



**LAY HONG BERHAD (107129-H)**  
Incorporated in Malaysia

**Condensed Consolidated Statement of Comprehensive Income**

	Individual Quarter		Cumulative Quarter	
	30 Jun 2017 Unaudited	30 Jun 2016 Unaudited	30 Jun 2017 Unaudited	30 Jun 2016 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	183,035	158,951	183,035	158,951
Operating expenses	(173,894)	(156,278)	(173,894)	(156,278)
Other income	1,389	474	1,389	474
Finance costs	(2,148)	(1,775)	(2,148)	(1,775)
Share of profit/ (loss) of associates	(181)	(31)	(181)	(31)
Profit before tax	8,201	1,341	8,201	1,341
Tax expense	(2,018)	(370)	(2,018)	(370)
Net profit for the financial year	6,183	971	6,183	971
Other comprehensive income, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(241)	-	(241)	-
	(241)	-	(241)	-
Total other comprehensive income, net of tax	(241)	-	(241)	-
Total comprehensive income for the financial year	5,942	971	5,942	971
Profit attributable to:				
Owners of the parent	4,421	419	4,421	419
Non-controlling interest	1,762	552	1,762	552
	6,183	971	6,183	971
Total comprehensive income attributable to:				
Owners of the parent	4,180	419	4,180	419
Non-controlling interest	1,762	552	1,762	552
	5,942	971	5,942	971
Earnings per share (sen) :				
Basic	0.73	0.07	0.73	0.07
Diluted	0.59	0.07	0.59	0.07

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (107129-H)  
Incorporated in Malaysia

Condensed Consolidated Statement of Financial Position

	As at 30 Jun 2017 Unaudited	As at 31 Mar 2017 Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	381,593	368,329
Investment properties	4,140	4,140
Investment in associate	9,098	949
Other investments	194	194
Intangible assets	2,558	2,580
Deferred tax assets	5,343	3,065
	<b>402,926</b>	<b>379,257</b>
<b>Current assets</b>		
Biological assets	36,353	33,699
Inventories	82,994	82,203
Trade receivables	79,278	76,723
Other receivables	27,285	32,350
Due from an associate company	7	10
Short term investment	1,672	1,672
Cash and bank balances	6,931	7,984
	<b>234,520</b>	<b>234,641</b>
<b>TOTAL ASSETS</b>	<b>637,446</b>	<b>613,898</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	121,750	121,750
Reserves	158,477	154,297
	<b>280,227</b>	<b>276,047</b>
<b>Non-controlling interest</b>	<b>38,626</b>	<b>26,110</b>
<b>Total equity</b>	<b>318,853</b>	<b>302,157</b>
<b>Non-current liabilities</b>		
Long term borrowings	42,320	41,614
Long term payables	1,128	1,128
Deferred tax liabilities	36,315	32,703
	<b>79,763</b>	<b>75,445</b>
<b>Current liabilities</b>		
Trade payables	74,805	84,663
Other payables	21,915	36,136
Due to an associate company	-	95
Income tax payable	64	235
Short term borrowings	142,046	115,167
	<b>238,830</b>	<b>236,296</b>
<b>Total liabilities</b>	<b>318,593</b>	<b>311,741</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>637,446</b>	<b>613,898</b>

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

0.46

0.45

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (107129-H)  
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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		
At 1 April 2017	121,750	65,603	-	6,109	1,101	(3)	81,487	276,047	26,110	302,157		
Transfer from / (to) distributable reserve on realisation of revaluation reserve	-	1,883	-	-	-	-	(1,883)	-	-	-		
Net profit for the financial year	-	-	-	-	-	-	4,421	4,421	1,762	6,183		
Partial disposal of investment in a subsidiary company	-	-	-	-	(241)	-	-	(241)	10,754	10,754		
Other comprehensive income	-	-	-	-	-	-	-	-	-	(241)		
At 30 June 2017	121,750	67,486	-	6,109	860	(3)	84,025	280,227	38,626	318,853		
At 1 April 2016	57,750	68,800	29,030	15,093	-	74	71,237	241,984	24,960	266,944		
Net profit for the financial year	-	-	-	-	-	-	419	419	552	971		
Transfer to distributable reserve on realisation of revaluation reserve	-	(264)	-	-	-	-	264	-	-	-		
Other comprehensive income	-	-	-	-	-	-	-	-	-	-		
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-		
Issue of new SIS shares	2,825	-	13,568	-	-	-	-	-	-	-		
Transfer to share premium for SIS options exercised	-	-	8,121	(8,121)	-	-	-	16,413	-	16,413		
At 30 June 2016	60,575	68,536	50,739	6,972	-	74	71,920	258,816	25,512	284,328		

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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**

	<b>3 months ended 30 Jun 2017 Unaudited RM'000</b>	<b>3 months ended 30 Jun 2016 Unaudited RM'000</b>
<b>Cash Flow From Operating Activities</b>		
<b>Profit before tax</b>	<b>8,200</b>	<b>1,341</b>
<b>Adjustment for:-</b>		
Depreciation and amortization	6,567	5,618
Gain on disposal of property, plant and equipment	(85)	(27)
Loss on disposal of a subsidiary company	21	-
Property, plant and equipment written off	1	810
Impairment on property, plant and equipment	(1,164)	-
Interest expense	2,148	1,775
Interest income	(19)	(16)
Unrealised (gain) / loss on foreign exchange differences	80	(203)
Operating profit before changes in working capital	15,749	9,298
Net change in current assets	(753)	(10,667)
Net change in current liabilities	(24,174)	(686)
Tax paid	(1,115)	(1,760)
Interest paid	(2,148)	(1,775)
<b>Net cash generated from operating activities</b>	<b>(12,441)</b>	<b>(5,590)</b>
<b>Cash Flow From Investing Activities</b>		
Acquisition of subsidiary	-	(3,977)
Proceeds from partial disposal of a subsidiary company	10,750	-
Investment in an associate	(8,149)	(1,439)
Proceeds from disposal of property, plant and equipment	166	29
Purchase of property, plant and equipment	(18,018)	(7,048)
Interest income received	19	16
<b>Net cash used in investing activities</b>	<b>(15,232)</b>	<b>(12,419)</b>
<b>Cash Flow From Financing Activities</b>		
Net drawdown and repayment of bankers' acceptance	12,880	(357)
Net drawdown and repayment of onshore foreign currency trade loan	(30)	-
Net drawdown and repayment of term loans and revolving credits	7,861	(12,007)
Repayment of hire purchase creditors	(1,569)	(9,076)
Proceeds from Issue of ordinary shares	-	16,413
<b>Net cash generated from financing activities</b>	<b>19,142</b>	<b>(5,027)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(8,531)</b>	<b>(23,036)</b>
<b>Effect of foreign exchange rate changes</b>	<b>(171)</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>(451)</b>	<b>32,067</b>
<b>Cash and cash equivalents at end of the quarter</b>	<b>(9,153)</b>	<b>9,031</b>
<b>Cash and cash equivalents at the end of the quarter comprises :</b>		
Short term investment	1,672	6,739
Cash and bank balances	6,931	20,241
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(17,274)	(17,483)
Deposit pledged to licensed bank	(482)	(466)
	<b>(9,153)</b>	<b>9,031</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 2017. 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 2017.

**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 2017, 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 2017 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 year ended 30 June 2017.

**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 June 2017		3 months ended 30 June 2017	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	151,202	6,912	151,202	6,912
Retail supermarket	36,731	1,289	36,731	1,289
	187,933	8,201	187,933	8,201
Inter-segment eliminations	(4,898)	-	(4,898)	-
	183,035	8,201	183,035	8,201

All business operations are predominantly conducted in Malaysia.

**9. Subsequent events**

There were no events subsequent to 31 March 2017 that would have a material effect on the interim financial statements of the current quarter.

**10. Changes in composition of the Group**

During the quarter, the company disposed of 30% equity interest in G-Mart Borneo Retail Sdn Bhd for a consideration of RM10.75 million realising a loss on disposal of RM21,480.

**11. Changes in contingent liabilities**

Credit facilities amounting to RM87.76 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 June 2017 amounted to :

	RM'000
Approved and contracted for	23,396
Approved but not contracted for	26,183
	49,579

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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 and financial year to date is as follows:

	Current quarter	Corresponding quarter last year	Variance	Variance
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue				
-Integrated livestock farming	146,304	129,125	17,179	13.30
-Retail supermarket	36,731	29,826	6,905	23.15
	<u>183,035</u>	<u>158,951</u>	<u>24,084</u>	15.15
Profit before tax	8,201	1,341	6,860	511.56

The integrated livestock farming segment's revenue increased 13.30% from RM129.13 million recorded in the preceding year's corresponding quarter to RM146.30 million in the current financial quarter. This was due to the higher quantity of eggs sold and higher quantity and price of processed and frozen products sold in the current quarter. The completion of a new layer farm in the quarter has contributed to the higher quantity of eggs.

For the retail supermarket segment, a higher revenue of RM36.73 million was recorded in the current quarter compared to RM29.83 million in the corresponding quarter of last preceding year due to Hari Raya festival.

A pre-tax profit of RM8.20 million was recorded in the current quarter for the group compared to RM1.34 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	Immediate preceding quarter	Variance	Variance
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue				
-Integrated livestock farming	146,304	142,457	3,848	2.70
-Retail supermarket	36,731	31,174	5,556	17.82
	<u>183,035</u>	<u>173,631</u>	<u>9,404</u>	5.42
Profit before tax	8,201	7,613	588	7.72

For the current quarter under review, integrated livestock farming segment registered a higher revenue of RM146.30 million compared to RM142.46 million in the immediate preceding quarter due to the higher quantity and price of processed products sold in the current quarter.

For the retail supermarket segment, a revenue of RM36.73 million was recorded in the current quarter compared to RM31.17 million in the immediate preceding quarter due to Hari Raya festival.

Pre-tax profit of RM8.20 million in the current quarter is higher by RM588k compared to the immediate preceding quarter of mainly due to higher price of processed chicken products in Sabah and higher contribution from the retail supermarket.



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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 on track with its planned expansion to increase our production capacity. Our egg production now stands at approximately 2.3 million eggs per day to date and is expected to grow to our target. At the same time, our broiler capacity will increase to cater to new requirements in our food processing taking into consideration our JV with NH Foods Ltd.

The Company is now reviewing its strategies and will capitalize on the strength of NH Foods 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. As at to-date, a total of 11 products have been launched and the response has been encouraging. The Company is continuously researching on viability of new products to be developed and introduced to our production line. It is expected that new products will be launched in future.

A piece of industrial land in Selangor Halal Hub, Pulau Indah has been identified for the plant to be set up and is currently working on the factory and machinery layout. This is expected to be the site for the JV with NH Foods. Works to acquire and build the said factory is progressing in a timely manner in accordance to our planned timeline.

**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)	684	684
Deferred tax	1,334	1,334
	<u>2,018</u>	<u>2,018</u>

**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**

Not applicable.

9. The Group's borrowings as at 30 June 2017 are as follows :

Exchange rate	Short term				Long term				Total borrowings				
	Foreign denomination USD ('000)	Foreign denomination THB ('000)	RM equivalents ('000)	RM denomination ('000)	Foreign denomination USD ('000)	Foreign denomination THB ('000)	RM equivalents ('000)	RM denomination ('000)	Foreign denomination USD ('000)	Foreign denomination THB ('000)	RM equivalents ('000)	RM denomination ('000)	Total in RM ('000)
	-	-	-	13,534	-	-	-	-	-	-	-	13,534	13,534
	-	-	-	45,533	-	-	-	-	-	-	-	45,533	45,533
USD @ 4.401	327	-	1,439	-	-	-	-	-	327	-	1,439	-	1,439
THB @ 0.128	-	237	30	7,390	-	139	18	12,336	-	376	48	19,726	19,774
Term Loan	-	-	-	7,509	-	-	-	29,966	-	-	-	37,475	37,475
Revolving Credit	327	237	1,469	73,966	-	139	18	42,302	327	376	1,487	116,268	117,755
<b>Unsecured</b>													
Overdraft	-	-	-	3,740	-	-	-	-	-	-	-	3,740	3,740
Bankers' Acceptance	-	-	-	54,871	-	-	-	-	-	-	-	54,871	54,871
Revolving Credit	-	-	-	8,000	-	-	-	-	-	-	-	8,000	8,000
	-	-	-	66,611	-	-	-	-	-	-	-	66,611	66,611

The Group's borrowings as at 30 June 2016 are as follows :

Exchange rate	Short term				Long term				Total borrowings				
	Foreign denomination USD ('000)	Foreign denomination THB ('000)	RM equivalents ('000)	RM denomination ('000)	Foreign denomination USD @ 4.401 ('000)	Foreign denomination Thai Baht @ 0.1 ('000)	RM equivalents ('000)	RM denomination ('000)	Foreign denomination USD @ 4.401 ('000)	Foreign denomination Thai Baht @ 0.1 ('000)	RM equivalents ('000)	RM denomination ('000)	Total in RM ('000)
	-	-	-	13,551	-	-	-	-	-	-	-	13,551	13,551
	-	-	-	45,670	-	-	-	-	-	-	-	45,670	45,670
USD @ 4.032	-	-	-	6,760	-	-	-	11,934	-	-	-	18,694	18,694
THB @ 0.115	-	-	-	6,789	-	-	-	15,838	-	-	-	22,627	22,627
Term Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving Credit	-	-	-	72,770	-	-	-	27,772	-	-	-	100,542	100,542
<b>Unsecured</b>													
Overdraft	-	-	-	3,932	-	-	-	-	-	-	-	3,932	3,932
Bankers' Acceptance	-	-	-	37,706	-	-	-	-	-	-	-	37,706	37,706
Term Loan	-	-	-	1,104	-	-	-	-	-	-	-	1,104	1,104
	-	-	-	42,742	-	-	-	-	-	-	-	42,742	42,742

**Material changes to the above:**

- (i) Bankers' acceptance - higher utilization of working capital line due to increase in purchases of raw materials and inventories of our retail division.
- (ii) Onshore foreign currency loan - new working capital instrument used to finance import and lower interest rate.
- (iii) Term loan - new term loans drawn down for construction of a new layer farm and purchase of an industrial land at KKIP, Sabah.
- (iv) Revolving credit - temporary used to finance capital expenditure pending term loan arrangements.

**Weighted average interest rate of borrowings - Group basis:**

Bank Overdraft	7.85
Bankers' Acceptance	4.48
Onshore Foreign Currency Loan	3.11
Revolving Credit	5.01
Term Loan	5.42
<b>Total borrowings - Term Loan:</b>	RM000
Floating	33,661
Fixed	3,814
	<u>37,475</u>

The borrowings denominated in foreign currencies is not hedged. The amount of foreign loan of USD 326,746 is deemed immaterial.

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**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 year ended 30 June 2017.

**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.

On 15th February 2017 Tiong Nam Logistics has filed a notice of motion for leave and the hearing has been fixed by Federal Court on 6th of September 2017.

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.

**12. Dividend**

The Directors proposed a final tax-exempt dividend of 0.5 sen per ordinary share subject to the approval of members at the forthcoming Annual General Meeting.

**LAY HONG BERHAD (107129-H)**  
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**13. Earnings per share**

	3 months ended		3 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Profit attributable to ordinary equity holders of the parent (RM'000)	4,421	419	4,421	419
Weighted average number of ordinary shares in issue after effect of bonus issue and share split (basic) ('000)	608,750	596,366	608,750	596,366
Effect of dilution of outstanding SIS/ESOS ('000)	13,417	12,179	13,417	12,179
Effect of dilution of outstanding Warrants ('000)	132,312	-	132,312	-
Weighted average number of ordinary shares (diluted) ('000)	754,479	608,545	754,479	608,545
Basic earnings per share (sen)	0.73	0.07	0.73	0.07
Diluted earnings per share (sen)	0.59	0.07	0.59	0.07

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 basic earnings per share (sen) and diluted earnings per share (sen) as at 30 June 2016 were recalculated to conform with the changes in bonus issue of 60,875,000 new ordinary shares and the subsequent share split into 487,000,000 new ordinary shares on 14 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 Year	
	Current Year	Corresponding	Current Year	Corresponding
	Quarter	Quarter	to Date	Period
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
a) Interest income	19	16	19	16
b) Interest expense	(2,148)	(1,775)	(2,148)	(1,775)
c) Depreciation and amortisation	(6,567)	(5,618)	(6,567)	(5,618)
d) Loss on disposal of a subsidiary company	(21)	-	(21)	-
e) Written off of PPE	(1)	(810)	(1)	(810)
f) Gain on disposal of PPE	85	27	85	27
g) Unrealised forex gain/ (loss)	(80)	203	(80)	203
h) Realised forex gain/ (loss)	(28)	(65)	(28)	(65)

**LAY HONG BERHAD (107129-H)**  
**Incorporated in Malaysia**

**15. Trade Receivables**

	Current quarter as at 30 June 2017 RM'000	Immediate preceding year ended as at 31 March 2017 RM'000
Trade receivables		
Third parties	84,629	82,073
Impairment losses	(5,351)	(5,351)
	79,278	76,722

The Group's normal credit term for trade receivables ranges from 45 days to 75 days after the month of invoicing. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition. There are no trade receivables due from related parties.

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

**Ageing analysis of trade receivables is as follow:**

	Current quarter as at 30 June 2017 RM'000	Immediate preceding year ended as at 31 March 2017 RM'000
Neither past due nor impaired	71,873	71,741
Up to 90 days past due not impaired	2,842	1,716
More than 90 days past due not impaired	4,563	3,265
	7,405	4,981
Impaired	5,351	5,351
	84,629	82,073

**Commentaries for the recoverability of trade receivables which exceed the average credit terms granted:**

All trade receivables which exceeded the average credit terms are closely monitored by the central credit control team. Delinquent cases are handed over promptly to external lawyers for further action.

**16. Auditors' report on preceding annual financial statements**

The auditors' report of the previous annual financial year ended 31 March 2017 was not subject to any qualification.

**17. 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 August 2017.