

A) Notes in accordance to requirements under Financial Reporting Standards ("FRS")
No. 134 - Interim Financial Reporting

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. 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 December 2015.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2015.

On 1 January 2016, the Group adopted the following FRSs, Amendmends to FRSs and IC Interpretations:-

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 14 Regulatory Deferral Accounts	1 Jan 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 Jan 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 Jan 2016
Annual Improvements to FRSs 2012 -2014 Cycle	1 Jan 2016
Amendments to FRS 101: Disclosure Initiatives	1 Jan 2016

The adoption of the above standards did not have any material impact on the financial performance or position of the Group.

At the date of these interim financial statements, the following FRSs and Amendments to FRSs were issued but not yet effective and have not been applied by the Group:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 107: Disclosure Initiative	1 Jan 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
FRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 Jan 2018
Amendments to FRS 2: Classification and Measurement of Share-based Payments Transactions	1 Jan 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	Deferred

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards.

The MFRS Framework is 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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework.

The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these interim financial statements for the period ended 30 June 2016 could be different if prepared under the MFRS Framework.

3. Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the year ended 31 December 2015 were reported without any qualification.

4. Comments about Seasonal or Cyclical factors

The Company operations are not affected by any seasonal or cyclical factors.

5. 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 period ended 30 September 2016.

6. Changes in Estimates

There were no changes in estimates that had any material effect to the financial statements in the quarter under review.

7. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities for the current quarter and financial year to-date.

8. Dividends paid

No dividend has been declared for the current quarter ended 30 September 2016.

9. Segmental information

The Group is organized into two main business segments:

- (i) Poultry – This consists of manufacturing and wholesale of animal feeds, poultry breeding, hatchery operations, contract farming, poultry processing and trading of feeds, day-old chicks, medications and vaccines.
- (ii) Property development – This consists of development and construction of residential and commercial properties.

Business segment

Segment information for the nine months ended 30 September 2016 was as follows:

	<u>Poultry</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
2016				
<u>Continuing operations</u>				
Revenue	546,501	22,685	(387,321)	181,865
Results				
Segment results	56,945	603	-	57,548
Unallocated costs				(26,782)
Profit from operations				30,766
Finance income				1,360
Finance costs				(11,235)
Profit before tax from continuing operations				20,891
<u>Dis-continued operations</u>				
Revenue	97,059	-	-	97,059
Results				
Segment results	(9,163)	-	-	(9,163)
Unallocated costs				-
Loss from operations				(9,163)
Finance income				-
Finance costs				(1,876)
Loss before tax from dis-continued operations				(11,039)

Segment information for the nine months ended 30 September 2015 was as follows:

	<u>Poultry</u>	<u>Property</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	development RM'000	RM'000	RM'000
2015				
<u>Continuing operations</u>				
Revenue	526,160	24,223	(361,571)	188,812
Results				
Segment results	16,601	1,824	-	18,425
Unallocated costs				(116)
Profit from operations				18,309
Finance income				1,222
Finance costs				(10,745)
Profit before tax from continuing operations				8,786
<u>Dis-continued operations</u>				
Revenue	77,056	-	-	77,056
Results				
Segment results	(9,943)	-	-	(9,943)
Unallocated costs				-
Loss from operations				(9,943)
Finance income				-
Finance costs				(3,641)
Loss before tax from dis-continued operations				(13,584)

Unallocated costs represent common costs and expenses incurred in dormant subsidiary companies.

10. Subsequent Events

As at the date of this report, there were no material events subsequent to the current quarter ended 30 September 2016, except as follows:

Memorandum of Understanding ("MOU")

On 31 October 2016, Sinmah Development Sdn Bhd ("SDSB"), a wholly-owned subsidiary of the Company had entered into a MOU with Encorp Bukit Katil Sdn Bhd ("EBKSB"), the Master Developer for the development of a parcel of a leasehold land measuring approximately 640.98 acres held under PN 43209, Lot No. 6934 Mukim Bukit Katil, District of Melaka Tengah in the State of Melaka ("Bukit Katil Land"), to jointly develop 100 acres of land located within the Bukit Katil Land ("the propose JV Project")

The MOU stipulates the SDSB's and EBKSB's mutual understanding in relation to the Proposed JV Project, which will be formalized in a joint venture agreement ("JVA") to be entered into between SDSB and EBKSB on terms and conditions to be mutually agreed.

The MOU is not intended to create legal relations between SDSB and EBKSB and shall not constitute a contractually binding arrangement between SDSB and EBKSB.

The signing of the MOU will enable SDSB to be involved in more development activities.

The MOU will have no material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholding of the Company for the financial year ending 31 December 2016 but it is expected to contribute positively to the future earnings of the Group should the JVA materialize eventually.

An announcement was duly made to Bursa Malaysia Securities berhad on 31 December 2016.

Disposal of lands, Breeder Farms and Equipment by Sinmah Breeders Sdn Bhd ("SBSB") and Sinmah Multifeed Sdn Bhd ("SMSB")

On 25 November 2016, SBSB and SMSB, wholly-owned subsidiaries of the Company had entered into Sale and Purchase Agreements with Farm's Best Food Industries Sdn Bhd ("FBFI") for the disposal of the following lands, breeder farms and equipment for a total sale consideration of Ringgit Malaysia Sixty Million, Eighty Nine Thousand, Two Hundred and Eight (RM60,089,208.00) only for SBSB and a total sale consideration of Ringgit Malaysia Two Million, Nine Hundred Ten Thousand, Seven Hundred and Ninety Two (RM2,910,792.00) only ("the Disposals").

SBSB

DESCRIPTION OF THE FARM AND EQUIPMENT	DESCRIPTION OF THE LANDS AND AREA (HECTARES)	DISPOSAL PRICE OF THE LANDS (RM)	DISPOSAL PRICE OF THE FARM AND EQUIPMENT (RM)	TOTAL DISPOSAL PRICE (RM)
FARM 1	Lot No. 799, Mukim of Sungei Siput, Daerah Alor Gajah, Negeri Melaka held under Geran 5523 Area (hectares) : 12.128	4,050,549	5,900,000	17,720,000
	Lot No. 800, Mukim of Sungei Siput, Daerah Alor Gajah, Negeri Melaka held under Geran 5524 Area (hectares) : 4.4896	1,499,451		
FARM 5	Lot 458, Mukim of Tebong, Daerah Tampin, Negeri Sembilan held under GRN 60152 Area (hectares) : 4.0519	1,495,442	3,070,000	
	Lot 459, Mukim of Tebong, Daerah Tampin, Negeri Sembilan held under GRN 60151 Area (hectares): 4.6185	1,704,558		

DESCRIPTION OF THE FARM AND EQUIPMENT	DESCRIPTION OF THE LANDS AND AREA (HECTARES)	DISPOSAL PRICE OF THE LANDS (RM)	DISPOSAL PRICE OF THE FARM AND EQUIPMENT (RM)	TOTAL DISPOSAL PRICE (RM)
FARM 2	Lot No. 2893, Mukim of Sungei Baru Ilir, Daerah Alor Gajah, Negeri Melaka held under Geran 15721. Area (hectares): 4.0595	2,076,967	9,230,000	32,050,000
	Lot No. 2894, Mukim of Sungei Baru Ilir, Daerah Alor Gajah, Negeri Melaka held under Geran 15722. Area (hectares): 4.0671	2,080,856		
	Lot No. 2895, Mukim of Sungei Baru Ilir, Daerah Alor Gajah, Negeri Melaka held under Geran 15723. Area (hectares): 4.1202	2,108,023		
	Lot No. 2896, Mukim of Sungei Baru Ilir, Daerah Alor Gajah, Negeri Melaka held under Geran 15724. Area (hectares): 4.0696	2,082,135		
	Lot No. 2897, Mukim of Sungei Baru Ilir, Daerah Alor Gajah, Negeri Melaka held under Geran 15725. Area (hectares): 4.0721	2,083,414		
	Lot No. 2898, Mukim of Sungei Baru Ilir, Daerah Alor Gajah, Negeri Melaka held under Geran 15726. Area (hectares): 4.1328	2,114,470		
	Lot No. 2899, Mukim of Sungei Baru Ilir, Daerah Alor Gajah, Negeri Melaka held under Geran 15727. Area (hectares): 4.1126	2,104,135		

DESCRIPTION OF THE FARM AND EQUIPMENT	DESCRIPTION OF THE LANDS AND AREA (HECTARES)	DISPOSAL PRICE OF THE LANDS (RM)	DISPOSAL PRICE OF THE FARM AND EQUIPMENT (RM)	TOTAL DISPOSAL PRICE (RM)
FARM 3	Lot 142, Mukim of Sungei Baru Ilir, Daerah Alor Gajah, Negeri Melaka held under GRN 6100. Area (hectares): 9.3377	5,130,000	3,040,000	
FARM 4	Lot 401, Mukim of Ramuan China Besar, Daerah Alor Gajah, Negeri Melaka held under GRN 5236. Area (hectares): 4.7789	1,983,687	1,530,000	4,530,000
	Lot 731, Mukim of Ramuan China Besar, Daerah Alor Gajah, Negeri Melaka held under GM82. Area (hectares): 2.4484	1,016,313		
FARM 6	Lot 639, Mukim of Lenga, Daerah Muar, Negeri Johor held under GM 1418. Area (hectares): 0.22	114,995	3,190,000	5,789,208
	Lot 640, Mukim of Lenga, Daerah Muar, Negeri Johor held under GM 1379. Area (hectares): 2.0184	1,055,030		
	Lot 959, Mukim of Lenga, Daerah Muar, Negeri Johor held under GRN 91168. Area (hectares): 2.7342	1,429,183		
TOTAL		34,129,208	25,960,000	60,089,208

DESCRIPTION OF THE FARM AND EQUIPMENT	DESCRIPTION OF THE LANDS AND AREA (HECTARES)	DISPOSAL PRICE OF THE LANDS (RM)
FARM 6	Lot 3689, Mukim of Lenga, Daerah Muar, Negeri Johor held under GM 575 Area (hectares): 0.2773	144,946
	Lot 1854, Mukim of Lenga, Daerah Muar, Negeri Johor held under GRN 4926 (now known as GRN270840) Area (hectares): 1.2039	629,286
	Lot 3688, Mukim of Lenga, Daerah Muar, Negeri Johor held under GRN 53072 Area (hectares): 1.0241	535,303
	Lot 3687, Mukim of Lenga, Daerah Muar, Negeri Johor held under GRN 53077 Area (hectares): 3.0634	1,601,257
	TOTAL DISPOSAL PRICE (RM)	2,910,792

The Sale Considerations were arrived at based on mutual agreement and on a willing-buyer willing-seller basis and SBSB and SMSB have taken the following factors into consideration:

- (i) the total market value of the Farms and Assets of RM63.51 million, as valued by IPC Island Property Consultants Sdn Bhd (“**Valuer**”) appointed by FBB, pursuant to the respective valuation certificates dated 1 November 2016.

The Sale Considerations of RM63.00 million represent a discount of approximately RM0.51 million or 0.81% to the aforesaid market value of the Farms and Assets;

- (ii) estimated gain on disposal of approximately RM42.81 million; and
- (iii) the Proposed Disposals will enable FBB Group to unlock the value of the Farms and Assets, for an estimated total disposal gain of RM42.81 million, based on the total Sale Considerations of RM63.00 million and the aggregate net book value (“**NBV**”) of the Farms and Assets of approximately RM12.16 million as at 31 December 2015.

FBB is of the view that the Proposed Disposals does not constitute a disposal of its major business and will not result in the FBB Group having insignificant business or operations, as the FBB Group’s remaining poultry division activities and property division activities are expected to continue generating significant revenue to the Group.

The Group intends to utilise the Total Sales Consideration of RM63,000,000 in the following manner:

	Notes	RM'000	Expected time frame for the utilisation (from the Completion date)
Partial repayment of revolving credit facilities of the Group	(1)	45,548	Within 12 months
Working capital	(2)	17,252	Within 12 months
Expenses in relation to the Disposal	(3)	200	Within 2 weeks
Total		63,000	

Notes:

- (1) At the prevailing interest rate of 8.35%, the Group expects an interest savings of approximately RM3.08 million per annum.
- (2) For the purchase of raw materials such as corn and soybean meal to produce poultry feed for the Group's existing feedmill business.
- (3) Comprising professional fees and incidental expenses in relation to the Disposal. Any actual surplus or shortfall of the allocated amount will be adjusted against the allocation for working capital.

An announcement was duly made to Bursa Malaysia Securities Sdn Bhd on 25 November 2016.

11. Changes to the composition of the Group

There were no changes in the composition of the Group in the current quarter under review, except for the disposal of a wholly-owned subsidiary company, Farm's Best Food Industries Sdn Bhd ("FBFI") which was recognised as a disposal at the end of the period ended 30 September 2016. In the previous quarter, it was reported that the indicative sales consideration for the said disposal is RM9,450,000. However, upon completion of a special audit on FBFI for the nine months period ended 30 September 2016, the final sales consideration was adjusted to RM13,384,099.

With the final sales consideration of RM13,384,099, the Group recognised a gain on disposal of RM18,217,579 during the quarter under review. The computation of gain on disposal of FBFI was arrived at as follows:

	RM
Property, plant and equipment	44,012,348
Inventories	6,807,070
Trade receivables	17,357,098
Other receivables	1,294,172
Cash and bank balances	1,064,144
Trade payables	(28,984,257)
Other payables	(15,304,578)
Hire purchase payables	(1,081,881)
Term loans	(29,997,596)
	<u>(4,833,480)</u>
Sales Consideration	<u>(13,384,099)</u>
Gain on disposal	<u>(18,217,579)</u>

The Disposal of FBFI was deemed completed on 8 November 2016 and announcement was duly made to Bursa Malaysia Securities Berhad on 8 November 2016.

The Group intends to utilise the Sales Consideration of RM13,384,099 in the following manner:

	Notes	RM'000	Expected time frame for the utilisation (from the Completion date)
Working capital	(1)	13,234	Within 12 months
Expenses in relation to the Disposal	(2)	150	Within 2 weeks
Total		13,384	

Notes:

- (4) For the purchase of raw materials such as corn and soybean meal to produce poultry feed for the Group's existing feedmill business.
- (5) Comprising professional fees and incidental expenses in relation to the Disposal. Any actual surplus or shortfall of the allocated amount will be adjusted against the allocation for working capital.

The impact of the disposal on cash flows of the Group is as follows:

Total proceeds from disposal	13,384,099
Less: Amount included in other debtors	(10,549,099)
Amount already received	2,835,000
Less: Cash and bank balances of FBFI	(1,064,144)
Net cash inflow from disposal as at 30 Sep 2016	1,770,856

With the completion of the disposal, FBFI has ceased to be a subsidiary of the Company.

12. Contingent Liabilities

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM168.60 million as at 30 September 2016.

13. Capital Commitments

There were no material capital commitments during the quarter under review.

B) Notes in accordance to requirements under Chapter 9, Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements

14. Review of Current Quarter Events and Performance

The Group’s performance for the current year’s third quarter ended 30 September 2016 compared to the preceding year’s third quarter ended 30 September 2015 is as shown in Table A below:

Table A

Description	3 months ended 30 Sep 2016 RM'000	3 months ended 30 Sep 2015 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue from continuing operations				
-Poultry	56,180	59,534	(3,354)	(6)
-Property development	4,573	3,702	871	24
	-----	-----		
	60,753	63,236		
	-----	-----		
Profit attributable to owners of the parent	11,982	5,678	6,304	>100
Profit/(Loss) from discontinued operations	3,703	(3,868)	7,571	>100
	-----	-----		
Total comprehensive income attributable to owners of the parent	15,685	1,810	13,875	>100
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Detailed analysis for current quarter and corresponding quarter

For the current quarter ended 30 September 2016, the poultry segment of continuing operations recorded a lower revenue of RM56.18 million as compared with RM59.53 million in the corresponding quarter ended 30 September 2015, a decrease of 6%. The decrease was mainly due decrease in sales volume of live broilers during the current quarter ended 30 September 2016 as compared to corresponding quarter ended 30 September 2015.

The property development segment posted a higher revenue of RM4.57 million in the current quarter ended 30 September 2016 as compared to the revenue of RM3.70 million in the corresponding quarter ended 30 September 2015, an increase of 24%. This was due to higher recognition of revenue on the percentage completion basis in the current quarter ended 30 September 2016 as compared to corresponding quarter ended 30 September 2015.

The higher recognition of revenue was attributable to sales launching of new blocks of the Krubong Utama project and the Tanjung Minyak project during the previous quarter ended 30 June 2016.

Despite a decrease in overall turnover of the continuing operations, the Group posted a profit attributable to owners of the parent of RM11.98 million during the current quarter ended 30 September 2016 as compared to a profit attributable to owners of the parent of RM5.68 million in the corresponding quarter ended 30 September 2015. This was mainly due a gain on disposal of a wholly-owned subsidiary of RM18.22 million during the quarter under review. This is partially offset by a provision on impairment loss on trade receivables of RM9.89 million during quarter under review.

Profit from discontinued operations was RM3.70 million during the current quarter ended 30 September 2016 as opposed to a loss of RM3.87 million in the corresponding quarter ended 30 September 2015. The turnaround in loss from discontinued operations was mainly due to a write-back on deferred taxation of RM6.89 million during the quarter under review.

The Group's performance for the nine months ended 30 September 2016 as compared to the nine months ended 30 September 2015 is as shown in Table B below:

Table B

Description	9 months ended 30 Sep 2016 RM'000	9 months ended 30 Sep 2015 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue from continuing operations				
-Poultry	165,814	173,958	(8,144)	(5)
-Property development	16,051	14,854	1,197	8
	-----	-----		
	181,865	188,812		
	-----	-----		
Profit attributable to owners of the parent	20,150	7,191	12,959	>100
Loss from discontinued operations	(4,151)	(13,584)	9,433	69
	-----	-----		
Total comprehensive income/(loss) attributable to owners of the parent	15,999	(6,393)	22,392	>100
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For the nine months period ended 30 September 2016, the poultry segment of continuing operations recorded a lower revenue of RM165.81 million as compared with RM173.96 million in the corresponding period ended 30 September 2015, a decrease of 5%. The lower revenue was mainly due to decrease in sales volume of live broilers during the nine months period ended 30 September 2016 as compared to corresponding period ended 30 September 2015.

The property development segment posted a higher revenue of RM16.05 million in the six months period ended 30 September 2016 as compared to the revenue of RM14.85 million in the corresponding period ended 30 September 2015, an increase of 8%. This was due to higher recognition of profit on the percentage of completion method during the nine months period ended 30 September 2016 as compared to corresponding period ended 30 September 2015. The higher recognition of revenue was attributable to sales launching of new blocks of the Krubong Utama project and the Tanjung Minyak project during the nine months ended 30 September 2016.

Despite a lower overall revenue, the Group posted a higher profit attributable to owners of the parent of RM20.15 million during the nine months period ended 30 September 2016 as compared to a profit attributable to owners of the parent of about RM7.19 million during the corresponding period ended 30 September 2015. This was mainly due to the higher average selling price live broilers and a gain on disposal of a wholly-owned subsidiary company of RM18.22 million was recognised during the nine months period ended 30 September 2016 as compared to corresponding period ended 30 September 2015. However, this was partially offset by a total provision on impairment loss on trade receivables of RM14.89 million during the nine months ended 30 September 2016.

Loss from discontinued operations was RM4.15 million during the nine months period ended 30 September 2016 as compared to RM13.58 million in the corresponding nine months period ended 30 September 2015, a decrease of 69%. The decrease in loss from discontinued operations was mainly due to increase in average selling prices and sales volume of processed poultry products coupled with a write-back on deferred taxation of RM6.89 million during the nine months period ended 30 September 2016.

15. Comparison to Preceding Quarter's Results

The Group's performance for the current quarter ended 30 September 2016 compared to the previous quarter ended 30 June 2016 is as shown in Table C below:

Table C

Description	3 months ended 30 Sep 2016 RM'000	3 months ended 30 Jun 2016 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue from continuing operations				
-Poultry	56,180	50,320	5,860	12
-Property development	4,573	10,379	(5,806)	(56)
	-----	-----		
	60,753	60,699		
	-----	-----		
Profit attributable to owners of the parent	11,982	4,208	7,774	>100
Profit/(Loss) from discontinued operations	3,703	(3,375)	7,078	>100
	-----	-----		
Total comprehensive income attributable to owners of the parent	15,685	833	14,852	>100
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For the current quarter ended 30 September 2016, the poultry segment continuing operations posted a higher revenue of RM56.18 million compared to the turnover of RM50.32 million recorded in the previous quarter ended 30 June 2016, an increase of 12%. The increase was mainly due to increase in sales volume and average selling price of live broilers during the current quarter ended 30 September 2016.

The property development segment posted a lower revenue of RM4.57 million in the current quarter ended 30 September 2016 as compared to the revenue of RM10.38 million in the preceding quarter ended 30 June 2016, a decrease of 56%. This was due to lesser units of properties sold and lower recognition of revenue on the percentage completion basis in the current quarter ended 30 September 2016 as compared to previous quarter ended 30 June 2016.

Despite a similar overall revenue, the Group posted a higher profit attributable to owners of the parent of RM11.98 million during the current quarter ended 30 September 2016 as compared to a profit attributable to owners of the parent of RM4.21 million during the previous quarter ended 30 June 2016. This was mainly due to increase in average selling price of live broilers coupled with a gain on disposal of a wholly-owned subsidiary company of RM18.22 million was recognised during the current quarter ended 30 September 2016. However, this is partially offset by a higher provision of impairment loss on trade receivables during the quarter ended 30 September 2016.

Profit from discontinued operations was RM3.70 million during the current quarter ended 30 September 2016 as opposed to a loss of RM3.38 million in the previous quarter ended 30 June 2016. The turnaround in loss from discontinued operations was mainly due to a write-back on deferred taxation of RM6.89 million during the quarter under review.

16. Prospects

As at the date of this report, the average purchase costs of imported raw feedstuffs are expected to remain stable. The average selling price of live broilers is currently lower than the average selling price during the quarter under review. However, the cost of imported raw feedstuff is expected to be adversely affected by the weakening Ringgit against the US Dollar. As such, the Group is expecting a challenging time during the final quarter of the financial year ending 31 December 2016.

17. Disclosure of Realised and Unrealised Profits or Losses

The accumulated losses as at 30 September 2016 and 30 June 2016 are analysed as follows:

	As at 30 Sep 2016 RM'000 (Unaudited)	As at 30 Jun 2016 RM'000 (Unaudited)
Total accumulated losses of the Group and its subsidiaries:		
- Realised	110,292	75,841
- Unrealised	3,332	9,320
	113,624	85,161
Less: Consolidation adjustments	(81,800)	(37,651)
	31,824	47,510

The disclosure of realised and unrealised losses above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purposes.

18. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

19. Profit/(Loss) before tax

Profit before tax is arrived at after charging/(crediting):-

	Current Year Quarter ended 30 Sep 2016 RM'000	Preceding Year Quarter ended 30 Sep 2015 RM'000	Current Year to- date 30 Sep 2016 RM'000	Preceding Year to- date 30 Sep 2015 RM'000
Continuing operations				
Depreciation and amortization	1,299	1,707	3,911	5,257
Foreign exchange loss / (gain)	(1)	153	48	252
(Gain) / loss on disposal of properties, plant and equipment	3	925	(61)	2,349
Gain on disposal of subsidiary company	18,218	-	18,218	-
Gain on disposal of associated companies	-	-	-	-
Impairment loss of investment in associated companies	-	-	-	-
Impairment of assets	-	-	-	-
Impairment of goodwill	-	-	-	-
Impairment loss on receivables	9,891	-	14,891	-
Provision for write-off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(539)	(438)	(1,360)	(1,222)
Interest expense	3,808	4,039	11,235	10,745
Discontinued operations				
Depreciation and amortization	753	723	2,054	2,177
Interest income	(2)	-	(7)	-
Interest expense	226	1,217	1,876	3,641

20. Taxation

The income tax (expense)/income to the Group for the current quarter under review is as follows:

	Quarter ended 30 Sep 2016 RM '000	Year to-date 30 Sep 2016 RM '000	Quarter ended 30 Sep 2015 RM '000	Year to-date 30 Sep 2015 RM '000
Continuing Operations				
Current tax	41	(384)	(233)	(1,216)
Deferred tax	(729)	(362)	(74)	(68)
Total tax expense	(688)	(746)	(307)	(1,284)

The tax charge is in respect of profits of certain subsidiaries which do not enjoy group loss relief and other tax incentives.

Discontinued Operations	Quarter ended 30 Sep 2016 RM '000	Year To-date 30 Sep 2016 RM '000	Quarter ended 30 Sep 2015 RM '000	Year To-date 30 Sep 2015 RM '000
Current tax	-	-	-	-
Deferred tax	6,888	6,888	-	-
Total tax expense	6,888	6,888	-	-

21. Corporate Proposals

There were no corporate proposals in the current quarter under review.

22. Group Borrowings

Group borrowings and debt securities as at the end of the reporting period:

(a) The borrowings of the Group are secured by way of fixed and floating charges over certain assets and negative pledges over assets of the Group, corporate guarantees from the Company's certain existing operating subsidiaries and undertaking by the holding company to fully repay the facilities should the Company be unable to meet its obligations.

(b) Group borrowings as at the end of the reporting period are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Bank Overdraft	14,680	-	14,680
Bankers Acceptance	30,759	-	30,759
Revolving Credit	116,754	-	116,754
Hire Purchase Creditors	1,175	1,978	3,153
Term Loans	5,404	15,683	21,087
	<u>168,772</u>	<u>17,661</u>	<u>186,433</u>

23. Financial Instruments

Fair value hierarchy

As at 30 June 2016, the Group held the following financial instruments carried at fair value on the statement of financial position:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1, that are observable for asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 September 2016

	Level 1	Level 2	Total
	RM '000	RM '000	RM '000
Assets measured at fair value Quoted investments at fair value through profit or loss	-	-	-

At 30 September 2015

	Level 1	Level 2	Total
	RM '000	RM '000	RM '000
Assets measured at fair value Quoted investments at fair value through profit or loss	-	-	-

There were no off balance sheet financial instruments as at 28 November 2016.

24. Material Litigations

There was no material litigation for the current quarter under review.

25. Dividend

No interim dividend has been declared for the quarter ended 30 September 2016 (30 September 2015: Nil).

26. Earnings Per Share**Basic earnings/(loss) per share**

The basic earnings/(loss) per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the current quarter and current year-to-date respectively as follows:

	Current Year Quarter Ended 30/09/2016	Preceding Year Quarter Ended 30/09/2015	Current Year To-Date 30/09/2016	Preceding Year To-Date 30/09/2015
Profit attributable to owners of the parent (RM'000)	11,982	5,678	20,150	7,191
Total comprehensive income/(loss) attributable to owners of the parent (RM'000)	15,685	1,810	15,999	(6,393)
Weighted average number of shares - ('000)	61,083	61,083	61,083	61,083
Earnings per share from continuing operations attributable to owners of the parent (sen)	19.62	9.30	32.99	11.77
Earnings/(Loss) per share from discontinued operations attributable to owners of the parent (sen)	6.06	(6.33)	(6.80)	(22.24)

Basic earnings/(loss) per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 28 November 2016.