


Part A1 QUARTERLY REPORT

Company Name	: LAY HONG BERHAD
Stock Name	: LAY HONG
Date Announced	
Quarterly report for the financial period ended	: 31/12/2016
Quarter	3
Financial Year end	: 31/03/2017
The figures	: have not been audited

Part A2: SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended
31/12/2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2015 RM'000	CURRENT YEAR TO DATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
1 Revenue	171,680	163,378	501,612	482,681
2 Profit before tax	7,859	5,209	14,233	21,454
3 Profit for the period	10,108	4,498	14,792	16,930
4 Profit attributable to ordinary equity holder of the parent	8,612	4,146	12,572	15,283
5 Basis earnings per share (sen)	1.42	0.79	2.08	2.96
6 Proposed/Declared dividend per share (sen)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (RM)		0.44		0.42

Part A3 ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2015 RM'000	CURRENT YEAR TO DATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
1 Gross interest income	14	13	44	20
2 Gross interest expense	1,911	1,941	5,609	5,771



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Condensed Consolidated Statement of Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	31 Dec 2016 Unaudited	31 Dec 2015 Unaudited	31 Dec 2016 Unaudited	31 Dec 2015 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	171,680	163,378	501,612	482,681
Operating expenses	(162,863)	(157,457)	(484,768)	(459,707)
Other income	1,010	1,229	3,134	4,251
Finance costs	(1,911)	(1,941)	(5,609)	(5,771)
Share of profit/ (loss) of associates	(57)	-	(136)	-
Profit before tax	7,859	5,209	14,233	21,454
Tax expense	2,249	(711)	559	(4,524)
Net profit for the period	10,108	4,498	14,792	16,930
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	-	-	-	1
Exchange differences on translation of foreign operations	178	-	322	-
	178	-	322	1
Total other comprehensive income, net of tax	178	-	322	1
Total comprehensive income for the period	10,286	4,498	15,114	16,931
Profit attributable to:				
Owners of the parent	8,612	4,146	12,572	15,283
Non-controlling interest	1,496	352	2,220	1,647
	10,108	4,498	14,792	16,930
Total comprehensive income attributable to :				
Owners of the parent	8,790	4,146	12,894	15,284
Non-controlling interest	1,496	352	2,220	1,647
	10,286	4,498	15,114	16,931
Earnings per share (sen) :				
Basic	1.42	0.79	2.08	2.96
Diluted	1.38	0.79	2.03	2.94

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 31 Dec 2016 Unaudited RM'000	As at 31 Mar 2016 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	348,765	307,939
Intangible assets	7,467	2,600
Investment in associates	1,334	-
Other investments	194	194
Investment property	4,140	2,000
Deferred tax assets	3,772	3,277
	365,672	316,010
Current assets		
Biological assets	29,746	26,073
Inventories	75,952	68,733
Trade receivables	77,107	69,769
Other receivables	22,817	20,623
Short term investment	5,150	27,603
Cash and bank balances	8,398	23,578
	219,170	236,379
TOTAL ASSETS	584,842	552,389
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	121,750	57,750
Reserves	147,867	184,235
	269,617	241,985
Non-controlling interest	27,180	24,960
Total equity	296,797	266,945
Non-current liabilities		
Long term borrowings	39,463	30,553
Deferred tax liabilities	31,221	30,275
	70,684	60,828
Current liabilities		
Short term borrowings	118,796	127,373
Trade payables	71,627	69,003
Other payables	26,376	24,947
Income tax payable	562	3,293
	217,361	224,616
Total liabilities	288,045	285,444
TOTAL EQUITY AND LIABILITIES	584,842	552,389

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

0.44

0.42

The comparative information for the Net Assets Per Share has been adjusted to take into account the bonus issue of 60,875,000 new ordinary shares of RM1.00 each and the subsequent share split into 487,000,000 new ordinary shares of RM0.20 each on 17 October 2016.

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	
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	-	(2,901)	-	-	-	-	2,901	-	-	-
Transferred to distributable reserve on realisation of fair value reserve	-	-	-	-	-	(74)	74	-	-	-
Total comprehensive income for the period	-	-	-	-	322	-	12,572	12,894	2,220	15,114
Issuance of new SIS shares	3,125	-	15,031	-	-	-	-	18,156	-	18,156
Transfer to share premium for SIS options exercised	-	-	8,984	(8,984)	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Issue of bonus shares	60,875	-	(52,696)	-	-	-	(8,179)	-	-	-
Expenses from issue of bonus shares	-	-	(349)	-	-	-	(25)	(373)	-	(373)
Dividends	-	-	-	-	-	-	(3,044)	(3,044)	-	(3,044)
At 31 December 2016	121,750	65,899	0	6,109	322	-	75,537	269,617	27,180	296,797
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	-	(801)	-	-	-	-	801	-	-	-
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	15,283	15,284	1,647	16,931
Unrealised loss on foreign exchange differences	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(980)	(980)
Issuance of new ESOS shares	1,670	-	3,777	-	-	-	-	5,447	-	5,447
At 31 December 2015	52,500	17,022	3,777	-	-	3	84,206	157,508	23,946	181,454

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.



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Condensed Consolidated Statement of Cash Flows

	9 months ended 31 Dec 2016 Unaudited RM'000	9 months ended 31 Dec 2015 Unaudited RM'000
Cash Flow From Operating Activities		
Profit before tax	14,233	21,454
Adjustment for:-		
Depreciation and amortization	17,305	15,861
Gain on disposal of a subsidiary company	-	(1,102)
Gain on disposal of property, plant and equipment	(116)	(153)
Property, plant and equipment written off	66	132
Interest expense	5,609	5,771
Interest income	(44)	(20)
Forex exchange reserve	(660)	-
Fair value adjustment	-	1
Unrealised (gain) / loss on foreign exchange differences	(199)	98
Operating profit before changes in working capital	36,194	42,042
Net change in current assets	(16,894)	(7,028)
Net change in current liabilities	(4,622)	2,233
Tax paid	(4,107)	(3,567)
Interest paid	(5,609)	(5,771)
Net cash generated from operating activities	4,962	27,909
Cash Flow From Investing Activities		
Sale of a subsidiary company, net of cash disposed	-	1,733
Proceeds from disposal of property, plant and equipment	225	193
Purchase of property, plant and equipment	(42,554)	(15,978)
Acquisition of subsidiary	(6,927)	-
Investment property	(2,140)	-
Investment in associates	(1,334)	-
Interest income received	44	20
Dividend paid to non-controlling interest of subsidiary companies	-	(980)
Net cash used in investing activities	(52,686)	(15,012)
Cash Flow From Financing Activities		
Net drawdown and repayment of bankers' acceptance	3,489	4,386
Net drawdown and repayment of term loans and revolving credits	870	(4,389)
Repayment of hire purchase creditors	(5,568)	(5,332)
Dividend paid	(3,044)	-
Proceeds from Issue of ordinary shares	18,156	5,447
New share issuance expenses	(373)	-
Net cash generated from financing activities	13,530	112
Net increase / (decrease) in cash and cash equivalents	(34,194)	13,009
Cash and cash equivalents at beginning of the financial year	32,067	(3,781)
Cash and cash equivalents at end of the quarter	(2,127)	9,228
Cash and cash equivalents at the end of the quarter comprises :		
Short term investment	5,150	4,024
Cash and bank balances	8,398	21,816
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(15,209)	(16,160)
Deposit pledged to licensed bank	(466)	(452)
	(2,127)	9,228

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.

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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 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 31 December 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

The Company issued 300,000 additional shares under the Share Issuance Scheme (SIS) in the current quarter.

7. Dividends paid

The Company paid a final tax exempt dividend for the year ended 31 March 2016 of 5% totalling of RM3.044 million on 3rd November 2016.

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8. Segmental information

	3 months ended		9 months ended	
	31 December 2016		31 December 2016	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	144,879	8,154	422,293	15,896
Retail supermarket	31,864	(295)	93,724	(1,663)
	176,743	7,859	516,017	14,233
Inter-segment eliminations	(5,063)	-	(14,405)	-
	171,680	7,859	501,612	14,233

All business operations are predominantly conducted in Malaysia.

9. Subsequent events

There were no events subsequent to 31 December 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 RM81.58 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 31 December 2016 amounted to :

	RM'000
Approved and contracted for	18,598
Approved but not contracted for	4,660
	23,258

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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	139,816	130,460	9,355	7.17
-Retail supermarket	31,864	32,918	(1,053)	(3.20)
	<u>171,680</u>	<u>163,378</u>		
Profit before tax	7,859	5,209	2,650	50.87

The intergrated livestock farming segment's revenue increased 7.17% from RM130.46 million recorded in the preceding year's corresponding quarter to RM139.82 million in the current financial quarter. This was due to the higher quantity of egg and higher volume of further processed product sold in the current quarter.

For the retail supermarket segment, a lower revenue of RM31.86 million was recorded in the current quarter compared to RM32.92 million in the corresponding quarter of last preceding year due to lower consumers' spending.

A higher pre-tax profit of RM7.86 million was recorded in the current quarter for the group compared to RM5.21 million in the corresponding quarter of last financial year mainly due to higher revenue as per mentioned above.

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	139,816	138,947	868	0.63
-Retail supermarket	31,864	32,034	(169)	(0.53)
	<u>171,680</u>	<u>170,981</u>		
Profit before tax	7,859	5,033	2,826	56.15

For the current quarter under review, intergrated livestock farming segment registered a slightly higher revenue of RM139.82 million compared to RM138.95 million in the immediate preceding quarter mainly due to the higher quantity of eggs and higher volume of further processed product sold in the current quarter.

The retail supermarket segment recorded a lower revenue of RM31.86 million in the current quarter as compared to RM32.03 million in the immediate preceding quarter due to Hari Raya festival in the immediate preceding quarter.

Pre-tax profit of RM7.86 million in the current quarter is higher compared to the RM5.03 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 5 products were launched in November 2016 and the response has been encouraging.

4. Profit forecast or profit guarantee

Not applicable

5. Income tax

	Current quarter RM'000	Year-to- date RM'000
Current tax (Net of over provision in prior year)	(2,838)	(1,009)
Deferred tax	589	449
	(2,249)	(559)

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 Directors 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 Increased in the Authorised Share Capital.

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 31 December 2016 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Overdraft	11,273	3,936	15,209
Bankers' Acceptance	42,329	44,893	87,222
Hire Purchase	7,069	-	7,069
Term Loan	6,997	299	7,296
Revolving Credit	-	2,000	2,000
	<u>67,668</u>	<u>51,128</u>	<u>118,796</u>
Long term			
Hire Purchase	12,152	-	12,152
Term Loan	12,526	14,785	27,311
	<u>24,678</u>	<u>14,785</u>	<u>39,463</u>
Grand Total	<u>92,346</u>	<u>65,913</u>	<u>158,259</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 31 December 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 hearing was held on 17 January 2017.

The Court of Appeal has on the above date allowed Lay Hong Food as follows:- 1) Tiong Nam Logistics was ordered to refund to Lay Hong Food the sum of RM2,626,426.61 together with the interest thereon at 5% p.a from 7 June 2016 until the date of settlement. 2) Tiong Nam Logistics was ordered to pay RM20,000.00 as costs to the company.

There is no material financial effect to the Group as the amount claimed of RM1,596,574.89 by Tiong Nam Logistics had been provided for in the Audited Financial Statements for the financial year ended 31 March 2015. In addition, there is no operational impact to the Company and the Group.

On 15th February 2017 Tiong Nam Logistics has filed a notice of motion for leave.

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12. Dividend

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

13. Earnings per share

	3 months ended		9 months ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Profit attributable to ordinary equity holders of the parent (RM'000)	8,612	4,146	12,572	15,283
Weighted average number of ordinary shares ('000)	608,587	524,291	603,620	516,983
Basic earnings per share (sen)	1.42	0.79	2.08	2.96
Weighted average number of ordinary shares (diluted) ('000)	623,154	524,495	620,643	519,340
Diluted earnings per share (sen)	1.38	0.79	2.03	2.94

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.

The number of ordinary shares as at 31 December 2015 has been adjusted to take into account the bonus issue of 60,875,000 new ordinary shares of RM1.00 each and the subsequent share split into 487,000,000 new ordinary shares of RM0.20 each on 17 October 2016.

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 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
a) Interest income	14	13	44	20
b) Dividend income	-	-	-	-
b) Interest expense	(1,911)	(1,941)	(5,609)	(5,771)
c) Depreciation and amortisation	(5,906)	(5,279)	(17,305)	(15,861)
d) Gain on disposal of a subsidiary	-	-	-	1,102
e) Gain on disposal of unquoted investment	-	-	-	196
f) Written off of PPE	744	-	(66)	(132)
g) Gain on disposal of PPE	31	90	116	153
h) Unrealised forex gain/ (loss)	(9)	(19)	199	(98)
i) Realised forex loss	8	178	(77)	174

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 27th February 2017.