

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2024

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
		31/03/2024 RM'000	31/03/2023 RM'000	31/03/2024 RM'000	31/03/2023 RM'000
Revenue		51,759	48,544	51,759	48,544
Cost of sales		(37,689)	(34,752)	(37,689)	(34,752)
Gross profit		14,070	13,792	14,070	13,792
Other operating income		175	29	175	29
Distribution costs		(2,835)	(2,351)	(2,835)	(2,351)
Administration expenses		(5,630)	(6,929)	(5,630)	(6,929)
Finance costs		(318)	(442)	(318)	(442)
Share of result of a joint venture, net of tax		(14)	-	(14)	-
Profit before tax		5,448	4,099	5,448	4,099
Tax expense	B5	(1,941)	(1,198)	(1,941)	(1,198)
Profit for the financial period		3,507	2,901	3,507	2,901
Other comprehensive income, net of tax		(2)	1	(2)	1
Total comprehensive income		3,505	2,902	3,505	2,902
Profit attributable to:					
Owners of the parent		3,217	3,126	3,217	3,126
Non-controlling interests		290	(225)	290	(225)
		3,507	2,901	3,507	2,901
Total comprehensive income attributable to:					
Owners of the parent		3,215	3,127	3,215	3,127
Non-controlling interests		290	(225)	290	(225)
		3,505	2,902	3,505	2,902
Earnings per ordinary share attributable to owners of the parent:					
- Basic (sen)	B16	1.45	1.41	1.45	1.41
- Diluted (sen)	B16	1.07	1.04	1.07	1.04

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 2023 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	As at 31/03/2024 RM'000	Audited As at 31/12/2023 RM'000
Non-current asset			
Property, plant and equipment		76,271	76,779
Right-of-use assets		10,545	10,673
Biological assets		2,473	2,702
Goodwill		3,941	3,941
Investment in a joint venture	B9	3,244	3,258
Other investment	B10	81	80
		<u>96,555</u>	<u>97,433</u>
Current assets			
Inventories		50,618	58,431
Trade and other receivables		41,524	49,925
Current tax assets		480	387
Cash and bank balances and short term funds		37,738	24,415
		<u>130,360</u>	<u>133,158</u>
Total assets		<u><u>226,915</u></u>	<u><u>230,591</u></u>
Equity			
Share capital		117,272	117,272
Reorganisation debit balance	B18	(59,489)	(59,489)
Exchange translation reserve		(12)	(10)
Retained earnings		106,423	103,206
Total attributable to owners of the parent		<u>164,194</u>	<u>160,979</u>
Non-controlling interests		10,983	10,693
Total equity		<u>175,177</u>	<u>171,672</u>
Non-current liabilities			
Borrowings	B11	22,136	23,076
Lease liabilities		303	305
Deferred tax liabilities		1,791	1,791
Deferred income		68	71
		<u>24,298</u>	<u>25,243</u>
Current liabilities			
Trade and other payables		16,948	22,801
Borrowings	B11	6,764	8,405
Lease liabilities		276	276
Deferred income		14	14
Current tax liabilities		3,438	2,180
		<u>27,440</u>	<u>33,676</u>
Total liabilities		<u>51,738</u>	<u>58,919</u>
Total equity and liabilities		<u><u>226,915</u></u>	<u><u>230,591</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2024 (CONTINUED)**

	Note	As at 31/03/2024	Audited As at 31/12/2023
Net assets per share attributable to owners of the parent (RM)	B17	0.74	0.73

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 2023 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2024

	<----- Non-distributable ----->		<----- Distributable ----->		Total attributable to owners of the parent	Non-controlling interest	Total equity
	Share capital RM'000	Reorganisation debit balance RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2024	117,272	(59,489)	(10)	103,206	160,979	10,693	171,672
Profit for the financial period	-	-	-	3,217	3,217	290	3,507
Other comprehensive income, net of tax	-	-	(2)	-	(2)	-	(2)
Total comprehensive income	-	-	(2)	3,217	3,215	290	3,505
Transactions with owners:							
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Balance as at 31 March 2024	117,272	(59,489)	(12)	106,423	164,194	10,983	175,177
Balance as at 1 January 2023	117,272	(59,489)	3	95,549	153,335	9,686	163,021
Profit for the financial period	-	-	-	3,126	3,126	(225)	2,901
Other comprehensive income, net of tax	-	-	1	-	1	-	1
Total comprehensive income	-	-	1	3,126	3,127	(225)	2,902
Transactions with owners:							
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Balance as at 31 March 2023	117,272	(59,489)	4	98,675	156,462	9,461	165,923

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 2023 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2024

	Current year- to-date 31/03/2024 RM'000	Preceding year-to-date 31/03/2023 RM'000
Cash flows from operating activities		
Profit before tax	5,448	4,099
Adjustments for:		
Depreciation	927	900
Inventories written off	62	242
Inventories written down	382	255
Impairment losses/(reversal) on trade receivables	90	(210)
Fair value changes on other investment	(1)	(4)
Interest expense	318	442
Loss on disposal of biological assets	20	22
Fair value changes on biological assets	125	31
Interest income	(28)	(43)
Share of result of a joint venture, net of tax	14	-
Unrealised (gain)/loss on foreign currency exchange	(93)	361
Operating profit before working capital changes	<u>7,264</u>	<u>6,095</u>
Changes in working capital:		
Inventories	7,368	7,480
Trade and other receivables	8,312	(3,119)
Trade and other payables	<u>(5,765)</u>	<u>(12,616)</u>
Cash generated from/(used in) operations	17,179	(2,160)
Tax paid	<u>(777)</u>	<u>(944)</u>
Net cash from/(used in) operating activities	<u>16,402</u>	<u>(3,104)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(291)	(379)
Interest received	28	43
Investment in a joint venture	-	(525)
Proceeds from disposal of biological assets	<u>84</u>	<u>60</u>
Net cash used in investing activities	<u>(179)</u>	<u>(801)</u>
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings	(2,581)	252
Interest paid	(313)	(436)
Payment of lease liabilities	<u>(6)</u>	<u>(75)</u>
Net cash used in financing activities	<u>(2,900)</u>	<u>(259)</u>
Net increase/(decrease) in cash and cash equivalents	13,323	(4,164)
Cash and cash equivalents at beginning of financial period	<u>24,415</u>	<u>18,644</u>
Cash and cash equivalents at end of financial period	<u>37,738</u>	<u>14,480</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 2023 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 2023 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023.

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 2023, except for the adoption of the following amendments to MFRSs during the financial year:

- Amendments to MFRS 16 *Lease liability in a sale and leaseback*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*
- Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangements*

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 2023.

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

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and financial year-to-date under review.

A8. Dividend

On 15 December 2023, the Board of Directors declared an interim single tier dividend of 1.0 sen per ordinary share totalling RM2.21 million in respect of the financial year ended 31 December 2023, which had been paid on 2 February 2024 to shareholders registered at the close of business on 8 January 2024. The dividend had been accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2023.

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 31/03/2024 RM'000	Preceding year quarter 31/03/2023 RM'000	Current year- to-date 31/03/2024 RM'000	Preceding year-to-date 31/03/2023 RM'000
Revenue				
Animal health products and equipment	40,584	38,191	40,584	38,191
Food ingredients	9,437	9,204	9,437	9,204
Others	1,738	1,149	1,738	1,149
	<u>51,759</u>	<u>48,544</u>	<u>51,759</u>	<u>48,544</u>
Profit before tax				
Animal health products and equipment	6,395	4,934	6,395	4,934
Food ingredients	(1,025)	(43)	(1,025)	(43)
Others	78	(792)	78	(792)
	<u>5,448</u>	<u>4,099</u>	<u>5,448</u>	<u>4,099</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:	
- Machineries and equipment	450
- Milk processing plant	3,548
	<u>3,998</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 31/03/2024 RM'000	Preceding year quarter 31/03/2023 RM'000	Current year-to-date 31/03/2024 RM'000	Preceding year-to-date 31/03/2023 RM'000
Nor Livestock Farm Sdn Bhd rents a farm land from Raja Mariam Binti Raja Rustam Shahrome ("RMRRS"), Dr Mai Lam @ Rosli Mai Lam ("ML") and Melissa Aini Mai ("MAM")	9	8	9	8
Nor Lazuli Nutrition Sdn Bhd rents a factory building from RMRRS, ML and MAM	9	8	9	8
One Lazuli Sdn Bhd rents an office space from RMRRS	45	45	45	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 RM51.76 million for the current quarter, an increase of approximately RM3.22 million compared to the revenue of approximately RM48.54 million in the preceding year's corresponding quarter. Revenue from animal health products and equipment increased by approximately RM2.39 million from approximately RM38.19 million in the preceding year's corresponding quarter to approximately RM40.58 million in the current quarter. Revenue from food ingredients increased by approximately RM0.24 million from approximately RM9.20 million in the preceding year's corresponding quarter to approximately RM9.44 million in the current quarter. Revenue from dairy business which is segmented under others, increased by approximately RM0.39 million from approximately RM0.34 million in the preceding year's corresponding quarter to approximately RM0.73 million in the current quarter.

In line with the increase in revenue, the Group's profit before tax for the current quarter of approximately RM5.45 million was approximately RM1.35 million higher compared to the profit before tax of approximately RM4.10 million reported for the preceding year's corresponding quarter. The increase was mainly from the animal health products and equipment segment which contributed an increase in profit before tax of approximately RM1.46 million.

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

The Group's revenue of approximately RM51.76 million for the current quarter was approximately RM2.86 million lower compared to the revenue of approximately RM54.62 million reported for the preceding quarter. The decrease in revenue was mainly due to lower revenue from all segments. Revenue from animal health products and equipment decreased by approximately RM0.20 million from approximately RM40.78 million in the preceding quarter to approximately RM40.58 million in the current quarter. Revenue from food ingredients decreased by approximately RM2.37 million from approximately RM11.81 million in the preceding quarter to approximately RM9.44 million in the current quarter. Revenue from dairy business which is segmented under others, decreased by approximately RM0.38 million from approximately RM1.11 million in the preceding quarter to approximately RM0.73 million in the current quarter.

In line with the decrease in revenue, the Group's profit before tax for the current quarter of approximately RM5.45 million was approximately RM1.70 million lower compared to the profit before tax of approximately RM7.15 million reported for the preceding quarter.

B3. Prospects

The global animal health market is expected to grow, propelled by the ever-increasing global demand for animal protein. As the world population continues to grow, so does the need for meat, dairy, and other animal-derived products. This rise in demand reflects the immense pressure on the livestock industry to maintain healthy and productive animals which in turn makes the animal health products and services segment indispensable to ensure the well-being and productivity of livestock.

The food ingredients market is experiencing a rise in demand for natural and organic additives due to growing health consciousness. The development of new ingredients is supported by innovations in food and biotechnology. As culinary preferences are influenced by globalisation, the market offers a wide range of ingredients to cater to the ever-changing needs

of the global food and beverage industry. This ensures a dynamic landscape that is able to meet the complex and evolving demands of the industry.

In line with the projected growth of these industries we operate in, we remain assured that this combined with our governance, strategy, and policies will guide the Group to achieve positive results. Our risk management policies and procedures will assist us in identifying, monitoring, and responding to key risks, allowing us to capture opportunities when they arise. In the face of adversities, we trust our strategies will navigate the way forward as our prospects remain positive.

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 31/03/2024 RM'000	Preceding year quarter 31/03/2023 RM'000	Current year-to-date 31/03/2024 RM'000	Preceding year-to-date 31/03/2023 RM'000
Current tax				
Current year	1,901	1,198	1,901	1,198
Under provision in prior years	40	-	40	-
	<u>1,941</u>	<u>1,198</u>	<u>1,941</u>	<u>1,198</u>

The effective tax rate of the Group for the current quarter and financial year-to-date of 35.63% was higher than the statutory tax rate of 24.00% as certain subsidiaries were in loss making positions and that certain expenses were not 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 31/03/2024 RM'000	Preceding year quarter 31/03/2023 RM'000	Current year-to-date 31/03/2024 RM'000	Preceding year-to-date 31/03/2023 RM'000
Profit before tax is arrived at after charging/ (crediting):				
Depreciation	927	900	927	900
Inventories written off	62	242	62	242
Inventories written down	382	255	382	255
Impairment losses/(reversal) on trade receivables	90	(210)	90	(210)
Fair value changes on other investment	(1)	(4)	(1)	(4)
Interest expense	318	442	318	442
Loss on disposal of biological assets	20	22	20	22

	Individual quarter		Cumulative quarter	
	Current year	Preceding	Current	Preceding
	quarter	year quarter	year-to-date	year-to-date
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
Fair value changes on biological assets	125	31	125	31
Interest income	(28)	(43)	(28)	(43)
Loss on foreign currency exchange	453	261	453	261

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. Utilisation of proceeds

The status of utilisation of proceeds of approximately RM13.46 million from the Company's Private Placement of 20,086,000 new ordinary shares at RM0.67 each as at the end of the quarter under review is as follows:

Details of the utilisation of proceeds	Proposed utilisation	Actual utilisation	Deviation	Balance unutilised	Estimated timeframe for utilisation
	RM'000	RM'000		RM'000	
Establishment of a milk processing plant	7,500	(3,782)	-	3,718	Within 36 months
Marketing expenses	2,500	-	-	2,500	Within 36 months
Working capital	3,008	(3,050)	42 ⁽¹⁾	-	Within 12 months
Estimated expenses for the Private Placement	450	(408)	(42) ⁽¹⁾	-	Within 1 month
Total	13,458	(7,240)	-	6,218	

Note:

(1) The actual expenses incurred for the Private Placement were less than the estimated expenses by approximately RM0.04 million due mainly to lower than expected incidental charges incurred in conjunction with the Private Placement. The surplus of funds for the payment of expenses for the Private Placement were adjusted to the amount allocated for working capital.

The utilisation of the proceeds as disclosed above should be read in conjunction with the Company's announcements dated 8 February 2022 and 11 February 2022.

B9. Investment in a joint venture

	As at 31/03/2024 RM'000	As at 31/12/2023 RM'000
Unquoted shares, at cost	3,325	3,325
Less: Share of result of a joint venture	(81)	(67)
	<u>3,244</u>	<u>3,258</u>

B10. Other investment

	As at 31/03/2024 RM'000	As at 31/12/2023 RM'000
Financial asset at fair value through profit or loss		
Quoted shares in Malaysia	100	100
Less: Impairment loss	<u>(19)</u>	<u>(20)</u>
	<u>81</u>	<u>80</u>

B11. Borrowings

	As at 31/03/2024 RM'000	As at 31/12/2023 RM'000
Non-current liabilities (secured)		
Term loans	<u>22,136</u>	<u>23,076</u>
Current liabilities (secured)		
Bank overdrafts	-	1,641
Revolving credits	3,000	3,000
Term loans	<u>3,764</u>	<u>3,764</u>
	<u>6,764</u>	<u>8,405</u>
Total borrowings	<u>28,900</u>	<u>31,481</u>

All borrowings are denominated in Ringgit Malaysia.

B12. 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.

B13. Dividend

The Directors proposed a final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2023, subject to the approval of members at the forthcoming Annual General Meeting. This dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

B14. Derivative financial instruments

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

B15. 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.

B16. Earnings per share

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2024	Preceding year quarter 31/03/2023	Current year-to-date 31/03/2024	Preceding year-to-date 31/03/2023
Profit attributable to owners of the parent (RM'000)	3,217	3,126	3,217	3,126
Weighted average number of ordinary shares in issue ('000)	221,226	221,226	221,226	221,226
Shares under warrant deemed to have been issued for no consideration ('000)	80,064	80,064	80,064	80,064
Weighted average number of ordinary shares for computing diluted earnings per share ('000)	301,290	301,290	301,290	301,290
Earnings per share				
- Basic (sen)	1.45	1.41	1.45	1.41
- Diluted (sen)	1.07	1.04	1.07	1.04

B17. 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 31/03/2024	As at 31/12/2023
Total equity attributable to owners of the parent (RM'000)	164,194	160,979
Number of ordinary shares in issue ('000)	221,226	221,226
Net assets per share attributable to owners of the parent (RM)	0.74	0.73

B18. 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.