

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 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 2006. 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 2006.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2006 except for the adoption of the following new/revised Financial Reporting Standards (FRS) effective for financial period beginning 1 April 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition to the above, the Group has also taken the option of early adoption of the following revised FRSs for the financial period beginning 1 April 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above new/revised FRS does not have significant financial impact on the Group except as disclosed below:-

(a) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after tax results of associates and other disclosure. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

(b) FRS 117 : Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 April 2006, leasehold land was classified as property, plant and equipment and was stated at valuation less accumulated depreciation and impairment losses. The leasehold land was last revalued in 2005.

Upon the adoption of the revised FRS 117 at 1 April 2006, the unamortised revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payment as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note A3, certain comparative amounts as at 31 March 2006 have been restated.

A3. Comparatives

The following comparative amounts have been restated due to the adoptions of revised FRSs:-

	Previously stated	FRS 117	Restated
	RM000	RM000	RM000
As at 31 March 2006			
Property, plant and equipment	80,040	(1,714)	78,326
Prepaid lease payments	-	1,714	1,714

A4. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2006 was not qualified.

A5. Segmental Information

	3 months ended 30 June	
	2006	2005
Segment revenue		
Revenue from continuing operations		
Poultry farming	20,067	21,977
Investment holdings	-	-
Others	-	-
Total revenue including inter-segment sales	20,067	21,977
Elimination of inter-segment sales	(139)	(120)
Total	19,928	21,857
Segment results		
Results from continuing operations		
Poultry farming	1,382	4,305
Investment holdings	164	77
Others	(26)	(22)
Total	1,520	4,360
Elimination	(5)	5
Total	1,515	4,365

A6. 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 period ended 30 June 2006.

A7. Changes in Estimate

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

A8. Comments about Seasonal or Cyclical Factors

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

A9. Dividends Paid

There were no dividends paid during the quarter under review.

A10. Carrying Amount of Revalued Assets

There were no amendments in the valuation of property, plant and equipment brought forward from the previous annual financial statements.

A11. Debt and Equity Securities

During the period under review, the Company issued 5,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise prices of RM1.05 per ordinary share.

Save as disclosed above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A12. Changes in Composition of the Group

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

A13. 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 2006.

A14. Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

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

The Group registered a lower pre-tax profit of RM1.52m for the first quarter ended 30 June 2006, as compared to a pre-tax profit of RM4.37m achieved in the same period last year. This was mainly attributable to the less favourable average selling prices of eggs, which more than offset the lower purchase price of soybean in the current quarter.

B2. Comment on Material Change in Profit before Taxation

For the current quarter, the Group registered a pre-tax profit of RM1.52m as compared to a pre-tax profit of RM3.01m in the previous quarter. This was mainly due to the significant drop in the average selling prices of eggs in Malaysia and increase in the transport costs resulted from the fuel price hike.

B3. Commentary on Prospects

Barring any unforeseen circumstances, we foresee higher average selling prices of eggs and the feed costs to remain at the current level throughout the next quarter.

B4. Profit Forecast or Profit Guarantee

This is not applicable.

B5. Income Tax Expenses

	3 months ended 30 June	
	2006	2005
	RM000	RM000
Tax expense		
- provision for the quarter	139	472
- over-provision in the prior year	-	(14)
	<u>139</u>	<u>458</u>

B6. Sale of Unquoted Investments and Properties

There was no sale of unquoted investments and/or properties for the current quarter and financial year to date.

B7. Quoted Investments

RM000

(a) Purchases and disposals for the 3 months ended 30.6.06

Total purchase consideration	4,380
Total sale proceeds	8,502
Total profit on disposal	103

(b) Investment as at 30 June 2006

At cost	5,992
At book value	5,992
At market value	5,913

B8. Corporate Proposals

- (a) Status of Corporate Proposals
There were no corporate proposals announced but not completed as at 21 August 2006.
- (b) Status of Utilisation of Proceeds
Not applicable as there was no corporate proposal to raise funds.

B9. Borrowings

The total Group borrowings as at 30 June 2006 were as follows:

	Secured RM000	Unsecured RM000	Total RM000
Short term borrowings			
Bank overdraft	72	10	82
Other bank borrowings	8,570	600	9,170
Hire purchase payables	1,455	-	1,455
	<u>10,097</u>	<u>610</u>	<u>10,707</u>
Long term borrowings			
Other bank borrowings	6,442	2,100	8,542
Hire purchase payables	1,310	-	1,310
	<u>7,752</u>	<u>2,100</u>	<u>9,852</u>
Total	<u>17,849</u>	<u>2,710</u>	<u>20,559</u>

There were no borrowings in any foreign currency as at 30 June 2006.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 21 August 2006.

B11. Changes in Material Litigations

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

B12. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 30 June 2006 (30 June 2005 : Nil)

B13. Earnings per share

	3 months ended 30 June	
	2006	2005
Profit attributable to ordinary equity holders of the parent (RM000)	1,376	3,907
Weighted average number of shares (000)	40,965	40,116
Basic earnings per share (sen)	3.36	9.74

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 August 2006.