

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 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			12 months ended		
	31-Mar-18	31-Mar-17	Change	31-Mar-18	31-Mar-17	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Segment revenue						
Poultry & related products	43,684	38,955	12%	171,613	166,382	3%
Extraction & sale of sand	732	559	31%	3,059	2,372	29%
Investment holdings	90	120	-25%	360	120	200%
Total	44,506	39,634	12%	175,032	168,874	4%
Segment results						
Poultry & related products	3,231	2,373	36%	10,464	20,810	-50%
Investment holdings	(1,819)	1,183	-254%	(3,131)	(1,702)	-84%
Extraction & sale of sand	133	139	-4%	881	823	7%
Property development	(313)	(477)	34%	(1,133)	(1,328)	15%
Profit before tax	1,232	3,218	-62%	7,080	18,603	-62%
Less: Tax expense	(441)	(988)	55%	(3,841)	(6,135)	37%
Profit net of tax	791	2,230	-65%	3,239	12,468	-74%

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 2018.

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 for the quarter under review.

A8. Carrying Amount of Revalued Assets

There was no 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		12 months ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	167	251	440	945
Other income including investment income	140	1,912	1,295	3,161
Interest expense	(1,478)	(1,273)	(5,467)	(3,920)
Depreciation & amortisation	(1,904)	(1,603)	(7,386)	(6,560)
Provision for and write off of receivables	-	(37)	-	(37)
Provision for and write off of inventories	-	-	-	-
Gain on disposal of :				
Quoted shares	3	50	912	303
Unquoted investments	-	-	-	-
Properties	-	-	-	-
Impairment of assets	(727)	(246)	(795)	(1,640)
Foreign exchange (loss)/gain:-				
Realised (loss)/gain	23	195	224	826
Unrealised (loss)/gain	(77)	(23)	(278)	55
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

A14. Realised and Unrealised Profits Disclosure

	Group	
	As at 31.03.2018 (RM'000)	As at 31.3.2017 (RM'000)
Total retained profits of the Group and the Company :-		
Realised profits	130,538	130,686
Unrealised (loss)/profits	<u>(4,950)</u>	<u>(5,019)</u>
	125,589	125,667
Add : Consolidation adjustments	<u>2,261</u>	<u>2,197</u>
Retained profits as per consolidated accounts	<u>127,850</u>	<u>127,864</u>

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	43,684	38,955	12%	171,613	166,382	3%
Extraction & sale of sand	732	559	31%	3,059	2,372	29%
Investment holdings	90	120	-25%	360	120	200%
Total	44,506	39,634	12%	175,032	168,874	4%
Segment result						
Poultry & related products	3,231	2,373	36%	10,464	20,810	-50%
Investment holdings	(1,819)	1,183	-254%	(3,131)	(1,702)	-84%
Extraction & sale of sand	133	139	-4%	881	823	7%
Property development	(313)	(477)	34%	(1,133)	(1,328)	15%
Profit before tax	1,232	3,218	-62%	7,080	18,603	-62%
Less: Tax expense	(441)	(988)	55%	(3,841)	(6,135)	37%
Profit net of tax	791	2,230	-65%	3,239	12,468	-74%

The Group registered a revenue of RM44.51 million and a profit net of tax of RM0.79 million for the current quarter as compared to a revenue of RM39.63 million and a profit net of tax of RM2.23 million in the same quarter of previous year. Earnings from poultry improved by 36% but overall Group profit net of tax dropped by 65% due mainly to loss in investment holdings. In the same quarter previous year, investment holdings had a gain of RM1.87 million arising from fair valuation of investment properties.

For the current financial year, the Group recorded a revenue of RM175.03 million and a net profit of RM3.24 million as compared to a revenue of RM168.87 million and net profit of RM12.47 million in the previous year. Earnings from poultry dropped by 50% due mainly to fall in eggs price despite the increase in volume of eggs sold. Eggs price has been low due to over-supply as a result of increased capacity in the industry.

Investment holdings recorded higher loss this financial year as there was a gain of RM1.87 million arising from fair valuation of investment properties in the previous financial year.

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	43,684	44,986	-3%
Extraction & sale of sand	732	825	-11%
Investment holdings	90	90	0%
Total	44,506	45,901	-3%
Segment result			
Poultry & related products	3,231	4,458	-28%
Investment holdings	(1,819)	(747)	-144%
Extraction & sale of sand	133	212	-37%
Property development	(313)	(409)	23%
Profit before tax	1,232	3,514	-65%

The Group posted a profit before tax of RM1.23 million for the current quarter versus profit before tax of RM3.51 million in the preceding quarter due mainly to lower earnings from poultry and recognition of fair valuation loss of investment securities in the current quarter.

B3. Commentary on Prospects

The Board views the next period to continue to be challenging due to depressed egg prices as the over-supply situation continues to plague the market.

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

	12 months ended	12 months ended
	31.03.18	31.03.17
	RM'000	RM'000
Income tax expense	4,006	6,688
Real property gain tax	52	213
Deferred tax expense	(217)	(766)
Total	3,841	6,135

The effective tax rate for the current period is higher than the statutory rate of 24% due to unallowable expenses.

B6. Corporate Proposals

- (a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 17 May 2018.

- (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 31.03.2018	As at 31.03.2017
	RM'000	RM'000
Short term		
<i>Secured:-</i>		
Term loans	6,755	5,106
Banker acceptance	868	764
Revolving credit	15,000	5,000
	<u>22,623</u>	<u>10,870</u>
<i>Unsecured:-</i>		
Term loans	945	1,742
Banker acceptance	4,995	6,678
Revolving credit	-	-
	<u>5,940</u>	<u>8,420</u>
	<u>28,563</u>	<u>19,290</u>
Long term		
<i>Secured:-</i>		
Term loans	<u>62,701</u>	<u>63,996</u>
<i>Unsecured:-</i>		
Term loans	<u>220</u>	<u>1,165</u>
	<u>62,921</u>	<u>65,161</u>
Total borrowings	<u>91,484</u>	<u>84,451</u>

- b) There were no borrowings in foreign currency as at 31 March 2018.
- c) Drawdown of the term loan during the period was used for working capital.
- d) Effective average cost of borrowings based on exposure as at 31 March 2018 was 5.96% (2017: 6.02%).

B8. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at 31 March 2018.

B9. Changes in Material Litigations

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

B10. Dividend Payable

On 13 February 2018, the Board of Directors has declared an interim dividend of 1 cent per ordinary share in respect of the financial year ended 31 March 2018, which was paid on 6 April 2018.

B11. Earnings per share (“EPS”)

	3 months ended		12 months ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the parent	791	2,230	3,239	12,468
Number of shares in issue ('000)	130,104	130,104	130,104	130,104
Basic EPS (sen per share)	0.61	1.71	2.49	9.58

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 2018.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2016 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
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 cent per share, single tier	1,952	7.4.2017
31	2017	Final dividend	130,104	1.5 cent per share, single tier	1,952	6.10.2017
32	2018	Interim dividend	130,104	1 cent per share, single tier	1,301	6.4.2018