



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

**Condensed Consolidated Statement of Comprehensive Income**

	Individual Quarter		Cumulative Quarter	
	30 Sep 2017 Unaudited	30 Sep 2016 Unaudited	30 Sep 2017 Unaudited	30 Sep 2016 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	204,555	170,981	387,590	329,932
Operating expenses	(187,528)	(165,627)	(361,422)	(321,905)
Other income	1,264	1,650	2,653	2,124
Finance costs	(2,457)	(1,923)	(4,605)	(3,698)
Share of profit/ (loss) of associates	(155)	(48)	(336)	(79)
<b>Profit before tax</b>	<b>15,679</b>	<b>5,033</b>	<b>23,880</b>	<b>6,374</b>
Tax expense	(3,264)	(1,320)	(5,282)	(1,690)
<b>Net profit for the financial year</b>	<b>12,415</b>	<b>3,713</b>	<b>18,598</b>	<b>4,684</b>
<b>Other comprehensive income, net of tax</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Exchange differences on translation of foreign operations	18	144	(223)	144
	<b>18</b>	<b>144</b>	<b>(223)</b>	<b>144</b>
<b>Total other comprehensive income, net of tax</b>	<b>18</b>	<b>144</b>	<b>(223)</b>	<b>144</b>
<b>Total comprehensive income for the financial year</b>	<b>12,433</b>	<b>3,857</b>	<b>18,375</b>	<b>4,828</b>
<b>Profit attributable to:</b>				
Owners of the parent	12,172	3,541	16,593	3,960
Non-controlling interest	243	172	2,005	724
	<b>12,415</b>	<b>3,713</b>	<b>18,598</b>	<b>4,684</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the parent	12,190	3,685	16,370	4,104
Non-controlling interest	243	172	2,005	724
	<b>12,433</b>	<b>3,857</b>	<b>18,375</b>	<b>4,828</b>
<b>Earnings per share (sen) :</b>				
Basic	2.00	0.58	2.73	0.66
Diluted	1.62	0.58	2.21	0.65

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 Sep 2017 Unaudited RM'000	As at 31 Mar 2017 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	403,271	368,329
Investment properties	4,140	4,140
Investment in associate	8,943	949
Other investments	194	194
Intangible assets	2,553	2,580
Deferred tax assets	4,480	3,065
	<b>423,581</b>	<b>379,257</b>
<b>Current assets</b>		
Biological assets	37,611	33,699
Inventories	83,622	82,203
Trade receivables	90,486	76,723
Other receivables	34,384	32,350
Due from an associate company	-	10
Short term investment	4,887	1,672
Cash and bank balances	9,125	7,984
	<b>260,115</b>	<b>234,641</b>
<b>TOTAL ASSETS</b>	<b>683,696</b>	<b>613,898</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent		
Share capital	121,750	121,750
Reserves	170,667	154,297
	<b>292,417</b>	<b>276,047</b>
Non-controlling interest	38,869	26,110
<b>Total equity</b>	<b>331,286</b>	<b>302,157</b>
<b>Non-current liabilities</b>		
Long term borrowings	54,890	41,614
Long term payables	1,128	1,128
Deferred tax liabilities	35,706	32,703
	<b>91,724</b>	<b>75,445</b>
<b>Current liabilities</b>		
Trade payables	78,651	84,663
Other payables	36,613	36,136
Due to an associate company	19	95
Income tax payable	613	235
Short term borrowings	144,790	115,167
	<b>260,686</b>	<b>236,296</b>
<b>Total liabilities</b>	<b>352,410</b>	<b>311,741</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>683,696</b>	<b>613,898</b>

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

0.48

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)  
Incorporated in Malaysia

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 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	-	1,628	-	-	-	-	(1,628)	-	-	-
Net profit for the financial year	-	-	-	-	-	-	16,593	16,593	2,005	18,598
Partial disposal of investment in a subsidiary company	-	-	-	-	-	-	-	-	10,754	10,754
Other comprehensive income	-	-	-	-	(223)	-	-	(223)	-	(223)
At 30 September 2017	121,750	67,231	-	6,109	878	(3)	96,452	292,417	38,869	331,286
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	-	-	-
Other comprehensive income	-	-	-	-	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	66,075	50,739	6,972	144	-	77,996	262,501	25,684	288,185

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)**  
Incorporated in Malaysia

**Condensed Consolidated Statement of Cash Flows**

	Financial period ended 30 Sep 2017 Unaudited RM'000	Financial period ended 30 Sep 2016 Unaudited RM'000
<b>Cash Flow From Operating Activities</b>		
Profit before tax	23,881	6,374
<b>Adjustment for:-</b>		
Depreciation and amortization	13,104	11,399
Gain on disposal of property, plant and equipment	(125)	(85)
Loss on disposal of a subsidiary company	21	-
Property, plant and equipment written off	2	810
Impairment on property, plant and equipment	(1,164)	-
Interest expense	4,605	3,698
Interest income	(49)	(30)
Forex exchange reserve	-	(288)
Unrealised (gain) / loss on foreign exchange differences	80	(207)
Operating profit before changes in working capital	40,355	21,671
Net change in current assets	(22,648)	(16,438)
Net change in current liabilities	(5,612)	(2,109)
Tax paid	(1,866)	(2,714)
Interest paid	(4,605)	(3,698)
<b>Net cash generated/(used in) from operating activities</b>	<b>5,624</b>	<b>(3,288)</b>
<b>Cash Flow From Investing Activities</b>		
Acquisition of subsidiary	-	(5,877)
Proceeds from partial disposal of a subsidiary company	10,750	-
Investment in an associate	(7,994)	(1,391)
Proceeds from disposal of property, plant and equipment	375	91
Purchase of property, plant and equipment	(42,938)	(20,970)
Interest income received	49	30
<b>Net cash used in investing activities</b>	<b>(39,758)</b>	<b>(28,117)</b>
<b>Cash Flow From Financing Activities</b>		
Net drawdown and repayment of bankers' acceptance	8,895	(3,011)
Net drawdown and repayment of onshore foreign currency trade loan	(1,030)	-
Net drawdown and repayment of term loans and revolving credits	26,416	(11,824)
Repayment of hire purchase creditors	(2,706)	(3,626)
Proceeds from Issue of ordinary shares	-	16,413
<b>Net cash generated/(used in) from financing activities</b>	<b>31,575</b>	<b>(2,048)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,559)</b>	<b>(33,453)</b>
<b>Effect of foreign exchange rate changes</b>	<b>(169)</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>(3,179)</b>	<b>(1,386)</b>
<b>Cash and cash equivalents at the end of the quarter comprises :</b>		
Short term investment	4,887	-
Cash and bank balances	9,125	18,283
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(16,709)	(19,203)
Deposit pledged to licensed bank	(482)	(466)
	<b>(3,179)</b>	<b>(1,386)</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.

**LAY HONG BERHAD (107129-H)**  
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**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 28 October 2015, Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 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 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 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 September 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 Sep 2017		6 months ended 30 Sep 2017	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	177,003	16,697	328,206	23,609
Retail supermarket	33,254	(1,018)	69,984	271
	210,257	15,679	398,190	23,880
Inter-segment eliminations	(5,702)	-	(10,600)	-
	204,555	15,679	387,590	23,880

All business operations are predominantly conducted in Malaysia.

**9. Subsequent events**

There were no events subsequent to 30 September 2017 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 RM91.14 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 2017 amounted to :

	RM'000
Approved and contracted for	34,713
Approved but not contracted for	13,828
	48,541

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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	171,301	138,947	32,354	23.29
-Retail supermarket	33,254	32,034	1,220	3.81
	<u>204,555</u>	<u>170,981</u>	<u>33,574</u>	19.64
Profit before tax	15,679	5,033	10,646	211.52

The integrated livestock farming segment's revenue increased 23.29% from RM138.95 million recorded in the preceding year's corresponding quarter to RM171.30 million in the current financial quarter. This was due to the higher quantity of eggs and higher quantity and price of processed frozen products and pasteurized liquid eggs sold in the current quarter.

For the retail supermarket segment, a higher revenue of RM33.25 million was recorded in the current quarter compared to RM32.03 million in the corresponding quarter of last preceding year due to the opening of three additional outlets (Pitas, Ranau and Tambunan).

A pre-tax profit of RM15.68 million was recorded in the current quarter for the group compared to RM5.03 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	171,301	146,304	24,997	17.09
-Retail supermarket	33,254	36,731	(3,477)	(9.47)
	<u>204,555</u>	<u>183,035</u>	<u>21,520</u>	11.76
Profit before tax	15,679	8,201	7,478	91.18

For the current quarter under review, integrated livestock farming segment registered a higher revenue of RM171.30 million compared to RM146.30 million in the immediate preceding quarter due to the higher quantity and higher price for eggs, processed frozen products and pasteurized liquid eggs sold in the current quarter.

For the retail supermarket segment, a revenue of RM33.25 million was recorded in the current quarter compared to RM36.73 million in the immediate preceding quarter due to the hari raya festival in the immediate preceding quarter.

Pre-tax profit of RM15.68 million in the current quarter is higher compared to the RM8.20 million achieved in 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 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 constantly 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	2,493	3,177
Deferred tax	771	2,105
	<u>3,264</u>	<u>5,282</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.

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

	Short term					Long term					Total borrowings					
	Exchange rate	Foreign denomination USD ('000)	Foreign denomination THB ('000)	RM equivalents ('000)	RM denomination ('000)	Total in RM ('000)	Foreign denomination USD ('000)	Foreign denomination THB ('000)	RM equivalents ('000)	RM denomination ('000)	Total in RM ('000)	Foreign denomination USD ('000)	Foreign denomination THB ('000)	RM equivalents ('000)	RM denomination ('000)	Total in RM ('000)
<b>Secured</b>																
Overdraft		-	-	-	11,841	11,841	-	-	-	-	-	-	-	11,841	11,841	
Bankers' Acceptance		-	-	-	42,758	42,758	-	-	-	-	-	-	-	42,758	42,758	
Onshore Foreign Currency Loan	USD @ 4.296	102	-	439	-	439	-	-	-	-	102	-	439	-	439	
Hire Purchase	THB @ 0.126	-	237	30	7,663	7,693	-	79	10	14,381	-	317	41	22,043	22,084	
Term Loan		-	-	-	14,530	14,530	-	-	-	40,499	-	-	-	55,029	55,029	
Revolving Credit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		102	237	470	76,792	77,261	-	79	10	54,880	102	317	480	131,671	132,151	
<b>Unsecured</b>																
Overdraft		-	-	-	4,868	4,868	-	-	-	-	-	-	-	4,868	4,868	
Bankers' Acceptance		-	-	-	53,661	53,661	-	-	-	-	-	-	-	53,661	53,661	
Revolving Credit		-	-	-	9,000	9,000	-	-	-	-	-	-	-	9,000	9,000	
		-	-	-	67,529	67,529	-	-	-	-	-	-	-	67,529	67,529	
		102	237	470	144,321	144,790	-	79	10	54,880	102	317	480	199,200	199,680	

The Group's borrowings as at 31 March 2017 are as follows :

	Short term					Long term					Total borrowings					
	Exchange rate	Foreign denomination USD ('000)	Foreign denomination THB ('000)	RM equivalents ('000)	RM denomination ('000)	Total in RM ('000)	Foreign denomination USD ('000)	Foreign denomination THB ('000)	RM equivalents ('000)	RM denomination ('000)	Total in RM ('000)	Foreign denomination USD @ 4.429 ('000)	Foreign denomination Thai Baht @ ('000)	RM equivalents ('000)	RM denomination ('000)	Total in RM ('000)
<b>Secured</b>																
Overdraft		-	-	-	7,443	7,443	-	-	-	-	-	-	-	-	7,443	7,443
Bankers' Acceptance		-	-	-	43,963	43,963	-	-	-	-	-	-	-	43,963	43,963	
Onshore Foreign Currency Loan	USD @ 4.429	332	-	1,470	-	1,470	-	-	-	-	332	-	1,470	-	1,470	
Hire Purchase	THB @ 0.128	-	219	28	7,435	7,463	-	192	25	13,060	-	411	53	20,495	20,548	
Term Loan		-	-	-	7,085	7,085	-	-	-	28,529	-	-	-	35,613	35,613	
		332	219	1,498	65,926	67,423	-	192	25	41,589	332	411	1,522	107,515	109,037	
<b>Unsecured</b>																
Overdraft		-	-	-	2,183	2,183	-	-	-	-	-	-	-	2,183	2,183	
Bankers' Acceptance		-	-	-	43,561	43,561	-	-	-	-	-	-	-	43,561	43,561	
Revolving Credit		-	-	-	2,000	2,000	-	-	-	-	-	-	-	2,000	2,000	
		-	-	-	47,744	47,744	-	-	-	-	-	-	-	47,744	47,744	
		332	219	1,498	113,670	115,167	-	192	25	41,589	332	411	1,522	155,259	156,781	

**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) Term loan - new term loans drawn down for construction of a new broiler farm and layer farm.
- (iii) Revolving credit - temporary used to finance capital expenditure pending finalization of loan documentations.

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

	%	
Bank Overdraft	7.86	
Bankers' Acceptance	4.50	
Onshore Foreign Currency Loan	3.39	
Revolving Credit	5.00	
Term Loan	5.94	
<b>Total borrowings - Term Loan:</b>	RM'000	
Floating	51,383	93%
Fixed	3,646	7%
	55,029	

The borrowings denominated in foreign currencies is not hedged. The amount of foreign loan of USD 102,236 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 September 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 NCV-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.

On 1st November 2017, Lay Hong Food has been informed by its solicitors that Tiong Nam Logistics' application for leave has been dismissed. As at 1st November 2017, the suit is ended and there shall be no further appeal by Tiong Nam Logistic Solutions Sdn Bhd.

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 do not proposed any dividend for the current quarter.

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

**13. Earnings per share**

	3 months ended		6 months ended	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
Profit attributable to ordinary equity holders of the parent (RM'000)	12,172	3,541	16,593	3,960
Weighted average number of ordinary shares in issue after effect of bonus issue and share split (basic) ('000)	608,750	605,750	608,750	601,110
Effect of dilution of outstanding SIS/ESOS ('000)	13,044	9,185	13,220	10,702
Effect of dilution of outstanding Warrants ('000)	128,631	-	130,369	-
Weighted average number of ordinary shares (diluted) ('000)	750,425	614,935	752,340	611,811
Basic earnings per share (sen)	2.00	0.58	2.73	0.66
Diluted earnings per share (sen)	1.62	0.58	2.21	0.65

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 September 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 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	RM'000	RM'000	RM'000	RM'000
a) Interest income	30	14	49	30
b) Interest expense	(2,457)	(1,923)	(4,605)	(3,698)
c) Depreciation and amortisation	(6,537)	(5,781)	(13,104)	(11,399)
d) Loss on disposal of a subsidiary company	-	-	(21)	-
e) Written off of PPE	(1)	-	(2)	(810)
f) Gain on disposal of PPE	40	58	125	85
g) Unrealised forex gain/ (loss)	0	4	(80)	207
h) Realised forex gain/ (loss)	57	(21)	29	(85)

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

**15. Trade Receivables**

	Financial period ended 30 Sep 2017 RM'000	Immediate preceding financial year ended 31 Mar 2017 RM'000
Trade receivables		
Third parties	95,837	82,073
Impairment losses		
- brought forward	(5,351)	(4,998)
- impaired during the period / year	-	(353)
	<u>(5,351)</u>	<u>(5,351)</u>
	<u>90,486</u>	<u>76,722</u>

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:**

	Financial period ended 30 Sep 2017 RM'000	Immediate preceding financial year ended 31 Mar 2017 RM'000
Neither past due nor impaired	83,032	71,741
Up to 90 days past due not impaired	2,187	1,716
More than 90 days past due not impaired	5,267	3,265
	7,454	4,981
Impaired		
- brought forward	5,351	4,998
- impaired during the period / year	-	353
	<u>5,351</u>	<u>5,351</u>
	<u>95,837</u>	<u>82,073</u>

**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 14th November 2017.