

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 MFRS 134: Interim Financial Reporting 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 2019. 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 2019.

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 2019, except for the adoption of the following new and revised Malaysian Financial Reporting Standards (“MFRS”) and Amendments to MFRSs that have become effective for the financial periods beginning 1 April 2019:

| | |
|---|----------------|
| MFRS 9: Prepayment Features with Negative Compensation (Amendments to MFRS 9) | 1 January 2019 |
| MFRS 16: Leases | 1 January 2019 |
| MFRS 128: Long-term Interest in Associates and Joint Ventures (Amendments to MFRS 128) | 1 January 2019 |
| Annual Improvements to MFRS Standards 2015-2017 Cycle | 1 January 2019 |
| MFRS 119: Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119) | 1 January 2019 |
| IC Interpretation 23: Uncertainty over Income Tax Treatments | 1 January 2019 |

The Group has not early adopted the following new and Amendments to MFRSs, 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 |
|---|--|
| MFRS 101: Definition of Material (Amendments MFRS 101) | 1 January 2020 |
| MFRS 3: Business Combination (Amendments to MFRS 3) | 1 January 2020 |
| MFRS 108: Definition of Material (Amendments to MFRS 108) | 1 January 2020 |
| Amendments to 134: Interim Financial Reporting | 1 January 2020 |
| Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets | 1 January 2020 |
| Amendments to MFRS 138: Intangible Assets | 1 January 2020 |
| Amendments to IC Interpretations 22: Foreign Currency Transactions and Advance Consideration | 1 January 2021 |
| MFRS17: Insurance Contracts | |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

The new and amendments to MFRSs will be adopted by the Group when they become effective and that the initial applications of these Standards are not expected to have material impact on the financial statements of the Group.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2019 was not qualified.

A3. Segmental Information

| | 3 months ended | | | 9 months ended | | |
|----------------------------|---------------------|---------------------|-------------|---------------------|---------------------|-------------|
| | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 | Change % | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 | Change % |
| Segment revenue | | | | | | |
| Poultry & related products | 48,597 | 53,485 | -9% | 148,293 | 138,494 | 7% |
| Extraction & sale of sand | 771 | 648 | 19% | 1,990 | 1,599 | 24% |
| Investment holdings | 90 | 90 | 0% | 270 | 270 | 0% |
| Total | 49,458 | 54,223 | -9% | 150,553 | 140,363 | 7% |
| Segment results | | | | | | |
| Poultry & related products | 9,557 | 14,704 | -35% | 29,740 | 25,853 | 15% |
| Extraction & sale of sand | 21 | 130 | -84% | (3,324) | 18 | -18569% |
| Investment holdings | (648) | (670) | 3% | (2,592) | (2,299) | -13% |
| Property development | (212) | (219) | 3% | (1,914) | (612) | -213% |
| Profit before tax | 8,717 | 13,945 | -37% | 21,910 | 22,960 | -5% |
| Less: Tax expense | (3,107) | (4,202) | 26% | (8,382) | (7,539) | -11% |
| Profit net of tax | 5,610 | 9,743 | -42% | 13,528 | 15,421 | -12% |

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 31 December 2019.

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 25th October 2019, the Company paid a final dividend of 1 sen per ordinary share in respect of financial year ended 31 March 2019 which amounted to RM1.30 million.

A8. Carrying Amount of Fixed Assets

In the quarter ended 30 June 2019, the Group's certain assets were impaired in accordance to the Group's accounting policy giving rise to impairment loss of RM4.31 million net of deferred taxation. This was based on results of valuations carried out in August 2019 by professional independent valuers namely Cheston International (KL) Sdn. Bhd. and Henry Butcher (Sel) Sdn. Bhd..

A8. Carrying Amount of Fixed Assets (contd.)

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 2019.

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 | | Cumulative Quarter | |
|--|------------------------|------------------|---------------------------|------------------|
| | 3 months ended | | 9 months ended | |
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-19 | 31-Dec-18 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Interest income | 264 | 122 | 730 | 328 |
| Other income including investment income | 306 | 273 | 1,109 | 1,283 |
| Interest expense | (1,111) | (1,268) | (3,374) | (3,900) |
| Depreciation & amortisation | (2,094) | (2,110) | (6,285) | (6,363) |
| Fair value changes on biological assets | (644) | 3,352 | (1,250) | 9,050 |
| Provision for and write off of receivables | - | - | - | - |
| Provision for and write off of inventories | - | - | - | - |
| Gain on disposal of : | | | | |
| Quoted shares | - | - | - | - |
| Unquoted investments | - | - | - | - |
| Properties | - | - | - | - |
| Impairment of assets | - | - | (4,652) | - |
| Foreign exchange (loss)/gain:- | | | | |
| Realised (loss)/gain | 16 | 237 | 93 | 584 |
| Unrealised (loss)/gain | (39) | 35 | (36) | 88 |
| Gain/(loss) on derivatives | - | - | - | - |
| Exceptional items | - | - | - | - |

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

| | Current Quarter RM'000 | Preceding Year Corresponding Quarter RM'000 | Change % | Current Year To date RM'000 | Preceding year corresponding period RM'000 | Change % |
|----------------------------|---------------------------------------|--|---------------------|--|---|---------------------|
| Segment revenue | | | | | | |
| Poultry & related products | 48,597 | 53,485 | -9% | 148,293 | 138,494 | 7% |
| Extraction & sale of sand | 771 | 648 | 19% | 1,990 | 1,599 | 24% |
| Investment holdings | 90 | 90 | 0% | 270 | 270 | 0% |
| Total | 49,458 | 54,223 | -9% | 150,553 | 140,363 | 7% |
| Segment result | | | | | | |
| Poultry & related products | 9,557 | 14,704 | -35% | 29,740 | 25,853 | 15% |
| Extraction & sale of sand | 21 | 130 | -84% | (3,324) | 18 | -18569% |
| Investment holdings | (648) | (670) | 3% | (2,592) | (2,299) | -13% |
| Property development | (212) | (219) | 3% | (1,914) | (612) | -213% |
| Profit before tax | 8,717 | 13,945 | -37% | 21,910 | 22,960 | -5% |
| Less: Tax expense | (3,107) | (4,202) | 26% | (8,382) | (7,539) | -11% |
| Profit net of tax | 5,610 | 9,743 | -42% | 13,528 | 15,421 | -12% |

The Group registered a revenue of RM49.46 million and a profit net of tax of RM5.61 million for the current quarter as compared to a revenue of RM54.22 million and a profit net of tax of RM9.74 million in the same quarter of previous year. Revenue from poultry segment decreased by 9% mainly due to drop in egg prices as compared to the same quarter of previous year. Consequently, the Group profit declined by 42% compounded by the fair value loss of biological assets in the current quarter as compared to fair value gain in the same quarter of previous year.

For the financial year-to-date, the Group recorded a revenue of RM150.55 million and a net profit of RM13.53 million as compared to revenue of RM140.36 million and net profit of RM15.42 million in the corresponding period of previous year. Poultry segment recorded a 7% increase in revenue arising from improved egg prices as compared to preceding year corresponding period. Poultry segment profit increased by 15%. Overall increase in net profit of the Group was off-set by fair value gain of biological assets in the preceding year corresponding period and impairment loss in the current year period.

Investment holdings segment recorded loss due mainly to financing cost on investment properties.

Property development segment has not recorded any revenue and earnings as the Group's property development projects have not been launched.

B2. Variation of result Against Preceding Quarter

| | Current Quarter | Immediate Preceding Quarter | Change |
|----------------------------|------------------------|--|---------------|
| | RM'000 | RM'000 | % |
| Segment revenue | | | |
| Poultry & related products | 48,597 | 52,250 | -7% |
| Extraction & sale of sand | 771 | 507 | 52% |
| Investment holdings | 90 | 90 | 0% |
| Total | <u>49,458</u> | <u>52,847</u> | <u>-6%</u> |
| Segment result | | | |
| Poultry & related products | 9,557 | 11,847 | -19% |
| Extraction & sale of sand | 21 | (28) | 174% |
| Investment holdings | (648) | (1,122) | 42% |
| Property development | (212) | (230) | 8% |
| Profit before tax | <u>8,717</u> | <u>10,466</u> | <u>-17%</u> |

The Group posted a profit before tax of RM8.72 million for the current quarter versus profit before tax of RM10.47 million in the preceding quarter. Revenue from poultry segment decreased by 7% due to drop in egg prices. Poultry segment's earnings decreased by 19% in tandem with lower revenue. Overall, the Group's earnings decreased by 17%.

B3. Commentary on Prospects

The Board views the next period to continue to be challenging due to over-supply of eggs and its price volatility.

No material contributions are expected from the other segments in the next period.

B4. Profit Forecast or Profit Guarantee

This is not applicable.

B5. Tax Expenses

| | 9 months ended 31.12.19 RM'000 | 9 months ended 31.12.18 RM'000 |
|------------------------|--------------------------------------|--------------------------------------|
| Income tax expense | 9,020 | 5,140 |
| Real property gain tax | 2 | 1,136 |
| Deferred tax | (640) | 1,263 |
| Total | <u>8,382</u> | <u>7,539</u> |

The effective tax rate for the current period is higher than the statutory rate of 24% due to the effects of non-taxable income and unallowable expenses in respective periods.

B6. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 18 February 2020.

(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 31.12.2019 | As at 31.12.2018 |
|-------------------------|------------------|------------------|
| | RM'000 | RM'000 |
| Short term | | |
| <i>Secured:-</i> | | |
| Term loans | 7,681 | 7,130 |
| Banker acceptance | 922 | 1,772 |
| Revolving credit | 12,500 | 9,500 |
| | <u>21,103</u> | <u>18,402</u> |
| <i>Unsecured:-</i> | | |
| Term loans | - | 395 |
| Banker acceptance | 1,396 | 4,427 |
| | <u>1,396</u> | <u>4,822</u> |
| | <u>22,499</u> | <u>23,224</u> |
| Long term | | |
| <i>Secured:-</i> | | |
| Term loans | 49,576 | 57,306 |
| | <u>72,075</u> | <u>80,530</u> |
| Total borrowings | <u>72,075</u> | <u>80,530</u> |

b) There were no borrowings in foreign currency as at 31 December 2019.

c) Effective average cost of borrowings based on exposure as at 31 December 2019 was 6.06% (2018: 6.15%).

B8. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at 31 December 2019.

B9. Changes in Material Litigations

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

B10. Dividend Payable

On 25 February 2020, the Board of Directors has declared an interim dividend of 0.5 sen per ordinary share in respect of the financial year 31 March 2020, to be paid on 3 April 2020. The entitlement date for the dividend payment is 5 March 2020.

B11. Earnings per share (“EPS”)

| | 3 months ended | | 9 months ended | |
|---|---------------------|---------------------------------|---------------------|---------------------------------|
| | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 Restated | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 Restated |
| Profit attributable to ordinary shareholders of the parent | 5,610 | 9,743 | 13,528 | 15,421 |
| Number of shares in issue ('000) | 130,104 | 130,104 | 130,104 | 130,104 |
| Basic EPS (sen per share) | 4.31 | 7.49 | 10.40 | 11.85 |

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 25 February 2020.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2018 up to the date of this report.

| Dividend No. | Financial Year | Type | No. of shares (000) | Rate | RM ('000) | Payment Date |
|--------------|----------------|------------------|---------------------|--------------------------------|-----------|--------------|
| 32 | 2018 | Interim dividend | 130,104 | 1 sen per share, single tier | 1,301 | 6.4.2018 |
| 33 | 2018 | Final dividend | 130,104 | 1 sen per share, single tier | 1,301 | 5.10.2018 |
| 34 | 2019 | Interim dividend | 130,104 | 1 sen per share, single tier | 1,301 | 12.4.2019 |
| 35 | 2019 | Final dividend | 130,104 | 1 sen per share, single tier | 1,301 | 25.10.2019 |
| 36 | 2020 | Interim dividend | 130,104 | 0.5 sen per share, single tier | 651 | 3 .4.2020 |