

**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 2019. 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 2019.

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 2019, except for the adoption of the following new and revised Malaysian Financial Reporting Standards (“MFRS”) and Amendments to MFRSs that have become effective for the financial periods beginning 1 April 2019:

MFRS 9: Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16: Leases	1 January 2019
MFRS 128: Long-term Interest in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 119: Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

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 101: Definition of Material (Amendments MFRS 101)	1 January 2020
MFRS 3: Business Combination (Amendments to MFRS 3)	1 January 2020
MFRS 108: Definition of Material (Amendments to MFRS 108)	1 January 2020
Amendments to 134: Interim Financial Reporting	1 January 2020
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretations 22: Foreign Currency Transactions and Advance Consideration	1 January 2021
MFRS17: Insurance Contracts	
Amendments to MFRS 10 and MFRS 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 2019 was not qualified.

**A3. Segmental Information**

	3 months ended			12 months ended		
	31-Mar-20 RM'000	31-Mar-19 RM'000	Change %	31-Mar-20 RM'000	31-Mar-19 RM'000	Change %
<b>Segment revenue</b>						
Poultry & related products	35,467	55,202	-36%	183,760	193,695	-5%
Extraction & sale of sand	1,078	686	57%	3,068	2,285	34%
Investment holdings	90	90	0%	360	360	0%
<b>Total</b>	<b>36,635</b>	<b>55,978</b>	<b>-35%</b>	<b>187,188</b>	<b>196,340</b>	<b>-5%</b>
<b>Segment results</b>						
Poultry & related products	(10,011)	8,137	-223%	19,729	34,038	-42%
Extraction & sale of sand	288	(11)	2719%	(3,036)	6	-50706%
Investment holdings	(864)	152	-668%	(3,455)	(2,148)	-61%
Property development	135	(325)	142%	(1,778)	(937)	-90%
(Loss) / profit before tax	(10,451)	7,952	-231%	11,459	30,959	-63%
Less: Tax expense	2,408	(2,464)	198%	(5,974)	(10,003)	40%
(Loss) / profit net of tax	(8,043)	5,488	-247%	5,485	20,956	-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 2020.

**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 was no dividend paid for the quarter under review.

**A8. Carrying Amount of Fixed Assets**

During the financial year, the Group's certain assets were impaired in accordance to the Group's accounting policy giving rise to impairment loss of RM3.99 million net of deferred taxation. This was based on results of valuations carried out in August 2019 by professional independent valuers namely Cheston International (KL) Sdn. Bhd. and Henry Butcher (Sel) Sdn. Bhd..

**A8. Carrying Amount of Fixed Assets (contd.)**

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 2019.

**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-20	31-Mar-19	31-Mar-20	31-Mar-19
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	277	172	1,007	500
Other income including investment income	145	1,209	1,171	2,269
Interest expense	(1,056)	(1,206)	(4,430)	(5,023)
Depreciation & amortisation	(1,919)	(1,396)	(8,204)	(7,759)
Fair value changes on biological assets	(4,611)	(3,976)	(5,698)	5,074
Provision for and write off of receivables	(104)	(94)	(104)	(94)
Provision for and write off of inventories	-	-	-	-
Gain on disposal of :				
Quoted shares	-	-	-	-
Unquoted investments	-	-	-	-
Properties	-	-	-	-
Impairment of assets	-	-	(4,330)	-
Foreign exchange (loss)/gain:-				
Realised (loss)/gain	(44)	70	96	654
Unrealised (loss)/gain	19	(39)	(17)	49
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

**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	35,467	55,202	-36%	183,760	193,695	-5%
Extraction & sale of sand	1,078	686	57%	3,068	2,285	34%
Investment holdings	90	90	0%	360	360	0%
<b>Total</b>	<b>36,635</b>	<b>55,978</b>	<b>-35%</b>	<b>187,188</b>	<b>196,340</b>	<b>-5%</b>
<b>Segment result</b>						
Poultry & related products	(10,011)	8,137	-223%	19,729	34,038	-42%
Extraction & sale of sand	288	(11)	2719%	(3,036)	6	-50706%
Investment holdings	(864)	152	-668%	(3,455)	(2,148)	-61%
Property development	135	(325)	142%	(1,778)	(937)	-90%
(Loss)/ profit before tax	(10,451)	7,952	-231%	11,459	30,959	-63%
Less: Tax expense	2,408	(2,464)	198%	(5,974)	(10,003)	40%
(Loss)/ profit net of tax	(8,043)	5,488	-247%	5,485	20,956	-74%

The Group registered a revenue of RM36.64 million and a loss net of tax of RM8.04 million for the current quarter as compared to a revenue of RM55.98 million and a profit net of tax of RM5.49 million in the same quarter of previous year. Revenue for the Group dropped by 35% due to lower average egg prices and sales volume. The Group recorded a loss net of tax of RM8.04 million in tandem with drop in revenue.

For the full financial year, the Group recorded a total revenue of RM187.19 million and a net profit of RM5.49 million as compared to revenue of RM196.34 million and net profit of RM20.96 million in the previous year. Drop in revenue was due mainly to lower average egg prices and sales volume in the current quarter. The Group's profit dropped in tandem with the lower revenue, compounded by the changes in fair value of biological assets as compared to previous year.

There are no earnings contribution from other segments.

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

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	<b>Change</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Segment revenue</b>			
Poultry & related products	35,467	48,597	-27%
Extraction & sale of sand	1,078	771	40%
Investment holdings	90	90	0%
<b>Total</b>	<b>36,635</b>	<b>49,458</b>	<b>-26%</b>
<b>Segment result</b>			
Poultry & related products	(10,011)	9,557	-205%
Extraction & sale of sand	288	21	1272%
Investment holdings	(864)	(648)	-33%
Property development	135	(212)	164%
<b>(Loss) / profit before tax</b>	<b>(10,451)</b>	<b>8,717</b>	<b>-220%</b>

The Group posted a loss before tax of RM10.45 million for the current quarter versus profit before tax of RM8.72 million in the preceding quarter. Revenue from poultry segment dropped by 27% due to lower volume of egg sold and lower average egg prices. The Group's earnings decreased by 220% in tandem with lower revenue, compounded by changes in fair value of biological assets in the current quarter.

**B3. Commentary on Prospects**

The Board views the next financial year to continue to be challenging due to over-supply in the market, egg price volatility and impact of COVID-19 pandemic on businesses.

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 31.3.20 RM'000	12 months ended 31.3.19 RM'000
Income tax expense	8,766.	8,791
Real property gain tax	2	1,136
Deferred tax	(2,794)	76
<b>Total</b>	<b>5,974</b>	<b>10,003</b>

The effective tax rate is higher than the statutory rate of 24% due mainly to the effects of disallowed losses in respective periods.

**B6. Corporate Proposals**

- (a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 14 March 2020.

- (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 31.3.2020	As at 31.3.2019
	RM'000	RM'000
<b>Short term</b>		
<i>Secured:-</i>		
Term loans	8,024	7,435
Banker acceptance	1,151	671
Revolving credit	12,500	9,500
	<u>21,675</u>	<u>17,606</u>
<i>Unsecured:-</i>		
Term loans	-	220
Banker acceptance	-	3,016
Revolving credit	6,000	-
	<u>6,000</u>	<u>3,236</u>
	<u>27,675</u>	<u>20,842</u>
<b>Long term</b>		
<i>Secured:-</i>		
Term loans	47,324	55,034
	<u>47,324</u>	<u>55,034</u>
<b>Total borrowings</b>	<u>74,999</u>	<u>75,876</u>

- b) There were no borrowings in foreign currency as at 31 March 2020.
- c) Effective average cost of borrowings based on exposure as at 31 March 2020 was 5.46% (2019: 6.06%).

**B8. Off Balance Sheet Financial Instrument**

There were no off balance sheet financial instruments as at 31 March 2020.

**B9. Changes in Material Litigations**

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

**B10. Dividend Payable**

On 25 February 2020, the Board of Directors has declared an interim dividend of 0.5 sen per ordinary share in respect of the financial year 31 March 2020, which amounted to RM0.65 million and was paid on 3 April 2020.

**B11. Earnings per share (“EPS”)**

	3 months ended		12 months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000 Restated	31-Mar-20 RM'000	31-Mar-19 RM'000 Restated
<b>Profit attributable to ordinary shareholders of the parent</b>	(8,043)	5,488	5,485	20,956
<b>Number of shares in issue ('000)</b>	130,104	130,104	130,104	130,104
<b>Basic EPS (sen per share)</b>	(6.18)	4.22	4.22	16.11

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 21 May 2020.

**B13. Dividends Paid / Declared**

Dividend paid / declared since the financial year 2018 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
32	2018	Interim dividend	130,104	1 sen per share, single tier	1,301	6.4.2018
33	2018	Final dividend	130,104	1 sen per share, single tier	1,301	5.10.2018
34	2019	Interim dividend	130,104	1 sen per share, single tier	1,301	12.4.2019
35	2019	Final dividend	130,104	1 sen per share, single tier	1,301	25.10.2019
36	2020	Interim dividend	130,104	0.5 sen per share, single tier	651	3 .4.2020