



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	31 Mar 2016 Unaudited	31 Mar 2015 Audited	31 Mar 2016 Unaudited	31 Mar 2015 Audited
	RM'000	RM'000	RM'000	RM'000
Revenue	163,145	171,534	645,826	671,701
Operating expenses	(163,383)	(166,428)	(623,090)	(640,627)
Other income	5,702	2,832	9,953	5,460
Other expense - share based	(15,093)	-	(15,093)	-
Finance costs	(1,889)	(2,250)	(7,660)	(8,670)
Profit before tax	(11,518)	5,688	9,936	27,864
Income tax	(1,612)	(2,452)	(6,136)	(8,195)
Profit for the period	(13,130)	3,236	3,800	19,669
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Available-for sale financial assets	73	108	74	128
Exchange differences on translation of foreign operations		20		23
	73	128	74	151
Items that will not be reclassified to profit or loss				
Revaluation of property, plant and equipment	53,988		53,988	-
Other comprehensive income, net of tax	54,061	256	54,062	151
Total comprehensive income	40,931	3,492	57,862	19,820
Profit attributable to:				
Owners of the parent	(12,568)	4,458	2,715	18,605
Non-controlling interest	(562)	(1,222)	1,085	1,064
	(13,130)	3,236	3,800	19,669
Total comprehensive income attributable to :				
Owners of the parent	39,350	4,577	54,634	18,745
Non-controlling interest	1,581	(1,212)	3,228	1,075
	40,931	3,365	57,862	19,820
Earnings per share (sen) :				
Basic	(25.35)	8.79	5.13	37.07
Diluted	(23.73)	8.78	5.01	36.90

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (107129-H)
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Condensed Consolidated Statement of Financial Position

	As at 31 Mar 2016 Unaudited RM'000	As at 31 Mar 2015 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	307,952	243,512
Intangible assets	2,598	3,193
Other investments	194	194
Investment property	1,989	-
Deferred tax assets	2,640	3,497
	315,373	250,396
Current assets		
Biological assets	26,073	26,117
Inventories	68,733	65,535
Trade receivables	73,769	65,804
Other receivables	10,617	9,887
Short term investment	27,603	5,048
Cash and bank balances	23,578	4,587
	230,373	176,978
TOTAL ASSETS	545,746	427,374
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	57,750	50,830
Reserves	184,274	85,969
	242,024	136,799
Non-controlling interest	25,937	24,024
Total equity	267,961	160,823
Non-current liabilities		
Long term borrowings	30,553	37,113
Deferred tax liabilities	29,602	25,504
	60,155	62,617
Current liabilities		
Short term borrowings	127,873	108,695
Trade payables	67,906	63,622
Other payables	18,558	29,191
Income tax payable	3,293	2,426
	217,630	203,934
Total liabilities	277,785	266,551
TOTAL EQUITY AND LIABILITIES	545,746	427,374

Net assets per share attributable to ordinary equity holders of the parent (RM)	4.1909	2.6913
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The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to this interim financial statements.



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Condensed Consolidated Statement of Changes in Equity

	Attributable to Owners of the Parent								Non-controlling interest	Total Equity
	Share capital	Revaluation reserve	Share premium reserve	SIS option reserve	Foreign currency translation reserve	Fair value reserve	Retained profit	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 April 2015	50,830	17,823	-	-	59	372	67,714	136,798	24,024	160,822
Transfer to distributable reserve on realisation of revaluation reserve	-	(815)	-	-	-	-	815	-	-	-
Effect of change in stakes in a subsidiary company							(451)	(451)	451	-
Disposal of a subsidiary company								-	(766)	(766)
Transferred to distributable reserve on realisation of foreign currency translation reserve					(59)		59	-		-
Transferred to distributable reserve on realisation of fair value reserve						(372)	372	-		-
Profit	-	-	-	-	-	-	2,715	2,715	1,085	3,800
Other comprehensive income		51,845				74		51,919	2,143	54,062
Dividends paid to Non-controlling interest									(1,000)	(1,000)
Issue of new ESOS shares	1,670	-	3,777	-	-	-	-	5,447	-	5,447
Issue of private placement shares	5,250		25,253					30,503		30,503
Share options granted under SIS				15,093				15,093		15,093
At 31 March 2016	57,750	68,853	29,030	15,093	-	74	71,224	242,024	25,937	267,961
At 1 April 2014	49,780	19,572	-	-	48	244	49,883	119,527	22,791	142,318
Transfer to distributable reserve on realisation of revaluation reserve	-	(1,749)	-	-	-	-	1,749	-	-	-
Accretion of non-controlling interest								-	158	158
Total comprehensive income for the period	-	-	-	-	11	128	18,605	18,744	1,075	19,819
Dividends							(2,523)	(2,523)	-	(2,523)
Issue of new ESOS shares	1,050	-	-	-	-	-	-	1,050	-	1,050
At 31 March 2015	50,830	17,823	-	-	59	372	67,714	136,798	24,024	160,822

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2015 the accompanying explanatory notes attached to the interim financial statements.



LAY HONG BERHAD (107129-H)
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Condensed Consolidated Statement of Cash Flows

	12 months ended 31 Mar 2016 Unaudited RM'000	12 months ended 31 Mar 2015 Audited RM'000
Cash Flow From Operating Activities		
Profit before tax	9,936	27,864
Adjustment for:-		
Depreciation and amortization	21,239	22,244
Deposit forfeited	-	150
Gain/(Loss) on disposal of property, plant and equipment	(2,348)	840
Fair value gain on investment properties	(100)	-
Gain on disposal of a subsidiary company	(1,102)	-
Property, plant and equipment written off	132	1,059
Impairment on property, plant and equipment	-	1,841
Goodwill written off	567	335
Interest expense	7,660	8,670
Interest income	(64)	(19)
Bad debts written off	480	-
Reversal of impairment losses on trade receivables	(522)	(205)
Impairment losses on trade receivables	(353)	-
Fair value adjustment	74	128
Share-based expense	15,093	-
Unrealised loss/(gain) on foreign exchange differences	654	51
Operating profit before changes in working capital	51,346	62,958
Net change in current assets	(12,345)	(11,861)
Net change in current liabilities	(6,102)	4,192
Tax paid	(6,417)	(1,848)
Interest paid	(7,660)	(8,670)
Net cash generated from operating activities	18,822	44,771
Cash Flow From Investing Activities		
Sale of a subsidiary company, net of cash disposed	1,733	-
Investment by non-controlling interest	-	158
Proceeds from disposal of property, plant and equipment	4,004	3,072
Purchase of property, plant and equipment	(23,365)	(23,293)
Interest income received	64	19
Changes in FD pledged to bank	-	(13)
Dividend paid to non-controlling interest of subsidiary companies	(1,000)	-
Net cash used in investing activities	(18,564)	(20,057)
Cash Flow From Financing Activities		
BA financing	6,351	(2,554)
Net Drawdown and Repayment of term loans and revolving credits	(221)	(5,335)
Repayment of hire purchase creditors	(6,975)	(7,190)
Dividend paid	-	(2,524)
Issue of new shares	35,950	1,050
Net cash generated from/(used in) financing activities	35,105	(16,553)
Net increase in cash and cash equivalents	35,363	8,163
Foreign exchange fluctuation	-	22
Cash and cash equivalents at beginning of year	(3,781)	(11,965)
Cash and cash equivalents at end of the quarter	31,582	(3,780)
Cash and cash equivalents at the end of the quarter comprises :		
Short term investment	27,603	5,048
Cash and bank balances	23,578	4,587
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(19,147)	(12,964)
Deposit pledged to licensed bank	(452)	(451)
	31,582	(3,780)

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to this interim financial statements.



PART A : EXPLANATORY NOTES PURSUANT TO FRS 134

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 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 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 March 2015.

2. Changes in accounting policies

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 31 March 2015, except for the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations adopted by the Group for the financial year commencing 1 April 2015 :

FRSs, Amendments to FRSs and Interpretations

FRS 9	Financial Instrument
Amendments to FRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 10, 12 and 128	Investment Entities ; Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operation
Amendments to FRS 14	Regulatory Deferral Accounts
Amendments to FRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 101	Presentation of Financial Statements - Disclosures Initiative
Amendments to FRS 119	Defined Benefit Plans-Employee Contributions
Amendments to FRS 127	Equity Method in Separate Financial Statement
Annual Improvement to FRSs 2012 - 2014 Cycle	

The adoption of the above FRSs, amendments to FRSs and IC Interpretations did not have any material impact on the financial statements of the Group.

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 ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2014, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities")

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. In presenting its first MFRS financial statements, the Group 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.

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2. Changes in accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)(cont'd)

On 8 September 2015, MASB announced that the Transitioning Entities are allowed to defer the adoption of MFRS to 1 January 2018. Thus, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2019.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2015 could be different if prepared under the MFRS Framework.

Certain subsidiary companies of the Group prepare its financial statements using MFRS framework. Accordingly, reconciliations have been performed for the different financial frameworks. However, the differences do not have significant impact on the consolidated financial statements.

3. Seasonal or cyclical factors

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

4. Unusual items due to their nature, size or incidence

On 12 January 2016, the Company granted 5,250,000 shares to eligible directors and employees under the Share Issuance Scheme ("SIS"). Pursuant thereto, a one-time charge of RM15.09 million in fair value of the share option has been charged to the Consolidated Statement of Comprehensive Income as other expense and credited to the Consolidated Statement of Changes in Equity as SIS Option Reserve in the current quarter in accordance with the guideline of MFRS 2. This does not affect the business operations.

5. Changes in estimates

The Group reviews the residual value and remaining useful life of PPE at least at each financial year end. For the current quarter, there are no major changes in accounting estimates.

6. Debt and equity securities

The Company issued a total number of 6,920,000 additional shares in the current financial year of 2016 of which 5,250,000 shares to NH Food Ltd through a private placement and 1,670,000 shares issued from the ESOS in previous quarters of the current financial year.

7. Dividends paid

No dividend has been paid in this quarter.

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8. Segmental information

	3 months ended		12 months ended	
	31 March 2016		31 March 2016	
	Segment revenue	Segment results results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	135,109	2,941	529,093	24,883
Retail supermarket	31,707	634	133,953	146
	166,816	3,575	663,046	25,029
Inter-segment eliminations	(3,671)	-	(17,220)	-
	163,145	3,575	645,826	25,029
Shared based expense	-	(15,093)	-	(15,093)
	163,145	(11,518)	645,826	9,936

All business operations are predominantly conducted in Malaysia.

9. Subsequent events

There were no events subsequent to 31 March 2016 that would have a material effect on the interim financial statement of the current quarter.

10. Changes in composition of the Group

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

11. Changes in contingent liabilities

Credit facilities amounting to RM86.40 million granted by financial institutions and utilised by subsidiaries are secured by corporate guarantees from Lay Hong Berhad. In addition, an amount of RM2.52 million has been paid to a judgement creditor pending court of appeal hearing.

12. Capital commitments

Commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2016 amounted to :

	RM'000
Approved and contracted for	22,990
Approved but not contracted for	19,798
	42,788

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

1. Review of performance

The Group's performance for the current financial quarter compared to last year corresponding quarter is as follow;

	Current quarter <u>RM'000</u>	Corresponding quarter last year <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Revenue				
-Intergrated livestock farming	131,438	136,360	(4,922)	(3.61)
-Retail supermarket	31,707	35,174	(3,467)	(9.86)
	<u>163,145</u>	<u>171,534</u>		
Profit/ (loss) before tax	3,575	5,688	(2,113)	(37.15)
Shared based expense	(15,093)	-		
	<u>(11,518)</u>	<u>5,688</u>		

The integrated livestock farming segment's revenue in the current quarter was 3.61% lower compared to the corresponding quarter last year due to lower quantity of poultry products sold and lower average prices.

For the retail supermarket segment, a lower revenue of RM31.71 million was recorded in the current quarter compared to RM35.17 million in the corresponding quarter of last preceding year due to lower consumers' spending.

A pre-tax profit of RM3.58 million was recorded in the current quarter for the Group compared to RM5.70 million in the corresponding quarter of last financial year mainly due to the above reasons. However, after taking into considerations of a one-time charge of a share-based expense of RM15.09 million, the Group position has turned to a pre-tax loss of RM11.52 million in the current quarter. The share-based expense was related to the full grant of 5,250,000 shares under the Share Issuance Scheme ("SIS") Options to eligible directors and employees in the current quarter.

2. Comparison with immediate preceding quarter's results

The Group's performance for the current financial quarter compared to the immediate preceding quarter is as follow;

	Current quarter <u>RM'000</u>	Immediate preceding quarter <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Revenue				
-Intergrated livestock farming	131,438	130,460	978	0.75
-Retail supermarket	31,707	32,918	(1,211)	(3.68)
	<u>163,145</u>	<u>163,378</u>		
Profit/ (loss) before tax	3,575	5,209	(1,634)	(31.37)
Shared based expense	(15,093)	-		
	<u>(11,518)</u>	<u>5,209</u>		

For the current quarter under review, intergrated livestock farming segment registered a higher revenue of RM131.44 million compared to RM130.46 million in the immediate preceding quarter due to lower poultry product prices and quantity sold.

The retail supermarket segment recorded a lower revenue of RM31.71 million compared to RM32.92 million in the previous quarter due to the cessation of two unprofitable stores and lower consumers' spending.

A pre-tax profit of RM3.58 million was recorded in the current quarter for the Group compared to RM5.21 million in the immediate preceding quarter mainly due to the above reasons. However, after taking into considerations of a one-time charge of a share-based expense of RM15.09 million, the Group position has turned to a pre-tax loss of RM11.52 million in the current quarter. The share-based expense was related to the full grant of 5,250,000 shares under the Share Issuance Scheme ("SIS") Options to eligible directors and employees in the current quarter.

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3. Prospects

The entry of NH Foods Ltd. into the Company as a substantial shareholder in the current quarter has marked a major step forward for the Company's chicken product manufacturing business in the form of new product development and market penetration. The Company is now reviewing its strategies and will capitalize on the strength of NH Foods Ltd. to take the Company to greater heights with the aim to be number one in poultry based protein business in Malaysia.

4. Profit forecast or profit guarantee

Not applicable

5. Income tax

	Current quarter RM'000	Year-to- date RM'000
Current tax	2,717	7,195
Deferred tax	(1,105)	(1,059)
	1,612	6,136

6. Profit/(loss) on disposal of unquoted investments and properties

There were no sales of unquoted investments and properties during the current quarter.

7. Purchase or disposal of quoted investments

There were no purchase or disposal of quoted securities during the current quarter.

8. Status of corporate proposals

On 4 February 2015, the Company announced to undertake the following proposals as to comply to the minimum 25% Public Share Spread (PSS) requirements.

- Proposed private placement of up to 15,750,000 new ordinary shares of RM1.00 each in Lay Hong Berhad, representing up to 30% of the enlarged issue and paid up share capital of the company.
- Proposed termination of the existing executive share option scheme (ESOS), and
- Proposed establishment of a new share issuance scheme of up to fifteen percent (15%) of the issued and paid up share capital of the company at any point in time for the eligible Directors and employees of the company and its subsidiary companies.

On 30 March 2015, the Company proposed to revise the private placement of up to 7,624,000 shares of RM1.00 each in Lay Hong Berhad, representing up to 15% of the existing issued and paid up capital of RM50,830,000 comprising 50,830,000 LHB Shares as at 23 March 2015.

On 31 March, 2015, the Company announced that the private placement had been submitted to Bursa Securities for approval.

On 8 April, 2015, Lay Hong Berhad announced that Bursa Securities, via its letter dated 6 April 2015, granted a further extension of six months until 31 December 2015 to comply with the minimum Public Share Spread (PPS) requirements and as at 27 July 2015, the PPS stood as 16.02%.

On 14 April, 2015, the Company announced that Bursa Securities via its letter dated 13 April 2015, approved the followings:-

- the listing of and quotation for up to 7,624,000 Placement Shares to be issued pursuant to the Proposed Private Placement, and
- the listing of such number of new LHB Shares, representing up to fifteen percent (15%) of the issued and paid up share capital of LHB to be issued pursuant to the exercise of options under the Proposed SIS.

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8. Status of corporate proposals (continued)

The approval by Bursa Securities is subject to the following conditions:

Proposed Private Placement

- (i) the Placement Shares should be placed out only to institutional investor,
- (ii) TA Securities should submit the list of identified placees for Bursa Securities' clearance prior to placing out the shares to the institutional investor.
- (iii) LHB and TA Securities must fully comply with the relevant provision under the Listing Requirements pertaining to the implementation of the Proposed Private Placement
- (iv) LHB and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement.
- (v) LHB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities approval once the Proposed Private Placement completed; and
- (vi) Incorporation of Bursa Securities' comments in the circular to shareholder

Proposed SIS

- (i) TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SIS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copies of the resolution passed by the shareholders at general meeting approving the Proposed SIS;
- (ii) TA Securities is required to furnish Bursa Securities on a quarterly basis a summary of total number of shares listed pursuant to the exercise of option under the Proposed SIS as at the end of each quarter together with a detailed computation of listing fee payable.
- (iii) Incorporation of Bursa Securities' comments in the circular to shareholders

On 18 May, 2015, the Company announced that at the Extraordinary General Meeting, the shareholders have approved the Proposed Private Placement and the SIS Scheme to directors but out of the 9 resolutions tabled relating to the granting of SIS shares to directors, only 5 were carried out.

On 22 September 2015, the Company announced that it has complied with the 25% public shareholdings spread requirement following the disposal of 19,865,700 LHB shares by QL Resources Berhad on 11 September 2015. The Company's public shareholdings spread as at 17 September 2015 was 25.42%.

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8. Status of corporate proposals (continued)

On 2 October 2015, the Company announced that it has received a conditional letter of intend ("LOI") from Takaso Resources Berhad (TRB) in relation to the proposed acquisition of 100% interest in Takaso SC (Thailand) Ltd, a wholly-owned subsidiary of TRB, subject to the appropriate legal documentation to be signed and due diligence.

On 12 October 2015, the Company announced that the approval from Bursa Securities for the proposed private placement has lapsed, being six (6) months from the date of approval from Bursa Securities.

On 14 December 2015, the Company proposed to undertake a private placement of 6,037,500 new ordinary shares of RM1.00 representing up to ten percent (10%) of the enlarged issued and paid up capital share capital of LHB of 60,375,000 shares as at 11 December 2015.

On 15 December 2015, the Company announced that it has submitted an application to Bursa securities for the listing and quotation for the placement shares on the main market of Bursa Securities.

On 11 January 2016, the Company announced that it has entered into a share subscription agreement with NH Food Ltd (NHF) on 8 January 2016 for the subscription of 5,250,000 placement shares by NHF, representing 10% of the existing issued capital of LHB. NHF is listed on the First Section of Tokyo Stock Exchange and involved in the business of production of fresh meats, processed foods and dairy product. This transaction was completed on 15 January 2016.

On 11 January 2016, the Company announced that it has entered into a memorandum of understanding (MOU) with NH Food Ltd (NHF) for the purpose of incorporating a joint venture company (JV CO) to undertake the business of manufacturing and marketing of further processed food for export markets in Japan and Singapore. The Company will own 49% in the proposed JV CO and the balance 51% owned by NHF. NHF will responsible for research and development, manufacturing and export of further processed foods to overseas market such as Japan and Singapore. Whilst, the Company will responsible for matters relating to the operation of the JV CO in Malaysia, including licensing, taxation, obtaining HALAL and Hazard Analysis Critical Point certification, procurement of land or leasing of land, logistics and sales and marketing in Malaysia.

On 11 January 2016, the Company announced that it has fixed the issue price for the placement of 5,250,000 shares at RM5.81 per placement share. The issue price represents a discount of 10% to the 5-day volume weighted average market price of LHB shares up to and including 7 January 2016, being the last market day immediately preceding the suspension of trading of LHB shares on 8 January 2016.

On 12 January 2016, the Company announced that it has offered a total of 5,250,000 shares under the Share Issuance Scheme (SIS) at the option price of RM5.81 to eligible Director and employees of the Company. The effective date for the implementation is 12 January 2016.

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8 Status of corporate proposals (continued)

On 2 February 2016, on behalf of the Board of Directors of LHB, TA Securities Holdings Berhad (“TA Securities”) announced that the Company proposed to undertake the following:

- (i) proposed bonus issue of up to 66,412,500 new ordinary shares of RM1.00 each in LHB on the basis of one (1) Bonus Share for every one (1) existing LHB Share held at an entitlement date to be determined later;
- (ii) proposed share split involving subdivision of every one (1) LHB Share held into five (5) new ordinary shares of RM0.20 each in LHB (“Subdivided Shares”) on the Entitlement Date;
- (iii) proposed issue of up to 332,062,500 free warrants (“Warrants”) on the basis of one (1) Warrant for every two (2) LHB Shares held on the Entitlement Date;
- (iv) proposed increase in the authorised share capital of LHB from RM100,000,000 comprising 100,000,000 LHB Shares to RM400,000,000 comprising 2,000,000,000 LHB Shares; and
- (v) proposed amendment to the Company’s Memorandum of Association to facilitate the Proposed Share Split and Proposed Increased in the Authorised Share Capital.

The Proposed Increase in the Authorised Share Capital and the Proposed Amendment will not have any effect on the share capital, net assets, gearing, earnings, earnings per share and substantial shareholders’ shareholding of LHB. The Proposals are subject to and conditional upon the following approvals being obtained:

- (i) Bursa Securities for the following:
 - (a) admission, listing of and quotation for the Warrants to the Official List of Bursa Securities;
 - (b) listing of and quotation for the Bonus Shares and new LHB Shares to be issued pursuant to the exercise of Warrants on the Main Market of Bursa Securities;
 - (c) the Proposed Share Split; and
- (ii) the shareholders of LHB for the Proposals at an extraordinary general meeting to be convened.

On 3 February 2016, the Company announced that it was not in compliance with the public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities. Based on the Record of Depositors of LHB as at 29 January 2016, the public shareholding spread of LHB was 22.96%. The above percentage represents a shortfall of 2.04% from the minimum required percentage of 25% of the total listed shares (excluding treasury shares) to be in the hands of public shareholders and thus the Company is not in compliance with the public shareholding spread requirement. The Company had on 12 January 2016 granted 5,250,000 options pursuant to its share issuance scheme (“SIS Options”) whereby 4,950,000 of the SIS Options are granted to the employees who are deemed as public shareholders. As such, in the event the 4,950,000 SIS Options are exercised into ordinary shares of RM1.00 each in LHB, the public shareholding spread will improve. In view of the above, the Company will apply to Bursa Securities for an extension of time of six (6) months from 3 February 2016 to 2 August 2016 for the Company to comply with the public shareholding spread requirement of the Listing Requirements.

On 4 February 2016, the Company announced that it had on 4 February 2016 entered into a Shares Sale Agreement (“SSA”) with O&C Resources Berhad (formerly known as Takaso Resources Berhad) (“OCR”), Ong Kah Hoe, Yong Mong Huay and Su Seong Yeen (collectively, “the Vendors”) for the disposal of 200,000 ordinary shares of THB100.00 each representing the entire issued and paid up share capital of Takaso SC (Thailand) Ltd (“Sale Shares”) for a cash consideration of RM8,500,000.

On 23 February 2016, the Company announced that it has yet to comply with the 25% public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Listing Requirements (“PSS Requirement”). The Company’s public shareholding spread as at 22 February 2016 was 22.94 %. The Company will continue to monitor the level of public shareholdings spread and make the announcements in relation to the status of its efforts to comply with the PSS Requirement.

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8 Status of corporate proposals (continued)

On 30 March 2016, the Company announced that it has entered into a Joint Venture Agreement (“JVA”) with NH Foods Ltd. (“NHF”) to set up a private limited company (“JV Co”) with an initial authorised share capital of RM30,000,000 to carry on the following principal business activities:

- (a) manufacturing, marketing, distribution and sale of processed meat-based foods which are made from raw materials, or mixed raw materials and ingredients (“Further Processed Foods”);
- (b) carrying out research and development of Further Processed Foods;
- (c) importing fresh meat, aquatic foods, dairy products and any other foods;
- (d) exporting Further Processed Foods, fresh meat and aquatic foods; and
- (e) any other businesses related to the above business activities

On 3 May 2016, the Company announced that a JV company in the name of NHF Manufacturing (Malaysia) Sdn Bhd has been incorporated on 3 May 2016 with the shareholding ratio of 51% : 49% held by NH Foods Ltd and the Company respectively.

On 4 May 2016, following the exercise of 831,000 SIS Options on 13 April 2016 and 1,394,000 SIS Options on 22 April 2016 by the employees who are deemed as public shareholders, the Company announced that it has complied with the public shareholding spread requirement. Based on the Record of Depositors of the Company as at 3 May 2016, the public shareholding spread was 25.88%.

On 13 May 2016, the Company announced that it has entered into a Supplemental Agreement (“SA”) with O&C Resources Berhad (formerly known as Takaso Resources Berhad) (“OCR”), Ong Kah Hoe, Yong Mong Huay and Su Seong Yeen (collectively, “the Vendors”) to amend specific clauses in the SSA entered into on 4 February 2016. The amendments are related to clause 4.2 of the SSA as follows:

The Company shall pay the Consideration to the Vendors in accordance with the following schedule:

- (a) 10% of the deposit upon signing of the SSA;
- (b) the sum of RM3,650,000 on or before 30 days from date of the SA (“Partial Payment”); and
- (c) the balance of RM4,000,000 shall be payable in 11 instalments of RM350,000 each and a final instalment of RM150,000.

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9. The Group's borrowings as at 31 March 2016 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Overdraft	14,712	4,435	19,147
Bankers' Acceptance	38,627	45,106	83,733
Hire Purchase	6,834	-	6,834
Term Loan	6,663	1,496	8,159
Revolving Credit	-	10,000	10,000
	66,836	61,037	127,873
Long term			
Hire Purchase	12,973	-	12,973
Term Loan	17,580	-	17,580
	30,553	-	30,553
Grand Total	97,389	61,037	158,426

10. Off balance sheet financial instruments

The Group did not enter into any contracts involving off balance sheet financial instruments during the financial year ended 31 March 2016.

11. Changes in material litigation

Save as disclosed below, neither our Company nor our subsidiary companies are engaged in any other material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company and/or our Group and our Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any other proceedings, which might materially and adversely affect the business or financial position of our Company and/or our Group.

(i) Tiong Nam Logistics Solutions Sdn Bhd ("Tiong Nam Logistics") v Lay Hong Food Corporation Sdn Bhd ("Lay Hong Food") (Civil Suit 22 NCVC-629-10/2013)

Tiong Nam Coldroom & Distribution Centre Sdn Bhd ("Tiong Nam Coldroom") had filed a civil suit against Lay Hong Food for transportation charges for the sum of RM1,683,850.38 ("The First Suit"). The First Suit was struck out on the ground that Tiong Nam Coldroom was not a party to the contracts. The current suit was filed by Tiong Nam Logistics after the First Suit was struck out. Tiong Nam Logistics claims against Lay Hong Food are RM1,928,529.72 (loss of earnings), RM1,683,850.38 (judgment sum) and RM470,500.00 (losses suffered due to non-usage of trucks), arising from the alleged breach of the contract dated 22.04.2005 and 22.11.2005. Lay Hong Food has filed a counterclaim against Tiong Nam Logistics for the sum of RM113,138.88 for losses suffered as a result of the failure of Tiong Nam Logistics to pay the bank installment, road tax, motor insurance and vehicle inspection fees. The full trial was carried out and Lay Hong Food has been informed by its solicitors on the decision delivered by the Honorable Judge from the Shah Alam High Court on 27 April 2016 to allow the Plaintiff's claim as follows: RM1,683,850.38 being the claim for services rendered, RM1,555,675.14 being the loss of business, RM470,500.00 being the loss of use of the 5 trucks due to the failure to give six (6) months written notice of nomination, and costs awarded to the Plaintiff at RM50,000.00. Based on the advice of the legal counsel, Lay Hong Food has filed a Notice of Appeal on 23 May 2016 to appeal against the decision of the High Court. There is no material financial effect to the Group as provisions had been made for the amount claimed of RM1.7 million by the Plaintiff in the financial year ended 31 March 2015 while the remaining amount claimed of RM1.4 million will be disclosed as contingent liabilities in the books for the financial year ended 31 March 2016.

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12. Dividend

The Directors do not propose any dividend for the current quarter.

13. Earnings per share

	3 months ended		12 months ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
Profit attributable to ordinary equity holders of the parent (RM'000)	(12,568)	4,458	2,715	18,605
Weighted average number of ordinary shares ('000)	49,583	50,713	52,891	50,191
Basic earnings per share (sen)	(25.35)	8.79	5.13	37.07
Weighted average number of ordinary shares (diluted) ('000)	52,966	50,750	54,240	50,425
Diluted earnings per share (sen)	(23.73)	8.78	5.01	36.90

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.

14. Notes to the Condensed Consolidated Statement of Comprehensive Income

The following amounts have been (charged)/credited in arriving at profit before tax:

	Preceding Year		Preceding	
	Current Year	Corresponding	Current Year	Corresponding
	Quarter	Quarter	to Date	Period
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
a) Interest income	44	17	64	23
b) Interest expense	(1,889)	(2,250)	(7,660)	(8,670)
c) Depreciation and amortisation	(5,378)	(5,815)	(21,239)	(22,239)
d) Gain on disposal of a subsidiary company	-	-	1,102	-
e) Gain on disposal of unquoted investment	-	-	196	-
f) Write off of PPE	-	-	(132)	(3,892)
g) Gain/(Loss) on disposal of PPE	2,195	(996)	2,348	(940)
h) Unrealised forex loss	(556)	73	(654)	(58)
i) Realised forex loss	(0)	248	173	217

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15. Auditors' report on preceding annual financial statements

The auditors' report of the previous annual financial year ended 31 March 2015 was not subject to any qualification.

16. 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 31 May 2016.