

PART A – Explanatory Notes Pursuant to MFRS 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.

In the current financial year ending 31 March 2019, the Group has adopted the Malaysian Financial Reporting Standards (MFRS) Framework for the first time. 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 the adoption of MFRS 141: Agriculture, 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 account for the subsequent changes of fair value and any gain or loss on disposal of an investment in marketable securities 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	413	7,301
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	38,214	166,020
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<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
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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>Preceding year corresponding quarter ended 31 December 2017</u>			
Cost of sales	(38,268)	(27)	(38,295)
Gross profit	7,633	(27)	7,606
Other income	452	(56)	396
Other expenses	(170)	65	(105)
Taxation	(1,911)	11	(1,900)
Profit net of tax	1,603	(7)	1,596
Profit net of tax attributable to:			
Owners of the Parent	1,603	(7)	1,596
Other comprehensive income, net of tax :-			
Net change of AFS/FVTOCI reserve:			
- changes in fair value	(2,746)	(31)	(2,777)
- profit transferred to profit or loss upon disposal	(4)	4	-
Total comprehensive loss attributable to:			
Owners of the Parent	(1,147)	(34)	(1,181)
<u>Preceding year corresponding period ended 31 December 2017</u>			
Cost of sales	(113,660)	(81)	(113,741)
Gross profit	16,866	(81)	16,785
Other income	2,701	(1,435)	1,266
Other expenses	(472)	(529)	(1,001)
Taxation	(3,400)	209	(3,191)
Profit net of tax	2,448	(1,836)	612
Profit net of tax attributable to:			
Owners of the Parent	2,448	(1,836)	612
Other comprehensive income, net of tax :-			
Net change of AFS/FVTOCI reserve:			
- changes in fair value	(3,498)	371	(3,127)
- impairment loss transferred to profit or loss	68	(68)	-
- profit transferred to profit or loss upon disposal	(876)	876	-
Total comprehensive loss attributable to:			
Owners of the Parent	(1,858)	(657)	(2,515)

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			9 months ended		
	31-Dec-18	31-Dec-17	Change	31-Dec-18	31-Dec-17	Change
	RM'000	Restated RM'000	%	RM'000	Restated RM'000	%
Segment revenue						
Poultry & related products	53,485	44,986	18.9%	138,494	127,927	8%
Extraction & sale of sand	648	825	-21%	1,599	2,329	-31%
Investment holdings	90	90	0%	270	270	0%
Total	54,223	45,901	18%	140,363	130,526	8%
Segment results						
Poultry & related products	14,713	4,413	233%	25,901	6,364	307%
Extraction & sale of sand	130	212	-39%	18	747	-98%
Investment holdings	(670)	(720)	7%	(2,299)	(2,488)	8%
Property development	(219)	(409)	47%	(612)	(820)	25%
Profit before tax	13,954	3,496	299%	23,007	3,803	505%
Less: Tax expense	(4,202)	(1,900)	121%	(7,539)	(3,191)	136%
Profit net of tax	9,752	1,596	511%	15,468	612	2427%

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 5 October 2018, the Company has paid a final dividend of 1 cent per ordinary share in respect of financial year ended 31 March 2018 which amounted to RM1.301 million.

A8. Carrying Amount of 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. Profit for the Period

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

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
		Restated		Restated
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	122	120	328	273
Other income including investment income	273	286	1,257	792
Interest expense	(1,243)	(1,414)	(3,816)	(3,988)
Depreciation & amortisation	(1,935)	(1,936)	(5,825)	(5,563)
Fair value changes on biological assets	3,352	(18)	9,050	(788)
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	237	(10)	584	201
Unrealised (loss)/gain	35	(77)	88	(201)
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	Current Year To- date	Preceding Year Corresponding Period Restated	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Segment revenue						
Poultry & related products	53,485	44,986	18.9%	138,494	127,927	8%
Extraction & sale of sand	648	825	-21%	1,599	2,329	-31%
Investment holdings	90	90	0%	270	270	0%
Total	54,223	45,901	18%	140,363	130,526	8%
Segment result						
Poultry & related products	14,713	4,413	233%	25,901	6,364	307%
Extraction & sale of sand	130	212	-39%	18	747	-98%
Investment holdings	(670)	(720)	7%	(2,299)	(2,488)	8%
Property development	(219)	(409)	47%	(612)	(820)	25%
Profit before tax	13,954	3,496	299%	23,007	3,803	505%
Less: Tax expense	(4,202)	(1,900)	121%	(7,539)	(3,191)	136%
Profit net of tax	9,752	1,596	511%	15,468	612	2427%

The Group registered a revenue of RM54.22 million and a profit net of tax of RM9.75 million for the current quarter as compared to a revenue of RM45.90 million and a profit net of tax of RM1.60 million in the same quarter of previous year. Poultry segment recorded 18.9% increase in revenue due to improved egg prices as compared to the same quarter of previous year. Poultry segment profit increased in tandem with the improved egg prices and other income arising from fair value changes in biological assets.

For the financial year-to-date, the Group recorded a revenue of RM140.36 million and a net profit of RM15.47 million as compared to revenue of RM130.53 million and net profit of RM0.61 million in the corresponding period of previous year. Poultry segment recorded 8% increase in revenue arising from improved egg prices as compared to preceding year corresponding period. Poultry segment profit increased in tandem with the improved egg prices and other income arising from fair value changes in biological assets.

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	Immediate Preceding Quarter	Change
	RM'000	RM'000	%
Segment revenue			
Poultry & related products	53,485	46,157	16%
Extraction & sale of sand	648	469	38%
Investment holdings	90	90	0%
Total	54,223	46,716	16%
Segment result			
Poultry & related products	14,713	11,379	29%
Extraction & sale of sand	130	(29)	548%
Investment holdings	(670)	(789)	15%
Property development	(219)	(188)	-16%
Profit before tax	13,954	10,372	35%

The Group posted a profit before tax of RM13.95 million for the current quarter versus profit before tax of RM10.37 million in the preceding quarter mainly due to higher earnings from poultry. Revenue from poultry had increased by 16% due to improved egg prices. Poultry segment's earnings increased by RM3.33 million in tandem with improved egg prices. 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 profit before tax improved by RM3.58 million as compared to preceding quarter.

B3. Commentary on Prospects

The Board views the next period cautiously optimistic as it does not foresee any major fluctuations that may impact the poultry segment in the short term.

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

	9 months ended 30.09.18	9 months ended 31.12.17 Restated
	RM'000	RM'000
Income tax expense	1,803	3,200
Real property gain tax	1,136	203
Deferred tax expense	1,263	(212)
Total	4,202	3,191

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 31 January 2019.

(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 31.12.2018	As at 31.12.2017
	RM'000	RM'000
Short term		
<i>Secured:-</i>		
Term loans	7,130	5,349
Banker acceptance	1,772	1,820
Revolving credit	9,500	15,000
	<u>18,402</u>	<u>22,169</u>
<i>Unsecured:-</i>		
Term loans	395	1,211
Banker acceptance	4,427	3,823
	<u>4,822</u>	<u>5,034</u>
	<u>23,224</u>	<u>27,203</u>
Long term		
<i>Secured:-</i>		
Term loans	57,306	65,691
<i>Unsecured:-</i>		
Term loans	-	395
	<u>57,306</u>	<u>66,086</u>
Total borrowings	<u>80,530</u>	<u>93,289</u>

- b) There were no borrowings in foreign currency as at 31 December 2018.
- c) Effective average cost of borrowings based on exposure as at 31 December 2018 was 6.15% (2017: 5.95%).

B8. Off Balance Sheet Financial Instrument

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

B9. Changes in Material Litigations

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

B10. Dividend Payable

On 26 February 2019, the Board of Directors has declared an interim dividend of 1 cent per ordinary share in respect of the financial year 31 March 2019, to be paid on 12 April 2019. The entitlement date for the dividend payment is 18 March 2019.

B11. Earnings per share (“EPS”)

	3 months ended		9 months ended	
	31-Dec-18 RM'000	31-Dec-17 RM'000 Restated	31-Dec-18 RM'000	31-Dec-17 RM'000 Restated
Profit attributable to ordinary shareholders of the parent	9,752	1,609	15,468	625
Number of shares in issue ('000)	130,104	130,104	130,104	130,104
Basic EPS (sen per share)	7.50	1.24	11.89	0.48

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 26 February 2019.

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	Final dividend	130,104	1 cent per share, single tier	1,301	5.10.2018
34	2019	Interim dividend	130,104	1 cent per share, single tier	1,301	12.4.2019