



PWF CONSOLIDATED BHD.

(420049-H)

**Condensed Consolidated Financial Statements
for the Quarter Ended 30 June 2018**



PWF CONSOLIDATED BHD.

**Condensed Consolidated Statement of Financial Position
As At 30 June 2018**

	30 Jun 2018 (RM'000)	31 Dec 2017 (RM'000) (restated)	1 Jan 2017 (RM'000) (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	330,983	326,239	324,936
Investment properties	9,680	9,680	10,065
Goodwill	7,612	7,612	5,241
	<u>348,275</u>	<u>343,531</u>	<u>340,242</u>
Current assets			
Inventories	25,139	29,302	26,784
Biological assets	37,436	36,729	32,683
Trade debtors	20,902	22,833	25,933
Other debtors, including derivatives	17,222	19,475	13,965
Tax recoverable	142	24	5
Investment securities	3,774	7,965	7,301
Short term / fixed deposits with licensed bank	3,500	-	20
Cash and bank balances	9,352	13,583	7,073
	<u>117,467</u>	<u>129,911</u>	<u>113,764</u>
Total assets	<u><u>465,742</u></u>	<u><u>473,442</u></u>	<u><u>454,006</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	88,545	86,878	82,893
Share premium	-	-	751
Treasury shares	(1,254)	(1,192)	(999)
Retained profits	221,720	216,746	203,786
Other reserves	1,442	737	583
Equity attributable to owner of the Company	<u>310,453</u>	<u>303,169</u>	<u>287,014</u>
Non-controlling interest	<u>(3,092)</u>	<u>(2,195)</u>	<u>-</u>
Total equity	<u>307,361</u>	<u>300,974</u>	<u>287,014</u>
Non-current liabilities			
Long-term borrowings	16,878	19,612	24,361
Deferred taxation	19,921	20,928	22,042
	<u>36,799</u>	<u>40,540</u>	<u>46,403</u>
Current liabilities			
Trade creditors	23,047	27,508	27,803
Other creditors, including derivatives	10,180	10,353	9,001
Overdraft and short term borrowings	85,330	91,558	77,898
Taxation	3,025	2,509	2,597
Dividend payable	-	-	3,290
	<u>121,582</u>	<u>131,928</u>	<u>120,589</u>
Total liabilities	<u>158,381</u>	<u>172,468</u>	<u>166,992</u>
Total equity and liabilities	<u><u>465,742</u></u>	<u><u>473,442</u></u>	<u><u>454,006</u></u>
Net assets per share attributable to shareholders of the company (RM)	1.77	1.76	1.73



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**Condensed Consolidated Statement of Comprehensive Income
For The Period Ended 30 June 2018**

	<u>2018</u> Current qtr ended 30-Jun (RM'000)	<u>2017</u> Current qtr ended 30-Jun (RM'000) (restated)	<u>2018</u> 6 months cumulative To-date (RM'000)	<u>2017</u> 6 months cumulative To-date (RM'000) (restated)
Revenue	85,706	84,891	176,841	168,593
Operating expenses	(82,540)	(75,178)	(165,212)	(151,427)
Other operating income	308	1,098	833	2,494
Profit from operations	3,474	10,811	12,462	19,660
Finance costs	(1,382)	(1,446)	(2,777)	(2,913)
Profit before taxation	2,092	9,365	9,685	16,747
Taxation	(907)	(3,045)	(3,036)	(5,008)
Profit for the period	1,185	6,320	6,649	11,739
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,185</u>	<u>6,320</u>	<u>6,649</u>	<u>11,739</u>
Attributable to:				
Equity holders of the parent	1,512	6,631	7,546	12,050
Non-controlling interest	(327)	(311)	(897)	(311)
Profit for the period	<u>1,185</u>	<u>6,320</u>	<u>6,649</u>	<u>11,739</u>
Attributable to:				
Equity holders of the parent	1,512	6,631	7,546	12,050
Non-controlling interest	(327)	(311)	(897)	(311)
Comprehensive income for the period	<u>1,185</u>	<u>6,320</u>	<u>6,649</u>	<u>11,739</u>
Earnings per share for profit attributable to equity holders of the parent				
- Basic (sen), for profit for the period	0.88	4.07	4.56	7.38
- Diluted (sen)	0.81	3.72	4.18	6.74

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.

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**Condensed Consolidated Statement of Changes in Equity
For The Period Ended 30 June 2018**

	Attributable to Equity Holder of the Parent							
	Share Capital (RM'000)	Treasury Share (RM'000)	Share Premium (RM'000)	ESOS Reserve (RM'000)	Retained Profits (RM'000) (Restated)	Total (RM'000) (Restated)	Non-controlling Interest (RM'000) (Restated)	Total Equity (RM'000) (Restated)
<i>6 months ended 30 June 2018</i>								
Balance as at 1 January 2018	86,878	(1,192)	-	737	216,746	303,169	(2,195)	300,974
Total comprehensive income for the period	-	-	-	-	7,546	7,546	(897)	6,649
Transactions with owners:								
Issued pursuant to ESOS	427	-	-	(88)	-	339	-	339
Pursuant to ESOS granted								
- share based compensation	-	-	-	798	-	798	-	798
- lapse due to expiry	-	-	-	(5)	5	-	-	-
Purchase of treasury shares	-	(62)	-	-	-	(62)	-	(62)
Exercise of warrants	1,240	-	-	-	-	1,240	-	1,240
Dividend	-	-	-	-	(2,577)	(2,577)	-	(2,577)
Balance as at 30 June 2018	<u>88,545</u>	<u>(1,254)</u>	<u>-</u>	<u>1,442</u>	<u>221,720</u>	<u>310,453</u>	<u>(3,092)</u>	<u>307,361</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.

**Condensed Consolidated Statement of Changes in Equity
For The Period Ended 30 June 2017**

	Attributable to Equity Holder of the Parent							
	Share Capital (RM'000)	Treasury Share (RM'000)	Share Premium (RM'000)	ESOS Reserve (RM'000)	Retained Profits (RM'000) (restated)	Total (RM'000) (restated)	Non-controlling Interest (RM'000) (restated)	Total Equity (RM'000) (restated)
<i>6 months ended 30 June 2017</i>								
Balance as at 1 January 2017	82,893	(999)	751	583	203,786	287,014	-	287,014
Total comprehensive income for the period	-	-	-	-	12,050	12,050	(311)	11,739
Acquisition of subsidiary	-	-	-	-	-	-	(1,317)	(1,317)
Transactions with owners:								
Issued pursuant to ESOS	935	-	-	-	-	935	-	935
Purchase of treasury shares	-	(2,926)	-	-	-	(2,926)	-	(2,926)
Dividend	-	-	-	-	(3,256)	(3,256)	-	(3,256)
Transition to no par regime on 31 January 2017 *	751	-	(751)	-	-	-	-	-
Balance as at 30 June 2017	<u>84,579</u>	<u>(3,925)</u>	<u>-</u>	<u>583</u>	<u>212,580</u>	<u>293,817</u>	<u>(1,628)</u>	<u>292,189</u>

* With the coming into force of The Companies Act 2016 on 31 January 2017, the concept of nominal value in shares is abolished and effectively the amount standing in the share premium shall be recognized as part of the Company's share capital.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

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**Condensed Consolidated Statement of Cash Flows
For The Period Ended 30 June 2018**

	6 months ended 30 June 2018 (RM'000)	6 months ended 30 June 2017 (RM'000) (Restated)
Profit before tax	9,685	16,747
Adjustment for :		
Non-Cash items	11,743	7,894
Non-Operating items	2,611	628
Operating profit before changes in working capital	24,039	25,269
Changes in working capital		
Net Changes in current assets	8,255	10,833
Net Changes in current liabilities	(4,634)	(15,689)
	3,621	(4,856)
Cash generated from operations	27,660	20,413
Tax paid	(3,645)	(3,281)
Interest paid	(2,777)	(2,913)
Interest received	14	2
Net cash from operating activities	21,252	14,221
Investing Activities		
Proceeds from disposal of property, plant and equipment	87	262
Proceeds from disposal of investment securities	5,914	16,182
Acquisition of investment securities	(2,989)	(14,926)
Purchase of property, plant and equipment	(15,125)	(12,462)
Dividend income from investment securities	16	97
Rental received	136	77
Net cash used in investing activities	(11,961)	(10,770)
Financing Activities		
Dividends paid	(2,577)	(3,290)
Purchase of own shares	(62)	(2,926)
Proceeds from issuance of shares	1,578	935
Bank borrowings	(4,498)	11,178
Net cash used in financing activities	(5,559)	5,897
Net Change in Cash & Cash Equivalents	3,732	9,348
Cash and cash equivalents as at 1 January	3,106	(5,679)
Cash and cash equivalents as at 30 June	6,838	3,669
Represented by:		
Cash and bank balances	9,352	9,439
Short term deposit with a license bank	3,500	-
Bank Overdrafts	(6,014)	(5,770)
	6,838	3,669



PWF CONSOLIDATED BHD. (420049-H)

(Incorporated in Malaysia)

Notes to the financial report for the quarter ended 30 June 2018

A. DISCLOSURE REQUIREMENTS AS PER FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting and Chapter 9 Part K Para 9.22 of the Bursa Malaysia Listing Requirements.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2017. These explanatory notes attached to the interim financial report 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 2017.

Malaysian Financial Reporting Standards ("MFRS")

The Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") which are mandatory for annual financial periods beginning on or after 1 January 2012 with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein referred to as 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRSs to 1 January 2018. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual period beginning on or after 1 January 2018. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS framework. Accordingly, this is the first set of financial statements where the Group has adopted the MFRS with a transition date of 1 January 2017. These standards were applied retrospectively to the comparative information in these financial statements.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. The Group apply the deemed cost exemption whereby the revalued amount as at transition date was used as cost on the transition date where it shall be the basis for subsequent depreciation and impairment. Accordingly, the revalued amount as at 1 January 2017 was used as deemed cost upon transition to MFRS on 1 January 2017. The revaluation surplus was transferred to retained profits on the date of transition to MFRS.

MFRS141 Agriculture prescribes the accounting treatment, financial statement presentation and disclosures related to agricultural activity. MFRS 141 requires biological assets to be measured on initial recognition and at each balance sheet date at their fair value less costs to sell. Changes in fair value of livestock are recognized in the statement of profit and loss.

2. Auditors' Report of the Preceding Annual Financial Statements

There was no qualification on the Group's preceding annual financial statements.

3. Seasonal or Cyclical Factors

The business of the Group was not affected by any significant seasonal or cyclical factors in this quarter.

4. Unusual Items

There were no items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their size or incidence.

5. Material Changes in Estimates

There was no material changes in estimates that had any material effect on the quarter and financial period ended 30 June 2018.

6. Debt and Equity Securities

There was no issuance, cancellations, repurchases, resale and repayments of debts and equity security during the period under review except the followings:-

- (i) Issuance of 525,000 new ordinary shares arising from the exercise of options under Employees' Share Option Scheme at an exercise price of RM0.575 per ordinary share;
- (ii) Issuance of 58,000 new ordinary shares arising from the exercise of options under Employees' Share Option Scheme at an exercise price of RM0.62 per ordinary share;
- (iii) Issuance of 2,000,000 new ordinary shares arising from the conversion of warrants at an exercise price of RM0.62 per ordinary share; and
- (iv) Repurchase of 60,000 ordinary shares from open market at an average price of RM1.03 (including transaction costs).

7. Dividend Paid

The Company has paid a second interim single tier dividend of 1.50 Sen per ordinary share in respect of the financial year ended 31 December 2017 amounting to RM2,577,162 on 7 February 2018.

8. Segmental Reporting

Segmental information has not been prepared due to the integrated nature of the Group's poultry business and that it operates wholly in Malaysia.

9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment was brought forward without any amendments from previous restated annual financial statements.

10. Subsequent Events

There were no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period.

11. Changes in the Composition of the Group

There were no changes in the Group composition during the period under review.

12. Contingent Liabilities and Contingent Assets

There were no material changes to the contingent liabilities during the reporting period.

13. Capital Commitments

Capital commitments of the Group as at end of the financial period were as follows:-

	Approved but not contracted for	Approved and contracted for
	RM'000	RM'000
Property, Plant and Equipment	38,066	2,968

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1. Review of Performance

Group revenue for the quarter and year ended 30 June 2018 was higher at RM85.7 million and RM176.8 million compared with RM84.9 million and RM168.6 million recorded in corresponding periods of preceding year, representing increase of 1.0% and 4.9% respectively. The higher revenue was mainly attributable to higher sales volume of broiler and consolidation of revenue from poultry processing.

Profit before taxation ('PBT') for the quarter and year ended 30 June 2018 dropped 77.7% and 42.2% respectively from RM9.4 million and RM16.7 million in the corresponding periods of preceding year to RM2.1 million and RM9.7 million. The lower PBT was mainly attributable to lower average selling price of broiler during the quarter.

2. Variation of Results for the Quarter Compared with the Preceding Quarter

Group revenue for the quarter ended 30 June 2018 decreased 6.0% from RM91.1 million in the immediate preceding quarter to RM85.7 million. The lower revenue was mainly due to lower average selling price of broiler during the quarter.

The profit before tax ("PBT") recorded for the quarter was RM2.1 million which is 72.5% lower compared with RM7.6 million recorded in the immediate preceding quarter. The lower result was mainly due to comparatively lower selling price of broiler and higher cost of raw materials in feeds during the quarter.

3. Commentary on Prospects

The Company is optimistic of the financial performance of the Group in the remaining year of 2018.

4. Profit Forecast

Not applicable as the Company has not issued profit forecast or profit guarantee in a public document.

5. Profit for the Period

Profit for the period is arrived at after crediting/ (charging):-

	Current Year Quarter 30-6-2018 RM '000	Current Year To Date 30-6-2018 RM '000
Interest income	12	14
Other income (including investment income)	106	263
Interest expense	(1,382)	(2,777)
Depreciation and amortization	(5,157)	(9,997)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain on disposal of quoted or unquoted investments or properties	(199)	22
Foreign exchange gain	(5)	7
Fair value loss on derivative instruments	-	-

6. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30-6-2018 RM '000	Preceding Year Corresponding Quarter 30-6-2017 RM '000	Current Year To Date 30-6-2018 RM '000	Preceding Year Corresponding Period 30-6-2017 RM '000
Current Taxation	1,079	3,549	4,043	5,520
Deferred Taxation	(172)	(504)	(1,007)	(512)
Total	907	3,045	3,036	5,008

The Group's effective tax rate for the current quarter ended 30 June 2018 is inconsistent with the statutory tax rate mainly due to certain income not subject to tax, disallowable expenses for tax purpose and losses of certain subsidiaries which cannot be set off against taxable profit made by other subsidiaries.

7. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced during the financial period to date.

8. Borrowings

Group borrowings as at 30 June 2018 are as follows: -

	30-6-2018 RM'000	31-12-2017 RM'000
<i>Current liabilities</i>		
Secured	6,576	8,966
Unsecured	78,754	82,592
	<u>85,330</u>	<u>91,558</u>
<i>Non-current liabilities</i>		
Secured	16,878	19,612
Unsecured	-	-
	<u>16,878</u>	<u>19,612</u>
	<u>102,208</u>	<u>111,170</u>

All borrowings are in Ringgit Malaysia.

9. Material Litigation

There has been no major development in the outstanding material litigation.

10. Proposed Dividends

The Company has on 30 August 2018 proposed a first interim dividend of 1.5 Sen per ordinary share in respect of financial year ending 31 December 2018.

11. Earnings Per Share

The earnings per share are computed by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issued during the financial period excluding treasury share.

The diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issued excluding treasury shares after adjustment for all dilutive potential ordinary shares.

	Individual Current Year Quarter 30-6-2018	Individual Preceding Year Quarter 30-6-2017 (Restated)	Cumulative Current Year To Date 30-6-2018	Cumulative Preceding Year To Date 30-6-2017 (Restated)
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Basic earnings per share

Profit for the period (RM'000)	1,512	6,631	7,546	12,050
Weighted average number of ordinary shares in issued (in thousands)	172,321	162,889	165,439	163,327
Basic earnings per share for the period (Sen)	0.88	4.07	4.56	7.38

Diluted earnings per share

Profit for the period (RM'000)	1,512	6,631	7,546	12,050
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Weighted average number of ordinary shares in issued(basic) (in thousands)	172,321	162,889	165,439	163,327
Effect of share options (ESOS)	868	2,058	805	1,914
Effect of warrants	12,732	13,412	14,468	13,412
Weighted average number of ordinary shares in issued (in thousands)	185,921	178,359	180,712	178,653
Diluted earnings per share for the period (Sen)	0.81	3.72	4.18	6.74

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Dated this 30th day of August 2018