

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2021

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
		30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Revenue		38,832	30,690	76,567	64,577
Cost of sales		(27,802)	(21,557)	(53,406)	(45,324)
Gross profit		11,030	9,133	23,161	19,253
Other operating income		173	107	482	372
Distribution costs		(3,250)	(2,248)	(5,971)	(4,595)
Administration expenses		(4,551)	(5,697)	(9,754)	(10,136)
Finance costs		(366)	(424)	(741)	(788)
Profit before tax		3,036	871	7,177	4,106
Tax expense	B5	(733)	(364)	(1,757)	(1,289)
Profit for the financial period		2,303	507	5,420	2,817
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		2,303	507	5,420	2,817
Profit attributable to:					
Owners of the parent		1,953	507	4,968	2,817
Non-controlling interests		350	-	452	-
		2,303	507	5,420	2,817
Total comprehensive income attributable to:					
Owners of the parent		1,953	507	4,968	2,817
Non-controlling interests		350	-	452	-
		2,303	507	5,420	2,817
Earnings per ordinary share attributable to owners of the parent:					
- Basic (sen)	B14	0.97	0.26	2.47	1.49
- Diluted (sen)	B14	0.69	0.26	1.77	1.49

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	As at 30/06/2021 RM'000	Audited As at 31/12/2020 RM'000
Non-current asset			
Property, plant and equipment		74,319	73,127
Right-of-use assets		12,310	12,605
Investment property		5,589	5,610
Biological assets		2,864	2,217
Goodwill		3,941	3,941
Other investment	B8	32	31
		<u>99,055</u>	<u>97,531</u>
Current assets			
Inventories		34,665	30,631
Trade and other receivables		30,004	33,171
Current tax assets		117	185
Cash and bank balances and short term funds		24,694	24,476
		<u>89,480</u>	<u>88,463</u>
Total assets		<u>188,535</u>	<u>185,994</u>
Equity			
Share capital		103,618	103,618
Reorganisation debit balance	B16	(59,489)	(59,489)
Retained earnings		84,953	79,985
Total attributable to owners of the parent		<u>129,082</u>	<u>124,114</u>
Non-controlling interests		6,989	6,537
Total equity		<u>136,071</u>	<u>130,651</u>
Non-current liabilities			
Borrowings	B9	28,370	30,429
Lease liabilities		274	492
Deferred tax liabilities		435	435
		<u>29,079</u>	<u>31,356</u>
Current Liabilities			
Trade and other payables		17,195	18,076
Borrowings	B9	4,291	4,369
Lease liabilities		298	337
Current tax liabilities		1,601	1,205
		<u>23,385</u>	<u>23,987</u>
Total liabilities		<u>52,464</u>	<u>55,343</u>
Total equity and liabilities		<u>188,535</u>	<u>185,994</u>
Net assets per share attributable to owners of the parent (RM)	B15	0.64	0.62

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2021

	<----- Attributable to owners of the parent ----->					
	<----- Non-distributable ----->		Distributable		Total attributable to owners of the parent RM'000	Non- controlling interest RM'000
	Share capital RM'000	Reorganisation debit balance RM'000	Retained earnings RM'000			
Balance as at 1 January 2021	103,618	(59,489)	79,985	124,114	6,537	130,651
Profit for the financial period	-	-	4,968	4,968	452	5,420
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	4,968	4,968	452	5,420
Transactions with owners:						
Dividends paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 30 June 2021	103,618	(59,489)	84,953	129,082	6,989	136,071
Balance as at 1 January 2020	92,114	(59,489)	74,709	107,334	-	107,334
Profit for the financial period	-	-	2,817	2,817	-	2,817
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	2,817	2,817	-	2,817
Transactions with owners:						
Issuance of new ordinary shares	11,504	-	-	11,504	-	11,504
Dividends paid	-	-	-	-	-	-
Total transactions with owners	11,504	-	-	11,504	-	11,504
Balance as at 30 June 2020	103,618	(59,489)	77,526	121,655	-	121,655

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

	Current year- to-date 30/06/2021 RM'000	Preceding year-to-date 30/06/2020 RM'000
Cash flows from operating activities		
Profit before tax	7,177	4,106
Adjustments for:		
Depreciation	1,609	659
Inventories written off	18	88
Inventories written down	15	1,730
Impairment loss on trade receivables	240	120
Fair value (gain)/loss on other investment	(1)	23
Interest expense	741	788
Loss on disposal of biological assets	147	-
Fair value gain on biological assets	(279)	-
Interest income	(84)	(111)
Unrealised (gain)/loss on foreign currency exchange	(187)	255
Operating profit before working capital changes	<u>9,396</u>	<u>7,658</u>
Changes in working capital:		
Inventories	(4,066)	4,628
Trade and other receivables	2,926	(5,622)
Trade and other payables	(695)	(6,602)
Cash generated from operations	<u>7,561</u>	<u>62</u>
Tax paid	<u>(1,292)</u>	<u>(983)</u>
Net cash from/(used in) operating activities	<u>6,269</u>	<u>(921)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,529)	(2,138)
Interest received	84	111
Purchase of biological assets	(599)	-
Proceeds from disposal of biological assets	84	-
Net cash used in investing activities	<u>(2,960)</u>	<u>(2,027)</u>
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings	(2,137)	5,157
Interest paid	(727)	(788)
Payment of lease liabilities	(227)	(11)
Net proceeds from issuance of shares	-	8,178
Net cash (used in)/from financing activities	<u>(3,091)</u>	<u>12,536</u>
Net increase in cash and cash equivalents	218	9,588
Cash and cash equivalents at beginning of financial period	<u>24,476</u>	<u>9,209</u>
Cash and cash equivalents at end of financial period	<u>24,694</u>	<u>18,797</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The unaudited interim financial statements have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These explanatory notes attached to the interim financial statements 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 2020 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

A2. Significant accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2020, except for the adoption of the following amendments to MFRSs during the financial year:

- *Interest Rate Benchmark Reform - Phase 2* (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to MFRS 16 *Leases*)

The adoption of the above amendments had no significant impact to the financial statements of the Group.

A3. Auditors’ report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020.

A4. Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal and cyclical factors during the current quarter and financial year-to-date under review.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date under review.

A6. Changes in estimates

There were no changes in estimates that have a material effect in the current quarter and financial year-to-date under review.

A7. Debt and equity securities

On 18 January 2021, the shareholders of the Company approved the issuance of up to 80,344,000 free warrants on the basis of 2 warrants for every 5 existing ordinary shares held by the shareholders of the Company whose names appear in the Record of Depositors of the Company on the entitlement date. Thereafter, a total of 80,343,987 new warrants of the

Company were issued and allotted to the entitled shareholders of the Company on 5 February 2021. On 10 February 2021, the Company announced that the issuance of 80,343,987 free warrants have been completed following the listing and quotation of the warrants on the Main Market of Bursa Malaysia Securities Berhad. As at 30 June 2021, none of the warrants have been exercised.

Save for the above, there were no other issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and financial year-to-date under review.

A8. Dividend

There was no dividend paid during the current quarter and financial year-to-date under review.

A9. Segmental information

The Group's operating segments are animal health products and equipment, food ingredients and others. These operating segments are required to be organised and managed separately according to the nature of products and services as well as specific expertise which require different business and marketing strategies. The segmental results are as follows:

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2021 RM'000	Preceding year quarter 30/06/2020 RM'000	Current year- to-date 30/06/2021 RM'000	Preceding year-to-date 30/06/2020 RM'000
Revenue				
Animal health products and equipment	31,365	23,771	60,811	47,970
Food ingredients	5,925	6,445	11,971	15,424
Others	1,542	474	3,785	1,183
	<u>38,832</u>	<u>30,690</u>	<u>76,567</u>	<u>64,577</u>
Profit before tax				
Animal health products and equipment	2,737	737	6,130	3,179
Food ingredients	384	294	820	1,310
Others	(85)	(160)	227	(383)
	<u>3,036</u>	<u>871</u>	<u>7,177</u>	<u>4,106</u>

A10. Property, plant and equipment

(i) Acquisitions and disposals

There were no material acquisitions and disposals during the current quarter and financial year-to-date under review.

(ii) Impairment losses

There were no material impairment losses during the current quarter and financial year-to-date under review.

(iii) Valuation

The Group has not carried out any valuation on its property, plant and equipment during the current quarter and financial year-to-date under review.

A11. Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date under review.

A13. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at the date of this report.

A14. Capital commitments

The capital commitments of the Group as at the end of the quarter under review were as follows:

	RM'000
Approved and contracted for:	
- Construction of GMP-compliant plant in Nilai, Negeri Sembilan	2,877
- Machineries and equipment	2,615
	<u>5,492</u>

A15. Significant related party transactions

The related party transactions during the current quarter and financial year-to-date under review are as follows:

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2021 RM'000	Preceding year quarter 30/06/2020 RM'000	Current year-to-date 30/06/2021 RM'000	Preceding year-to-date 30/06/2020 RM'000
Nor Livestock Farm Sdn Bhd (“NLF”) purchases milk replacer from Nor Lazuli Nutrition (“NLN”)	-	-	8	-
NLN purchases hay from NLF	11	-	26	-
One Lazuli Sdn Bhd (“OLSB”) purchases feed from NLN	5	-	9	-
OLSB provides transportation services to NLN	5	-	8	-

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2021 RM'000	Preceding year quarter 30/06/2020 RM'000	Current year-to-date 30/06/2021 RM'000	Preceding year-to-date 30/06/2020 RM'000
NLF purchases anti-inflammatory medication, mastitis medication, antibiotics, anti-parasitics and dairy milk machine parts from OLSB	24	-	37	-
NLN rents an office space from OLSB	3	-	6	-
NLF rents an office space from OLSB	1	-	1	-
NLF rents a farm land from Raja Mariam Binti Raja Rustam Shahrome and Dr Mai Lam @ Rosli Mai Lam	8	-	15	-
NLN rents a factory building from Raja Mariam Binti Raja Rustam Shahrome and Dr Mai Lam @ Rosli Mai Lam	8	-	15	-
OLSB rents an office space from Raja Mariam Binti Raja Rustam Shahrome	45	-	90	-

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

The Group recorded revenue of approximately RM38.83 million for the current quarter, an increase of approximately RM8.14 million compared to the revenue of approximately RM30.69 million in the preceding year's corresponding quarter. Revenue from animal health products and equipment increased by approximately RM7.60 million from approximately RM23.77 million in the preceding year's corresponding quarter to approximately RM31.37 million in the current quarter with approximately RM6.19 million being contributed by the newly acquired subsidiaries, OLSB and NLN, which became part of the Group upon completion of the acquisitions on 1 July 2020. Revenue from food ingredients decreased by approximately RM0.52 million from approximately RM6.45 million in the preceding year's corresponding quarter to approximately RM5.93 million in the current quarter, but the decrease was compensated by revenue from dairy farming which is segmented under others, of approximately RM0.99 million contributed by another newly acquired subsidiary, NLF.

In line with the increase in revenue, the Group's profit before tax for the current quarter of approximately RM3.04 million was approximately RM2.17 million higher compared to the profit before tax of approximately RM0.87 million reported for the preceding year's corresponding quarter.

For the financial year-to-date under review, the Group recorded revenue of approximately RM76.57 million, an increase of approximately RM11.99 million compared to the revenue of approximately RM64.58 million in the corresponding period of the preceding year. Revenue from animal health products and equipment increased by approximately RM12.84 million from approximately RM47.97 million in the corresponding period of the preceding year to approximately RM60.81 million in the current period with approximately RM9.89 million being contributed by OLSB and NLN. Revenue from food ingredients decreased by approximately RM3.45 million from approximately RM15.42 million in the preceding year's corresponding period to approximately RM11.97 million in the current period, but the decrease was compensated by revenue from dairy farming which is segmented under others, of approximately RM2.55 million contributed by NLF.

B2. Material changes in the quarterly results compared to the immediate preceding quarter

The Group's revenue of approximately RM38.83 million for the current quarter was approximately RM1.09 million higher compared to the revenue of approximately RM37.74 million reported for the preceding quarter. Revenue from animal health products and equipment increased by approximately RM1.92 million from approximately RM29.45 million in the preceding quarter to approximately RM31.37 million in the current quarter. Revenue from food ingredients decreased by approximately RM0.12 million from approximately RM6.05 million in the preceding quarter to approximately RM5.93 million in the current quarter.

The Group's profit before tax for the current quarter of approximately RM3.04 million was approximately RM1.10 million lower compared to the profit before tax of approximately RM4.14 million reported for the preceding quarter. This was mainly due to the decrease in gross profit compared to the preceding quarter.

B3. Prospects

The continued expansion of our capacity and operations through our future plans would provide a platform to grow and sustain our business. The Group will continue to focus on strengthening its production capabilities, product competitiveness and market position, while

constantly seeking ways to mitigate the risks associated with its business. The Group will also continue to improve its internal controls and processes based on prudent management practices. In addition to improving on current operations, the Group is vigilant in identifying new business opportunities that has the potential for continuous growth and expansion.

In line with the projected growth of the Malaysian economy, the livestock industry is also anticipated to grow due to the corresponding growing Malaysian population resulting in the demand for meat as a source of protein to soar. The estimated increase in livestock in Malaysia is expected to result in correlating increase in demand for animal pharmaceutical and veterinary products, including animal feed to meet the rising needs. This is expected to augur well for the Group to ride on the growth trajectory in line with the government's endeavour to develop a sustainable livestock industry in the country for national food security.

We are also anticipating growth in our dairy production business segment due to the projected uptrend in the local market. The production of milk in Malaysia was expected to increase in line with the government's aim to increase the country's fresh milk self-sufficiency level to 100% within five years and this will create abundant opportunities for the Group to capitalise on.

The Covid-19 pandemic that has been sweeping the globe in recent times has been anticipated to have a negative impact on the Malaysian macro-economy as well as on the economic welfare of its population. Notwithstanding these developments, the Group which is actively involved in the animal health and nutrition market, is within the ambit of the food industry's supply chain and the Board is cautiously optimistic of the minimal impact that the pandemic will have on our operations.

B4. Profit forecast

The Group has not issued any profit forecast in any form of public documentation and announcement.

B5. Tax expense

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Current tax				
Current year	733	364	1,757	1,289

The effective tax rates of the Group for the current quarter and financial year-to-date of 24.14% and 24.48% respectively were higher than the statutory tax rate of 24.00% as certain subsidiaries were in loss making positions and that certain expenses are non-allowable for tax purposes.

B6. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging / (crediting):				
Depreciation	870	348	1,609	659
Inventories written off	5	197	18	88
Inventories written down	14	1,650	15	1,730
Impairment loss on trade receivables	120	120	240	120
Fair value (gain)/loss on other investment	(1)	9	(1)	23
Interest expense	366	424	741	788
Loss on disposal of biological assets	89	-	147	-
Fair value gain on biological assets	(142)	-	(279)	-
Loss on foreign currency exchange	362	163	366	477
Interest income	(42)	(60)	(84)	(111)

Save for the above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B7. Status of corporate proposals

There is no corporate proposal announced but not completed as at the date of this report.

B8. Other investment

	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000
Financial asset at fair value through profit or loss		
Quoted shares in Malaysia	50	50
Less: Impairment loss	(18)	(19)
	<u>32</u>	<u>31</u>

B9. Borrowings

	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000
Non-current liabilities (secured)		
Term loans	<u>28,370</u>	<u>30,429</u>
Current liabilities (secured)		
Term loans	<u>4,291</u>	<u>4,369</u>
Total borrowings	<u><u>32,661</u></u>	<u><u>34,798</u></u>

All borrowings are denominated in Ringgit Malaysia.

B10. Material litigation

There was no litigation which has a material effect on the financial position of the Group and the Board was not aware of any proceedings pending or of any fact likely to give rise to any proceedings as at the date of this report.

B11. Dividend

The Company had on 13 April 2021 announced a proposed final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2020, subject to the approval of shareholders being obtained at the Seventh Annual General Meeting (“7th AGM”). However, due to the implementation of a “total lockdown” beginning 1 June 2021 by the Government of Malaysia, the Company had subsequently on 2 June 2021 announced that the 7th AGM which was originally scheduled to be on 15 June 2021 be postponed to a later date.

In order to facilitate a timely dividend payment to the shareholders, the Board of Directors had on 4 June 2021 resolved to reclassify the proposed final single tier dividend to an interim single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2020, which shareholders’ approval is not required to be obtained. The dividend was paid on 15 July 2021 and had been accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

B12. Derivative financial instruments

The Group does not have any derivative financial instruments as at the end of the current quarter.

B13. Gains/losses arising from fair value changes of financial liabilities

There were no material gains or losses arising from fair value changes of financial liabilities during the current quarter and financial year-to-date under review.

B14. Earnings per share

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2021	Preceding year quarter 30/06/2020	Current year-to-date 30/06/2021	Preceding year-to-date 30/06/2020
Profit attributable to owners of the parent (RM'000)	1,953	507	4,968	2,817
Weighted average number of ordinary shares in issue ('000)	200,860	195,902	200,860	189,251
Shares under warrant deemed to have been issued for no consideration ('000)	80,344	-	80,344	-
Weighted average number of ordinary shares for computing diluted earnings per share ('000)	281,204	195,902	281,204	189,251
Earnings per share				
- Basic (sen)	0.97	0.26	2.47	1.49
- Diluted (sen)	0.69	0.26	1.77	1.49

B15. Net assets per share

Net assets per share attributable to owners of the parent is arrived at by dividing the total equity attributable to owners of the parent at the end of the financial period by the number of ordinary shares in issue at the end of the financial period.

	As at 30/06/2021	As at 31/12/2020
Total equity attributable to owners of the parent (RM'000)	129,082	124,114
Number of ordinary shares in issue ('000)	200,860	200,860
Net assets per share attributable to owners of the parent (RM)	0.64	0.62

B16. Reorganisation debit balance

The reorganisation debit balance arose from the acquisition of RMM on 28 September 2016 based on the difference between the share capital issued by the Company and the share capital issued by RMM amounting to approximately RM59.49 million.