

PAN MALAYSIA CORPORATION BERHAD

Registration No: 196301000008 (4920-D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021**

(The figures are unaudited)

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

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	16,459	9,983	25,747	23,029
Cost of sales	(13,268)	(8,783)	(20,626)	(17,352)
Gross profit	3,191	1,200	5,121	5,677
Other income	866	1,741	1,922	9,742
Selling and distribution expenses	(2,470)	(1,960)	(4,263)	(3,944)
Administration and operating expenses	(2,772)	(3,240)	(5,758)	(6,299)
Other expenses	(416)	(247)	(739)	(913)
Finance costs	(15)	(34)	(34)	(40)
Share of losses of an equity accounted joint venture	(1)	(2)	(1)	(3)
Profit/(loss) before taxation	(1,617)	(2,542)	(3,752)	4,220
Tax expense	(30)	(27)	(34)	(87)
Profit/(loss) after taxation attributable to owners of the Company	(1,647)	(2,569)	(3,786)	4,133
Other comprehensive income/(expenses):				
Net loss on fair value changes of equity investments	190	(1,654)	(336)	(5,231)
Foreign currency translation differences for foreign operations	1,137	(616)	1,467	(736)
Total other comprehensive income/(expenses)	1,327	(2,270)	1,131	(5,967)
Total comprehensive income/(expenses) attributable to owners of the Company	(320)	(4,839)	(2,655)	(1,834)
Profit/(loss) per share attributable to owners of the Company (Sen):				
Basic / Diluted	(0.23)	(0.36)	(0.53)	0.58

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)

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

	31/12/2021 RM'000	30/06/2021 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	39,355	39,646
Investment property	1,123	1,124
Investments	82,215	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
	<u>141,433</u>	<u>137,650</u>
Current assets		
Inventories	9,648	9,978
Trade and other receivables	16,041	14,302
Right to recover returned goods	549	537
Current tax assets	1,632	1,554
Other investments	17,797	25,189
Short term investments	11,587	6,464
Deposits, bank balances and cash	42,354	50,380
	<u>99,608</u>	<u>108,404</u>
Assets classified as held for sale	309	309
	<u>99,917</u>	<u>108,713</u>
TOTAL ASSETS	<u>241,350</u>	<u>246,363</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	221,959	221,959
Treasury shares	(30,484)	(30,484)
Reserves	33,551	39,748
Total Equity	<u>225,026</u>	<u>231,223</u>
Non-current liabilities		
Deferred tax liabilities	885	914
Lease liabilities	753	886
	<u>1,638</u>	<u>1,800</u>
Current liabilities		
Trade and other payables	13,337	11,633
Refund liabilities	981	958
Lease liabilities	293	287
Bank overdraft	-	389
Current tax liabilities	75	73
	<u>14,686</u>	<u>13,340</u>
Total Liabilities	<u>16,324</u>	<u>15,140</u>
TOTAL EQUITY AND LIABILITIES	<u>241,350</u>	<u>246,363</u>
	RM	RM
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 financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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	-	-	1,467	(336)	-	1,131
Loss for the financial period	-	-	-	-	(3,786)	(3,786)
Total comprehensive income/(expenses) for the financial period	-	-	1,467	(336)	(3,786)	(2,655)
Dividend paid	-	-	-	-	(3,542)	(3,542)
At 31 December 2021	221,959	(30,484)	(157)	(2,620)	36,328	225,026
At 1 July 2020	221,959	(30,484)	(692)	5,281	85,982	282,046
Other comprehensive income:						
Fair value changes of equity investments	-	-	-	(5,231)	-	(5,231)
Foreign currency translation differences for foreign operations	-	-	(736)	-	-	(736)
Profit for the financial period	-	-	-	-	4,133	4,133
Total comprehensive income/(expenses) for the financial period	-	-	(736)	(5,231)	4,133	(1,834)
Disposal of equity investments	-	-	-	15	(15)	-
At 31 December 2020	221,959	(30,484)	(1,428)	65	90,100	280,212

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 31 DECEMBER 2021**

	CUMULATIVE 6 MONTHS	
	31/12/2021	31/12/2020
	RM'000	RM'000
Operating Activities		
Profit/(loss) before taxation	(3,752)	4,220
Net adjustments:		
Non-cash items	644	521
Non-operating items	(47)	(7,400)
Operating loss before working capital changes	(3,155)	(2,659)
Net change in working capital	470	(935)
Cash used in operations	(2,685)	(3,594)
Dividend received	184	-
Interest paid	(34)	(40)
Interest received	436	649
Net tax paid	(96)	(377)
Net cash used in operating activities	(2,195)	(3,362)
Investing Activities		
Placement of deposits with tenure more than 3 months	(34)	-
Purchase of property, plant and equipment	(86)	(2,674)
Purchase of short term investments	(5,000)	-
Purchase of investments	(4,455)	(1,822)
Proceeds from disposal of investment	-	4,926
Proceeds from disposal of property, plant and equipment	-	7,726
Utilisation of restricted fund (Note B14)	10,779	2,465
Net cash generated from investing activities	1,204	10,621
Financing Activities		
Capital reduction from joint venture	-	250
Dividend paid	(3,542)	-
Drawdown of lease liabilities	-	1,532
Repayment of lease liabilities	(157)	(204)
Net cash generated from/(used in) financing activities	(3,699)	1,578
Net increase/(decrease) in cash and cash equivalents	(4,690)	8,837
Cash and cash equivalents at beginning of financial period		
As previously reported	45,808	38,102
Effects of exchange rate changes	392	(278)
As restated	46,200	37,824
Cash and cash equivalents at end of financial period	41,510	46,661

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.

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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 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 31 December 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 31 December 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 31 December 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

For the financial period ended 31 December 2021

	Food RM'000	Investment Holding RM'000	Total RM'000
REVENUE			
- External revenue	25,747	-	25,747
RESULTS			
Segment results	(3,102)	(616)	(3,718)
Finance cost	(34)	-	(34)
Loss before tax	(3,136)	(616)	(3,752)
Segment assets	103,647	135,722	239,369
Unallocated assets			1,932
			<u>241,301</u>

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NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

A8. For the financial period ended 31 December 2020

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

A9. Events Subsequent to the End of the Financial Period

There were no material events subsequent to the financial period ended 31 December 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 31 December 2021.

A11. Contingent Liabilities

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

A12. Capital Commitments

As at 31 December 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 (with Ringgit Malaysia equivalent):

	USD'000	RM'000
Capital committed to invest	2,000	8,330
Capital invested	1,024	4,264
Balance of commitment	976	4,066

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

B1. Review of Performance

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31/12/2021 (Q2FY22) RM'000	31/12/2020 (Q2FY21) RM'000	CHANGES %	31/12/2021 (6MFY22) RM'000	31/12/2020 (6MFY21) RM'000	CHANGES %
Revenue	16,459	9,983	64.9	25,747	23,029	11.8
Profit/(Loss) before tax ("PBT")/("LBT")	(1,617)	(2,542)	36.4	(3,752)	4,220	(188.9)

Q2FY22 vs Q2FY21

With improving demand in the domestic market coupled with the festive seasons in Q2FY22, the Group revenue improved by RM6.5 million from RM10.0 million (Q2FY21) to RM16.5 million (Q2FY22). This mitigated the LBT for Q2FY22 which narrowed by RM0.9 million or 36.4% compared to Q2FY21.

6MFY22 vs 6MFY21

The revenue for 6MFY22 increased by 11.8% to RM25.7 million compared to 6MFY21 mainly due to increase in domestic sales, led by our Crispy and Tango brands of chocolate related products. However, export sales have not picked up sufficiently and together with higher raw materials costs, the Group suffered an LBT of RM3.8 million for 6MFY22. The results for 6MFY21 included gain on disposal of quoted investment of RM3.2 million and gain on disposal of property, plant and equipment amounting to RM4.1 million.

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

	QUARTER ENDED		
	31/12/2021 (Q2FY22) RM'000	30/9/2021 (Q1FY22) RM'000	CHANGES %
Revenue	16,459	9,288	77.2
Loss before tax ("LBT")	(1,617)	(2,135)	24.3

The revenue and LBT for the current quarter improved by 77.2% and 24.3% respectively compared to the preceding quarter mainly due to better sales as the operations for Q1FY22 were constrained by the 60% manpower limit due to MCO 3.0 from 12 May 2021 to 10 August 2021.

B3. Prospects for the Financial Year Ending 30 June 2022

Demand from the domestic market is expected to continue improving while the export market has started to recover. However, one of the biggest challenges is the significant rise in the price of raw materials. To mitigate this, the selling price of our products will be increased progressively.

Despite the challenging environment, the Group will continue to improve its operational efficiency and product quality as well as innovating its products portfolio to remain competitive. The Group will also expand its distribution and retail channels to have a wider reach of its products.

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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:

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31/12/2021	31/12/2020	CHANGES	31/12/2021	31/12/2020	CHANGES
	RM'000	RM'000	%	RM'000	RM'000	%
Depreciation	(556)	(525)	(5.9)	(1,118)	(1,036)	(7.9)
Finance income from deposits with banks	227	379	(40.1)	436	649	(32.8)
Finance income from related party	59	65	(9.2)	118	132	(10.6)
Finance cost	(15)	(34)	55.9	(34)	(40)	15.0
Fair value gain on short term investments	273	809	(66.3)	392	814	(51.8)
Fair value loss on short term investments	(295)	-	(100.0)	(382)	-	(100.0)
Gain/(loss) on disposal of property, plant and equipment	-	(15)	100.0	-	4,144	(100.0)
Gain on disposal of investments	-	-	100.0	-	3,176	(100.0)
Inventories written back/(written down)	(167)	13	(100.0)	(229)	(238)	3.8

B5. Tax Expense

Taxation comprises:

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31/12/2021	31/12/2020	CHANGES	31/12/2021	31/12/2020	CHANGES
	RM'000	RM'000	%	RM'000	RM'000	%
Current tax expense	(29)	(26)	(11.5)	(36)	(86)	58.1
Over/ (under) provision in respect of prior year	(1)	(1)	-	2	(1)	100.0
	<u>(30)</u>	<u>(27)</u>	<u>(11.1)</u>	<u>(34)</u>	<u>(87)</u>	<u>60.9</u>

The current tax expense for the financial period ended 31 December 2021 was mainly due to 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:

	31/12/2021	30/06/2021	CHANGES
	RM'000	RM'000	%
Not past due	9,423	6,881	36.9
Past due 1-30 days	558	1,274	(56.2)
Past due 31-60 days	-	561	(100.0)
Past due 61-120 days	281	81	246.9
Past due more than 120 days	228	456	(50.0)
	<u>10,490</u>	<u>9,253</u>	<u>13.4</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:

	31/12/2021 RM'000	30/6/2021 RM'000
Non-current liabilities		
Lease liabilities	753	886
Current liabilities		
Lease liabilities	293	287
Bank overdraft	-	389
	<u>1,046</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 31 December 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:

	<u>QUARTER ENDED</u>		<u>CUMULATIVE 6 MONTHS</u>	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Profit/(Loss) for the financial period attributable to owners of the Company (RM'000)	(1,647)	(2,569)	(3,786)	4,133
Weighted average number of ordinary shares in issue (Net of 64,959,800 treasury shares) ('000)	708,397	708,397	708,397	708,397
Earnings/(Loss) per share (sen)	<u>(0.23)</u>	<u>(0.36)</u>	<u>(0.53)</u>	<u>0.58</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:

Revised utilisation as approved by the Securities Commission on 4 March 2021:	At 01/7/2021 RM'000	Amount utilised RM'000	Balance as at 31/12/2021 RM'000
For purchase of inventories comprising amongst others, raw materials and packing materials for Network Foods Industries Sdn Bhd.	19,186	(8,960)	10,226
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	(1,819)	564
Total	21,569	(10,779)	10,790

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 February 2022