

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 2016. 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 2016.

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 2016, 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 2016:-

Annual Improvements to FRSs 2013 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138 : Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141 : Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016

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 FRSs and 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
FRS 9 : Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Deferred

The above new FRS and 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.:

FRS 9: Financial Instruments - Classification and Measurement

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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 2016 was not qualified.

A3. Segmental Information

	3 months ended		Increase/	6 months ended		Increase/
	30-Sep-16	30-Sep-15	(decrease)	30-Sep-16	30-Sep-15	(decrease)
	RM'000	RM'000	%	RM'000	RM'000	%
Segment revenue						
Poultry & related products	43,281	42,368	2%	85,229	82,109	4%
Extraction & sale of sand	488	600	-19%	1,221	1,613	-24%
Total	43,769	42,968	102%	86,451	83,722	103%
Segment results						
Poultry & related products	6,536	6,133	7%	12,863	9,571	34%
Investment holdings	475	(113)	520%	(1,150)	(407)	-183%
Extraction & sale of sand	62	140	-56%	480	621	-23%
Others	(250)	(79)	-216%	(526)	(144)	-265%
Profit before tax	6,823	6,081	12%	11,667	9,641	21%
Less: Tax expense	(1,691)	(1,373)	23%	(3,466)	(2,480)	40%
Profit net of tax	5,132	4,708	9%	8,201	7,161	15%

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

On 4 July 2016, LTK (Melaka) Sdn Bhd, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement (SPA) for the purchase a parcel of freehold land held under GM1603 Lot 1401, Mukim Petaling, Kuala Lumpur measuring 4,047 square metres for a purchase consideration of RM12,563,300.

The proposed acquisition is expected to be completed in the second half of year 2016.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 30 September 2016.

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

There were no dividends paid during the quarter under review.

A8. Carrying Amount of Revalued Assets

There were 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 2016.

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		Current Quarter 6 months ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	394	202	535	415
Other income including investment income	504	533	783	767
Interest expense	(881)	(141)	(1,456)	(325)
Depreciation & amortisation	(1,658)	(1,740)	(3,286)	(3,409)
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain on disposal of :				
Quoted shares	199	726	217	1,214
Unquoted investments	-	-	-	-
Properties	-	-	-	-
Impairment of assets	-	(792)	(983)	(1,043)
Foreign exchange gain:-				
Realised gain	160	480	361	731
Unrealised (loss)/gain	(19)	300	(23)	342
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

A14. Realised and Unrealised Profits Disclosure

	Group		Company	
	As at 30.9.2016 (RM'000)	As at 31.3.2016 (RM'000)	As at 30.9.2016 (RM'000)	As at 31.3.2016 (RM'000)
Total retained profits of the Group and the Company :-				
Realised profits	127,832	96,678	22,500	24,222
Unrealised profits	(3,572)	14,867	0.21	0.21
	124,260	111,545	22,500	24,222
Add : Consolidation adjustments	1,288	7,754	-	-
Retained profits as per consolidated accounts	125,548	119,299	22,500	24,222

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

The Group registered a revenue of RM43.77 million and a net profit of RM5.13 million for the current quarter as compared to a revenue of RM42.97 million and a net profit of RM4.71 million in the same quarter of previous year. The marginal increase in the revenue and net profit was mainly contributed by improved egg prices.

For the financial year-to-date, the Group recorded a revenue of RM86.45 million and a net profit of RM8.20 million as compared to a revenue of RM83.72 million and net profit of RM7.16 million in the corresponding period of the previous year. The poultry segment profits improved by 34% due mainly to improved egg prices. However, this was partly offset by lower net profits/higher losses from the remaining segments.

B2. Comment on Material Change in Profit Before Tax

The Group's revenue for this quarter at RM43.77 million is marginally higher compared to RM42.68 million recorded in the immediate preceding quarter, helped by higher egg prices. However, the Group posted an increase of 40% in profit before tax at RM6.82 million in the current quarter as compared to RM4.84 million in the preceding quarter due to impairment losses recorded in the preceding quarter.

B3. Commentary on Prospects

The Board views the next period as challenging due to the volatile egg prices and costs of major raw materials namely corn and soybean.

Contributions from the Extraction and Sale of Sand are not expected to significantly differ whilst no material contributions are expected from the other segments.

B4. Profit Forecast or Profit Guarantee

This is not applicable.

B5. Tax Expenses

	6 months ended 30.09.16 RM'000	6 months ended 30.09.15 RM'000
Income tax expense	3,469	2,483
Deferred tax expense	(3)	(3)
Total	3,466	2,480

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**

At the Extraordinary General Meeting on 5 September 2016, the following corporate proposals were approved by the shareholders of the Company: -

- i) Proposed acquisition (“Proposed Acquisition”) by LTK Properties Sdn Bhd and LTK Development Sdn Bhd, both wholly-owned subsidiaries of the Company of four adjoining parcels of leasehold lands measuring in aggregate approximately 25,837 square metres together with buildings and amenities erected thereon for a total cash consideration of RM58,403,100 subject to terms and condition stipulated in the conditional sales and purchase agreement. The Proposed Acquisition was expected to be completed in the second half of the financial year ending 31 March 2017;
- ii) Proposed diversification of the principal activities of the Company and its subsidiaries to include property development.

There were no other corporate proposals announced but not completed as at 10 November 2016.

(b) Status of Utilisation of Proceeds

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

B7. Borrowings

The total Group borrowings as at 30 September 2016 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Term loan	3,742	1,717	5,459
Other bank borrowings	2,579	11,046	13,625
	6,321	12,763	19,084
Long term borrowings			
Term loan	41,740	2,043	43,783
Total borrowings	45,482	17,385	62,867

There were no borrowings in any foreign currency as at 30 September 2016.

B8. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at 30 September 2016.

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 September 2016 (30 September 2015: Nil)

B11. Earnings per share (“EPS”)

	3 months ended		6 months ended	
	30-Sep-16 RM'000	30-Sep-15 RM'000	30-Sep-16 RM'000	30-Sep-15 RM'000
Profit attributable to ordinary shareholders of the parent	5,132	4,708	8,201	7,161
Number of shares in issue ('000)	130,104	130,104	130,104	130,104
Basic EPS (sen per share)	3.94	3.62	6.30	5.50

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 17 November 2016.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2014 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
24	2014	Interim dividend	43,368	8% per RM1.00 share, single tier	3,469	8.4.2014
25	2014	Final dividend	43,368	10% per RM1.00 share, single tier	4,337	3.10.2014
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