

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO. 134 - INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

The Group has prepared its financial statements using the Malaysian Financial Reporting Standards ("MFRS") for the financial year ended 31 March 2020.

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 of the Group for the financial year ended 31 March 2020. 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 2020.

A2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 March 2020, except for the adoption of the following new standards, amendments to standards and interpretations during the current financial period:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 “Definition of Material”
- Amendments to MFRS 3 “Definition of a Business”
- Amendments to MFRS 7, MFRS 9 and MFRS 139 “Disclosures – Interest Rate Benchmark Reform

The adoption of the above standards and amendments does not have any material financial impact on the financial statements of the Group.

Standards and Amendments in issue but not yet effective

At the date of authorisation for issue of this interim financial report, the new and revised Standards and Amendments, which were in issue but not yet effective and not early adopted by the Group are as follow:

	<u>Effective for annual period beginning on or after</u>
Standards	
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 “Classification of Liabilities as Current or Non-current”	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

A3 SEASONAL AND CYCLICAL FACTORS

The Group's business operations were not affected by any seasonal and cyclical factors.

A4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE AND INCIDENCE

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter under review.

A5 ESTIMATES

There were no material changes in estimates that had a material effect on the current quarter under review.

A6 DEBTS AND EQUITIES SECURITIES

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter under review.

A7 DIVIDEND PAID

The Company paid a final tax exempt dividend for the year ended 31 March 2020 of 0.75 cents per ordinary share totalling RM4.952 million on 12 November 2020.

A8 SEGMENTAL REPORTING

Analysis of revenue by segments

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Integrated livestock farming ("ILF")	174,663	154,897	517,783	466,450
Food manufacturing ("FM")	104,860	108,280	314,135	313,683
Retail business ("RB")	55,874	54,567	179,714	160,953
Subtotal	335,397	317,744	1,011,632	941,086
Intercompany elimination	(115,511)	(107,430)	(324,948)	(311,898)
Total revenue	<u>219,886</u>	<u>210,314</u>	<u>686,684</u>	<u>629,188</u>

The revenue was predominantly derived in Malaysia.

A8 SEGMENTAL REPORTING (cont'd)

Analysis of segment results, assets and liabilities

	<u>ILF</u> RM'000	<u>FM</u> RM'000	<u>RB</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
Cumulative quarter at 31.12.2020					
Segment results	24,823	3,961	3,311	(2,282)	29,813
Finance costs	(7,941)	(1,436)	(550)	640	(9,287)
Share of results of an associated company	-	(2,590)	-	-	(2,590)
Profit/(Loss) before taxation ("PBT/(LBT)")	16,882	(65)	2,761	(1,642)	17,936
Taxation	(4,673)	45	(387)	(29)	(5,044)
Profit/(Loss) after taxation	12,209	(20)	2,374	(1,671)	12,892
Segment assets	934,954	190,265	71,441	(341,728)	854,932
Segment liabilities	529,046	160,546	33,674	(248,146)	475,120
Cumulative quarter at 31.12.2019					
Segment results	22,842	3,740	(804)	203	25,981
Finance costs	(9,105)	(1,508)	(557)	569	(10,601)
Share of results of an associated company	-	(3,951)	-	-	(3,951)
PBT/(LBT)	13,737	(1,719)	(1,361)	772	11,429
Taxation	(2,482)	(521)	405	74	(2,524)
Profit/(Loss) after taxation	11,255	(2,240)	(956)	846	8,905
Segment assets	894,783	178,154	72,996	(294,390)	851,543
Segment liabilities	500,895	144,274	37,912	(210,206)	472,875

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

There were no revaluation of property, plant and equipment for the quarter under review.

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the said investment properties since the last balance sheet date.

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT QUARTER

There were no material events subsequent to the end of the current financial quarter and up to the date of this report.

A11. COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group in the current financial quarter under review.

A12. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets as at the end of the current financial quarter and up to the date of this report.

The contingent liabilities of the group arise from bank guarantee given to third parties amounted to RM6.54 million.

A13. CAPITAL COMMITMENTS

Commitments for the capital expenditure not provided for acquisition of property, plant and equipment in the financial statements amounted to RM4.27 million.

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarter ended			Period ended		
	31.12.2020	31.12.2019	Variance	31.12.2020	31.12.2019	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- Integrated livestock farming ("ILF")	180,663	154,897	16.63	523,783	466,450	12.29
- Food manufacturing ("FM")	104,860	108,280	(3.16)	314,135	313,683	0.14
- Retail business ("RB")	49,874	54,567	(8.60)	173,714	160,953	7.93
Subtotal	335,397	317,744	5.56	1,011,632	941,086	7.50
Intercompany elimination	(115,511)	(107,430)	7.52	(324,948)	(311,898)	4.18
Total	219,886	210,314	4.55	686,684	629,188	9.14
PBT	6,012	2,254	166.73	17,936	11,429	56.93

Individual quarter Quarter ("Q")3'21 vs Q3'20

Revenue for the ILF segment increased by 16.63% or RM25.77 million from RM154.90 million to RM180.66 million. The higher revenue was mainly attributable to the higher sales of table eggs arising from higher productivity and better average selling price and higher sales of livestock in this current quarter as compared to corresponding quarter.

B1 REVIEW OF PERFORMANCE (cont'd)

Revenue for the FM segment decreased by 3.16% or RM3.42 million from RM108.28 million to RM104.86 million. The processed chicken products recorded a lower sales volume together with lower selling price. Furthermore, the lower demand of liquid egg from local customers arises from the continued movement control order also contributed to the drop in revenue for FM segment.

RB segment recorded a drop in revenue of 8.60% or RM4.69 million in Q3'21 as compared with the last corresponding preceding period. This was mainly due to the recent flood in East Malaysia which caused the temporary closure of certain stores.

Arising from the above, the group recorded a higher PBT of RM6.01 million as compared to the last corresponding preceding period of RM2.25 million.

Cumulative quarter Q3'21 vs Q3'20

The ILF segment recorded an increase of 12.29% or RM 57.33 million from RM466.45 million in Q3'20 to RM 523.78 million in Q3'21 due to higher contribution from the layers and broiler division.

The FM segment records a marginal increase in revenue of 0.14% or RM 0.4 million. Processed chicken products recorded a higher revenue due to higher average selling price as compared to the last corresponding quarter. The higher revenue from processed chicken products was offset by the drop in revenue of liquid egg products which resulted from lower demand of industrial users.

RB segment revenue increased by 7.93% or RM 12.76 million from RM 160.95 million to RM 173.71 million. The increase was attributable to higher demand from customers on the imposition of MCO by the government in view of the Covid-19 pandemic.

The Group recorded a higher PBT of RM17.94 million as compared to the last corresponding preceding period of RM11.43 million from better performance across all business segments.

B2 COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Period ended		
	<u>31.12.2020</u>	<u>30.09.2020</u>	<u>Variance</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue			
- Integrated livestock farming ("ILF")	180,663	170,269	6.10
- Food manufacturing ("FM")	104,860	104,693	0.16
- Retail business ("RB")	49,874	60,469	(17.52)
Subtotal	335,397	335,431	(0.01)
Intercompany elimination	(115,511)	(106,827)	8.13
Total	219,886	228,604	(3.81)
PBT	6,012	2,776	116.57

For the current quarter under review, ILF segment recorded a higher revenue of RM180.66 million from the increased in total eggs sold.

RB segment recorded a decrease of 17.52% or RM 10.60 million to RM 49.87 million. This was mainly due to the impact of the third resurgence of Covid-19 coupled with the recent flood in East Malaysia which resulted in the temporary closure of certain stores.

The Group recorded a higher PBT of RM6.012 million as compared to the immediate preceding quarter of RM2.78 million as a result of better performance of all business segments mainly the ILF segment.

B3 PROSPECTS

With the recent spike in Covid-19 pandemic cases, the Board has remained cautious and continuously assess the business conditions.

However, we expect the cost of doing business to increase with the recent price rally on maize and soybean which will directly impact the cost of feeds.

B4 PROFIT FORECAST AND PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee during the current year under review.

B5 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Current tax	1,666	(119)	3,751	626
Deferred tax	(685)	(532)	1,293	1,898
	981	(651)	5,044	2,524

The group effective tax rate for the current quarter is higher than the statutory tax rate of 24% mainly due to non-deductible expenses in current quarter.

B6 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of this report.

B7 BORROWINGS

	As at	As at
	31.12.2020	31.3.2020
	RM'000	RM'000
<u>Current</u>		
<u>Secured</u>		
Bank overdrafts	6,438	3,728
Bill payables	63,243	66,078
Lease liabilities	12,945	11,980
Term loans	20,617	20,704
	103,243	102,490
<u>Unsecured</u>		
Bank overdrafts	2,479	1,290
Bill payables	94,139	88,715
	96,618	90,005
<i>Total current</i>	<i>199,861</i>	<i>192,495</i>
<u>Non-current</u>		
<u>Secured</u>		
Lease liabilities	27,350	27,239
Term loans	66,416	79,609
<i>Total non-current</i>	<i>93,766</i>	<i>106,848</i>
<i>Total borrowings</i>	<i>293,627</i>	<i>299,343</i>

B7 BORROWINGS (cont'd)

The currency profile of borrowings other than the functional currency is

	<u>As at</u> <u>31.12.2020</u> <u>RM'000</u>	<u>As at</u> <u>31.3.2020</u> <u>RM'000</u>
THB	153	185

B8 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not enter any contracts involving off balance sheet financial instruments during the current quarter under review.

B9 MATERIAL LITIGATION

Except for the below mentioned claim, there is no material pending litigation.

On 2 July 2018, Lay Hong Berhad ("Plaintiff") had filed a claim against Loke Chee Min ("1st defendant"), Beh Yong Hock ("2nd defendant"), Leong Sze Seng ("3rd defendant") and The Roof Realty Sdn Bhd ("4th Defendant") for a special damages of RM3,256,904.84 with interest and costs.

Pursuant to the claim, the Plaintiff is seeking the special damages upon the recommendation/misrepresentation of the 3rd defendant (a real estate negotiator employed by the 4th defendant, a registered real estate agent) wherein 3rd defendant represented inter alia to the plaintiff that the owners of the land held under Grant Mukim 6469 for Lot 31982 and Grant Mukim 6470 for Lot 31983 both in the Mukim of Kapar, District of Klang, Selangor (the said lands) wishes to sell the lands and that the 1st defendant is the solicitor representing the land owner. The 2nd defendant is the solicitor appointed by the plaintiff to handle the sale and purchase transaction on its behalf while the 1st defendant purportedly acted for the owners of the said lands. The plaintiff paid the monies to the 1st defendant as stakeholder based on the sale and purchase agreement terms executed between the parties.

Subsequently, the plaintiff found out that the owners of the said lands did not appoint the first defendant as their solicitors neither did they sell their said lands.

The plaintiff claims against the defendants inter alia for the loss and damage suffered by it:-

- 1) against the 1st defendant for breach of fiduciary duty and/or trust as the stakeholder of the purchase price of the said lands and wrongfully deprived the plaintiff the said payments;
- 2) against the 2nd defendant for breach of contract and negligence;
- 3) against the 3rd defendant for fraudulent and/or negligent misrepresentation; and
- 4) against the 4th defendant as the principal and/or employer of the 3rd defendant for vicarious liability in respect of the act and/or omission of the 3rd defendant

B9 MATERIAL LITIGATION (cont'd)

The court proceeded with the trial on 12/11/2019, 13/11/2019, 14/11/2019, 21/11/2019, 31/1/2020, 9/9/2020, 10/9/2020 and fixed for decision on 14/12/2020. The Court had ruled on 19/2/2021 in favour of the Company and awaiting the formal written judgement from the Court.

B10 PROPOSED DIVIDEND

The Board of Directors has not recommended any dividend for the current financial quarter under review and the financial period to-date.

B11 EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Profit attributable to ordinary equity holders of the parent (RM'000)	4,292	2,159	10,642	7,136
Weighted average number of ordinary shares (Basic)('000)	660,289	660,289	660,289	660,289
Effect of dilution of outstanding Shares Issuance Scheme ("SIS") ('000)	*	18,101	*	18,914
Effect of dilution of outstanding Warrants ('000)	*	226,401	*	236,564
Weighted average number of ordinary shares (Diluted)('000)	*	904,791	*	915,767
Basic earnings per share (sen)	0.65	0.33	1.61	1.08
Diluted earnings per share (sen)	*	0.24	*	0.78

Basic earnings per share is computed based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is computed based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period after adjustment for full conversion of the SIS Options and conversion of warrants.

* No diluted earnings per share is presented as there are no potential dilutive ordinary shares as at the end of the financial period.

B12 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the previous annual financial year ended 31 March 2020 was not subject to any qualification.

B13 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 February 2021.