



PWF CONSOLIDATED BHD.
(420049-H)

**Condensed Consolidated Financial Statements
for the Quarter Ended 30 September 2019**



PWF CONSOLIDATED BHD.

**Condensed Consolidated Statement of Financial Position
As At 30 September 2019**

	30 Sep 2019 (RM'000)	31 Dec 2018 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	344,861	335,337
Investment properties	11,116	11,116
Goodwill	7,612	7,612
	<u>363,589</u>	<u>354,065</u>
Current assets		
Inventories	25,309	27,121
Biological assets	43,928	39,344
Trade receivables	23,161	19,769
Other receivables, deposits and prepayments	19,120	17,889
Tax recoverable	1,612	225
Investment securities	5,835	5,053
Short term deposit with licensed bank	12,519	3,001
Cash and cash equivalents	17,866	10,586
	<u>149,350</u>	<u>122,988</u>
Total assets	<u><u>512,939</u></u>	<u><u>477,053</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	88,858	88,858
Treasury shares	(1,622)	(1,622)
Retained profits	226,416	217,338
Other reserves	1,377	1,377
Equity attributable to owner of the Company	<u>315,029</u>	<u>305,951</u>
Non-controlling interest	<u>(4,351)</u>	<u>(3,592)</u>
Total equity	<u>310,678</u>	<u>302,359</u>
Non-current liabilities		
Long term borrowings	15,732	16,127
Deferred taxation	20,840	21,044
	<u>36,572</u>	<u>37,171</u>
Current liabilities		
Trade payables	26,200	19,051
Other payables and accruals	11,867	9,374
Overdraft and short term borrowings	125,346	105,308
Taxation	552	1,205
Dividend payable	1,724	2,585
	<u>165,689</u>	<u>137,523</u>
Total liabilities	<u>202,261</u>	<u>174,694</u>
Total equity and liabilities	<u><u>512,939</u></u>	<u><u>477,053</u></u>
Net assets per share attributable to shareholders of the company (RM)	1.81	1.76



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**Condensed Consolidated Statement of Comprehensive Income
For The Year And Quarter Ended 30 September 2019**

	2019 Current qtr ended 30-Sep (RM'000)	2018 Current qtr ended 30-Sep (RM'000)	2019 9 months cumulative To-date (RM'000)	2018 9 months cumulative To-date (RM'000)
Revenue	105,891	84,696	281,221	261,537
Operating expenses	(97,335)	(78,955)	(265,291)	(244,167)
Other operating income	<u>240</u>	<u>323</u>	<u>1,267</u>	<u>1,156</u>
Profit from operations	8,796	6,064	17,197	18,526
Finance costs	(1,394)	(1,390)	(4,252)	(4,167)
Profit before taxation	7,402	4,674	12,945	14,359
Taxation	<u>(2,652)</u>	<u>(1,654)</u>	<u>(2,902)</u>	<u>(4,690)</u>
Profit for the period	4,750	3,020	10,043	9,669
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>4,750</u></u>	<u><u>3,020</u></u>	<u><u>10,043</u></u>	<u><u>9,669</u></u>
Attributable to:				
Equity holders of the parent	5,104	3,522	10,802	11,068
Non-controlling interest	(354)	(502)	(759)	(1,399)
Profit for the period	<u><u>4,750</u></u>	<u><u>3,020</u></u>	<u><u>10,043</u></u>	<u><u>9,669</u></u>
Attributable to:				
Equity holders of the parent	5,104	3,522	10,802	11,068
Non-controlling interest	(354)	(502)	(759)	(1,399)
Comprehensive income for the period	<u><u>4,750</u></u>	<u><u>3,020</u></u>	<u><u>10,043</u></u>	<u><u>9,669</u></u>
Earnings per share for profit attributable to equity holders of the parent				
- Basic (sen), for profit for the period	<u>2.93</u>	<u>2.04</u>	<u>6.21</u>	<u>6.44</u>
- Diluted (sen)	<u>2.80</u>	<u>1.91</u>	<u>5.90</u>	<u>5.95</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

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**Condensed Consolidated Statement of Changes in Equity
For The Year Ended 30 September 2019**

	← Attributable to Equity Holders of the Parent →				Total (RM'000)	Non-controlling Interest (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	Treasury Share (RM'000)	ESOS Reserve (RM'000)	Retained Profits (RM'000)			
<i>9 months ended 30 September 2019</i>							
Balance as at 1 January 2019	88,858	(1,622)	1,377	217,338	305,951	(3,592)	302,359
Total comprehensive income for the period	-	-	-	10,802	10,802	(759)	10,043
Transactions with owners:							
Dividend	-	-	-	(1,724)	(1,724)	-	(1,724)
Balance as at 30 September 2019	<u>88,858</u>	<u>(1,622)</u>	<u>1,377</u>	<u>226,416</u>	<u>315,029</u>	<u>(4,351)</u>	<u>310,678</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 2018.

**Condensed Consolidated Statement of Changes in Equity
For The Year Ended 30 September 2018**

	← Attributable to Equity Holders of the Parent →				Total (RM'000)	Non-controlling Interest (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	Treasury Share (RM'000)	ESOS Reserve (RM'000)	Retained Profits (RM'000)			
<i>9 months ended 30 September 2018</i>							
Balance as at 1 January 2018	86,878	(1,192)	737	210,111	296,534	(2,203)	294,331
Total comprehensive income for the period	-	-	-	11,068	11,068	(1,399)	9,669
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	-	-	-
Exercise of warrants	1,240	-	-	-	1,240	-	1,240
Purchase of treasury shares	-	(430)	-	-	(430)	-	(430)
Dividend	-	-	-	(5,162)	(5,162)	-	(5,162)
Balance as at 30 September 2018	<u>88,858</u>	<u>(1,622)</u>	<u>1,377</u>	<u>216,022</u>	<u>304,635</u>	<u>(3,602)</u>	<u>301,033</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.

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**Condensed Consolidated Statement of Cash Flows
For The Year Ended 30 September 2019**

	9 months ended 30 Sep 2019 (RM'000)	9 months ended 30 Sep 2018 (RM'000)
Profit before tax	12,945	14,359
Adjustment for :		
Non-Cash items	24,396	12,785
Non-Operating items	4,676	4,091
Operating profit before changes in working capital	<u>42,017</u>	<u>31,235</u>
Changes in working capital		
Net Changes in current assets	(16,584)	16,586
Net Changes in current liabilities	9,642	(11,330)
	<u>(6,942)</u>	<u>5,256</u>
Cash generated from operations	<u>35,075</u>	<u>36,491</u>
Tax paid	(5,146)	(6,961)
Interest paid	(4,252)	(4,167)
Interest received	62	26
Net cash from operating activities	<u>25,739</u>	<u>25,389</u>
Investing Activities		
Proceeds from disposal of property, plant and equipment	78	144
Proceeds from disposal of investment securities	4,869	6,853
Acquisition of investment securities	(5,446)	(6,800)
Purchase of property, plant and equipment	(19,722)	(21,381)
Dividend income from investment securities	61	50
Net cash used in investing activities	<u>(20,160)</u>	<u>(21,134)</u>
Financing Activities		
Dividends paid	(2,585)	(2,577)
Purchase of own shares	-	(431)
Proceeds from issuance of shares	-	1,827
Bank borrowings	16,495	(3,489)
Net cash from / (used) in financing activities	<u>13,910</u>	<u>(4,670)</u>
Net Change in Cash & Cash Equivalents	19,489	(415)
Cash and cash equivalents as at 1 January	<u>7,627</u>	<u>3,106</u>
Cash and cash equivalents as at 30 September	<u><u>27,116</u></u>	<u><u>2,691</u></u>
Represented by:		
Cash and bank balances	17,866	13,879
Short term placement with a financial institution	12,519	-
Bank overdrafts	(3,269)	(11,188)
	<u><u>27,116</u></u>	<u><u>2,691</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018



PWF CONSOLIDATED BHD. *(420049-H)*

(Incorporated in Malaysia)

Notes to the financial report for the quarter ended 30 September 2019

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 2018. 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 2018.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2018 except for adoption of new and revised MFRSs, Amendments to MFRSs and IC Interpretations effective for annual period on or after 1st January 2019. The adoption of these MFRSs and Amendments do not have any material impact to the interim financial statements.

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 September 2019.

6. Debt and Equity Securities

There was no issuance, cancellations, repurchases, resale and repayments of debts and equity security during the period under review.

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 2018 amounting to RM2,585,429 on 31 January 2019.
- (ii) First interim single tier dividend of 1.00 Sen per ordinary share in respect of the financial year ending 31 December 2019 amounting to RM1,723,616 on 8 October 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. 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.

10. Changes in the Composition of the Group

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

11. Contingent Liabilities and Contingent Assets

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

12. 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	37,647	2,336

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1. Review of Performance

The Group recorded higher revenue for the quarter and year ended 30 September 2019 at RM105.891 million and RM281.221 million compared with RM84.696 and RM261.537 million for the corresponding quarter of preceding year. These represent increase of 25.0% and 7.5% respectively. The higher revenue was mainly attributable to increase in sales volume of broiler, higher selling price of eggs and increase in trading of raw material during the quarter and year to 30 September 2019.

The Group profit before taxation ('PBT') for the quarter rose 58.4% to RM7.402 million from RM4.674 million recorded for the corresponding quarter of preceding year. The higher quarterly PBT was attributable to improved margin from higher average selling price and increase in sales volume of both broiler and eggs, and lower cost of raw material of feed.

On the other hand, PBT for the cumulative quarters to 30 September 2019 was lower by 9.85% compared to the corresponding periods of preceding year as PBT decreased from RM14.359 million to RM12.945 million. The lower PBT was mainly due to comparatively lower average selling price of broiler during the period.

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

Group revenue for the quarter ended 30 September 2019 increased by 30.9% to RM105.891 million from RM80.868 million recorded in the immediate preceding quarter. The higher revenue was due to increase in both sales volume and selling price of broiler and eggs during the quarter.

The Group posted an increase in profit before tax of 252.8% to arrive at RM7.402 million from RM2.098 million recorded in the immediate preceding quarter. The better performance was attributable improve margin from higher selling price of broiler and eggs and higher sales volume of broiler and eggs.

3. Commentary on Prospects

The Company expects the financial performance of the Group to be satisfactory 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 30-9-2019 RM'000	Current Year To Date 30-9-2019 RM'000
Interest income	27	62
Other income (including investment income)	53	898
Interest expense	(1,394)	(4,252)
Depreciation and amortization	(5,597)	(16,032)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss on disposal of quoted or unquoted investments or properties	14	(547)
Foreign exchange gain	43	40
Fair value loss on derivative instruments	-	-

6. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30-9-2019 RM'000	Preceding Year Corresponding Quarter 30-9-2018 RM'000	Current Year To Date 30-9-2019 RM'000	Preceding Year Corresponding Period 30-9-2018 RM'000
Current Taxation	1,508	1,950	3,106	5,993
Deferred Taxation	1,144	(296)	(204)	(1,303)
Total	2,652	1,654	2,902	4,690

The Group's effective tax rate for the current quarter ended 30 September 2019 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 September 2019 are as follows: -

	30-9-2019 RM'000	31-12-2018 RM'000
<i>Current liabilities</i>		
Secured	8,001	6,933
Unsecured	117,345	98,375
	<u>125,346</u>	<u>105,308</u>
<i>Non-current liabilities</i>		
Secured	15,732	16,127
	<u>141,078</u>	<u>121,435</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 proposed a second interim single tier dividend of 1.00 Sen per ordinary share for financial year ending 31 December 2019, which is to be paid on 6 January 2020.

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 30-9-2019	Individual Preceding Year Quarter 30-9-2018	Cumulative Current Year To Date 30-9-2019	Cumulative Preceding Year To Date 30-9-2018
Basic earnings per share				
Profit for the period (RM'000)	5,104	3,522	10,802	11,068
Weighted average number of ordinary shares in issued (in thousands)	173,946	172,412	173,946	171,733
Basic earnings per share for the period (Sen)	2.93	2.04	6.21	6.44
Diluted earnings per share				
Profit for the period (RM'000)	5,104	3,522	10,802	11,068
Weighted average number of ordinary shares in issued(basic) (in thousands)	173,946	172,412	173,946	171,733
Effect of share options (ESOS)	185	203	196	689
Effect of warrants	8,117	11,891	8,807	13,596
Weighted average number of ordinary shares in issued (in thousands)	182,248	184,506	182,949	186,018
Diluted earnings per share for the period (Sen)	2.80	1.91	5.90	5.95

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Dated this 29th day of November 2019