

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2024

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
		30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Revenue		56,432	45,166	108,191	93,710
Cost of sales		(42,768)	(32,049)	(80,457)	(66,801)
Gross profit		13,664	13,117	27,734	26,909
Other operating income		497	68	672	128
Distribution costs		(3,144)	(3,275)	(5,979)	(5,626)
Administration expenses		(5,879)	(6,186)	(11,509)	(13,146)
Finance costs		(407)	(486)	(725)	(928)
Share of result of a joint venture, net of tax		(12)	-	(26)	-
Profit before tax		4,719	3,238	10,167	7,337
Tax expense	B5	(1,559)	(973)	(3,500)	(2,171)
Profit for the financial period		3,160	2,265	6,667	5,166
Other comprehensive income, net of tax		3	(9)	1	(8)
Total comprehensive income		3,163	2,256	6,668	5,158
Profit attributable to:					
Owners of the parent		2,711	2,569	5,928	5,695
Non-controlling interests		449	(304)	739	(529)
		3,160	2,265	6,667	5,166
Total comprehensive income attributable to:					
Owners of the parent		2,714	2,560	5,929	5,687
Non-controlling interests		449	(304)	739	(529)
		3,163	2,256	6,668	5,158
Earnings per ordinary share attributable to owners of the parent:					
- Basic (sen)	B16	1.23	1.16	2.68	2.57
- Diluted (sen)	B16	0.90	0.85	1.97	1.89

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 30 JUNE 2024

	Note	As at 30/06/2024 RM'000	Audited As at 31/12/2023 RM'000
Non-current asset			
Property, plant and equipment		76,014	76,779
Right-of-use assets		10,426	10,673
Biological assets		2,126	2,702
Goodwill		3,941	3,941
Investment in a joint venture	B9	3,231	3,258
Other investment	B10	88	80
		<u>95,826</u>	<u>97,433</u>
Current assets			
Inventories		63,440	58,431
Trade and other receivables		37,521	49,925
Current tax assets		494	387
Cash and bank balances and short term funds		31,920	24,415
		<u>133,375</u>	<u>133,158</u>
Total assets		<u>229,201</u>	<u>230,591</u>
Equity			
Share capital		117,272	117,272
Reorganisation debit balance	B18	(59,489)	(59,489)
Exchange translation reserve		(9)	(10)
Retained earnings		109,134	103,206
Total attributable to owners of the parent		<u>166,908</u>	<u>160,979</u>
Non-controlling interests		11,432	10,693
Total equity		<u>178,340</u>	<u>171,672</u>
Non-current liabilities			
Borrowings	B11	21,226	23,076
Lease liabilities		232	305
Deferred tax liabilities		1,791	1,791
Deferred income		64	71
		<u>23,313</u>	<u>25,243</u>
Current liabilities			
Trade and other payables		19,203	22,801
Borrowings	B11	3,734	8,405
Lease liabilities		276	276
Deferred income		14	14
Current tax liabilities		4,321	2,180
		<u>27,548</u>	<u>33,676</u>
Total liabilities		<u>50,861</u>	<u>58,919</u>
Total equity and liabilities		<u>229,201</u>	<u>230,591</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2024 (CONTINUED)**

	Note	As at 30/06/2024	Audited As at 31/12/2023
Net assets per share attributable to owners of the parent (RM)	B17	0.75	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 SECOND QUARTER ENDED 30 JUNE 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	-	-	-	5,928	5,928	739	6,667
Other comprehensive income, net of tax	-	-	1	-	1	-	1
Total comprehensive income	-	-	1	5,928	5,929	739	6,668
Transactions with owners:							
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Balance as at 30 June 2024	117,272	(59,489)	(9)	109,134	166,908	11,432	178,340
Balance as at 1 January 2023	117,272	(59,489)	3	95,549	153,335	9,686	163,021
Profit for the financial period	-	-	-	5,695	5,695	(529)	5,166
Other comprehensive income, net of tax	-	-	(8)	-	(8)	-	(8)
Total comprehensive income	-	-	(8)	5,695	5,687	(529)	5,158
Transactions with owners:							
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Balance as at 30 June 2023	117,272	(59,489)	(5)	101,244	159,022	9,157	168,179

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 SECOND QUARTER ENDED 30 JUNE 2024

	Current year- to-date 30/06/2024 RM'000	Preceding year-to-date 30/06/2023 RM'000
Cash flows from operating activities		
Profit before tax	10,167	7,337
Adjustments for:		
Depreciation	1,880	1,816
Inventories written off	406	495
Inventories written down	766	510
Impairment losses/(reversal of impairment losses) on trade receivables	180	(120)
Fair value changes on other investment	(8)	(1)
Interest expense	725	928
Loss on disposal of biological assets	113	57
Fair value changes on biological assets	237	114
Interest income	(61)	(80)
Share of result of a joint venture, net of tax	26	-
Unrealised (gain)/loss on foreign currency exchange	(93)	362
Operating profit before working capital changes	<u>14,338</u>	<u>11,418</u>
Changes in working capital:		
Inventories	(6,182)	1,243
Trade and other receivables	12,224	(3,423)
Trade and other payables	<u>(3,511)</u>	<u>(11,432)</u>
Cash generated from/(used in) operations	16,869	(2,194)
Tax paid	<u>(1,465)</u>	<u>(1,379)</u>
Net cash from/(used in) operating activities	<u>15,404</u>	<u>(3,573)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(920)	(1,370)
Purchase of biological assets	(20)	-
Interest received	61	80
Investment in a joint venture	-	(525)
Proceeds from disposal of biological assets	<u>247</u>	<u>144</u>
Net cash used in investing activities	<u>(632)</u>	<u>(1,671)</u>
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings	(6,521)	2,986
Interest paid	(712)	(917)
Payment of lease liabilities	<u>(34)</u>	<u>(150)</u>
Net cash (used in)/from financing activities	<u>(7,267)</u>	<u>1,919</u>
Net increase/(decrease) in cash and cash equivalents	7,505	(3,325)
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><u>31,920</u></u>	<u><u>15,319</u></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

There was no dividend paid during the current quarter under review.

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 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year- to-date 30/06/2024 RM'000	Preceding year-to-date 30/06/2023 RM'000
Revenue				
Animal health products and equipment	46,572	31,817	87,156	70,008
Food ingredients	8,096	12,172	17,533	21,376
Others	1,764	1,177	3,502	2,326
	<u>56,432</u>	<u>45,166</u>	<u>108,191</u>	<u>93,710</u>
Profit before tax				
Animal health products and equipment	5,999	495	12,394	5,429
Food ingredients	(1,480)	3,474	(2,505)	3,431
Others	200	(731)	278	(1,523)
	<u>4,719</u>	<u>3,238</u>	<u>10,167</u>	<u>7,337</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 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year-to-date 30/06/2024 RM'000	Preceding year-to-date 30/06/2023 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	18	15
Nor Lazuli Nutrition Sdn Bhd rents a factory building from RMRRS, ML and MAM	9	8	18	15
One Lazuli Sdn Bhd rents an office space from RMRRS	45	45	90	90

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 RM56.43 million for the current quarter, an increase of approximately RM11.26 million compared to the revenue of approximately RM45.17 million in the preceding year's corresponding quarter. Revenue from animal health products and equipment increased by approximately RM14.75 million from approximately RM31.82 million in the preceding year's corresponding quarter to approximately RM46.57 million in the current quarter. The increase was offset by a decrease in revenue from food ingredients of approximately RM4.07 million from approximately RM12.17 million in the preceding year's corresponding quarter to approximately RM8.10 million in the current quarter.

Consequent to the increase in revenue, the Group's profit before tax for the current quarter of approximately RM4.72 million was approximately RM1.48 million higher compared to the profit before tax of approximately RM3.24 million reported for the preceding year's corresponding quarter.

For the financial year-to-date under review, the Group recorded revenue of approximately RM108.19 million, an increase of approximately RM14.48 million compared to the revenue of approximately RM93.71 million in the corresponding period of the preceding year. Revenue from animal health products and equipment increased by approximately RM17.15 million from approximately RM70.01 million in the corresponding period of the preceding year to approximately RM87.16 million in the current period. However, the increase was offset by a decrease in revenue from food ingredients of approximately RM3.85 million from approximately RM21.38 million in the corresponding period of the preceding year to approximately RM17.53 million in the current period.

Consistent with the increase in revenue, the Group's profit before tax for the financial year-to-date under review of approximately RM10.17 million was approximately RM2.83 million higher compared to the profit before tax of approximately RM7.34 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 RM56.43 million for the current quarter was approximately RM4.67 million higher compared to the revenue of approximately RM51.76 million reported for the preceding quarter. Revenue from animal health products and equipment increased by approximately RM5.99 million from approximately RM40.58 million in the preceding quarter to approximately RM46.57 million in the current quarter. However, the increase was offset by a decrease in revenue from food ingredients of approximately RM1.34 million from approximately RM9.44 million in the preceding quarter to approximately RM8.10 million in the current quarter.

Despite the increase in revenue, the Group's profit before tax for the current quarter of approximately RM4.72 million was approximately RM0.73 million lower compared to the profit before tax of approximately RM5.45 million reported for the preceding quarter mainly due to higher losses incurred in the food ingredients segment.

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 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year-to-date 30/06/2024 RM'000	Preceding year-to-date 30/06/2023 RM'000
Current tax				
Current year	1,559	976	3,460	2,174
(Over)/under provision in prior years	-	(3)	40	(3)
	<u>1,559</u>	<u>973</u>	<u>3,500</u>	<u>2,171</u>

The effective tax rate of the Group for the current quarter and financial year-to-date of 33.04% and 34.43% respectively were 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 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year-to-date 30/06/2024 RM'000	Preceding year-to-date 30/06/2023 RM'000
Profit before tax is arrived at after charging/ (crediting):				
Depreciation	953	916	1,880	1,816
Inventories written off	344	253	406	495

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Inventories written down	384	255	766	510
Impairment losses/(reversal of impairment losses) on trade receivables	90	90	180	(120)
Fair value changes on other investment	(7)	3	(8)	(1)
Interest expense	407	486	725	928
Loss on disposal of biological assets	93	35	113	57
Fair value changes on biological assets	112	83	237	114
Interest income	(33)	(37)	(61)	(80)
Loss on foreign currency exchange	483	282	936	543

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	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 30/06/2024 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	<u>(94)</u>	<u>(67)</u>
	<u>3,231</u>	<u>3,258</u>

B10. Other investment

	As at 30/06/2024 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>(12)</u>	<u>(20)</u>
	<u>88</u>	<u>80</u>

B11. Borrowings

	As at 30/06/2024 RM'000	As at 31/12/2023 RM'000
Non-current liabilities (secured)		
Term loans	<u>21,226</u>	<u>23,076</u>
Current liabilities (secured)		
Bank overdrafts	-	1,641
Revolving credits	-	3,000
Term loans	<u>3,734</u>	<u>3,764</u>
	<u>3,734</u>	<u>8,405</u>
Total borrowings	<u>24,960</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

A final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2023 was approved by shareholders at the Company's Annual General Meeting

on 11 June 2024. The dividend was paid on 15 July 2024 and had been 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 30/06/2024	Preceding year quarter 30/06/2023	Current year-to-date 30/06/2024	Preceding year-to-date 30/06/2023
Profit attributable to owners of the parent (RM'000)	2,711	2,569	5,928	5,695
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)	1.23	1.16	2.68	2.57
- Diluted (sen)	0.90	0.85	1.97	1.89

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 30/06/2024	As at 31/12/2023
Total equity attributable to owners of the parent (RM'000)	166,908	160,979
Number of ordinary shares in issue ('000)	221,226	221,226
Net assets per share attributable to owners of the parent (RM)	0.75	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.