



PWF CORPORATION BHD.

(199701004553) (420049-H)

(Formerly Known As PWF CONSOLIDATED BHD.)

**Condensed Consolidated Financial Statements
for the Quarter Ended 30 June 2020**



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

Condensed Consolidated Statement of Financial Position
As At 30 June 2020

	30 June 2020 (RM'000)	31 Dec 2019 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	355,101	353,499
Investment properties	38,365	38,365
Goodwill	7,612	7,612
	<u>401,078</u>	<u>399,476</u>
Current assets		
Inventories	21,937	25,016
Biological assets	41,960	46,565
Trade receivables	16,587	19,673
Other receivables, deposits and prepayments	12,051	14,148
Tax recoverable	3,959	2,814
Investment securities	2,708	5,162
Short term placement with a financial institution	2,207	10,504
Cash and cash equivalents	7,871	10,328
	<u>109,280</u>	<u>134,210</u>
Total assets	<u><u>510,358</u></u>	<u><u>533,686</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	88,858	88,858
Treasury shares	(1,622)	(1,622)
Retained profits	211,500	220,211
Other reserves	1,334	1,334
Equity attributable to owner of the Company	<u>300,070</u>	<u>308,781</u>
Non-controlling interest	<u>(4,168)</u>	<u>(4,265)</u>
Total equity	<u>295,902</u>	<u>304,516</u>
Non-current liabilities		
Long term borrowings	45,611	48,051
Deferred taxation	20,198	21,414
	<u>65,809</u>	<u>69,465</u>
Current liabilities		
Trade payables	33,311	28,226
Other payables and accruals	5,763	12,363
Overdraft and short term borrowings	108,340	117,391
Taxation	1,233	1
Dividend payable	-	1,724
	<u>148,647</u>	<u>159,705</u>
Total liabilities	<u>214,456</u>	<u>229,170</u>
Total equity and liabilities	<u><u>510,358</u></u>	<u><u>533,686</u></u>
Net assets per share attributable to shareholders of the company (RM)	1.74	1.79

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.



PWF CORPORATION BHD.

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**Condensed Consolidated Statement of Comprehensive Income
For The Year And Quarter Ended 30 June 2020**

	<u>2020</u> Current qtr ended 30-Jun (RM'000)	<u>2019</u> Current qtr ended 30-Jun (RM'000)	<u>2020</u> 6 months cumulative To-date (RM'000)	<u>2019</u> 6 months cumulative To-date (RM'000)
Revenue	65,230	80,868	153,598	175,330
Operating expenses	(67,873)	(77,620)	(160,200)	(167,956)
Other operating income	<u>463</u>	<u>249</u>	<u>1,389</u>	<u>992</u>
(Loss)/Profit from operations	(2,180)	3,497	(5,213)	8,366
Finance income	25	1	38	35
Finance costs	<u>(1,736)</u>	<u>(1,400)</u>	<u>(3,417)</u>	<u>(2,858)</u>
(Loss)/Profit before taxation	(3,891)	2,098	(8,592)	5,543
Taxation	<u>(875)</u>	<u>(1,454)</u>	<u>(22)</u>	<u>(250)</u>
(Loss)/Profit for the period	(4,766)	644	(8,614)	5,293
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the period	<u>(4,766)</u>	<u>644</u>	<u>(8,614)</u>	<u>5,293</u>
Attributable to:				
Equity holders of the parent	(4,737)	600	(8,711)	5,698
Non-controlling interest	(29)	44	97	(405)
(Loss)/Profit for the period	<u>(4,766)</u>	<u>644</u>	<u>(8,614)</u>	<u>5,293</u>
Attributable to:				
Equity holders of the parent	(4,737)	600	(8,711)	5,698
Non-controlling interest	(29)	44	97	(405)
Comprehensive (loss)/income for the period	<u>(4,766)</u>	<u>644</u>	<u>(8,614)</u>	<u>5,293</u>
(Loss)/Earnings per share attributable to equity holders of the parent				
- Basic (sen)	<u>(2.75)</u>	<u>0.35</u>	<u>(5.05)</u>	<u>3.31</u>
- Diluted (sen)	<u>(2.75)</u>	<u>0.33</u>	<u>(5.05)</u>	<u>3.14</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.



PWF CORPORATION BHD
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Condensed Consolidated Statement of Changes in Equity
For The Year Ended 30 June 2020

← Attributable to Equity Holders of the Parent →

	Share Capital (RM'000)	Treasury Shares (RM'000)	ESOS Reserve (RM'000)	Retained Profits (RM'000)	Total (RM'000)	Non-controlling Interest (RM'000)	Total Equity (RM'000)
<i>6 months ended 30 June 2020</i>							
Balance as at 1 January 2020	88,858	(1,622)	1,334	220,211	308,781	(4,265)	304,516
Total comprehensive loss for the period	-	-	-	(8,711)	(8,711)	97	(8,614)
Balance as at 30 June 2020	<u>88,858</u>	<u>(1,622)</u>	<u>1,334</u>	<u>211,500</u>	<u>300,070</u>	<u>(4,168)</u>	<u>295,902</u>

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

← Attributable to Equity Holders of the Parent →

	Share Capital (RM'000)	Treasury Shares (RM'000)	ESOS Reserve (RM'000)	Retained Profits (RM'000)	Total (RM'000)	Non-controlling Interest (RM'000)	Total Equity (RM'000)
<i>6 months ended 30 June 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	-	-	-	5,698	5,698	(405)	5,293
Balance as at 30 June 2019	<u>88,858</u>	<u>(1,622)</u>	<u>1,377</u>	<u>223,036</u>	<u>311,649</u>	<u>(3,997)</u>	<u>307,652</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 2019.



PWF CORPORATION BHD.
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Condensed Consolidated Statement of Cash Flows
For The Year Ended 30 June 2020

	6 months ended 30 June 2020	6 months ended 30 June 2019
	(RM'000)	(RM'000)
(Loss)/Profit before tax	(8,592)	5,543
Adjustment for :		
Non-Cash items	10,121	6,045
Non-Operating items	4,268	3,351
Operating profit before changes in working capital	<u>5,797</u>	<u>14,939</u>
Changes in working capital		
Net Changes in current assets	10,025	8,605
Net Changes in current liabilities	<u>(1,515)</u>	<u>496</u>
	8,510	9,101
Cash generated from operations	<u>14,307</u>	<u>24,040</u>
Tax paid	(1,151)	(2,623)
Interest paid	(3,351)	(2,858)
Interest received	38	35
Net cash from operating activities	<u>9,843</u>	<u>18,594</u>
Investing Activities		
Proceeds from disposal of property, plant and equipment	45	-
Proceeds from disposal of investment securities	26,256	1,785
Acquisition of investment securities	(24,891)	(664)
Purchase of property, plant and equipment	(8,856)	(12,119)
Dividend income from investment securities	65	33
Net cash used in investing activities	<u>(7,381)</u>	<u>(10,907)</u>
Financing Activities		
Dividends paid	(1,725)	(2,585)
Bank borrowings	<u>(9,741)</u>	<u>(8,162)</u>
Net cash used in financing activities	<u>(11,466)</u>	<u>(10,747)</u>
Net Change in Cash & Cash Equivalents	(9,004)	(3,060)
Cash and cash equivalents as at 1 January	<u>18,939</u>	<u>7,627</u>
Cash and cash equivalents as at 30 June	<u><u>9,935</u></u>	<u><u>4,567</u></u>
Represented by:		
Cash and bank balances	7,871	11,013
Short term placement with a financial institution	2,207	-
Bank overdrafts	<u>(143)</u>	<u>(6,446)</u>
	<u><u>9,935</u></u>	<u><u>4,567</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 2019.



PWF CORPORATION BHD. (199701004553) (420049-H)

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(Incorporated in Malaysia)

Notes to the financial report for the quarter ended 30 June 2020

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 2019. 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 2019.

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 2019 except for adoption of new and revised MFRSs, Amendments to MFRSs and IC Interpretations effective for annual period on or after 1 January 2020. 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 June 2020.

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 a 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 30 June 2020, there have been no changes to the composition of the Group.

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	24,461	4,190

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1. Review of Performance

Group revenue for the quarter and year ended 30 June 2020 decreased 19.3% and 12.4% respectively from RM80.868 million and RM175.330 million recorded in the corresponding period of preceding year to RM65.230 million and RM153.598 million due to sudden fall in demand and selling price of broilers at the initial stage of Movement Control Order (MCO). However, the situation has improved progressively when we moved to Conditional Movement Control Order (CMCO).

The Group posted loss before taxation for the quarter and year ended 30 June 2020 of RM3.891 million and RM8.592 million respectively compared with profit before tax of RM2.098 million and RM5.543 million recorded in the corresponding quarter and year of preceding year. This is in line with the lower revenue recorded for the quarter under review.

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

Group revenue for quarter to 30 June 2020 was lower by 26.2% when compared with immediate preceding quarter. The Group recorded total revenue of RM65.230 million compared with RM88.368 million of immediate preceding quarter. The decrease was due to drop in demand and selling price of broilers from the effect of initial stage of MCO.

Loss before tax of the Group improved to RM3.891 million during the quarter under review from RM4.701 million recorded in the immediate preceding quarter, representing an improvement of 17.2%. The improved performance was attributable to higher valuation of biological assets as at end of reporting period.

3. Commentary on Prospects

The Company foresees a more challenging business environment in FY2020 as fallout from COVID-19 epidemic has had an adverse impact on consumer demand. The Company has since taken proactive measures to cushion the impact and adapt to the new environment post-pandemic.

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 30-6-2020 RM'000	Current Year To Date 30-6-2020 RM'000
Interest income	25	38
Other income (including investment income)	174	346
Interest expense	(1,736)	(3,417)
Depreciation and amortization	(3,574)	(7,155)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss on disposal of quoted or unquoted investments or properties	(121)	(1,019)
Foreign exchange gain	137	663
Fair value loss on derivative instruments	-	-

6. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30-6-2020 RM'000	Preceding Year Corresponding Quarter 30-6-2019 RM'000	Current Year To Date 30-6-2020 RM'000	Preceding Year Corresponding Period 30-6-2019 RM'000
Current Taxation	698	59	1,238	1,598
Deferred Taxation	177	1,395	(1,216)	(1,348)
Total	875	1,454	22	250

The Group's effective tax rate for the current quarter ended 30 June 2020 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

The Company has on 7 August 2020 proposed the establishment of an Employees' Share Scheme ("ESS") of up to 15% of the total issued share capital of the Company excluding treasury shares at any point in time during the duration of the scheme for eligible Directors and employees of the Company and its subsidiaries.

The proposed ESS is subject to the approval of shareholders at the forthcoming Extraordinary General Meeting to be held on 24 September 2020.

8. Borrowings

Group borrowings as at 30 June 2020 are as follows: -

	30-6-2020 RM'000	31-12-2019 RM'000
<i>Current liabilities</i>		
Secured	9,485	9,267
Unsecured	98,855	108,124
	108,340	117,391
<i>Non-current liabilities</i>		
Secured	43,766	45,936
Unsecured	1,845	2,115
	45,611	48,051
	153,951	165,442

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 is computed by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial period excluding treasury shares.

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

11. Earnings Per Share (cont'd)

	Current Year Quarter 30-6-2020	Preceding Year Quarter 30-6-2019	Current Year To Date 30-6-2020	Preceding Year To Date 30-6-2019
Basic earnings per share				
(Loss) / Profit for the period (RM'000)	(4,737)	600	(8,711)	5,698
Weighted average number of ordinary shares in issue (in thousands)	172,362	172,362	172,362	172,362
Basic (loss)/earnings per share for the period (Sen)	(2.75)	0.35	(5.05)	3.31
Diluted earnings per share				
(Loss) / Profit for the period (RM'000)	(4,737)	600	(8,711)	5,698
Weighted average number of ordinary shares in issue (basic) (in thousands)	172,362	172,362	172,362	172,362
Effect of share options (ESOS)	-	-	-	202
Effect of warrants	-	8,303	-	9,164
Weighted average number of ordinary shares in issue (in thousands)	172,362	180,665	172,362	181,728
Diluted (loss)/earnings per share for the period (Sen)	(2.75)	0.33	(5.05)	3.14

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Dated this 28th day of August 2020