



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 30 Sep 2016 Unaudited | 30 Sep 2015 Unaudited | 30 Sep 2016 Unaudited | 30 Sep 2015 Unaudited |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 170,981 | 164,752 | 329,932 | 319,303 |
| Operating expenses | (165,627) | (153,137) | (321,905) | (302,250) |
| Other income | 1,650 | 2,021 | 2,124 | 3,022 |
| Finance costs | (1,923) | (1,923) | (3,698) | (3,830) |
| Share of profit/ (loss) of associates | (48) | - | (79) | - |
| Profit before tax | 5,033 | 11,713 | 6,374 | 16,245 |
| Tax expense | (1,320) | (2,546) | (1,690) | (3,813) |
| Net profit for the period | 3,713 | 9,167 | 4,684 | 12,432 |
| Other comprehensive income, net of tax | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Revaluation of property, plant and equipment | - | - | - | - |
| | - | - | - | - |
| Items that are or may be reclassified subsequently to profit or loss | | | | |
| Fair Value of available-for-sale financial assets | - | 20 | - | 1 |
| Exchange differences on translation of foreign operations | 144 | - | 144 | - |
| | 144 | 20 | 144 | 1 |
| Total other comprehensive income, net of tax | 144 | 20 | 144 | 1 |
| Total comprehensive income for the period | 3,857 | 9,187 | 4,828 | 12,433 |
| Profit attributable to: | | | | |
| Owners of the parent | 3,541 | 8,559 | 3,960 | 11,137 |
| Non-controlling interest | 172 | 608 | 724 | 1,295 |
| | 3,713 | 9,167 | 4,684 | 12,432 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 3,685 | 8,635 | 4,104 | 11,138 |
| Non-controlling interest | 172 | 552 | 724 | 1,295 |
| | 3,857 | 9,187 | 4,828 | 12,433 |
| Earnings per share (sen) : | | | | |
| Basic | 5.85 | 16.64 | 6.59 | 21.70 |
| Diluted | 5.76 | 16.54 | 6.47 | 21.55 |

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2016 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 30 Sep 2016 Unaudited RM'000 | As at 31 Mar 2016 Audited RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 331,395 | 307,939 |
| Intangible assets | 7,472 | 2,600 |
| Investment in associates | 1,391 | - |
| Other investments | 194 | 194 |
| Investment property | 2,000 | 2,000 |
| Deferred tax assets | 3,277 | 3,277 |
| | 345,729 | 316,010 |
| Current assets | | |
| Biological assets | 28,435 | 26,073 |
| Inventories | 76,165 | 68,733 |
| Trade receivables | 73,513 | 69,769 |
| Other receivables | 24,564 | 20,623 |
| Short term investment | - | 27,603 |
| Cash and bank balances | 18,283 | 23,578 |
| | 220,960 | 236,379 |
| TOTAL ASSETS | 566,689 | 552,389 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 60,575 | 57,750 |
| Reserves | 201,926 | 184,235 |
| | 262,501 | 241,985 |
| Non-controlling interest | 25,684 | 24,960 |
| Total equity | 288,185 | 266,945 |
| Non-current liabilities | | |
| Long term borrowings | 27,099 | 30,553 |
| Deferred tax liabilities | 30,136 | 30,275 |
| | 57,235 | 60,828 |
| Current liabilities | | |
| Short term borrowings | 116,600 | 127,373 |
| Trade payables | 70,570 | 69,003 |
| Other payables | 30,996 | 24,947 |
| Income tax payable | 3,103 | 3,293 |
| | 221,269 | 224,616 |
| Total liabilities | 278,504 | 285,444 |
| TOTAL EQUITY AND LIABILITIES | 566,689 | 552,389 |

Net assets per share attributable to ordinary equity holders of the parent (RM)

4.33

4.19

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2016 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 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 April 2016 | 57,750 | 68,800 | 29,030 | 15,093 | - | 74 | 71,237 | 241,984 | 24,960 | 266,944 | | |
| Transfer to distributable reserve on realisation of revaluation reserve | - | (2,725) | - | - | - | - | 2,725 | - | - | - | | |
| Transferred to distributable reserve on realisation of fair value reserve | - | 74 | - | - | - | (74) | - | - | - | - | | |
| Total comprehensive income for the period | - | - | - | - | 144 | - | 3,960 | 4,104 | 724 | 4,828 | | |
| Issue of new SIS shares | 2,825 | - | 13,588 | - | - | - | - | 16,413 | - | 16,413 | | |
| Transfer to share premium for SIS options exercised | - | - | 8,121 | (8,121) | - | - | - | - | - | - | | |
| At 30 September 2016 | 60,575 | 66,149 | 50,739 | 6,972 | 144 | - | 77,922 | 262,501 | 25,684 | 288,185 | | |
| 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 | - | (285) | - | - | - | - | 285 | - | - | - | | |
| Effect of change in stakes in a subsidiary company | - | - | - | - | - | - | (21) | (21) | 21 | - | | |
| 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 | - | - | - | - | - | (370) | 370 | - | - | - | | |
| Total comprehensive income for the period | - | - | - | - | - | 1 | 11,137 | 11,138 | 1,295 | 12,433 | | |
| Unrealised loss on foreign exchange differences | 600 | - | 1,260 | - | - | - | - | 1,860 | - | 1,860 | | |
| At 30 September 2015 | 51,430 | 17,538 | 1,260 | - | - | 3 | 79,544 | 149,775 | 24,574 | 174,349 | | |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2016 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

| | 6 months ended 30 Sep 2016 Unaudited RM'000 | 6 months ended 30 Sep 2015 Unaudited RM'000 |
|--|---|---|
| Cash Flow From Operating Activities | | |
| Profit before tax | 6,374 | 16,245 |
| Adjustment for:- | | |
| Depreciation and amortization | 11,399 | 10,582 |
| Gain on disposal of a subsidiary company | - | (1,102) |
| Gain on disposal of property, plant and equipment | (85) | (63) |
| Property, plant and equipment written off | 810 | 132 |
| Interest expense | 3,698 | 3,830 |
| Interest income | (30) | (7) |
| Forex exchange reserve | (288) | - |
| Fair value adjustment | - | 1 |
| Unrealised (gain) / loss on foreign exchange differences | (207) | 79 |
| Operating profit before changes in working capital | 21,671 | 29,697 |
| Net change in current assets | (16,438) | (6,074) |
| Net change in current liabilities | (2,109) | (3,235) |
| Tax paid | (2,714) | (1,142) |
| Interest paid | (3,698) | (3,830) |
| Net cash generated from / (used in) operating activities | (3,288) | 15,416 |
| Cash Flow From Investing Activities | | |
| Sale of a subsidiary company, net of cash disposed | - | 1,733 |
| Proceeds from disposal of property, plant and equipment | 91 | 102 |
| Purchase of property, plant and equipment | (20,970) | (12,755) |
| Acquisition of subsidiary | (5,877) | - |
| Investment in associates | (1,391) | - |
| Interest income received | 30 | 7 |
| Net cash used in investing activities | (28,117) | (10,913) |
| Cash Flow From Financing Activities | | |
| Net drawdown and repayment of bankers' acceptance | (3,011) | 4,790 |
| Net drawdown and repayment of term loans and revolving credits | (11,824) | (2,431) |
| Repayment of hire purchase creditors | (3,626) | (3,592) |
| Issue of new shares | 16,413 | 1,860 |
| Net cash generated from/(used in) financing activities | (2,048) | 627 |
| Net increase / (decrease) in cash and cash equivalents | (33,453) | 5,130 |
| Cash and cash equivalents at beginning of the financial year | 32,067 | (3,781) |
| Cash and cash equivalents at end of the quarter | (1,386) | 1,349 |
| Cash and cash equivalents at the end of the quarter comprises : | | |
| Short term investment | - | 24 |
| Cash and bank balances | 18,283 | 10,892 |
| Bank overdrafts (included within the short term borrowings in Part B Note 9) | (19,203) | (9,115) |
| Deposit pledged to licensed bank | (466) | (452) |
| | (1,386) | 1,349 |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2016 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 2016. 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 2016.

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 2016, 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 2016 :

FRSs, Amendments to FRSs and Interpretations

| | |
|---|--|
| FRS 9 | Financial Instruments |
| Amendments to FRS 10 and 128 | Sale or Contribution of Assets between an Investor and its Associates 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 Operations |
| Amendments to FRS 116 and 138 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to FRS 127 | Equity Method in Separate Financial Statements |
| Annual Improvements 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 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities")

The Group and the Company fall 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 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.

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 and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2018.

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 2016 could be different if prepared under the MFRS Framework.

Certain subsidiary companies of the Group prepare their 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

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2016.

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

No new share were issued under the Share Issuance Scheme (SIS) in the current quarter.

7. Dividends paid

No dividend has been paid in this quarter.

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8. Segmental information

| | 3 months ended 30 September 2016 | | 6 months ended 30 September 2016 | |
|------------------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|
| | Segment revenue | Segment results | Segment revenue | Segment results |
| | RM'000 | | RM'000 | |
| Integrated livestock farming | 143,781 | 5,607 | 277,414 | 7,742 |
| Retail supermarket | 32,034 | (574) | 61,860 | (1,368) |
| | <u>175,815</u> | <u>5,033</u> | <u>339,274</u> | <u>6,374</u> |
| Inter-segment eliminations | (4,834) | - | (9,342) | - |
| | <u>170,981</u> | <u>5,033</u> | <u>329,932</u> | <u>6,374</u> |

All business operations are predominantly conducted in Malaysia.

9. Subsequent events

There were no events subsequent to 30 September 2016 that would have a material effect on the interim financial statements 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 RM84.70 million granted by financial institutions and utilised by subsidiaries are secured by corporate guarantees from Lay Hong Berhad.

12. Capital commitments

Commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2016 amounted to :

| | RM'000 |
|---------------------------------|---------------|
| Approved and contracted for | 13,432 |
| Approved but not contracted for | <u>1,604</u> |
| | <u>15,036</u> |

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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 follows:

| | 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 | 138,947 | 128,381 | 10,566 | 8.23 |
| -Retail supermarket | 32,034 | 36,371 | (4,337) | (11.93) |
| | <u>170,981</u> | <u>164,752</u> | | |
| Profit before tax | 5,033 | 11,713 | (6,680) | (57.03) |

The intergrated livestock farming segment's revenue increased 8.23% from RM128.38 million recorded in the preceding year's corresponding quarter to RM138.94 million in the current financial quarter. This was due to the higher eggs prices and higher quantity of eggs sold in the current quarter.

For the retail supermarket segment, a lower revenue of RM32.03 million was recorded in the current quarter compared to RM36.37 million in the corresponding quarter of last preceding year due to lower consumers' spending.

A lower pre-tax profit of RM5.03 million was recorded in the current quarter for the group compared to RM11.71 million in the corresponding quarter of last financial year mainly due to gain on disposal of a subsidiary company in the preceding year's corresponding quarter and advertising and promotional expenses incurred for launching of new product in 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 follows:

| | 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 | 138,947 | 129,125 | 9,822 | 7.61 |
| -Retail supermarket | 32,034 | 29,826 | 2,208 | 7.40 |
| | <u>170,981</u> | <u>158,951</u> | | |
| Profit before tax | 5,033 | 1,341 | 3,692 | 275.32 |

For the current quarter under review, intergrated livestock farming segment registered a higher revenue of RM138.94 million compared to RM129.12 million in the immediate preceding quarter mainly due to the higher eggs prices, higher quantity of eggs and higher processed chicken price sold in the current quarter.

The retail supermarket segment recorded a higher revenue of RM32.03 million compared to RM29.82 million due to Hari Raya festival.

Pre-tax profit of RM5.03 million in the current quarter is higher compared to the RM1.34 million achieved in the immediate preceding quarter due to higher revenue as mentioned above.

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3. Prospects

The entry of NH Foods Ltd into the Company as a substantial shareholder recently 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. A new joint venture company under the name of NHF Manufacturing (Malaysia) Sdn Bhd has been set-up and is now actively working on its plant set-up and product development. The initial range of products are expected to be launched before the end of the calendar year.

4. Profit forecast or profit guarantee

Not applicable

5. Income tax

| | Current quarter RM'000 | Year-to- date RM'000 |
|--------------|------------------------------|----------------------------|
| Current tax | 1,062 | 1,830 |
| Deferred tax | 257 | (140) |
| | 1,319 | 1,690 |

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 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.

On 2 February 2016, on behalf of the Board of Directors of the Company (LHB), TA Securities Holdings Berhad 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 Increase 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 the Company.

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 the Company for the Proposals at an extraordinary general meeting to be convened.

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8. Status of corporate proposals (continued)

On 19 August 2016, the Company announced that the above proposals have been approved by Bursa subject to the following conditions:

- (i) Shareholders' approval for the Proposals;
- (ii) LHB and TA Securities, being the principal adviser, must fully comply with the relevant provisions under the Main Market Listing Requirements ("LR") pertaining to the implementation of the Proposals;
- (iii) LHB and TA Securities to inform Bursa Securities upon the completion of the Proposals;
- (iv) LHB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals is completed;
- (v) LHB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants at the end of each quarter together with a details computation of listing fees payable;
- (vi) LHB and TA Securities are required to make the relevant announcement pursuant to Paragraph 6.35(2)(a) & (b) and 6.35(4) of the LR pertaining to the Proposed Bonus Issue of Shares and Paragraph 13.10(2) of the LR pertaining to the Proposed Share Split; and
- (vii) To incorporate the comments from Bursa Securities made in the circular to shareholders.

On 17 October 2016 and 19 October 2016, the Company announced that the above proposals have been completed.

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 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 Shares Sale Agreement ("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.

On 13 June 2016, the Company announced that the Proposed Acquisition as per announcements made on 2 October 2015, 9 October 2015, 4 February 2016, 10 February 2016, 16 February 2016 and 13 May 2016 in relation to the acquisition of 200,000 units of ordinary shares of THB100 each in Takaso SC (Thailand) Limited ("TSC"), representing 100% interest in TSC ("Proposed Acquisition"), was completed on 10 June 2016.

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9. The Group's borrowings as at 30 September 2016 are as follows :

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|---------------------|-------------------|---------------------|-----------------|
| Short term | | | |
| Overdraft | 11,293 | 7,910 | 19,203 |
| Bankers' Acceptance | 42,715 | 38,007 | 80,722 |
| Hire Purchase | 7,074 | - | 7,074 |
| Term Loan | 6,895 | 706 | 7,601 |
| Revolving Credit | - | 2,000 | 2,000 |
| | <u>67,977</u> | <u>48,623</u> | <u>116,600</u> |
| Long term | | | |
| Hire Purchase | 12,785 | - | 12,785 |
| Term Loan | 14,314 | - | 14,314 |
| | <u>27,099</u> | <u>-</u> | <u>27,099</u> |
| Grand Total | <u>95,076</u> | <u>48,623</u> | <u>143,699</u> |

10. Off balance sheet financial instruments

The Group did not enter into any contracts involving off balance sheet financial instruments for the year-to-date financial period ended 30 September 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 April 2005 and 22 November 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 Memorandum of Appeal on 14 July 2016 to appeal against the decision of the High Court and is now awaiting for the court to fix a hearing date. There is no material financial effect to the Group as provisions had been made for the claimed amount of RM1.7 million by the Plaintiff in the financial year ended 31 March 2015 while the remaining claimed amount of RM1.4 million has been disclosed as contingent liability 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 | | 6 months ended | |
|---|----------------|-------------|----------------|-------------|
| | 30 Sep 2016 | 30 Sep 2015 | 30 Sep 2016 | 30 Sep 2015 |
| Profit attributable to ordinary equity holders of the parent (RM'000) | 3,541 | 8,559 | 3,960 | 11,137 |
| Weighted average number of ordinary shares ('000) | 60,575 | 51,430 | 60,111 | 51,334 |
| Basic earnings per share (sen) | 5.85 | 16.64 | 6.59 | 21.70 |
| Weighted average number of ordinary shares (diluted) ('000) | 61,494 | 51,738 | 61,181 | 51,677 |
| Diluted earnings per share (sen) | 5.76 | 16.54 | 6.47 | 21.55 |

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 | Correspondin |
| | Quarter | Quarter | to Date | Period |
| | 30 Sep 2016 | 30 Sep 2015 | 30 Sep 2016 | 30 Sep 2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| a) Interest income | 14 | 4 | 30 | 7 |
| b) Dividend income | - | - | - | - |
| b) Interest expense | (1,923) | (1,923) | (3,698) | (3,830) |
| c) Depreciation and amortisation | (5,781) | (5,297) | (11,399) | (10,582) |
| d) Gain on disposal of a subsidiary company | - | 1,102 | - | 1,102 |
| e) Gain on disposal of unquoted investment | - | 80 | - | 196 |
| f) Written off of PPE | - | (132) | (810) | (132) |
| g) Gain on disposal of PPE | 58 | 63 | 85 | 63 |
| h) Unrealised forex gain/ (loss) | 4 | (3) | 207 | (79) |
| i) Realised forex loss | (21) | (37) | (85) | (4) |

15. Auditors' report on preceding annual financial statements

The auditors' report of the previous annual financial year ended 31 March 2016 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 28th November 2016.