# NOTES TO THE QUARTERLY REPORT

***A. Selected explanatory notes pursuant to FRS 134 Interim Financial Reporting***

# A1. Accounting Policies

The interim condensed financial statements are prepared in compliance with FRS 134, “Interim Financial Reporting” and Appendix B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim condensed financial statements have been prepared based on accounting policies and methods of computation which are consistent with those adopted in the preparation of the audited financial statements for the year ended 31 December 2012.

# A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2012, except for the adoption of the following new FRSs, Amendments to FRSs, and IC Interpretations that are effective for the Group from 1 January 2013:

|  |  |
| --- | --- |
| **FRSs and IC Interpretations (Including The Consequential Amendments)** |  |
|  |  |
| FRS 10 Consolidated Financial Statements |  |
|  |  |
| FRS 11 Joint Arrangements |  |
|  |  |
| FRS 12 Disclosure of Interests in Other Entities |  |
|  |  |
| FRS 13 Fair Value Measurement |  |
|  |  |
| FRS 119 (2011) Employee Benefits |  |
|  |  |
| FRS 127 (2011) Separate Financial Statements |  |
|  |  |
| FRS 128 (2011) Investments in Associates and Joint Ventures |  |
|  |  |
| Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities |  |
|  |  |
| Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance |  |
|  |  |
| Amendments to FRS 101 : Presentation of Items of Other Comprehensive Income |  |
| IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine |  |

Annual Improvements to FRSs (2012)

# A2. Changes in Accounting Policies (cont’d)

**FRSs and IC Interpretations (Including The Consequential Amendments) (cont’d)**

The above accounting standards and interpretations (including the consequential amendments) do not have any material impact on the Group’s financial statements.

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”) that are equivalent to International Financial Reporting Standards (“IFRS”).

The MFRSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venture (herein called “ Transitioning Entities”). The Group falls within the definition of Transitioning Entities and has elected to present its first MFRSs financial statements when the MFRS framework become mandatory. Currently, the MASB has not announced as to when the Transitioning Entities are mandated to comply with the MFRS framework. This is because of the revision in the project timeline on the issuance of new IFRS on Revenue and the proposed limited amendments to IAS 41 (Agriculture) by the International Accounting Standard Board. According, the Group is unable to assess the potential financial effects of the differences between the accounting standards under FRSs and the MFRSs

# A3. Audit Report

The auditors’ report on the preceding year’s annual financial statements was not subject to any qualification.

**A4. Seasonal And Cyclical Factors**

Seasonal or cyclical factors do not significantly affect the principal business operations of the Group.

**A5. Unusual Items**

There were no unusual items in the current quarter and financial period to date.

# A6. Changes in Estimate

There were no changes in the estimate of amounts reported in current interim period of the current financial year.

**A7. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

# A8. Dividends paid

On 12 December 2013, the Company paid an interim tax exempt dividend of 4 sen per share amounting to RM 3,111,580 for the financial year ended 31 December 2013.

# A9. Segmental Information

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Poultry farming and processing** | **Manufacturing of fertilizer, feeds and egg trays** | **Others** | **Eliminations** | **Group** |
|  | RM’000 | RM’000 | RM’000 | RM’000 | RM’000 |
| External sales | 927,099 | 3,817 | 3,464 |  | 934,380 |
| Intersegment sales | 425,074 | 446,648 | - | (871,722) | - |
| Total | 1,352,173 | 450,465 | 3,464 | (871,722) | 934,380 |
|  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Poultry**  **Farming and processing** | **Manufacturing of fertilizer, feeds & egg trays** | Others | Total |
|  | RM’000 | RM’000 | RM’000 | RM’000 |
| Profit/(Loss) before tax | 12,732 | 1,921 | (2,787) | 11,866 |
| Profit/(Loss) after tax | 9,181 | 1,602 | (2,300) | 8,483 |

**A10.** **Valuations of Property, Plant and Equipment**

The valuations of the properties of the Group which were carried out in 2011 have been brought forward from the previous annual audited financial statements without any amendment.

**A11. Events After the Interim Period**

There are no material events that have arisen in the interval between the end of the current quarter ended 31 December 2013 to the date of this announcement, which would substantially affect the financial results of Group for the current quarter and the financial year to date.

# A12. Changes In Composition Of The Group

There were no major changes in the composition of the Group during the quarter.

# A13. Changes In Contingent Liabilities

Changes in material contingent liabilities of the Group and Company since 31 December 2012 were as follows :

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Group | | Company | |
|  | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
|  | RM’000 | RM’000 | RM’000 | RM’000 |
| Guarantees granted by the Company to third parties for credit facilities extended to subsidiaries  Outstanding guarantees granted by the Company to third parties for credit facilities extended to subsidiaries | Nil  Nil | Nil  Nil | 485,287  468,434 | 517,027  459,979 |

***B. Selected explanatory notes pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.***

**B1. Detailed Analysis Of The Performance Of All Operating Segments Of The Group**



The Group’s turnover for the quarter ended 31 December 2013 has increased by 46.53% to RM261.099 million from RM178.191 million for the corresponding quarter ended 31 December 2012. The increase in turnover is mainly due to increase in quantities of poultry products for the current quarter.

The Group registered a pretax loss of RM4.292 million in December 2013 compared to a pretax loss of RM16.230 million in the corresponding quarter last year. The better pretax loss is due to even quantity increase but the selling prices of poultry products is down.

**B2. Comparison With The Preceding Quarter’s Results**

For the quarter ended 31 December 2013, pretax loss of RM4.292 million as compared to a pretax profit of RM11.678 million for the preceding quarter ended 30 September 2013. The Group’s pretax loss for the period was due to the drop in price for broiler.

# B3. Commentary On Current Year Prospect

The prospect of poultry industry is expected to get better for the remaining of 2014.

**B4. Variance on forecast profit / profit guarantee**

Not applicable as no profit guarantee was issued.

**B5. Statement By Directors**

The Group did not issue any profit forecast or projection in a public document in the current quarter or prior financial period.

**B6. Income Tax Expense**

The tax expense comprises:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Individual Quarter** | |  | **Cumulative Quarter** | |
|  | **31.12.13** | **31.12.12** |  | **31.12.13** | **31.12.12** |
|  | **RM’000** | **RM’000** |  | **RM’000** | **RM’000** |
| In respect of the financial period |  |  |  |  |  |
| Malaysian income tax | (2,046) | (911) |  | (2,046) | (922) |
| Deferred tax | (1,062) | 4,480 |  | (1,337) | 4,458 |
|  | (3,108) | 5,391 |  | (3,383) | 5,380 |

# B7. Status Of Corporate Proposals

There were no corporate proposals announced but not completed as at 26 February 2014.

**B8. Group Borrowings**

Group borrowings all of which are secured as at 31 December 2013 were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Current | Non Current | Total |
|  | RM’000 | RM’000 | RM’000 |
| Hire purchase and finance lease liabilities | 20,507 | 26,956 | 47,463 |
| Bank borrowings | 295,366 | 189,549 | 484,915 |
| Bank overdraft | 6,728 | - | 6,728 |
| Total borrowings | 322,601 | 216,505 | 539,106 |

The borrowings are all denominated in Ringgit Malaysia.

**B9. Pending Material Litigation**

There was no pending material litigation as at the date of this quarterly report.

**B10. Dividend**

The interim tax exempt dividend of 4 sen per share amounting to RM3,111,580 has been paid on 12 December 2013.

**B11. Earnings Per Share**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Individual Quarter | |  | Cumulative Quarter | |
|  |  | 31.12.13 | 31.12.12 |  | 31.12.13 | 31.12.12 |
|  |  | RM’000 | RM’000 |  | RM’000 | RM’000 |
| a) | *Basic Earnings per Share* |  |  |  |  |  |
|  | Net profit/(loss) for the period | (4,784) | (10,614) |  | 10,159 | (28,191) |
|  |  |  |  |  |  |  |
|  | Weighted average number of ordinary shares | 77,789 | 77,778 |  | 77,786 | 77,754 |
|  |  |  |  |  |  |  |
|  | Basic Earnings/(Loss) per share (sen) | (6.15) | (13.65) |  | 13.06 | (36.26) |
|  |  |  |  |  |  |  |
| b) | *Diluted Earnings Per Share* |  |  |  |  |  |
|  | Net profit / (loss) for the period | - | - |  | 10,159 | - |
|  | Weighted average number of ordinary shares | - | - |  | 77,786 | - |
|  | Number of shares deemed to have been issued for no  consideration – ESOS | - | - |  | 994 | - |
|  | Weighted average number of ordinary shares | - | - |  | 78,780 | - |
|  |  |  |  |  |  |  |
|  | Diluted earnings per share (sen) | -\* | -\* |  | 12.90 | -\* |
|  |  |  |  |  |  |  |

\* There is no diluted earnings per share because it is anti-dilutive.

B12. Cash and cash equivalents at end of the financial year



**B13. Realised and unrealised profits of the Group**

31.12.13 30.09.13

RM’000 RM’000

Total retained profits

* Realised gain 51,272 57,956
* Unrealised loss (37,690) (36,478)

Total retained profits 13,582 21,478

Add : Consolidation adjustment 10,560 10,560

24,142 32,038

**B14. Profit/(Loss) Before Tax**

Individual Quarter Cumulative Quarter

31.12.13 31.12.13

RM’000 RM’000

Profit before tax is arrived at

After charging / (crediting) :-

Interest income (192) (607)

Other income (185) (679)

Interest expenses 6,780 29,923

Depreciation 14,777 54,771

Foreign exchange loss/ (gain)

- realised (96) (963)

- unrealised 25 (40)

Other than the above items, there were no provision for and write off of inventories, gain or loss on disposal of unquoted investment or properties, gain or loss on derivatives and exceptional items for the current quarter and financial year to date.