
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 MFRS 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 2018. 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 2018.

The financial statements of the Group for the financial period ended 30 June 2018 are the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) Framework. The date of transition to the MFRS Framework was on 1 April 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 April 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on transition from FRS in Malaysia to MFRS as disclosed as follows:-

a) Property, plant and equipment

Upon first time adoption of the MFRS Framework, the Group has elected to use the previous revaluation of the freehold and leasehold land and certain buildings classified under property, plant and equipment as deemed cost. Accordingly, the carrying amounts of these property, plant and equipment as at the date of transition have not been restated. The revaluation reserve as at the date of transition was transferred to retained earnings.

b) Biological assets and produce inventories

With MFRS 141: Agriculture came effect, the biological assets and produce inventories within the scope of MFRS 141 are measured at fair value less costs to sell with fair value changes recognized in profit or loss.

c) Investment securities

Upon adoption of MFRS Framework, under MFRS 9: Financial Instruments, the Group has elected to present the subsequent changes of fair value and any gain or loss on disposal of an investment in equity instruments in other comprehensive income. The changes are carried in the Fair Value through Other Comprehensive Income (“FVTOCI”) reserve in equity.

The effects of the adoption of transition from FRSs to MFRSs are as follows:

Condensed Consolidated Statement of Financial Position

	Previously stated under FRS RM'000	Effects on adoption of MFRS RM'000	Restated under MFRS RM'000
<u>As at 31 March 2018</u>			
Non-current assets			
Property, plant and equipment	97,597	(157)	97,440
Investment properties	103,295	-	103,295
Current assets			
Biological assets - livestock	13,873	1,786	15,659
Inventories - produce inventories	720	90	810
Non-current liabilities			
Deferred tax liabilities	6,888	382	7,270
Equity			
Asset revaluation reserve	37,295	(37,295)	-
Available-for-sale reserve	1,080	(1,080)	-
FVTOCI reserve	-	1,467	1,467
Retained profits	127,806	38,245	166,051
<u>As at 1 April 2017</u>			
Non-current assets			
Property, plant and equipment	97,333	(51)	97,282
Investment properties	103,295	-	103,295
Current assets			
Biological assets - livestock	14,321	1,621	15,942
Inventories - produce inventories	880	106	986
Non-current liabilities			
Deferred tax liabilities	7,170	402	7,572
Equity			
Asset revaluation reserve	37,310	(37,310)	-
Available-for-sale reserve	7,416	(7,416)	-
FVTOCI reserve	-	7,416	7,416
Retained profits	127,864	38,584	166,448

The effects of the adoption of transition from FRSs to MFRSs are as follows (contd):

Condensed Consolidated Statement of Comprehensive Income

	Previously stated under FRS RM'000	Effects on adoption of MFRS RM'000	Restated under MFRS RM'000
<u>Corresponding preceding quarter ended 30 June 2017</u>			
Cost of sales	(36,766)	(1,002)	(37,768)
Gross profit	3,046	(1,002)	2,044
Other income	736	(437)	299
Other expenses	(167)	68	(99)
Taxation	(358)	241	(117)
Loss net of tax	(1,059)	(1,130)	(2,189)
Loss net of tax attributable to:			
Owners of the Parent	(1,059)	(1,130)	(2,189)
Other comprehensive income, net of tax :-			
Net change of AFS/FVTOCI reserve:			
- gain on fair value changes	993	440	1,433
- impairment loss transferred to profit or loss	68	(68)	-
- loss transferred to profit or loss upon disposal	3	(3)	-
Total comprehensive loss attributable to:			
Owners of the Parent	5	(761)	(756)

The Group has not early adopted the following new and Amendments to MFRSs, 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
MFRS 16: Leases	1 January 2019
Amendments to MFRS 3: Business Combination (Annual Improvements to MFRSs 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 11: Joint Arrangements (Annual Improvement to MFRSs 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 112: Income Taxes (Annual Improvement to MFRSs 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 123: Borrowings Costs (Annual Improvement to MFRSs 2015-2017 Cycle)	1 January 2019
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Deferred

The new and amendments to MFRSs will be adopted by the Group when they become effective and that the initial applications of these Standards are not expected to have material impact on the financial statements of the Group.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2018 was not qualified.

A3. Segmental Information

	3 months ended		
	30-Jun-18	30-Jun-17	Change
	RM'000	Restated RM'000	%
Segment revenue			
Poultry & related products	38,851	39,023	-0.4%
Extraction & sale of sand	483	699	-31%
Investment holdings	90	90	0%
Total	<u>39,424</u>	<u>39,812</u>	<u>-1%</u>
Segment results			
Poultry & related products	(191)	(1,138)	83%
Investment holdings	(840)	(930)	10%
Extraction & sale of sand	(83)	208	-140%
Property development	(205)	(212)	3%
Loss before tax	<u>(1,319)</u>	<u>(2,072)</u>	<u>36%</u>
Less: Tax expense	(563)	(117)	381%
Loss net of tax	<u>(1,882)</u>	<u>(2,189)</u>	<u>14%</u>

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

On 6 April 2018, the Company has paid an interim single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 March 2018 amounting to RM1,301,040.

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 2018.

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. Loss for the Period

Loss for the period is arrived at after crediting/ (charging):

	Current Quarter	
	3 months ended	
	30-Jun-18	30-Jun-17
		Restated
	(RM'000)	(RM'000)
Interest income	84	84
Other income including investment income	200	170
Interest expense	(1,244)	(1,329)
Depreciation & amortisation	(1,947)	(1,774)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain on disposal of :		
Quoted shares	-	-
Unquoted investments	-	-
Properties	-	-
Impairment of assets	-	-
Foreign exchange (loss)/gain:-		
Realised (loss)/gain	118	45
Unrealised (loss)/gain	26	(99)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

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

	Current Quarter	Preceding Year Corresponding Quarter Restated	Change
	RM'000	RM'000	%
Segment revenue			
Poultry & related products	38,851	39,023	-0.4%
Extraction & sale of sand	483	699	-31%
Investment holdings	90	90	0%
Total	<u>39,424</u>	<u>39,812</u>	<u>-1%</u>
Segment result			
Poultry & related products	(191)	(1,138)	83%
Investment holdings	(840)	(930)	10%
Extraction & sale of sand	(83)	208	-140%
Property development	(205)	(212)	3%
Loss before tax	(1,319)	(2,072)	36%
Less: Tax expense	(563)	(117)	381%
Loss net of tax	<u>(1,882)</u>	<u>(2,189)</u>	<u>14%</u>

The Group registered a revenue of RM39.42 million and a loss net of tax of RM1.88 million for the current quarter as compared to a revenue of RM39.81 million and a loss net of tax of RM2.19 million in the same quarter of previous year. Revenue from poultry dropped slightly by 0.4% but losses decreased by 83% due to decrease in cost of sales as compared to same quarter of previous year.

Investment holdings segment recorded loss due mainly to financing cost on investment properties.

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 RM'000	Immediate	Change %
		Preceding Quarter Restated RM'000	
Segment revenue			
Poultry & related products	38,851	43,684	-11%
Extraction & sale of sand	483	732	-34%
Investment holdings	90	90	0%
Total	39,424	44,506	-11%
Segment result			
Poultry & related products	(191)	4,168	-105%
Investment holdings	(840)	(1,063)	21%
Extraction & sale of sand	(83)	133	-163%
Property development	(205)	(313)	34%
(Loss)/profit before tax	(1,319)	2,925	-145%

The Group posted a loss before tax of RM1.32 million for the current quarter versus profit before tax of RM2.93 million in the preceding quarter mainly due to lower earnings from poultry. Revenue from poultry had dropped by 11% due to lower egg prices and lower volume of eggs sold. Poultry segment's earnings dropped by 105% in tandem with lower revenue, coupled with increase in cost of major raw materials particularly corn and soybean. The loss from investment is due mainly to financing cost of the investment properties. The property development segment has no contribution yet as development project have not been launched. As a result, the Group's earnings dropped by 145% as compared to preceding 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

	3 months ended 30.06.18 RM'000	3 months ended 30.06.17 Restated RM'000
Income tax expense	405	359
Real property gain tax	1,136	-
Deferred tax expense	(978)	(242)
Total	563	117

B5. Tax Expenses (contd.)

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

B6. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 9 August 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 30.06.2018	As at 30.06.2017
	RM'000	RM'000
Short term		
<i>Secured:-</i>		
Term loans	6,872	5,185
Banker acceptance	2,833	1,864
Revolving credit	6,500	10,000
	<u>16,205</u>	<u>17,049</u>
<i>Unsecured:-</i>		
Term loans	700	1,732
Banker acceptance	3,761	5,246
Revolving credit	5,000	5,000
	<u>9,461</u>	<u>11,978</u>
	<u>25,666</u>	<u>29,027</u>
Long term		
<i>Secured:-</i>		
Term loans	60,917	62,840
<i>Unsecured:-</i>		
Term loans	45	745
	<u>60,962</u>	<u>63,585</u>
	<u>86,628</u>	<u>92,612</u>
Total borrowings		

- b) There were no borrowings in foreign currency as at 30 June 2018.
- c) Effective average cost of borrowings based on exposure as at 30 June 2018 was 6.15% (2017: 6.00%).

B8. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at 30 June 2018.

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 June 2018.

B11. Earnings per share (“EPS”)

	3 months ended	
	30-Jun-18	30-Jun-17
	RM'000	RM'000
		Restated
Loss attributable to ordinary shareholders of the parent	(1,882)	(2,189)
Number of shares in issue ('000)	130,104	130,104
Basic EPS (sen per share)	(1.45)	(1.68)

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 16 Aug 2018.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2017 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
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
33	2018	Proposed Final dividend	130,104	1 cent per share, single tier	1,301	5.10.2018