

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
		30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Revenue		43,842	40,101	120,409	104,678
Cost of sales		(30,166)	(29,518)	(83,572)	(74,842)
Gross profit		13,676	10,583	36,837	29,836
Other operating income		692	100	1,174	472
Distribution costs		(3,412)	(2,730)	(9,383)	(7,325)
Administration expenses		(5,835)	(4,717)	(15,589)	(14,853)
Finance costs		(284)	(297)	(1,025)	(1,085)
Profit before tax		4,837	2,939	12,014	7,045
Tax expense	B5	(1,250)	(661)	(3,007)	(1,950)
Profit for the financial period		3,587	2,278	9,007	5,095
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		3,587	2,278	9,007	5,095
Profit attributable to:					
Owners of the parent		3,163	1,834	8,131	4,651
Non-controlling interests		424	444	876	444
		3,587	2,278	9,007	5,095
Total comprehensive income attributable to:					
Owners of the parent		3,163	1,834	8,131	4,651
Non-controlling interests		424	444	876	444
		3,587	2,278	9,007	5,095
Earnings per ordinary share attributable to owners of the parent:					
- Basic (sen)	B14	1.57	0.91	4.05	2.41
- Diluted (sen)	B14	1.12	0.91	2.89	2.41

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note	As at 30/09/2021 RM'000	Audited As at 31/12/2020 RM'000
Non-current asset			
Property, plant and equipment		75,906	73,127
Right-of-use assets		12,142	12,605
Investment property		5,578	5,610
Biological assets		3,007	2,217
Goodwill		3,941	3,941
Other investment	B8	30	31
		<u>100,604</u>	<u>97,531</u>
Current assets			
Inventories		36,322	30,631
Trade and other receivables		36,674	33,171
Current tax assets		110	185
Cash and bank balances and short term funds		17,063	24,476
		<u>90,169</u>	<u>88,463</u>
Total assets		<u>190,773</u>	<u>185,994</u>
Equity			
Share capital		103,618	103,618
Reorganisation debit balance	B16	(59,489)	(59,489)
Retained earnings		86,108	79,985
Total attributable to owners of the parent		<u>130,237</u>	<u>124,114</u>
Non-controlling interests		7,413	6,537
Total equity		<u>137,650</u>	<u>130,651</u>
Non-current liabilities			
Borrowings	B9	27,204	30,429
Lease liabilities		274	492
Deferred tax liabilities		435	435
		<u>27,913</u>	<u>31,356</u>
Current Liabilities			
Trade and other payables		18,933	18,076
Borrowings	B9	4,291	4,369
Lease liabilities		232	337
Current tax liabilities		1,754	1,205
		<u>25,210</u>	<u>23,987</u>
Total liabilities		<u>53,123</u>	<u>55,343</u>
Total equity and liabilities		<u>190,773</u>	<u>185,994</u>
Net assets per share attributable to owners of the parent (RM)	B15	0.65	0.62

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

	<----- Attributable to owners of the parent ----->					
	<----- Non-distributable ----->		Distributable	Total attributable to owners of the parent	Non-controlling interest	Total equity
	Share capital RM'000	Reorganisation debit balance RM'000	Retained earnings RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2021	103,618	(59,489)	79,985	124,114	6,537	130,651
Profit for the financial period	-	-	8,131	8,131	876	9,007
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	8,131	8,131	876	9,007
Transactions with owners:						
Dividends paid	-	-	(2,008)	(2,008)	-	(2,008)
Total transactions with owners	-	-	(2,008)	(2,008)	-	(2,008)
Balance as at 30 September 2021	103,618	(59,489)	86,108	130,237	7,413	137,650
Balance as at 1 January 2020	92,114	(59,489)	74,709	107,334	-	107,334
Profit for the financial period	-	-	4,651	4,651	444	5,095
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	4,651	4,651	444	5,095
Transactions with owners:						
Issuance of new ordinary shares	11,504	-	-	11,504	-	11,504
Dividends paid	-	-	(2,009)	(2,009)	-	(2,009)
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	3,351	3,351
Total transactions with owners	11,504	-	(2,009)	9,495	3,351	12,846
Balance as at 30 September 2020	103,618	(59,489)	77,351	121,480	3,795	125,275

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

	Current year- to-date 30/09/2021 RM'000	Preceding year-to-date 30/09/2020 RM'000
Cash flows from operating activities		
Profit before tax	12,014	7,045
Adjustments for:		
Depreciation	2,416	1,176
Inventories written off	524	1,582
Inventories written down	249	552
Impairment loss on trade receivables	360	240
Fair value loss on other investment	2	8
Interest expense	1,025	1,085
Loss on disposal of biological assets	147	-
Fair value gain on biological assets	(423)	(5)
Interest income	(133)	(144)
Unrealised (gain)/loss on foreign currency exchange	(187)	255
Operating profit before working capital changes	<u>15,994</u>	<u>11,794</u>
Changes in working capital:		
Inventories	(6,464)	3,067
Trade and other receivables	(3,863)	(1,896)
Trade and other payables	1,045	(1,520)
Cash generated from operations	<u>6,712</u>	<u>11,445</u>
Tax paid	<u>(2,382)</u>	<u>(1,395)</u>
Net cash from operating activities	<u>4,330</u>	<u>10,050</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,787)	(5,969)
Acquisition of subsidiaries, net of cash acquired	-	(1,209)
Interest received	133	144
Purchase of biological assets	(599)	-
Proceeds from disposal of biological assets	84	-
Net cash used in investing activities	<u>(5,169)</u>	<u>(7,034)</u>
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings	(3,303)	7,138
Interest paid	(1,005)	(1,085)
Dividend paid	(2,008)	(2,009)
Payment of lease liabilities	(258)	(9)
Net proceeds from issuance of shares	-	8,178
Net cash (used in)/from financing activities	<u>(6,574)</u>	<u>12,213</u>
Net (decrease)/increase in cash and cash equivalents	(7,413)	15,229
Cash and cash equivalents at beginning of financial period	<u>24,476</u>	<u>9,209</u>
Cash and cash equivalents at end of financial period	<u>17,063</u>	<u>24,438</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The unaudited interim financial statements 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.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

A2. Significant accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2020, except for the adoption of the following amendments to MFRSs during the financial year:

- *Interest Rate Benchmark Reform - Phase 2* (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to MFRS 16 *Leases*)

The adoption of the above amendments had no significant impact to the financial statements of the Group.

A3. Auditors’ report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020.

A4. Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal and cyclical factors during the current quarter and financial year-to-date under review.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date under review.

A6. Changes in estimates

There were no changes in estimates that have a material effect in the current quarter and financial year-to-date under review.

A7. Debt and equity securities

On 18 January 2021, the shareholders of the Company approved the issuance of up to 80,344,000 free warrants on the basis of 2 warrants for every 5 existing ordinary shares held by the shareholders of the Company whose names appear in the Record of Depositors of the Company on the entitlement date. Thereafter, a total of 80,343,987 new warrants of the

Company were issued and allotted to the entitled shareholders of the Company on 5 February 2021. On 10 February 2021, the Company announced that the issuance of 80,343,987 free warrants have been completed following the listing and quotation of the warrants on the Main Market of Bursa Malaysia Securities Berhad. As at 30 September 2021, none of the warrants have been exercised.

Save for the above, there were no other issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and financial year-to-date under review.

A8. Dividend

An interim single tier dividend of 1.0 sen per ordinary share amounting to RM2.01 million in respect of the financial year ended 31 December 2020 was paid on 15 July 2021 and had been accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

A9. Segmental information

The Group's operating segments are animal health products and equipment, food ingredients and others. These operating segments are required to be organised and managed separately according to the nature of products and services as well as specific expertise which require different business and marketing strategies. The segmental results are as follows:

	Individual quarter		Cumulative quarter	
	Current year quarter 30/09/2021 RM'000	Preceding year quarter 30/09/2020 RM'000	Current year- to-date 30/09/2021 RM'000	Preceding year-to-date 30/09/2020 RM'000
Revenue				
Animal health products and equipment	34,599	32,192	95,410	80,162
Food ingredients	7,587	7,120	19,558	22,544
Others	1,656	789	5,441	1,972
	<u>43,842</u>	<u>40,101</u>	<u>120,409</u>	<u>104,678</u>
Profit before tax				
Animal health products and equipment	3,103	2,711	9,233	5,890
Food ingredients	1,063	74	1,883	1,384
Others	671	154	898	(229)
	<u>4,837</u>	<u>2,939</u>	<u>12,014</u>	<u>7,045</u>

A10. Property, plant and equipment

(i) Acquisitions and disposals

There were no material acquisitions and disposals during the current quarter and financial year-to-date under review.

(ii) Impairment losses

There were no material impairment losses during the current quarter and financial year-to-date under review.

(iii) Valuation

The Group has not carried out any valuation on its property, plant and equipment during the current quarter and financial year-to-date under review.

A11. Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date under review.

A13. Contingent liabilities and contingent assets

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

A14. Capital commitments

The capital commitments of the Group as at the end of the quarter under review were as follows:

	RM'000
Approved and contracted for:	
- Construction of GMP-compliant plant in Nilai, Negeri Sembilan	2,697
- Machineries and equipment	1,110
	<u>3,807</u>

A15. Significant related party transactions

The related party transactions during the current quarter and financial year-to-date under review are as follows:

	Individual quarter		Cumulative quarter	
	Current year quarter 30/09/2021 RM'000	Preceding year quarter 30/09/2020 RM'000	Current year-to-date 30/09/2021 RM'000	Preceding year-to-date 30/09/2020 RM'000
Nor Livestock Farm Sdn Bhd (“NLF”) purchases feed from Nor Lazuli Nutrition (“NLN”)	686	178	686	178
NLF purchases milk replacer from NLN	-	4	8	4
NLN purchases hay from NLF	4	13	30	13
One Lazuli Sdn Bhd (“OLSB”) purchases feed from NLN	11	5	20	5
OLSB provides transportation services to NLN	3	7	12	7

	Individual quarter		Cumulative quarter	
	Current year quarter 30/09/2021 RM'000	Preceding year quarter 30/09/2020 RM'000	Current year-to-date 30/09/2021 RM'000	Preceding year-to-date 30/09/2020 RM'000
NLF purchases anti-inflammatory medication, mastitis medication, antibiotics, anti-parasitics and dairy milk machine parts from OLSB	80	23	117	23
NLF purchases milking machines from OLSB	-	167	-	167
NLN rents an office space from OLSB	3	3	9	3
NLF rents an office space from OLSB	1	1	2	1
NLF rents a farm land from Raja Mariam Binti Raja Rustam Shahrome and Dr Mai Lam @ Rosli Mai Lam	8	8	23	8
NLN rents a factory building from Raja Mariam Binti Raja Rustam Shahrome and Dr Mai Lam @ Rosli Mai Lam	8	8	23	8
OLSB rents an office space from Raja Mariam Binti Raja Rustam Shahrome	45	45	135	45

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

The Group recorded revenue of approximately RM43.84 million for the current quarter, an increase of approximately RM3.74 million compared to the revenue of approximately RM40.10 million in the preceding year's corresponding quarter. Revenue from animal health products and equipment increased by approximately RM2.41 million from approximately RM32.19 million in the preceding year's corresponding quarter to approximately RM34.60 million in the current quarter. Revenue from food ingredients increased by approximately RM0.47 million from approximately RM7.12 million in the preceding year's corresponding quarter to approximately RM7.59 million in the current quarter.

In line with the increase in revenue, the Group's profit before tax for the current quarter of approximately RM4.84 million was approximately RM1.90 million higher compared to the profit before tax of approximately RM2.94 million reported for the preceding year's corresponding quarter.

For the financial year-to-date under review, the Group recorded revenue of approximately RM120.41 million, an increase of approximately RM15.73 million compared to the revenue of approximately RM104.68 million in the corresponding period of the preceding year. Revenue from animal health products and equipment increased by approximately RM15.25 million from approximately RM80.16 million in the corresponding period of the preceding year to approximately RM95.41 million in the current period with approximately RM9.89 million being contributed by OLSB and NLN during the first half of 2021. OLSB and NLN became part of the Group upon completion of the acquisitions on 1 July 2020. Revenue from food ingredients decreased by approximately RM2.98 million from approximately RM22.54 million in the preceding year's corresponding period to approximately RM19.56 million in the current period, but the decrease was compensated by increase in revenue from dairy farming which is segmented under others, of approximately RM2.73 million.

Consistent with the increase in revenue, the Group's profit before tax for the financial year-to-date under review of approximately RM12.01 million was approximately RM4.96 million higher compared to the profit before tax of approximately RM7.05 million reported for the preceding year's corresponding period.

B2. Material changes in the quarterly results compared to the immediate preceding quarter

The Group's revenue of approximately RM43.84 million for the current quarter was approximately RM5.01 million higher compared to the revenue of approximately RM38.83 million reported for the preceding quarter. Revenue from animal health products and equipment increased by approximately RM3.23 million from approximately RM31.37 million in the preceding quarter to approximately RM34.60 million in the current quarter. Revenue from food ingredients increased by approximately RM1.66 million from approximately RM5.93 million in the preceding quarter to approximately RM7.59 million in the current quarter.

In line with the increase in revenue, the Group's profit before tax for the current quarter of approximately RM4.84 million was approximately RM1.80 million higher compared to the profit before tax of approximately RM3.04 million reported for the preceding quarter.

B3. Prospects

The continued expansion of our capacity and operations through our future plans would provide a platform to grow and sustain our business. The Group will continue to focus on

strengthening its production capabilities, product competitiveness and market position, while constantly seeking ways to mitigate the risks associated with its business. The Group will also continue to improve its internal controls and processes based on prudent management practices. In addition to improving on current operations, the Group is vigilant in identifying new business opportunities that has the potential for continuous growth and expansion.

In line with the projected growth of the Malaysian economy, the livestock industry is also anticipated to grow due to the corresponding growing Malaysian population resulting in the demand for meat as a source of protein to soar. The estimated increase in livestock in Malaysia is expected to result in correlating increase in demand for animal pharmaceutical and veterinary products, including animal feed to meet the rising needs. This is expected to augur well for the Group to ride on the growth trajectory in line with the government's endeavour to develop a sustainable livestock industry in the country for national food security.

We are also anticipating growth in our dairy production business segment due to the projected uptrend in the local market. The production of milk in Malaysia was expected to increase in line with the government's aim to increase the country's fresh milk self-sufficiency level to 100% within five years and this will create abundant opportunities for the Group to capitalise on.

The Covid-19 pandemic that has been sweeping the globe in recent times has been anticipated to have a negative impact on the Malaysian macro-economy as well as on the economic welfare of its population. Notwithstanding these developments, the Group which is actively involved in the animal health and nutrition market, is within the ambit of the food industry's supply chain and the Board is cautiously optimistic of the minimal impact that the pandemic will have on our operations.

B4. Profit forecast

The Group has not issued any profit forecast in any form of public documentation and announcement.

B5. Tax expense

	Individual quarter		Cumulative quarter	
	Current year quarter 30/09/2021 RM'000	Preceding year quarter 30/09/2020 RM'000	Current year-to-date 30/09/2021 RM'000	Preceding year-to-date 30/09/2020 RM'000
Current tax				
Current year	1,181	661	2,938	1,950
Under provision in prior years	69	-	69	-
	<u>1,250</u>	<u>661</u>	<u>3,007</u>	<u>1,950</u>

The effective tax rates of the Group for the current quarter and financial year-to-date of 25.84% and 25.03% respectively were higher than the statutory tax rate of 24.00% as a subsidiary was in a loss making position and that certain expenses are non-allowable for tax purposes.

B6. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging / (crediting):				
Depreciation	808	517	2,416	1,176
Inventories written off	506	1,494	524	1,582
Inventories written down/(back)	234	(1,178)	249	552
Impairment loss on trade receivables	120	120	360	240
Fair value loss/(gain) on other investment	2	(15)	2	8
Interest expense	284	297	1,025	1,085
Loss on disposal of biological assets	-	-	147	-
Fair value gain on biological assets	(143)	(5)	(423)	(5)
Loss on foreign currency exchange	442	141	808	619
Interest income	(49)	(33)	(133)	(144)

Save for the above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B7. Status of corporate proposals

There is no corporate proposal announced but not completed as at the date of this report.

B8. Other investment

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Financial asset at fair value through profit or loss		
Quoted shares in Malaysia	50	50
Less: Impairment loss	(20)	(19)
	<u>30</u>	<u>31</u>

B9. Borrowings

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Non-current liabilities (secured)		
Term loans	<u>27,204</u>	<u>30,429</u>
Current liabilities (secured)		
Term loans	<u>4,291</u>	<u>4,369</u>
Total borrowings	<u>31,495</u>	<u>34,798</u>

All borrowings are denominated in Ringgit Malaysia.

B10. Material litigation

There was no litigation which has a material effect on the financial position of the Group and the Board was not aware of any proceedings pending or of any fact likely to give rise to any proceedings as at the date of this report.

B11. Dividend

No dividend in respect of the financial year ending 31 December 2021 was declared or recommended for payment by the Company during the current quarter and financial year-to-date under review.

B12. Derivative financial instruments

The Group does not have any derivative financial instruments as at the end of the current quarter.

B13. Gains/losses arising from fair value changes of financial liabilities

There were no material gains or losses arising from fair value changes of financial liabilities during the current quarter and financial year-to-date under review.

B14. Earnings per share

	Individual quarter		Cumulative quarter	
	Current year quarter 30/09/2021	Preceding year quarter 30/09/2020	Current year-to-date 30/09/2021	Preceding year-to-date 30/09/2020
Profit attributable to owners of the parent (RM'000)	3,163	1,834	8,131	4,651
Weighted average number of ordinary shares in issue ('000)	200,860	200,860	200,860	193,149
Shares under warrant deemed to have been issued for no consideration ('000)	80,344	-	80,344	-
Weighted average number of ordinary shares for computing diluted earnings per share ('000)	281,204	200,860	281,204	193,149
Earnings per share				
- Basic (sen)	1.57	0.91	4.05	2.41
- Diluted (sen)	1.12	0.91	2.89	2.41

B15. Net assets per share

Net assets per share attributable to owners of the parent is arrived at by dividing the total equity attributable to owners of the parent at the end of the financial period by the number of ordinary shares in issue at the end of the financial period.

	As at 30/09/2021	As at 31/12/2020
Total equity attributable to owners of the parent (RM'000)	130,237	124,114
Number of ordinary shares in issue ('000)	200,860	200,860
Net assets per share attributable to owners of the parent (RM)	0.65	0.62

B16. Reorganisation debit balance

The reorganisation debit balance arose from the acquisition of RMM on 28 September 2016 based on the difference between the share capital issued by the Company and the share capital issued by RMM amounting to approximately RM59.49 million.