

**CURRENT YEAR TO DATE  
RM'000**

Interim single tier dividend of RM0.005 per ordinary share in respect of financial year ended 30 June 2021, paid on 12 August 2021

3,542

**A8. Operating Segments**

Three months ended 30 September 2021

	Food RM'000	Investment Holding RM'000	Total RM'000
REVENUE			
- External revenue	9,288	-	9,288
RESULTS			
Segment results	(1,776)	(340)	(2,116)
Finance cost	(19)	-	(19)
Loss before tax	(1,795)	(340)	(2,135)
Segment assets	101,267	136,165	237,432
Unallocated assets			1,893
			<u>239,325</u>

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

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

**A8. Three months ended 30 September 2020**

	Food RM'000	Investment Holding RM'000	Total RM'000
REVENUE			
- External revenue	13,046	-	13,046
RESULTS			
Segment results	521	6,247	6,768
Finance cost	(6)	-	(6)
Profit before tax	515	6,247	6,762
Segment assets	146,033	151,371	297,404
Unallocated assets			1,690
			299,094

**A9. Events Subsequent to the End of the Financial Period**

There were no material events subsequent to the financial period ended 30 September 2021 that have not been reflected in the financial statements for the said period as at the date of this report.

**A10. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the financial period ended 30 September 2021.

**A11. Contingent Liabilities**

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

**A12. Capital Commitments**

As at 30 September 2021, the Group has capital commitment in respect of a subscription of interest as a limited partner of Genesis Alternative Ventures I L.P. (with Ringgit Malaysia equivalent) as follows:

	USD'000	RM'000
Capital committed to invest	2,000	8,374
Capital invested	843	3,530
Balance of commitment	1,157	4,844

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

**B1. Review of Performance**

	<b>QUARTER ENDED AND CUMULATIVE 3 MOTNHS</b>		
	<b>30/9/2021 (Q1FY22) RM'000</b>	<b>30/9/2020 (Q1FY21) RM'000</b>	<b>CHANGES %</b>
Revenue	9,288	13,046	(28.8)
Profit/(Loss) before tax ("PBT")/("LBT")	(2,135)	6,762	(131.6)

**Current Quarter Ended 30 September 2021**

Revenue for Q1FY22 dropped by 28.8% to RM9.3 million compared to Q1FY21 mainly due to the decline in export sales and also restrictions in the factory operating capacity to comply with the MCO-related standard operating procedures (SOPs). The lower export sales was due to the continued lockdown in certain countries causing some orders to be rolled over or even cancelled. The 60% manpower limit in the manufacturing sector from MCO 3.0 on 12 May 2021 caused a shortfall in output to meet the domestic demand.

LBT for Q1FY22 amounted RM2.1 million compared to PBT for Q1FY21 of RM6.8 million, mainly because the results for Q1FY21 included gain on disposal of quoted investment of RM3.2 million and gain on disposal of property of RM4.2 million. The results for the current quarter were also weighed down by higher raw material prices.

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

	<b>QUARTER ENDED</b>		
	<b>30/9/2021 (Q1FY22) RM'000</b>	<b>30/6/2021 (Q4FY21) RM'000</b>	<b>CHANGES %</b>
Revenue	9,288	6,895	34.7
Loss before tax ("LBT")	(2,135)	(38,261)	94.4

Revenue improved by RM2.4 million or 34.7% compared to the preceding quarter mainly driven by higher domestic sales especially in Sabah and Sarawak. Also, the lifting of the 60% manpower limit in accordance with the SOPs in our factory from 10 August 2021 allowed our sales to be ramped up.

The LBT for Q1FY22 narrowed to RM2.1 million from RM38.3 million in Q4FY21 which booked a RM25.1 million impairment on goodwill, a RM2.1 million impairment loss on amount owing by a related company and RM2.0 million foreign exchange loss on unquoted investment.

**B3. Prospects for the Financial Year Ending 30 June 2022**

Consumer sentiment is expected to improve with the country's economic recovery in sight, spurred on by the success of our National COVID-19 Vaccination Programme. The export market, however, is expected to be difficult with heightened competition among industry players and lower margin pressures. As the pandemic has brought about changes in consumption patterns and market trends, staying relevant is imperative. Our Group will leverage on the shift in consumer taste preference through continuous product development and product expansion.



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

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

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

	<b>QUARTER ENDED AND CUMULATIVE 3 MONTHS</b>		
	<b>30/9/2021 RM'000</b>	<b>30/9/2020 RM'000</b>	<b>CHANGES %</b>
Depreciation	(562)	(511)	(10.0)
Finance income from deposits with banks	209	278	(24.8)
Finance income from related party	59	59	-
Finance cost	(19)	(6)	(100.0)
Fair value gain on short term investments	119	5	100.0
Fair value loss on short term investments	(87)	-	(100.0)
Gain on disposal of property, plant and equipment	-	4,159	(100.0)
Gain on disposal of investments	-	3,176	(100.0)
Inventories written down	(62)	(251)	75.3

**B5. Tax Expense**

Taxation comprises:

	<b>QUARTER ENDED AND CUMULATIVE 3 MONTHS</b>		
	<b>30/9/2021 RM'000</b>	<b>30/9/2020 RM'000</b>	<b>CHANGES %</b>
Current tax expense	(7)	(60)	88.3
(Under)/Over provision in respect of prior year	3	-	100.0
	(4)	(60)	93.3

The current tax expense for the financial period ended 30 September 2021 was mainly due to the tax charge on the interest income from deposits with banks.

**B6. Status of Corporate Proposals**

On 23 September 2021, the Company entered into a sale and purchase agreement with Inter Mark Resources Sdn Bhd to acquire 31,620,000 ordinary shares representing 51% of the total issued share capital of A & W (Malaysia) Sdn Bhd for a purchase consideration of RM21,037,500, to be satisfied via a combination of cash amounting to RM11,570,625 and transfer of 63,112,500 of the Company's treasury shares at RM0.15 per share amounting to RM9,466,875. The transaction is pending completion.

**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 financial period was:

	<b>30/9/2021 RM'000</b>	<b>30/06/2021 RM'000</b>	<b>CHANGES %</b>
Not past due	6,062	6,881	(11.9)
Past due 1-30 days	502	1,274	(60.6)
Past due 31-60 days	37	561	(93.4)
Past due 61-120 days	550	81	100.00
Past due more than 120 days	-	456	(100.0)
	7,151	9,253	(22.7)

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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:

	<b>30/9/2021</b>	<b>30/6/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>		
Lease liabilities	809	886
<b>Current liabilities</b>		
Lease liabilities	286	287
Bank overdraft	372	389
	<u>1,467</u>	<u>1,562</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 30 September 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**

On 9 July 2021, the Company announced an interim single-tier dividend of RM0.005 per ordinary share amounting to RM3,542,000 in respect of the financial year ended 30 June 2021. The dividend was paid on 12 August 2021 to shareholders whose names appeared in the record of depositors on 27 July 2021.

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

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

	<b>QUARTER ENDED AND CUMULATIVE 3 MONTHS</b>	
	<b>30/9/2021</b>	<b>30/9/2020</b>
Profit/(Loss) for the financial period attributable to owners of the Company (RM'000)	(2,139)	6,702
Weighted average number of ordinary shares in issue (Net of 64,959,800 treasury shares) ('000)	708,397	708,397
Earnings/(Loss) per share (sen)	<u>(0.30)</u>	<u>0.95</u>

(ii) 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:

<b>Revised utilisation as approved by the Securities Commission on 4 March 2021:</b>	<b>At 01/7/2021 RM'000</b>	<b>Amount utilised RM'000</b>	<b>Balance as at 30/9/2021 RM'000</b>
For purchase of inventories comprising amongst others, raw materials and packing materials for Network Foods Industries Sdn Bhd.	19,186	(4,073)	15,113
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.	2,383	(1,170)	1,213
<b>Total</b>	<b>21,569</b>	<b>(5,243)</b>	<b>16,326</b>

**B15. Auditors' Report**

The auditors' report on the audited financial statements for the financial year ended 30 June 2021 was unmodified.

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

**LEE CHIK SIONG**  
**WONG SHUK FUEN**  
**Joint Company Secretaries**

**Date: 24 November 2021**