



PWF CORPORATION BHD.

(199701004553) (420049-H)

(Formerly Known As PWF CONSOLIDATED BHD.)

**Condensed Consolidated Financial Statements
for the Quarter Ended 31 December 2019**



PWF CORPORATION BHD.
(Formerly known as PWF Consolidated Bhd.)

Condensed Consolidated Statement of Financial Position
As At 31 December 2019

| | 31 Dec 2019 | 31 Dec 2018 |
|---|-----------------------|-----------------------|
| | (RM'000) | (RM'000) |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 353,501 | 335,337 |
| Investment properties | 38,365 | 11,116 |
| Goodwill | 7,612 | 7,612 |
| | <u>399,478</u> | <u>354,065</u> |
| Current assets | | |
| Inventories | 25,016 | 27,121 |
| Biological assets | 46,564 | 39,344 |
| Trade receivables | 19,646 | 19,769 |
| Other receivables, deposits and prepayments | 12,378 | 17,889 |
| Tax recoverable | 2,814 | 225 |
| Investment securities | 5,162 | 5,053 |
| Short term placement with a financial institution | 10,504 | 3,001 |
| Cash and cash equivalents | 10,328 | 10,586 |
| | <u>132,412</u> | <u>122,988</u> |
| Total assets | <u><u>531,890</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 | 220,446 | 217,338 |
| Other reserves | 1,377 | 1,377 |
| Equity attributable to owner of the Company | <u>309,059</u> | <u>305,951</u> |
| Non-controlling interest | <u>(4,265)</u> | <u>(3,592)</u> |
| Total equity | <u>304,794</u> | <u>302,359</u> |
| Non-current liabilities | | |
| Long term borrowings | 47,963 | 16,127 |
| Deferred taxation | 21,135 | 21,044 |
| | <u>69,098</u> | <u>37,171</u> |
| Current liabilities | | |
| Trade payables | 27,484 | 19,051 |
| Other payables and accruals, including derivatives | 11,310 | 9,374 |
| Overdraft and short term borrowings | 117,479 | 105,308 |
| Taxation | 1 | 1,205 |
| Dividend payable | 1,724 | 2,585 |
| | <u>157,998</u> | <u>137,523</u> |
| Total liabilities | <u>227,096</u> | <u>174,694</u> |
| Total equity and liabilities | <u><u>531,890</u></u> | <u><u>477,053</u></u> |
| Net assets per share attributable to shareholders of the company (RM) | 1.78 | 1.76 |

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



PWF CORPORATION BHD.
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**Condensed Consolidated Statement of Comprehensive Income
For The Year And Quarter Ended 31 December 2019**

| | <u>2019</u> Current qtr ended 31-Dec (RM'000) | <u>2018</u> Current qtr ended 31-Dec (RM'000) | <u>2019</u> 12 months cumulative To-date (RM'000) | <u>2018</u> 12 months cumulative To-date (RM'000) |
|---|---|---|---|---|
| Revenue | 80,253 | 90,134 | 361,474 | 351,671 |
| Operating expenses | (84,197) | (80,691) | (349,488) | (324,884) |
| Other operating income | <u>899</u> | <u>329</u> | <u>2,163</u> | <u>1,485</u> |
| Profit/ (Loss) from operations | (3,045) | 9,772 | 14,149 | 28,272 |
| Finance income | 101 | 10 | 104 | 36 |
| Finance costs | (1,739) | (1,400) | (5,991) | (5,567) |
| Profit/ (Loss) before taxation | (4,683) | 8,382 | 8,262 | 22,741 |
| Taxation | <u>522</u> | <u>(4,469)</u> | <u>(2,380)</u> | <u>(9,159)</u> |
| Profit/ (Loss) for the period | (4,161) | 3,913 | 5,882 | 13,582 |
| Other comprehensive income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income/ (loss) for the period | <u>(4,161)</u> | <u>3,913</u> | <u>5,882</u> | <u>13,582</u> |
| Attributable to: | | | | |
| Equity holders of the parent | (4,247) | 3,903 | 6,555 | 14,971 |
| Non-controlling interest | 86 | 10 | (673) | (1,389) |
| Profit/ (Loss) for the period | <u>(4,161)</u> | <u>3,913</u> | <u>5,882</u> | <u>13,582</u> |
| Attributable to: | | | | |
| Equity holders of the parent | (4,247) | 3,903 | 6,555 | 14,971 |
| Non-controlling interest | 86 | 10 | (673) | (1,389) |
| Comprehensive income for the period | <u>(4,161)</u> | <u>3,913</u> | <u>5,882</u> | <u>13,582</u> |
| Earnings/ (Loss) per share for profit attributable to equity holders of the parent | | | | |
| - Basic (sen), for profit/(loss) for the period | <u>(2.44)</u> | <u>2.26</u> | <u>3.77</u> | <u>8.69</u> |
| - Diluted (sen) | <u>(2.35)</u> | <u>2.16</u> | <u>3.59</u> | <u>8.09</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.

PWF CORPORATION BHD
(Formerly known as PWF Consolidated Bhd.)

Condensed Consolidated Statement of Changes in Equity
For The Year Ended 31 December 2019

← Attributable to Equity Holders of the Parent →

| | Share Capital (RM'000) | Treasury Share (RM'000) | ESOS Reserve (RM'000) | Retained Profits (RM'000) | Total (RM'000) | Non-controlling Interest (RM'000) | Total Equity (RM'000) |
|--|------------------------------|-------------------------------|-----------------------------|---------------------------------|-------------------|---|-----------------------------|
| <i>12 months ended 31 December 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 | - | - | - | 6,555 | 6,555 | (673) | 5,882 |
| Transactions with owners: | | | | | | | |
| Dividend | - | - | - | (3,447) | (3,447) | - | (3,447) |
| Balance as at 31 December 2019 | <u>88,858</u> | <u>(1,622)</u> | <u>1,377</u> | <u>220,446</u> | <u>309,059</u> | <u>(4,265)</u> | <u>304,794</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 31 December 2018

← Attributable to Equity Holders of the Parent →

| | Share Capital (RM'000) | Treasury Share (RM'000) | ESOS Reserve (RM'000) | Retained Profits (RM'000) | Total (RM'000) | Non-controlling Interest (RM'000) | Total Equity (RM'000) |
|--|------------------------------|-------------------------------|-----------------------------|---------------------------------|-------------------|---|-----------------------------|
| <i>12 months ended 31 December 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 | - | - | - | 14,971 | 14,971 | (1,389) | 13,582 |
| 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 | - | - | - | (7,749) | (7,749) | - | (7,749) |
| Balance as at 31 December 2018 | <u>88,858</u> | <u>(1,622)</u> | <u>1,377</u> | <u>217,338</u> | <u>305,951</u> | <u>(3,592)</u> | <u>302,359</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.



PWF CORPORATION BHD.
(Formerly known as PWF Consolidated Bhd.)

Condensed Consolidated Statement of Cash Flows
For The Year Ended 31 December 2019

| | 12 months ended 31 Dec 2019 (RM'000) | 12 months ended 31 Dec 2018 (RM'000) |
|---|--|--|
| Profit before tax | 8,262 | 22,741 |
| Adjustment for : | | |
| Non-Cash items | 15,220 | 14,740 |
| Non-Operating items | 6,309 | 6,388 |
| Operating profit before changes in working capital | <u>29,791</u> | <u>43,869</u> |
| Changes in working capital | | |
| Net Changes in current assets | 6,093 | 3,324 |
| Net Changes in current liabilities | <u>10,369</u> | <u>(9,436)</u> |
| | 16,462 | (6,112) |
| Cash generated from operations | <u>46,253</u> | <u>37,757</u> |
| Tax paid | (6,082) | (8,436) |
| Interest paid | (5,991) | (5,567) |
| Interest received | 104 | 37 |
| Net cash from operating activities | <u>34,284</u> | <u>23,791</u> |
| Investing Activities | | |
| Proceeds from disposal of property, plant and equipment | 78 | 223 |
| Proceeds from disposal of investment securities | 6,491 | 7,801 |
| Acquisition of investment properties | (27,325) | (911) |
| Acquisition of investment securities | (6,288) | (7,591) |
| Purchase of property, plant and equipment | (37,899) | (28,842) |
| Dividend income from investment securities | 115 | 95 |
| Net cash used in investing activities | <u>(64,828)</u> | <u>(29,225)</u> |
| Financing Activities | | |
| Dividends paid | (4,310) | (5,162) |
| Purchase of own shares | - | (431) |
| Proceeds from issuance of shares | - | 1,826 |
| Bank borrowings | <u>46,166</u> | <u>13,722</u> |
| Net cash from / (used) in financing activities | <u>41,856</u> | <u>9,955</u> |
| Net Change in Cash & Cash Equivalents | 11,312 | 4,521 |
| Cash and cash equivalents as at 1 January | <u>7,627</u> | <u>3,106</u> |
| Cash and cash equivalents as at 31 December | <u><u>18,939</u></u> | <u><u>7,627</u></u> |
| Represented by: | | |
| Cash and bank balances | 10,328 | 10,586 |
| Short term placement with a financial institution | 10,504 | 3,001 |
| Bank overdrafts | <u>(1,893)</u> | <u>(5,960)</u> |
| | <u>18,939</u> | <u>7,627</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 CORPORATION BHD. (199701004553) (420049-H)

(Formerly known as PWF Consolidated Bhd.)

(Incorporated in Malaysia)

Notes to the financial report for the quarter ended 31 December 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 31 December 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 ended 31 December 2019 amounting to RM1,723,616 on 8 October 2019; and
- (iii) Second interim single tier dividend of 1.00 Sen per ordinary share for financial year ended 31 December 2019 amounting to RM1,723,616 on 6 January 2020.

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

During the quarter and year ended 31 December 2019, there have been no changes to the composition of the Group except voluntary winding-up of PinWee Food Processing Sdn. Bhd. and PinWee Chicken Trading Sdn. Bhd., both inactive wholly owned subsidiaries of PWF via its wholly owned subsidiary, PWF Farms Sdn. Bhd.

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 | 22,877 | 4,351 |

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1. Review of Performance

The Group recorded increased revenue of 2.8% for year ended 31 December 2019 RM361.474 million compared with RM351.671 million for the corresponding period of preceding year. The higher revenue was mainly attributable to higher selling price of eggs and increase in trading of raw material during the year to 31 December 2019.

However, Group revenue for quarter ended 31 December 2019 decreased by 11.0% to RM80.253 million from RM90.134 million in the corresponding quarter of preceding year. The drop was resulted from lower selling price of broiler and eggs during the quarter.

The Group recorded lower profit before taxation (“PBT”) or 63.7% drop for the year ended 31 December 2019 of RM8.262 million compared with RM22.741 million recorded for the corresponding period for the preceding year. The Group recorded a loss before tax of RM4.683 compared with RM8.382 million PBT for the corresponding quarter of preceding year. The weaker result was mostly due to lower average selling price of broiler during the quarter and year under review. Quarterly result was also adversely affected by lower selling price of eggs.

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

Group revenue for the quarter ended 31 December 2019 decreased by 24.2% from RM105.891 million recorded in the immediate preceding quarter to RM80.253 million. The lower revenue was due to decrease in selling price of broiler and eggs during the quarter.

The Group posted a loss before tax of RM4.683 million compared with PBT of RM7.402 million recorded in the immediate preceding quarter. The weaker performance was attributable to lower selling price of broiler and eggs.

3. Commentary on Prospects

The Company foresees a more challenging business environment in FY2020. The ongoing Covid-19 coronavirus epidemic poses a serious threat to the global and local economy in the months to come, further heighten the risk of slowdown in the economy. Already the impact is seen in the disruption in international supply chain and factory output, rising cost and loss of business. The extent of damage to the economy depends on how well the spread of disease is contained and it is expected the uncertainties will remain for some time. The company will continue to enhance our competitiveness and profitability to overcome negative impact from the outbreak.

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 31-12-2019 RM'000 | Current Year To Date 31-12-2019 RM'000 |
|--|---|---|
| Interest income | 101 | 104 |
| Other income (including investment income) | 23 | 921 |
| Interest expense | (1,739) | (5,991) |
| Depreciation and amortization | (5,585) | (21,617) |
| Provision for and write off of receivables | - | - |
| Provision for and write off of inventories | - | - |
| Loss on disposal of quoted or unquoted investments or properties | 10 | (537) |
| Foreign exchange gain | (3) | 37 |
| Fair value loss on derivative instruments | (37) | (37) |

6. Taxation

| | Individual Quarter | | Cumulative Quarters | |
|-------------------|---|---|---|--|
| | Current Year Quarter 31-12-2019 RM'000 | Preceding Year Corresponding Quarter 31-12-2018 RM'000 | Current Year To Date 31-12-2019 RM'000 | Preceding Year Corresponding Period 31-12-2018 RM'000 |
| Current Taxation | (817) | 938 | 2,289 | 6,931 |
| Deferred Taxation | 295 | 3,531 | 91 | 2,228 |
| Total | (522) | 4,469 | 2,380 | 9,159 |

The Group's effective tax rate for the current quarter ended 31 December 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 31 December 2019 are as follows: -

| | 31-12-2019 RM'000 | 31-12-2018 RM'000 |
|--------------------------------|----------------------|----------------------|
| <i>Current liabilities</i> | | |
| Secured | 9,355 | 6,933 |
| Unsecured | 108,124 | 98,375 |
| | <u>117,479</u> | <u>105,308</u> |
| <i>Non-current liabilities</i> | | |
| Secured | 45,848 | 16,127 |
| Unsecured | 2,115 | - |
| | <u>47,963</u> | <u>16,127</u> |
| | <u>165,442</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 not proposed any dividend since the date of last quarterly 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 31-12-2019 | Individual Preceding Year Quarter 31-12-2018 | Cumulative Current Year To Date 31-12-2019 | Cumulative Preceding Year To Date 31-12-2018 |
|--|---|---|---|---|
| Basic earnings per share | | | | |
| Profit/ (Loss) for the period (RM'000) | (4,247) | 3,903 | 6,555 | 14,971 |
| Weighted average number of ordinary shares in issued (in thousands) | 173,946 | 172,362 | 173,946 | 172,185 |
| Basic earnings/(loss) per share for the period (Sen) | (2.44) | 2.26 | 3.77 | 8.69 |
| Diluted earnings per share | | | | |
| Profit/(Loss) for the period (RM'000) | (4,247) | 3,903 | 6,555 | 14,971 |
| Weighted average number of ordinary shares in issued(basic) (in thousands) | 173,946 | 172,362 | 173,946 | 172,185 |
| Effect of share options (ESOS) | 157 | - | 187 | 486 |
| Effect of warrants | 6,448 | 7,928 | 8,257 | 12,432 |
| Weighted average number of ordinary shares in issued (in thousands) | 180,551 | 180,290 | 182,390 | 185,103 |
| Diluted earnings/(loss) per share for the period (Sen) | (2.35) | 2.16 | 3.59 | 8.09 |

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Dated this 28th day of February 2020