

**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**

There was no dividend paid during the current quarter under review.

**A8 SEGMENTAL REPORTING**

Analysis of revenue by segments

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	<u>31.03.2021</u>	<u>31.03.2020</u>	<u>31.03.2021</u>	<u>31.12.2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Integrated livestock farming ("ILF")	178,890	162,646	702,673	629,096
Food manufacturing ("FM")	111,247	109,905	425,382	423,588
Retail business ("RB")	56,911	54,344	230,599	215,297
Subtotal	347,048	326,895	1,358,654	1,267,981
Intercompany elimination	(110,074)	(116,386)	(434,996)	(428,284)
Total revenue	<u>236,974</u>	<u>210,509</u>	<u>923,658</u>	<u>839,697</u>

The revenue was predominantly derived in Malaysia.

**A8 SEGMENTAL REPORTING (cont'd)**

Analysis of segment results, assets and liabilities

	<u>ILF</u>	<u>FM</u>	<u>RB</u>	<u>Elimination</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Cumulative quarter at 31.03.2021</b>					
Segment results	22,793	1,531	2,681	(41)	26,964
Finance costs	(10,289)	(1,944)	(735)	803	(12,165)
Share of results of an associated company	-	(5,102)	-	-	(5,102)
Profit/(Loss) before taxation ("PBT/(LBT)")	12,504	(5,515)	1,946	762	9,697
Taxation	(3,887)	(373)	(245)	49	(4,456)
Profit/(Loss) after taxation	8,617	(5,888)	1,701	811	5,241
Segment assets	801,427	169,118	68,983	(87,696)	951,832
Segment liabilities	382,402	87,139	27,087	(1,297)	495,331
<b>Cumulative quarter at 31.03.2020</b>					
Segment results	34,827	3,623	(708)	(3,983)	33,759
Finance costs	(12,298)	(2,040)	(732)	806	(14,264)
Share of results of an associated company	-	(5,398)	-	-	(5,398)
PBT/(LBT)	22,529	(3,815)	(1,440)	(3,177)	14,097
Taxation	(8,329)	(952)	728	32	(8,521)
Profit/(Loss) after taxation	14,200	(4,767)	(712)	(3,145)	5,576
Segment assets	896,633	179,113	71,236	(286,991)	859,991
Segment liabilities	501,330	150,106	35,838	(198,970)	488,304

**A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES**

Revaluation of property, plant and equipment had been conducted during the quarter under review and resulted with a revaluation surplus amounted to RM84.14 million and a loss on revaluation of RM1.69 million.

The Group adopts the fair value model for its investment properties. The fair value gain on investment properties amounted to RM 0.33 million has been recognised in the quarter under review.

**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 guarantees given to third parties amounted to RM6.53 million.

**A13. CAPITAL COMMITMENTS**

Commitments for the capital expenditure not provided for acquisition of property, plant and equipment in the financial statements amounted to RM12.84 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		Variance	Period ended		Variance
	31.03.2021	31.03.2020		31.03.2021	31.03.2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- Integrated livestock farming ("ILF")	178,890	162,646	10.0	702,673	629,096	11.7
- Food manufacturing ("FM")	111,247	109,905	1.2	425,382	423,588	0.4
- Retail business ("RB")	56,911	54,344	4.7	230,599	215,297	7.1
Subtotal	347,048	326,895	6.2	1,358,654	1,267,981	7.2
Intercompany elimination	(110,074)	(116,386)	(5.3)	(434,996)	(428,284)	1.6
Total	236,974	210,509	12.5	923,658	839,697	10.0
(LBT)/PBT	(8,239)	2,668	(335.0)	9,697	14,097	(17.3)

**Individual quarter Quarter ("Q")4'21 vs Q4'20**

Revenue for the ILF segment increased by 10.0% or RM16.24 million from RM162.65 million to RM178.89 million. The higher revenue was attributable to the higher portion of livestock made available for sales direct to third (3) parties which average selling price were higher.

**B1 REVIEW OF PERFORMANCE (cont'd)**

Revenue for the FM segment increased by 1.2% or RM1.34 million from RM109.91 million to RM111.25 million due to the higher sales of processed chicken

RB segment recorded an increase in revenue of 4.7% or RM2.57 million in Q4'21 compared with the last corresponding preceding period. The increase was attributable to higher demand from customers with the on-going Recovery/Condition Movement Control Order ("R/CMCO") imposed by the government.

Despite the increase in revenue, the group recorded a LBT of RM8.24 million compared to the last corresponding preceding period of RM2.67 million PBT. The higher loss was attributed to the fair value loss on biological assets recognised amounted to RM12.46 million as compared with a gain of RM4.24 million recorded in the corresponding period.

Further, the Group also recorded a one-off loss on revaluation of certain property, plant and equipment amounted to RM1.69 million.

**Cumulative quarter Q4'21 vs Q4'20**

The ILF segment recorded an increase of 11.7% or RM 73.58 million from RM629.10 million in Q4'20 to RM 702.67 million in Q4'21 due to higher sales from the layers and broiler division.

The FM segment recorded a marginal increase in revenue of 0.4% or RM 1.79 million to RM 425.38 million.

RB segment revenue increased by 7.1% or RM 15.30 million from RM 215.30 million to RM 230.60 million. The increase was attributable to similar reason stated above.

The Group recorded a lower PBT of RM9.70 million compared to the last corresponding preceding period of RM14.10 million. The decrease in PBT was due to the reason stated above.

**B2 COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS**

	INDIVIDUAL QUARTER		
	Period ended		
	<u>31.03.2021</u>	<u>31.12.2020</u>	<u>Variance</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue			
- Integrated livestock farming ("ILF")	178,890	180,663	(1.0)
- Food manufacturing ("FM")	111,247	104,860	6.1
- Retail business ("RB")	56,911	49,874	14.1
Subtotal	347,048	335,397	3.5
Intercompany elimination	(110,074)	(115,511)	(4.7)
Total	236,974	219,886	7.8
(LBT)/PBT	(8,239)	6,012	(204.3)

For the current quarter under review, ILF segment recorded a lower revenue of RM178.89 million. The decrease in revenue resulted from lower average selling price of table eggs.

The FM segment revenue increased by 6.1% or RM6.39 million from RM104.86 million to RM111.25 million. The higher revenue was mainly contributed by higher sales achieved from its processed chicken products.

RB segment recorded an increase of 14.1% or RM 7.04 million to RM 56.91 million. The increase was attributable to higher demand from customers resulted from the imposition of MCO by the government in view of the Covid-19 pandemic.

Despite the increase in revenue, the group recorded a LBT of RM8.24 million as compared to the immediate corresponding period of RM6.01 million PBT. This was due to the fair value adjustments on biological assets recognised and one-off revaluation loss on certain property, plant and equipment.

**B3 PROSPECTS**

The sharp rise in prices of raw materials especially the two (2) major components i.e corn and soyabean in the world commodities market has caused a major concern to our group's operations. The continuing strengthening of the US dollar against Ringgit Malaysia will also cause the costs to rise. Further, the current Covid-19 pandemic has created volatility in the poultry market especially on the selling prices of table eggs and livestock..

Nevertheless, the Board has taken appropriate mitigative measures to address it and ensure that the Group will continue to remain profitable.

**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	
	<u>31.03.2021</u>	<u>31.03.2020</u>	<u>31.03.2021</u>	<u>31.03.2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax	509	(1,147)	(4,260)	(1,773)
Deferred tax	88	(4,850)	(196)	(6,748)
	<u>588</u>	<u>(5,997)</u>	<u>(4,456)</u>	<u>(8,521)</u>

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

**B6 STATUS OF CORPORATE PROPOSALS**

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

**B7 BORROWINGS**

	<u>As at</u>	<u>As at</u>
	<u>31.03.2021</u>	<u>31.3.2020</u>
	<u>RM'000</u>	<u>RM'000</u>
<b><u>Current</u></b>		
<u>Secured</u>		
Bank overdrafts	4,547	3,728
Bill payables	63,225	66,078
Lease liabilities	13,239	11,980
Term loans	20,686	20,704
	101,697	102,490
<u>Unsecured</u>		
Bank overdrafts	2,230	1,290
Bill payables	98,108	88,715
	100,338	90,005
<i>Total current</i>	<u>202,035</u>	<u>192,495</u>
<b><u>Non-current</u></b>		
<u>Secured</u>		
Lease liabilities	27,232	27,239
Term loans	61,160	79,609
<i>Total non-current</i>	<u>88,392</u>	<u>106,848</u>
<i>Total borrowings</i>	<u>290,427</u>	<u>299,343</u>

**B7 BORROWINGS (cont'd)**

The currency profile of borrowings other than the functional currency is

	<u>As at</u> <u>31.03.2021</u> <u>RM'000</u>	<u>As at</u> <u>31.3.2020</u> <u>RM'000</u>
THB	135	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 on 19/9/2021, the Court delivered its decision as follows

- 1) the plaintiff's claim against the 1<sup>st</sup> defendant was allowed in totality;
- 2) the plaintiff claim against the 2<sup>nd</sup> defendant was allowed in the sum of approximately RM600k, being 20% of total damage;
- 3) the plaintiff claim against the 3<sup>rd</sup> defendant was allowed in the sum of approximately 75k, being commission received;
- 4) the plaintiff claim against 4<sup>th</sup> defendant was dismissed;
- 5) In view of (4) above, no order was made in respect of 4<sup>th</sup> defendant's third party claim against the 1<sup>st</sup> and 3<sup>rd</sup> defendants.

The plaintiff has filed an appeal to the Court of Appeal on 4/3/2021 against part of the decision of the High Court in respect of (2),(3) and (4) above and case management on 18/5/2021 and a further case management was fixed on 7/7/2021.

The 2<sup>nd</sup> defendant has also appealed to the Court of Appeal by filing notice of appeal on 9/3/2021 and is fixed for case management on 31/5/2021.

**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>31.03.2021</u>	<u>31.03.2020</u>	<u>31.03.2021</u>	<u>31.03.2020</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(7,460)	(3,738)	3,182	3,398
Weighted average number of ordinary shares (Basic)('000)	660,289	660,289	660,289	660,289
Basic earnings per share (sen)	(1.13)	(0.57)	0.48	0.51
Diluted earnings per share (sen)	*	*	*	*

**B11 EARNINGS PER SHARE (cont'd)**

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 24 May 2021.