

**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) %	6 months ended		Increase/ (decrease) %
	30-Sep-17 RM'000	30-Sep-16 RM'000		30-Sep-17 RM'000	30-Sep-16 RM'000	
<b>Segment revenue</b>						
Poultry & related products	43,920	43,281	1%	82,941	85,230	-2.69%
Extraction & sale of sand	803	488	65%	1,504	1,221	23%
Investment holdings	90	-	0%	180	-	0%
<b>Total</b>	<b>44,813</b>	<b>43,769</b>	<b>2%</b>	<b>84,625</b>	<b>86,451</b>	<b>98%</b>
<b>Segment results</b>						
Segment profit :						
Poultry & related products	2,910	6,464	-55%	2,775	12,734	-78%
Investment holdings	(4)	590	-101%	(565)	(940)	40%
Extraction & sale of sand	328	19	1624%	535	399	34%
Property development	(199)	(250)	21%	(411)	(526)	22%
Profit before tax	3,035	6,823	-56%	2,334	11,667	20%
Less: Tax expense	(1,131)	(1,691)	-33%	(1,489)	(3,466)	-57%
Profit net of tax	1,904	5,132	-63%	845	8,201	-90%

#### **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 September 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**

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		Cumulative Quarter	
	3 months ended		6 months ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	69	394	153	535
Other income including investment income	390	504	983	783
Interest expense	(1,245)	(881)	(2,574)	(1,456)
Depreciation & amortisation	(1,826)	(1,658)	(3,574)	(3,286)
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain on disposal of :				
Quoted shares	888	199	902	217
Unquoted investments	-	-	-	-
Properties	-	-	-	-
Impairment of assets	-	-	(68)	(983)
Foreign exchange gain:-				
Realised gain	166	160	211	361
Unrealised loss	(25)	(19)	(124)	(23)
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

**A14. Realised and Unrealised Profits Disclosure**

	Group		Company	
	As at	As at	As at	As at
	30.9.2017	31.3.2017	30.9.2017	31.3.2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Total retained profits of the Group and the Company :-				
Realised profits	128,965	130,686	29,218	30,724
Unrealised (loss)/profits	(4,387)	(5,020)	0.21	0.21
	124,578	125,666	29,218	30,724
Add : Consolidation adjustments	2,179	2,197	-	-
Retained profits as per consolidated accounts	126,757	127,863	29,218	30,724

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

	<b>Current Quarter RM'000</b>	<b>Preceding Year Corresponding Quarter RM'000</b>	<b>Change %</b>	<b>Current Year To- date RM'000</b>	<b>Preceding Year Corresponding Period RM'000</b>	<b>Change %</b>
<b>Segment revenue</b>						
Poultry & related products	43,920	43,281	1%	82,941	85,230	-3%
Extraction & sale of sand	803	488	65%	1,504	1,221	23%
Investment holdings	90	-	0%	180	-	0%
<b>Total</b>	<b>44,813</b>	<b>43,769</b>	<b>2%</b>	<b>84,625</b>	<b>86,451</b>	<b>-2%</b>
<b>Segment result</b>						
Poultry & related products	2,910	6,464	-55%	2,775	12,734	-78%
Investment holdings	(4)	590	-101%	(565)	(940)	-40%
Extraction & sale of sand	328	19	1624%	535	399	34%
Property development	(199)	(250)	21%	(411)	(526)	22%
Profit before tax	3,035	6,823	-56%	2,334	11,667	-80%
Less: Tax expense	(1,131)	(1,691)	-33%	(1,489)	(3,466)	-57%
Profit net of tax	1,904	5,132	-63%	845	8,201	-90%

The Group registered a revenue of RM44.81 million and a profit net of tax of RM1.90 million for the current quarter as compared to a revenue of RM43.77 million and a profit net of tax of RM5.13 million in the same quarter of previous year. Poultry segment recorded lower margin due to low egg prices despite increase in the volume of eggs sold, resulting in decrease of profit net of tax for the Group as compared to the same quarter of the previous year.

For the financial year-to-date, the Group recorded a revenue of RM84.63 million and a net profit of RM0.85 million as compared to a revenue of RM86.45 million and net profit of RM8.20 million in the corresponding period of the previous year. Poultry segment recorded lower margin due to low egg prices despite increase in the volume of eggs sold, resulting in decrease of profit net of tax for the Group as compared to the same period of the previous year.

Revenue and contribution from other segments did not significantly affect the performance of the Group for the current quarter under review.

**B2. Variation of result Against Preceding Quarter**

	Current Quarter RM'000	Immediate Preceding Quarter RM'000	Change %
<b>Segment revenue</b>			
Poultry & related products	43,920	39,023	13%
Extraction & sale of sand	803	699	15%
Investment holdings	90	90	0%
Total	44,812	39,812	13%
<b>Segment result</b>			
Poultry & related products	2,910	(135)	2255%
Investment holdings	(4)	(561)	99%
Extraction & sale of sand	328	208	57%
Property development	(199)	(213)	7%
(Loss)/profit before tax	3,035	(701)	533%

The Group posted a profit before tax of RM3.04 million for the current quarter versus loss before tax of RM0.7 million in the preceding quarter. Poultry segment recorded an increase in revenue contributed by higher egg prices as compared to the immediate preceding quarter. Profit before tax for the current quarter improved in tandem with higher revenue.

**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**

	6 months ended 30.9.17 RM'000	6 months ended 30.9.16 RM'000
Income tax expense	1,287	3,469
Real property gain tax	203	-
Deferred tax expense	(1)	(3)
Total	1,489	3,466

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 November 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:

	<b>As at 30.09.2017</b>	<b>As at 30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short term</b>		
<i>Secured:-</i>		
Term loans	5,268	3,742
Banker acceptance	862	1,839
Revolving credit	10,000	-
	<u>16,130</u>	<u>5,581</u>
<i>Unsecured:-</i>		
Term loans	1,473	1,717
Banker acceptance	1,762	1,786
Revolving credit	5,000	10,000
	<u>8,235</u>	<u>13,503</u>
	<u>24,365</u>	<u>19,084</u>
<b>Long term</b>		
<i>Secured:-</i>		
Term loans	61,489	41,740
<i>Unsecured:-</i>		
Term loans	570	2,043
	<u>62,059</u>	<u>43,783</u>
	<u>86,424</u>	<u>62,867</u>
<b>Total borrowings</b>	<u>86,424</u>	<u>62,867</u>

b) There were no borrowings in foreign currency as at 30 September 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 September 2017 was 6.00% (2016: 6.20%).

**B8. Off Balance Sheet Financial Instrument**

There were no off balance sheet financial instruments as at 30 September 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 September 2017 (30 September 2016: Nil).

**B11. Earnings per share (“EPS”)**

	3 months ended		6 months ended	
	30-Sep-17 RM'000	30-Sep-16 RM'000	30-Sep-17 RM'000	30-Sep-16 RM'000
<b>Profit attributable to ordinary shareholders of the parent</b>	1,904	5,132	845	8,201
<b>Number of shares in issue ('000)</b>	130,104	130,104	130,104	130,104
<b>Basic EPS (sen per share)</b>	1.46	3.94	0.65	6.30

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 15 November 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