

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/ | 12 months ended | | Increase/ |
|----------------------------|----------------|---------------|------------|-----------------|----------------|-------------|
| | 31-Mar-17 | 31-Mar-16 | (decrease) | 31-Mar-17 | 31-Mar-16 | (decrease) |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Segment revenue | | | | | | |
| Poultry & related products | 38,955 | 39,673 | -2% | 166,382 | 166,060 | 0.19% |
| Extraction & sale of sand | 559 | 669 | -17% | 2,372 | 2,934 | -19% |
| Others | 90 | - | 0% | 120 | - | 0% |
| Total | 39,604 | 40,342 | 98% | 168,874 | 168,994 | 100% |
| Segment results | | | | | | |
| Segment profit : | | | | | | |
| Poultry & related products | 2,373 | 3,516 | -33% | 20,810 | 18,556 | 12% |
| Investment holdings | 1,183 | (2,067) | -157% | (1,702) | (2,367) | 28% |
| Extraction & sale of sand | 139 | 284 | -51% | 823 | 1,171 | -30% |
| Others | (476) | (222) | -114% | (1,327) | (478) | -178% |
| Profit before tax | 3,219 | 1,511 | 113% | 18,604 | 16,882 | 110% |
| Less: Tax expense | (1,437) | (1,374) | 5% | (6,584) | (5,237) | 26% |
| Profit net of tax | 1,782 | 137 | 1201% | 12,020 | 11,645 | 3% |

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 March 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

There were no dividends paid during the quarter under review.

A8. Carrying Amount of Revalued Assets

During the quarter under review, the Group's investment properties were revalued in accordance to the Group's accounting policy giving rise to a net gain after deferred tax effect of RM1.31 million. The valuations were carried out by professional independent valuers i.e Laurelcap Sdn Bhd, Rahim & Co International Sdn Bhd and Henry Butcher Malaysia (Selangor) Sdn Bhd respectively.

Revaluation was also carried out on a piece of land used for sand mining activities giving rise to RM1.38 million being included in asset revaluation reserve. The valuations were carried out by professional independent valuer, Jordan Lee & Jaafar (M'cca) Sdn Bhd.

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 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 12 months ended | |
|--|-----------------------------------|-----------------------|------------------------------------|-----------------------|
| | 31-Mar-17 (RM'000) | 31-Mar-16 (RM'000) | 31-Mar-17 (RM'000) | 31-Mar-16 (RM'000) |
| Interest income | 251 | 221 | 945 | 804 |
| Other income including investment income | 1,964 | 144 | 3,160 | 1,442 |
| Interest expense | (1,273) | (278) | (3,920) | (790) |
| Depreciation & amortisation | (1,603) | (1,631) | (6,560) | (6,783) |
| Provision for and write off of receivables | (37) | (358) | (37) | (358) |
| Provision for and write off of inventories | - | - | - | - |
| Gain on disposal of : | | | | |
| Quoted shares | 50 | 21 | 303 | 1,277 |
| Unquoted investments | - | - | - | - |
| Properties | - | - | - | - |
| Impairment of assets | (246) | (1,434) | (1,640) | (2,482) |
| Foreign exchange gain:- | | | | |
| Realised gain | 196 | (42) | 827 | 832 |
| Unrealised (loss)/gain | (23) | (21) | 55 | 281 |
| Gain/(loss) on derivatives | - | - | - | - |
| Exceptional items | - | - | - | - |

A14. Realised and Unrealised Profits Disclosure

| | Group | | Company | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | As at 31.3.2017 (RM'000) | As at 31.3.2016 (RM'000) | As at 31.3.2017 (RM'000) | As at 31.3.2016 (RM'000) |
| Total retained profits of the Group and the Company :- | | | | |
| Realised profits | 127,866 | 96,678 | 30,724 | 24,222 |
| Unrealised (loss)/profits | (2,246) | 14,867 | 0.21 | 0.21 |
| | <u>125,620</u> | <u>111,545</u> | <u>30,724</u> | <u>24,222</u> |
| Add : Consolidation adjustments | 1,795 | 7,754 | - | - |
| Retained profits as per consolidated accounts | <u>127,415</u> | <u>119,299</u> | <u>30,724</u> | <u>24,222</u> |

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

The Group registered a revenue of RM39.60 million and a profit net of tax of RM1.78 million for the current quarter as compared to a revenue of RM40.34 million and a profit net of tax of RM0.14 million in the same quarter of previous year. The decline in revenue and earnings was due mainly to the drop in egg prices. However, total profit net of tax for the quarter under review improved due to fair value gains from the investment holdings segment.

For the financial year, the Group recorded a revenue of RM168.87 million and a profit net of tax of RM12.02 million as compared to a revenue of RM168.99 million and profit net of tax of RM11.65 million in the previous year. Margin of eggs improved due to lower costs of major raw materials particularly soybean which contributed to the higher profit net of tax for the financial year.

B2. Comment on Material Change in Profit Before Tax

The Group posted a profit before tax of RM3.22 million for the current quarter versus RM3.72 million in the preceding quarter. The Group's revenue for this quarter at RM39.60 million is 7.37% lower compared to RM42.79 million recorded in the preceding quarter. Revenue and earnings reduced in tandem with the lower egg prices.

B3. Commentary on Prospects

The Board views the next period to continue to be challenging due to the 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

| | 12 months ended | 12 months ended |
|------------------------|-----------------|-----------------|
| | 31.3.17 | 31.3.16 |
| | RM'000 | RM'000 |
| Real property gain tax | 213 | 654 |
| Income tax expense | 6,688 | 5,603 |
| Deferred tax expense | (317) | (1,020) |
| Total | 6,584 | 5,237 |

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 17 May 2017.

(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 31 March 2017 were as follows:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|------------------------------|-------------------|---------------------|-----------------|
| Short term borrowings | | | |
| Term loan | 4,688 | 1,742 | 6,430 |
| Other bank borrowings | 5,000 | 7,442 | 12,442 |
| | 9,688 | 9,184 | 18,872 |
| Long term borrowings | | | |
| Term loan | 64,573 | 1,166 | 65,739 |
| Total borrowings | 74,261 | 10,350 | 84,611 |

There were no borrowings in foreign currency as at 31 March 2017.

B8. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at 31 March 2017.

B9. Changes in Material Litigations

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

B10. Dividend Payable

On 16 February 2017, the Board of Directors has declared an interim dividend of 1.5 cent per ordinary share in respect of the financial year 31 March 2017, which was paid on 7 April 2017.

B11. Earnings per share (“EPS”)

| | 3 months ended | | 12 months ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31-Mar-17 RM'000 | 31-Mar-16 RM'000 | 31-Mar-17 RM'000 | 31-Mar-16 RM'000 |
| Profit attributable to ordinary shareholders of the parent | 1,782 | 137 | 12,020 | 11,645 |
| Number of shares in issue ('000) | 130,104 | 130,104 | 130,104 | 130,104 |
| Basic EPS (sen per share) | 1.37 | 0.11 | 9.24 | 8.95 |

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 24 May 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 |