



PWF CONSOLIDATED BHD.
(420049-H)

**Condensed Consolidated Financial Statements
for the Quarter Ended 31 December 2018**



PWF CONSOLIDATED BHD.

**Condensed Consolidated Statement of Financial Position
As At 31 December 2018**

	31 Dec 2018 (RM'000)	31 Dec 2017 (RM'000) (restated)	1 Jan 2017 (RM'000) (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	335,337	326,247	324,936
Investment properties	10,386	9,680	10,065
Goodwill	7,612	7,612	5,241
	<u>353,335</u>	<u>343,539</u>	<u>340,242</u>
Current assets			
Inventories	27,121	29,302	26,785
Biological assets	41,456	29,978	27,855
Trade debtors	19,755	22,833	25,933
Other debtors, including derivatives	16,772	19,476	13,965
Tax recoverable	225	24	5
Investment securities	5,053	7,965	7,301
Short term / fixed deposits with licensed bank	3,001	-	20
Cash and bank balances	10,585	13,583	7,073
	<u>123,968</u>	<u>123,161</u>	<u>108,937</u>
Total assets	<u><u>477,303</u></u>	<u><u>466,700</u></u>	<u><u>449,179</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	88,858	86,878	82,893
Share premium	-	-	751
Treasury shares	(1,623)	(1,192)	(999)
Retained profits	218,260	211,641	200,117
Other reserves	1,377	737	583
Equity attributable to owner of the Company	<u>306,872</u>	<u>298,064</u>	<u>283,345</u>
Non-controlling interest	<u>(3,592)</u>	<u>(2,203)</u>	<u>-</u>
Total equity	<u>303,280</u>	<u>295,861</u>	<u>283,345</u>
Non-current liabilities			
Long-term borrowings	15,881	19,612	24,361
Deferred taxation	21,511	19,299	20,884
	<u>37,392</u>	<u>38,911</u>	<u>45,245</u>
Current liabilities			
Trade creditors	18,950	27,508	27,803
Other creditors, including derivatives	8,338	10,353	9,001
Overdraft and short term borrowings	105,553	91,558	77,898
Taxation	1,205	2,509	2,597
Dividend payable	2,585	-	3,290
	<u>136,631</u>	<u>131,928</u>	<u>120,589</u>
Total liabilities	<u>174,023</u>	<u>170,839</u>	<u>165,834</u>
Total equity and liabilities	<u><u>477,303</u></u>	<u><u>466,700</u></u>	<u><u>449,179</u></u>
Net assets per share attributable to shareholders of the company (RM)	1.76	1.74	1.71



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**Condensed Consolidated Statement of Comprehensive Income
For The Year And Quarter Ended 31 December 2018**

	2018 Current qtr ended 31-Dec (RM'000)	2017 Current qtr ended 31-Dec (RM'000) (restated)	2018 12 months cumulative To-date (RM'000)	2017 12 months cumulative To-date (RM'000) (restated)
Revenue	90,135	84,609	351,672	346,543
Operating expenses	(81,203)	(81,723)	(324,763)	(317,238)
Other operating income	<u>229</u>	<u>286</u>	<u>778</u>	<u>3,412</u>
Profit from operations	9,161	3,172	27,687	32,717
Finance costs	(1,404)	(1,425)	(5,571)	(5,755)
Profit before taxation	<u>7,757</u>	<u>1,747</u>	<u>22,116</u>	<u>26,962</u>
Taxation	<u>(4,453)</u>	<u>(588)</u>	<u>(9,143)</u>	<u>(7,871)</u>
Profit for the period	3,304	1,159	12,973	19,091
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>3,304</u></u>	<u><u>1,159</u></u>	<u><u>12,973</u></u>	<u><u>19,091</u></u>
Attributable to:				
Equity holders of the parent	3,294	1,381	14,362	19,976
Non-controlling interest	10	(222)	(1,389)	(885)
Profit for the period	<u><u>3,304</u></u>	<u><u>1,159</u></u>	<u><u>12,973</u></u>	<u><u>19,091</u></u>
Attributable to:				
Equity holders of the parent	3,294	1,381	14,362	19,976
Non-controlling interest	10	(222)	(1,389)	(885)
Comprehensive income for the period	<u><u>3,304</u></u>	<u><u>1,159</u></u>	<u><u>12,973</u></u>	<u><u>19,091</u></u>
Earnings per share for profit attributable to equity holders of the parent				
- Basic (sen), for profit for the period	<u>1.91</u>	<u>0.82</u>	<u>8.34</u>	<u>12.14</u>
- Diluted (sen)	<u>1.83</u>	<u>0.73</u>	<u>7.76</u>	<u>10.90</u>

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 Year Ended 31 December 2018**

	← Attributable to Equity Holder of the Parent →					Total (RM'000)	Non-controlling Interest (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	Treasury Share (RM'000)	Share Premium (RM'000)	ESOS Reserve (RM'000)	Retained Profits (RM'000)			
<i>12 months ended 31 December 2018</i>								
Balance as at 1 January 2018	86,878	(1,192)	-	737	211,641	298,064	(2,203)	295,861
Total comprehensive income for the period	-	-	-	-	14,362	14,362	(1,389)	12,973
Transactions with owners:								
Issued pursuant to ESOS	740	-	-	(153)	-	587	-	587
Pursuant to ESOS granted - share based compensation	-	-	-	798	-	798	-	798
- lapse due to expiry	-	-	-	(5)	5	-	-	-
Purchase of treasury shares	-	(431)	-	-	-	(431)	-	(431)
Exercise of warrants	1,240	-	-	-	-	1,240	-	1,240
Dividend	-	-	-	-	(7,748)	(7,748)	-	(7,748)
Balance as at 31 December 2018	<u>88,858</u>	<u>(1,623)</u>	<u>-</u>	<u>1,377</u>	<u>218,260</u>	<u>306,872</u>	<u>(3,592)</u>	<u>303,280</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 Year Ended 31 December 2017**

	← Attributable to Equity Holder of the Parent →					Total (RM'000) (restated)	Non-controlling Interest (RM'000) (restated)	Total Equity (RM'000) (restated)
	Share Capital (RM'000)	Treasury Share (RM'000)	Share Premium (RM'000)	ESOS Reserve (RM'000)	Retained Profits (RM'000) (restated)			
<i>12 months ended 31 December 2017</i>								
Balance as at 1 January 2017	82,893	(999)	751	583	200,117	283,345	-	283,345
Total comprehensive income for the period	-	-	-	-	19,976	19,976	(885)	19,091
Acquisition of subsidiary	-	-	-	-	-	-	(1,318)	(1,318)
Transactions with owners:								
Issued pursuant to ESOS	2,614	-	-	(148)	-	2,466	-	2,466
Pursuant to ESOS granted - share based compensation	-	-	-	302	162	464	-	464
Exercise of warrants	620	-	-	-	-	620	-	620
Purchase of treasury shares	-	(5,528)	-	-	-	(5,528)	-	(5,528)
Share dividend	-	5,335	-	-	(5,335)	-	-	-
Dividend	-	-	-	-	(3,279)	(3,279)	-	(3,279)
Transition to no par regime on 31 January 2017 *	751	-	(751)	-	-	-	-	-
Balance as at 31 December 2017	<u>86,878</u>	<u>(1,192)</u>	<u>-</u>	<u>737</u>	<u>211,641</u>	<u>298,064</u>	<u>(2,203)</u>	<u>295,861</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 Year Ended 31 December 2018**

	12 months ended 31 Dec 2018 (RM'000)	12 months ended 31 Dec 2017 (RM'000) (Restated)
Profit before tax	22,116	26,962
Adjustment for :		
Non-Cash items	10,744	16,746
Non-Operating items	5,438	5,551
Operating profit before changes in working capital	<u>38,298</u>	<u>49,259</u>
Changes in working capital		
Net Changes in current assets	10,034	3,237
Net Changes in current liabilities	<u>(10,573)</u>	<u>(4,953)</u>
	(539)	(1,716)
Cash generated from operations	<u>37,759</u>	<u>47,543</u>
Tax paid	(8,436)	(10,013)
Interest paid	(5,571)	(5,759)
Interest received	37	10
Net cash from operating activities	<u>23,789</u>	<u>31,781</u>
Investing Activities		
Proceeds from disposal of property, plant and equipment	223	306
Proceeds from disposal of investment securities	7,801	18,840
Acquisition of subsidiary company, net of cash required	-	(682)
Acquisition of investment properties	(911)	-
Acquisition of investment securities	(7,591)	(17,678)
Purchase of property, plant and equipment	(28,855)	(22,248)
Withdrawal of fixed deposit	-	20
Dividend income from investment securities	95	198
Net cash used in investing activities	<u>(29,238)</u>	<u>(21,244)</u>
Financing Activities		
Dividends paid	(5,163)	(6,569)
Purchase of own shares	(431)	(5,527)
Proceeds from issuance of shares	1,827	3,087
Bank borrowings	13,736	7,257
Net cash from / (used in) financing activities	<u>9,969</u>	<u>(1,752)</u>
Net Change in Cash & Cash Equivalents	4,520	8,785
Cash and cash equivalents as at 1 January	<u>3,106</u>	<u>(5,679)</u>
Cash and cash equivalents as at 31 December	<u><u>7,626</u></u>	<u><u>3,106</u></u>
Represented by:		
Cash and bank balances	10,585	13,584
Short term deposit with a licensed bank	3,001	-
Bank overdrafts	<u>(5,960)</u>	<u>(10,478)</u>
	<u><u>7,626</u></u>	<u><u>3,106</u></u>



PWF CONSOLIDATED BHD. *(420049-H)*

(Incorporated in Malaysia)

Notes to the financial report for the quarter ended 31 December 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 31 December 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 945,000 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 68,000 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 2,000,960 new ordinary shares arising from the conversion of warrants at an exercise price of RM0.62 per ordinary share; and
- (iv) Repurchase of 512,800 ordinary shares from open market at an average price of RM0.84 (including transaction costs).

7. Dividend Paid

The Company has paid the following dividends :

- (i) 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.
- (ii) First interim single tier dividend of 1.50 Sen per ordinary share in respect of the financial year ending 31 December 2018 amounting to RM2,585,429 on 9 October 2018.
- (iii) Second interim single tier dividend of 1.50 Sen per ordinary share in respect of the financial year ending 31 December 2018 amounting to RM2,585,429 on 31 January 2019.

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	39,752	1,790

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1. Review of Performance

Group revenue for the quarter and year ended 31 December 2018 increased 6.5% and 1.5% from RM84.609 million and RM346.543 million recorded in corresponding periods of preceding year to RM90.135 million and RM351.672 million respectively. The quarterly and annual year on year increase was mainly attributable to higher selling price of eggs and higher sales volume of broiler. The increase in annual revenue was also attributable to increase in higher production volume of eggs.

Profit before taxation ('PBT') for the quarter reached RM7.757 million or 344.0% higher compared with RM1.747 million recorded in corresponding quarter of preceding year. The higher quarterly PBT was mainly attributable to higher margin contributed from egg division. On the other hand, PBT for the year ended 31 December 2018 was lower by 18.0% at RM22.116 million compare with RM26.962 million recorded in the preceding year due to comparatively lower average selling price of broiler.

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

Group revenue for the quarter ended 31 December 2018 rose 6.4% from RM84.696 million in the immediate preceding quarter to RM90.135 million. The higher revenue was mainly due to higher selling price of eggs and sales volume of broiler during the quarter.

The profit before tax recorded for the quarter was RM7.757 million which is 66.0% higher compared with RM4.674 million recorded in the immediate preceding quarter. The better result was mainly due to increased margin from higher selling price of eggs during the quarter and higher sales volume of broiler.

3. Commentary on Prospects

The Company is optimistic of the financial performance of the Group in the financial year of 2019.

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 31-12-2018 RM'000	Current Year To Date 31-12-2018 RM'000
Interest income	11	37
Other income (including investment income)	218	741
Interest expense	(1,404)	(5,571)
Depreciation and amortization	(5,237)	(20,348)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss on disposal of quoted or unquoted investments or properties	(1,062)	(953)
Foreign exchange loss	(125)	(66)
Fair value loss on derivative instruments	-	-

6. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31-12-2018 RM'000	Preceding Year Corresponding Quarter 31-12-2017 RM'000 (Restated)	Current Year To Date 31-12-2018 RM'000	Preceding Year Corresponding Period 31-12-2017 RM'000 (Restated)
Current Taxation	938	1,299	6,931	9,923
Deferred Taxation	3,515	(711)	2,212	(2,052)
Total	4,453	588	9,143	7,871

The Group's effective tax rate for the current quarter ended 31 December 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 31 December 2018 are as follows: -

	31-12-2018 RM'000	31-12-2017 RM'000
<i>Current liabilities</i>		
Secured	7,179	8,966
Unsecured	98,374	82,592
	<u>105,553</u>	<u>91,558</u>
<i>Non-current liabilities</i>		
Secured	15,881	19,612
Unsecured	-	-
	<u>15,881</u>	<u>19,612</u>
	<u>121,434</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

There has been no other dividend proposed other than the dividends paid before the date of this report.

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 31-12-2018	Individual Preceding Year Quarter 31-12-2017 (Restated)	Cumulative Current Year To Date 31-12-2018	Cumulative Preceding Year To Date 31-12-2017 (Restated)
Basic earnings per share				
Profit for the period (RM'000)	3,294	1,381	14,362	19,976
Weighted average number of ordinary shares in issued (in thousands)	172,362	168,505	172,185	164,580
Basic earnings per share for the period (Sen)	1.91	0.82	8.34	12.14
Diluted earnings per share				
Profit for the period (RM'000)	3,294	1,381	14,362	19,976
Weighted average number of ordinary shares in issued(basic) (in thousands)	172,362	168,505	172,185	164,580
Effect of share options (ESOS)	-	779	486	1,822
Effect of warrants	7,928	18,804	12,432	16,809
Weighted average number of ordinary shares in issued (in thousands)	180,290	188,088	185,103	183,211
Diluted earnings per share for the period (Sen)	1.83	0.73	7.76	10.90

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Dated this 28th day of February 2019