

PART A – Explanatory Notes Pursuant to FRS 134 – Paragraph 16**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Amendments to FRS 134: Interim Financial Reporting (Improvements to FRSs (2012)) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017. 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 year ended 31 March 2017.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2017, except for the adoption of the following new and revised Financial Reporting Standards (“FRS”) and Amendments to FRSs that have become effective for the financial periods beginning 1 April 2017: -

Description	Effective date for financial periods beginning on or after
FRS 107: Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
FRS 112: Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Amendment to FRS 12: Disclosure of Interest in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)	1 January 2017

The adoption of the above FRSs and Amendments to FRSs did not have any significant effects on the interim financial statements.

The Group has not early adopted the following Amendments to FRSs, which have been issued and will be effective for the financial periods as stated below: -

Description	Effective date for financial periods beginning on or after
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Deferred

The Amendments to FRSs will be adopted by the Group when they become effective and that the initial applications of these Standards will have no material impact on the financial statements of the Group, except as disclosed below:

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- Gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognized in the entity’s financial statements only to the extent of unrelated investors’ interest in the associate or joint venture; and

- Gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognized in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

Malaysian Financial Reporting Standards

The Group falls within the Transitioning Entities of the Malaysian Accounting Standards Board (MASB)'s new approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS"); and accordingly, will only be issuing its first MFRS compliant financial statements for the period beginning 1 April 2018.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2017 was not qualified.

A3. Segmental Information

	3 months ended		Increase/ (decrease)
	30-Jun-17	30-Jun-16	(decrease)
	RM'000	RM'000	%
Segment revenue			
Poultry & related products	39,023	41,949	-7%
Extraction & sale of sand	699	733	-5%
Others	90	-	0%
Total	<u>39,812</u>	<u>42,682</u>	<u>93%</u>
Segment results			
Segment profit :			
Poultry & related products	80	6,496	-99%
Investment holdings	(33)	(1,320)	-97%
Extraction & sale of sand	191	354	-46%
Property development	(939)	(686)	-37%
(Loss)/profit before tax	<u>(701)</u>	<u>4,844</u>	<u>-114%</u>
Less: Tax expense	(358)	(1,775)	-80%
(Loss)/profit net of tax	<u>(1,059)</u>	<u>3,069</u>	<u>-135%</u>

A4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 30 June 2017.

A5. Changes in Estimate

There were no changes in the estimates that have had a material effect in the current quarter results.

A6. Comments about Seasonal or Cyclical Factors

The Group's performance is not significantly affected by major festive seasons.

A7. Dividends Paid

On 7 April 2017, the Company has paid an interim single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 March 2017 amounting to RM1,951,560.

A8. Carrying Amount of Revalued Assets

There was no other changes in the valuation of property, plant and equipment brought forward from the previous annual financial statements.

A9. Debt and Equity Securities

There were no issuances, repurchases, and repayments of debt and equity securities during the quarter under review.

A10. Changes in Composition of the Group

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

A11. Changes in Contingent Liabilities and Contingent Assets

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 March 2017.

A12. Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements or to be disclosed as at the date of this report.

A13. Profit for the Period

Profit for the period is arrived at after crediting/ (charging):

	Current Quarter	
	3 months ended	
	30-Jun-17	30-Jun-16
	(RM'000)	(RM'000)
Interest income	84	141
Other income including investment income	593	279
Interest expense	(1,329)	(575)
Depreciation & amortisation	(1,748)	(1,628)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain on disposal of :		
Quoted shares	14	18
Unquoted investments	-	-
Properties	-	-
Impairment of assets	(68)	(983)
Foreign exchange gain:-		
Realised gain	45	201
Unrealised (loss)/gain	(99)	(4)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

A14. Realised and Unrealised Profits Disclosure

	Group	
	As at 30.6.2017 (RM'000)	As at 31.3.2017 (RM'000)
Total retained profits of the Group and the Company :-		
Realised profits	129,530	130,686
Unrealised (loss)/profits	(4,919)	(5,020)
	<u>124,611</u>	<u>125,666</u>
Add : Consolidation adjustments	2,194	2,197
Retained profits as per consolidated accounts	<u>126,805</u>	<u>127,863</u>

B. BMSB Listing Requirements (Part A of Appendix 9B)**B1. Review of Performance**

	Individual Quarter 1st Quarter		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter	
	30/6/2017	30/6/2016	
	RM'000	RM'000	
Revenue	39,812	42,682	-6.72%
Operating Profit	59	5,975	-99.01%
Profit Before Interest and Tax	628	5,419	-88.41%
(Loss)/Profit Before Tax	(701)	4,844	-114.47%
(Loss)/Profit After Tax	(1,059)	3,069	-134.51%
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(1,059)	3,069	-134.51%

The Group registered a revenue of RM39.81 million and a loss net of tax of RM1.06 million for the current quarter as compared to a revenue of RM42.68 million and a profit net of tax of RM3.07 million in the same quarter of previous year. The decline in revenue and earnings was due mainly to the drop in egg prices and increase in cost of sales.

B2. Variation of result Against Preceding Quarter

	Current Year Quarter	Immediate Preceding Quarter	Changes	
	30/6/2017	31/3/2017	Amount	%
	RM'000	RM'000	RM'000	
Revenue	39,812	39,604	208	0.53%
Operating Profit	59	2,054	(1,995)	-97.13%
Profit Before Interest and Tax	628	4,492	(3,864)	-86.02%
(Loss)/Profit Before Tax	(701)	3,219	(3,920)	-121.78%

The Group posted a loss before tax of RM0.7 million for the current quarter versus profit of RM3.22 million in the preceding quarter. The decrease in earnings was due mainly to the drop in egg prices and increase in cost of major raw materials namely corns and soybean.

B3. Commentary on Prospects

The Board views the next period to continue to be challenging due to low egg prices whilst costs of major raw materials may continue to be volatile due to the US dollar exchange rate.

No material contributions are expected from the other segments.

B4. Profit Forecast or Profit Guarantee

This is not applicable.

B5. Tax Expenses

	3 months ended 30.6.17 RM'000	3 months ended 30.6.16 RM'000
Income tax expense	359	1,778
Deferred tax expense	(1)	(3)
Total	358	1,775

The effective tax rate for the current period is higher than the statutory rate of 24% due to certain unallowable expenses.

B6. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 8 August 2017.

(b) Status of Utilisation of Proceeds

Not applicable as there was no corporate proposal to raise funds.

B7. Borrowings

- a) The analysis of Group borrowings classified under short term and long-term categories are as follows:

	As at 30.06.2017	As at 30.06.2016
	RM'000	RM'000
Short term		
<i>Secured:-</i>		
Term loans	5,185	2,597
Banker acceptance	1,864	-
Revolving credit	10,000	-
Sub-total	<u>17,049</u>	<u>2,597</u>
<i>Unsecured:-</i>		
Term loans	1,732	1,655
Banker acceptance	5,246	5,282
Revolving credit	5,000	10,000
Sub-total	<u>11,978</u>	<u>16,937</u>
Long term		
<i>Secured:-</i>		
Term loans	<u>62,840</u>	<u>28,333</u>
<i>Unsecured:-</i>		
Term loans	<u>745</u>	<u>2,526</u>
Total borrowings	<u>92,612</u>	<u>50,393</u>

- b) There were no borrowings in foreign currency as at 30 June 2017.
- c) Drawdown of the term loans were utilized for the acquisitions of lands.
- d) Effective average cost of borrowings based on exposure as at 30 June 2017 was 6.00% (2016: 6.20%).

B8. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at 30 June 2017.

B9. Changes in Material Litigations

There were no material litigations involving the Group for the current quarter under review.

B10. Dividend Payable

No dividend has been declared in the financial period ended 30 June 2017 (30 June 2016: Nil)

B11. Earnings per share (“EPS”)

	3 months ended	
	30-Jun-17	30-Jun-16
	RM'000	RM'000
(Loss)/profit attributable to ordinary shareholders of the parent	(1,059)	3,069
Number of shares in issue ('000)	130,104	130,104
Basic EPS (sen per share)	(0.81)	2.36

Diluted earnings per share are not applicable for the respective periods as there is no dilution effect on the number of shares.

B12. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with resolution of the directors on 16 August 2017.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2015 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
26	2015	Interim dividend	43,468	10% per RM1.00 share, single tier	4,337	8.4.2015
27	2015	Final dividend	130,104	5% per RM0.50 share, single tier	3,253	6.10.2015
28	2016	Interim dividend	130,104	5% per RM0.50 share, single tier	3,253	8.4.2016
29	2016	Final dividend	130,104	3% per RM0.50 share, single tier	1,952	6.10.2016
30	2017	Interim dividend	130,104	1.5 sen per share, single tier	1,952	7.4.2017
31	2017	Final dividend	130,104	1.5 sen per share, single tier	1,952	6.10.2017