



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 Mar 2019 Unaudited | 31 Mar 2018 Unaudited | 31 Mar 2019 Unaudited | 31 Mar 2018 Unaudited |
| | RM'000 | RM'000 Restated | RM'000 | RM'000 Restated |
| Revenue | 207,219 | 232,023 | 796,825 | 847,802 |
| Operating expenses | (192,886) | (229,274) | (785,876) | (803,309) |
| Other income | 2,989 | 6,447 | 8,188 | 10,506 |
| Finance costs | (3,375) | (2,700) | (12,857) | (10,067) |
| Share of loss of associate | (1,230) | (329) | (2,673) | (1,005) |
| Profit before tax | 12,717 | 6,167 | 3,607 | 43,927 |
| Tax expense | (3,781) | (4,498) | (2,534) | (12,373) |
| Net profit for the financial period | 8,936 | 1,669 | 1,073 | 31,554 |
| Other comprehensive income/(loss), net of tax | | | | |
| Items that are or may be reclassified subsequently to profit or loss | | | | |
| Fair Value of available-for-sale financial assets | - | 3 | - | 3 |
| Exchange differences on translation of foreign operations | (654) | (35) | (106) | (602) |
| | (654) | (32) | (106) | (599) |
| Total other comprehensive income/(loss), net of tax | (654) | (32) | (106) | (599) |
| Total comprehensive income/(loss) for the financial period | 8,282 | 1,637 | 967 | 30,955 |
| Profit/(loss) attributable to: | | | | |
| Owners of the parent | 11,975 | 695 | 7,042 | 27,399 |
| Non-controlling interest | (3,039) | 974 | (5,969) | 4,155 |
| | 8,936 | 1,669 | 1,073 | 31,554 |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the parent | 11,321 | 663 | 6,936 | 26,800 |
| Non-controlling interest | (3,039) | 974 | (5,969) | 4,155 |
| | 8,282 | 1,637 | 967 | 30,955 |
| Earnings per share (sen) : | | | | |
| Basic | 1.81 | 0.11 | 1.08 | 4.47 |
| Diluted | 1.30 | 0.09 | 0.84 | 3.65 |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2018 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 31 Mar 2019 Unaudited RM'000 | As at 31 Mar 2018 Audited RM'000 Restated | As at 1 Apr 2017 Audited RM'000 Restated |
|---|---|---|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 495,649 | 442,032 | 368,329 |
| Investment properties | 5,940 | 5,940 | 4,139 |
| Investment in associate | 10,500 | 13,173 | 949 |
| Other investments | 196 | 195 | 194 |
| Intangible assets | 2,941 | 4,327 | 2,580 |
| Deferred tax assets | 7,408 | 3,659 | 3,066 |
| | 522,634 | 469,326 | 379,257 |
| Current assets | | | |
| Biological assets | 65,405 | 45,815 | 47,839 |
| Inventories | 93,432 | 91,672 | 82,203 |
| Trade receivables | 92,722 | 141,025 | 76,722 |
| Other receivables | 26,038 | 33,563 | 32,350 |
| Due from an associate company | 72 | 2 | 10 |
| Short term investment | 170 | 5,452 | 1,673 |
| Cash and bank balances | 14,235 | 10,227 | 7,984 |
| | 292,074 | 327,756 | 248,781 |
| TOTAL ASSETS | 814,708 | 797,082 | 628,038 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | 145,621 | 130,109 | 121,750 |
| Reserves | 191,555 | 189,521 | 165,765 |
| | 337,176 | 319,630 | 287,515 |
| Non-controlling interest | 36,761 | 43,126 | 28,782 |
| Total equity | 373,937 | 362,756 | 316,297 |
| Non-current liabilities | | | |
| Long term borrowings | 103,482 | 86,019 | 41,614 |
| Long term payables | 8,018 | 1,127 | 1,128 |
| Deferred tax liabilities | 39,085 | 35,724 | 32,703 |
| | 150,585 | 122,870 | 75,445 |
| Current liabilities | | | |
| Trade payables | 78,362 | 121,010 | 84,663 |
| Other payables | 32,187 | 43,831 | 36,136 |
| Due to an associate company | 464 | 52 | 95 |
| Income tax payable | 209 | 2,066 | 235 |
| Short term borrowings | 178,964 | 144,497 | 115,167 |
| | 290,186 | 311,456 | 236,296 |
| Total liabilities | 440,771 | 434,326 | 311,741 |
| TOTAL EQUITY AND LIABILITIES | 814,708 | 797,082 | 628,038 |

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

0.51

0.51

0.47



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 | SIS option reserve | Foreign currency translation reserve | Fair value reserve | Retained profit | | | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At 1 April 2018 | 130,109 | 66,453 | 6,109 | 499 | - | 114,283 | 317,453 | 39,452 | 356,905 |
| Effects of adopting MFRS * | - | - | - | - | - | 2,177 | 2,177 | 3,674 | 5,851 |
| At 1 April 2018 | 130,109 | 66,453 | 6,109 | 499 | - | 116,460 | 319,630 | 43,126 | 362,756 |
| Transfer (to) / from distributable reserve on realisation of revaluation reserve | - | (1,075) | - | - | - | 1,075 | - | - | - |
| Effect of change in stakes in a subsidiary company | - | - | - | - | - | - | - | (396) | (396) |
| Net profit for the financial year | - | - | - | - | - | 7,042 | 7,042 | (5,969) | 1,073 |
| Dividends | - | - | - | - | - | (3,301) | (3,301) | - | (3,301) |
| Other comprehensive income | - | - | - | (106) | - | - | (106) | - | (106) |
| Issuance of new SIS shares | - | - | (1,997) | - | - | - | (1,997) | - | (1,997) |
| Arising from conversion of warrants | 15,512 | - | - | - | - | - | 15,512 | - | 15,512 |
| Acquisition of additional equity interest in subsidiaries company | - | - | - | - | - | 396 | 396 | - | 396 |
| At 31 March 2019 | 145,621 | 65,378 | 4,112 | 393 | - | 121,672 | 337,176 | 36,761 | 373,937 |
| At 1 April 2017 | 121,750 | 65,603 | 6,109 | 1,101 | (3) | 81,487 | 276,047 | 26,110 | 302,157 |
| Effects of adopting MFRS * | - | - | - | - | - | 11,468 | 11,468 | 2,672 | 14,140 |
| At 1 April 2017 | 121,750 | 65,603 | 6,109 | 1,101 | (3) | 92,955 | 287,515 | 28,782 | 316,297 |
| Transfer from / (to) distributable reserve on realisation of revaluation reserve | - | 850 | - | - | - | (850) | - | - | - |
| Partial disposal of investment in a subsidiary company | - | - | - | - | - | - | - | 10,754 | 10,754 |
| Acquisition of additional equity interest in subsidiary company | - | - | - | - | - | - | - | (565) | (565) |
| Net profit for the financial year | - | - | - | - | - | 27,399 | 27,399 | 4,155 | 31,554 |
| Other comprehensive (loss)/income | - | - | - | (602) | 3 | - | (599) | - | (599) |
| Arising from conversion of warrants | 8,359 | - | - | - | - | - | 8,359 | - | 8,359 |
| Dividends | - | - | - | - | - | (3,044) | (3,044) | - | (3,044) |
| At 31 March 2018 | 130,109 | 66,453 | 6,109 | 499 | - | 116,460 | 319,630 | 43,126 | 362,756 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2018 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 year ended 31 Mar 2019 Unaudited RM'000 | Financial year ended 31 Mar 2018 Audited RM'000 |
|--|---|---|
| Cash Flow From Operating Activities | | Restated |
| Profit / (loss) before tax | 3,607 | 43,927 |
| Adjustments for:- | | |
| Depreciation and amortisation | 30,431 | 27,296 |
| Net gain on disposal of property, plant and equipment | (26) | (198) |
| Loss on disposal of a subsidiary company | - | 21 |
| Property, plant and equipment written off | 1,299 | 379 |
| Written back diminution in investment | (1) | (1) |
| Impairment on property, plant and equipment | - | (1,164) |
| Interest expense | 12,857 | 10,067 |
| Interest income | (56) | (106) |
| Bad debts written off | 2,200 | 747 |
| Net impairment losses on trade receivables | 1,898 | 259 |
| Fair value adjustment | - | 3 |
| Unrealised (gain) / loss on foreign exchange differences | 222 | 354 |
| Operating profit before changes in working capital | 52,431 | 81,584 |
| Net change in current assets | 36,472 | (76,917) |
| Net change in current liabilities | (46,988) | 43,998 |
| Tax paid | (6,897) | (5,509) |
| Interest paid | (12,857) | (10,067) |
| Net cash generated from operating activities | 22,161 | 33,089 |
| Cash Flow From Investing Activities | | |
| Proceeds from partial disposal of a subsidiary company | - | 10,750 |
| Additional investment in subsidiary companies | - | (965) |
| Net change in investment in an associate | 2,673 | (12,225) |
| Net change in intangible asset | 1,385 | (1,385) |
| Proceeds from disposal of property, plant and equipment | 57 | 348 |
| Purchase of property, plant and equipment | (89,046) | (70,536) |
| Interest income received | 56 | 106 |
| Net cash used in investing activities | (84,875) | (73,907) |
| Cash Flow From Financing Activities | | |
| Net drawdown and repayment of bankers' acceptance | 28,097 | 18,404 |
| Net drawdown and repayment of onshore foreign currency trade loan | - | (1,470) |
| Net drawdown and repayment of term loans and revolving credits | 15,399 | 36,373 |
| Net drawdown and repayment of finance lease liabilities | 4,653 | (5,931) |
| Dividend paid | (3,301) | (3,044) |
| Proceeds from Issue of ordinary shares | 13,515 | 8,359 |
| Increase in deposits pledged to licensed banks | (15) | (15) |
| Net cash generated from financing activities | 58,348 | 52,676 |
| Net (decrease)/increase in cash and cash equivalents | (4,366) | 11,858 |
| Effect of foreign exchange rate changes | (106) | (265) |
| Cash and cash equivalents at beginning of the financial year | 11,142 | (451) |
| Cash and cash equivalents at end of the quarter | 6,670 | 11,142 |
| Cash and cash equivalents at the end of the quarter comprises : | | |
| Short term investment | 170 | 5,452 |
| Cash and bank balances | 14,235 | 10,227 |
| Bank overdrafts (included within the short term borrowings in Part B Note 9) | (7,223) | (4,040) |
| Deposit pledged to licensed bank | (512) | (497) |
| | 6,670 | 11,142 |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial statements.

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of preparation

The Group has prepared its financial statements using the Malaysian Financial Reporting Standards ("MFRS") for the financial year ending 31 March 2019.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 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 2018. 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 2018.

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 2018, except for the adoption of the following new Malaysian Financial Reporting Standards (MFRSs), Amendments to MFRSs and Interpretations that are effective for financial statements effective from 1 April 2018, as disclosed below :

MFRSs, Amendments to MFRSs and Interpretations

| | |
|------------------------|---|
| Amendments to MFRS 1 | Annual Improvements to MFRS Standards 2014 - 2016 Cycle |
| Amendments to MFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to MFRS 4 | Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts |
| Amendments to MFRS 10 | Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associates or Joint Venture |
| Amendments to MFRS 12 | Disclosure of Interests in Other Entities |
| Amendments to MFRS 107 | Statement of Cash Flows: Disclosure Initiative |
| Amendments to MFRS 112 | Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses |
| Amendments to MFRS 128 | Annual Improvements to MFRS Standards 2014 - 2016 Cycle |
| Amendments to MFRS 140 | Transfers of Investment Property |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration |
| MFRS 9 | Financial Instruments (IFRS 9 as issued by IASB in July 2014) |
| MFRS 141 | Agriculture |

First-time Adoption of MFRS

(i) Transition from Financial Reporting Standards (FRSs) to MFRS

The Company, in its consolidated financial statements, measured the assets and liabilities of subsidiaries are the same carrying amounts as in the financial statements of these subsidiaries that have adopted the MFRS Framework or International Financial Reporting Standards (IFRS) earlier than the Company, after adjusting for consolidation adjustments.

The effects of first-time adoption of MFRS are primarily from the following:

MFRS 9 - Financial Instruments

MFRS 9 introduces the expected credit losses ("ECL") model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date.

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

2. Changes in accounting policies (cont'd)

First-time Adoption of MFRS (cont'd)

(i) Transition from Financial Reporting Standards (FRSs) to MFRS (cont'd)

MFRS 9 - Financial Instruments (cont'd)

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

As a result, the total ECL allowances computed under MFRS 9 is higher than the total allowances for impairment under MFRS 139 as a more forward looking approach is adopted. The financial effects are presented in Note A2 (ii), (iii) & (iv) below.

MFRS 141 - Agriculture

Prior to the adoption of MFRS 141, Agriculture, breeders and layers were stated at the lower of cost or amortised cost and net realisable value. Following the adoption, these biological assets are measured at fair value less cost to sell. Changes in fair value less costs to sell are recognised in profit or loss. The financial effects are presented in Note A2 (ii), (iii) & (iv) below.

(ii) Reconciliation of profit or loss

| | Individual quarter ended 31 March 2018 | | | Cumulative quarter ended 31 March 2018 | | |
|-----------------------------------|---|---|-------------------------------------|---|---|-------------------------------------|
| | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 |
| Revenue | 232,023 | | 232,023 | 847,802 | - | 847,802 |
| Operating expenses | (220,984) | (8,290) | (229,274) | (795,019) | (8,290) | (803,309) |
| Other income | 6,447 | | 6,447 | 10,506 | - | 10,506 |
| Finance costs | (2,700) | | (2,700) | (10,067) | - | (10,067) |
| Share of loss of associates | (329) | | (329) | (1,005) | - | (1,005) |
| Profit before tax | 14,457 | (8,290) | 6,167 | 52,217 | (8,290) | 43,927 |
| Tax expense | (4,498) | | (4,498) | (12,373) | - | (12,373) |
| Net profit for the financial year | 9,959 | (8,290) | 1,669 | 39,844 | (8,290) | 31,554 |
| Profit attributable to: | | | | | | |
| Owners of the parent | 9,986 | (9,291) | 695 | 36,690 | (9,291) | 27,399 |
| Non-controlling interest | (27) | 1,001 | 974 | 3,154 | 1,001 | 4,155 |
| | 9,959 | (8,290) | 1,669 | 39,844 | (8,290) | 31,554 |

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

2. Changes in accounting policies (cont'd)

First-time Adoption of MFRS (cont'd)

(iii) Reconciliation of comprehensive income

| | Individual quarter ended 31 March 2018 | | | Cumulative quarter ended 31 March 2018 | | |
|---|---|---|-------------------------------------|---|---|-------------------------------------|
| | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 |
| | Net profit for the financial year | 9,959 | (8,290) | 1,669 | 39,844 | (8,290) |
| Other comprehensive income, net of tax | - | - | - | - | - | - |
| Fair Value of available-for-sale financial assets | 3 | - | 3 | 3 | - | 3 |
| Exchange differences on translation of foreign operations | (35) | - | (35) | (602) | - | (602) |
| Total other comprehensive income, net of tax | <u>(32)</u> | <u>-</u> | <u>(32)</u> | <u>(599)</u> | <u>-</u> | <u>(599)</u> |
| Total comprehensive income for the financial year | <u>9,927</u> | <u>(8,290)</u> | <u>1,637</u> | <u>39,245</u> | <u>(8,290)</u> | <u>30,955</u> |
| Total comprehensive income attributable to : | | | | | | |
| Owners of the parent | 9,954 | (9,291) | 663 | 36,091 | (9,291) | 26,800 |
| Non-controlling interest | (27) | 1,001 | 974 | 3,154 | 1,001 | 4,155 |
| | <u>9,927</u> | <u>(8,290)</u> | <u>1,637</u> | <u>39,245</u> | <u>(8,290)</u> | <u>30,955</u> |

(iv) Reconciliation of financial position and equity

| | As at 1 April 2017 | | | As at 31 March 2018 | | |
|-------------------------------|---|---|-------------------------------------|---|---|-------------------------------------|
| | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 |
| | ASSETS | | | | | |
| Non-current assets | | | | | | |
| Property, plant and equipment | 368,329 | - | 368,329 | 442,032 | - | 442,032 |
| Investment properties | 4,139 | - | 4,139 | 5,940 | - | 5,940 |
| Investment in associate | 949 | - | 949 | 13,173 | - | 13,173 |
| Other investments | 194 | - | 194 | 195 | - | 195 |
| Intangible assets | 2,580 | - | 2,580 | 4,327 | - | 4,327 |
| Deferred tax assets | 3,066 | - | 3,066 | 3,659 | - | 3,659 |
| | <u>379,257</u> | <u>-</u> | <u>379,257</u> | <u>469,326</u> | <u>-</u> | <u>469,326</u> |
| Current assets | | | | | | |
| Biological assets | 33,699 | 14,140 | 47,839 | 39,964 | 5,851 | 45,815 |
| Inventories | 82,203 | - | 82,203 | 91,672 | - | 91,672 |
| Trade receivables | 76,722 | - | 76,722 | 141,025 | - | 141,025 |
| Other receivables | 32,350 | - | 32,350 | 33,563 | - | 33,563 |
| Due from an associate company | 10 | - | 10 | 2 | - | 2 |
| Short term investment | 1,673 | - | 1,673 | 5,452 | - | 5,452 |
| Cash and bank balances | 7,984 | - | 7,984 | 10,227 | - | 10,227 |
| | <u>234,641</u> | <u>14,140</u> | <u>248,781</u> | <u>321,905</u> | <u>5,851</u> | <u>327,756</u> |
| TOTAL ASSETS | <u>613,898</u> | <u>14,140</u> | <u>628,038</u> | <u>791,231</u> | <u>5,851</u> | <u>797,082</u> |

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

2. Changes in accounting policies (cont'd)

First-time Adoption of MFRS (cont'd)

(iv) Reconciliation of financial position and equity (cont'd)

| | As at 1 April 2017 | | | As at 31 March 2018 | | |
|--|---|---|-------------------------------------|---|---|-------------------------------------|
| | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 |
| EQUITY AND LIABILITIES | | | | | | |
| Equity attributable to equity holders of the parent | | | | | | |
| Share capital | 121,750 | - | 121,750 | 130,109 | - | 130,109 |
| Reserves | 154,297 | 11,468 | 165,765 | 187,344 | 2,177 | 189,521 |
| | <u>276,047</u> | <u>11,468</u> | <u>287,515</u> | <u>317,453</u> | <u>2,177</u> | <u>319,630</u> |
| Non-controlling interest | 26,110 | 2,672 | 28,782 | 39,452 | 3,674 | 43,126 |
| Total equity | <u><u>302,157</u></u> | <u><u>14,140</u></u> | <u><u>316,297</u></u> | <u><u>356,905</u></u> | <u><u>5,851</u></u> | <u><u>362,756</u></u> |
| Non-current liabilities | | | | | | |
| Long term borrowings | 41,614 | - | 41,614 | 86,019 | - | 86,019 |
| Long term payables | 1,128 | - | 1,128 | 1,127 | - | 1,127 |
| Deferred tax liabilities | 32,703 | - | 32,703 | 35,724 | - | 35,724 |
| | <u>75,445</u> | <u>-</u> | <u>75,445</u> | <u>122,870</u> | <u>-</u> | <u>122,870</u> |
| Current liabilities | | | | | | |
| Trade payables | 84,663 | - | 84,663 | 121,010 | - | 121,010 |
| Other payables | 36,136 | - | 36,136 | 43,831 | - | 43,831 |
| Due to an associate company | 95 | - | 95 | 52 | - | 52 |
| Income tax payable | 235 | - | 235 | 2,066 | - | 2,066 |
| Short term borrowings | 115,167 | - | 115,167 | 144,497 | - | 144,497 |
| | <u>236,296</u> | <u>-</u> | <u>236,296</u> | <u>311,456</u> | <u>-</u> | <u>311,456</u> |
| Total liabilities | <u><u>311,741</u></u> | <u><u>-</u></u> | <u><u>311,741</u></u> | <u><u>434,326</u></u> | <u><u>-</u></u> | <u><u>434,326</u></u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>613,898</u></u> | <u><u>14,140</u></u> | <u><u>628,038</u></u> | <u><u>791,231</u></u> | <u><u>5,851</u></u> | <u><u>797,082</u></u> |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 0.45 | | 0.47 | 0.50 | | 0.51 |

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

2. Changes in accounting policies (cont'd)

First-time Adoption of MFRS (cont'd)

(v) Reconciliation of cash flow

| | Individual quarter ended 31 March 2018 | | |
|---|---|---|-------------------------------------|
| | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 |
| Profit before tax | 52,217 | (8,290) | 43,927 |
| Adjustments for: | | | |
| - non-cash items | 27,696 | - | 27,696 |
| - finance costs | 10,067 | - | 10,067 |
| - finance income | (106) | - | (106) |
| Operating cash flow before changes in working capital | 89,874 | (8,290) | 81,584 |
| changes in working capital | (41,209) | 8,290 | (32,919) |
| Cash flow generated from/(used in) operations | 48,665 | - | 48,665 |
| Interest paid | (5,510) | - | (5,510) |
| Tax paid | (10,066) | - | (10,066) |
| Net cash flow used in operating activities | 33,089 | - | 33,089 |
| Cash flows from investing activities | (73,907) | - | (73,907) |
| Cash flows from financing activities | 52,676 | - | 52,676 |
| Net decrease in cash and cash equivalents | 11,858 | - | 11,858 |
| Effects of exchange rate changes | (265) | - | (265) |
| Cash and cash equivalents at beginning of period | (451) | - | (451) |
| Cash and cash equivalents at end of period | 11,142 | - | 11,142 |

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

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 current quarter ended 31 March 2019.

5. Changes in estimates

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

6. Debt and equity securities

- (i) No new share were issued under the Share Issuance Scheme (SIS) in the current quarter.
- (ii) No Warrants 2016/2021 were exercised in the current quarter.

7. Dividends paid

No dividend has been paid in the current quarter.

8. Segmental information

| | 3 months ended 31 March 2019 | | 12 months ended 31 March 2019 | |
|-------------------------------|---------------------------------|--------------------|----------------------------------|--------------------|
| | Segment revenue | Segment results | Segment revenue | Segment results |
| | RM'000 | | RM'000 | |
| Integrated livestock business | 181,386 | 14,602 | 682,131 | 5,435 |
| Retail supermarket | 30,516 | (1,885) | 137,237 | (1,828) |
| | 211,902 | 12,717 | 819,368 | 3,607 |
| Inter-segment eliminations | (4,683) | - | (22,543) | - |
| | <u>207,219</u> | <u>12,717</u> | <u>796,825</u> | <u>3,607</u> |

All business operations are predominantly conducted in Malaysia.

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

9. Subsequent events

There were no events subsequent to 31 March 2019 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 RM118.35 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 March 2019 amounted to :

| | RM'000 |
|---------------------------------|---------------|
| Approved and contracted for | 14,667 |
| Approved but not contracted for | <u>4,715</u> |
| | <u>19,382</u> |

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

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 the corresponding quarter is as follows:

| | Current quarter | RESTATED Corresponding quarter last year | Variance | Variance |
|--------------------------------|--------------------|---|-----------------|----------|
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>%</u> |
| Revenue | | | | |
| -Integrated livestock business | 176,703 | 197,509 | (20,806) | (10.53) |
| -Retail supermarket | 30,516 | 34,514 | (3,998) | (11.58) |
| | <u>207,219</u> | <u>232,023</u> | <u>(24,804)</u> | (10.69) |
| Profit/(loss) before tax | 12,717 | 6,167 | 6,550 | 106.21 |

Revenue for the integrated livestock business had recorded a reduction of 10.53% i.e from RM197.51 million recorded in the corresponding quarter last year to RM176.70 million in the current financial quarter. This was mainly due to the lower quantity of poultry products being sold in particular for table eggs. The lower quantity was mainly attributed to the culling of half a million Layers in Tamparuli, Sabah on the directive from the Sabah Veterinary Department.

For the retail supermarket segment, a lower revenue of RM30.52 million was recorded in the current quarter compared to RM34.51 million in the corresponding quarter last year due to the closure of two retail outlets one in Papar and the other in Balung which are non performing.

A group pre-tax profit of RM12.72 million was recorded in the current quarter compared to a pre-tax profit of RM6.17 million in the corresponding quarter of last financial year mainly due to the improvement in average selling price of table eggs and the year end adjustment of the fair value of biological assets (due to adoption of MFRS 141).

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 business | 176,703 | 169,621 | 7,082 | 4.18 |
| -Retail supermarket | 30,516 | 33,702 | (3,186) | (9.45) |
| | <u>207,219</u> | <u>203,323</u> | <u>3,896</u> | 1.92 |
| Profit/(loss) before tax | 12,717 | 6,052 | 6,665 | 110.13 |

For the current quarter under review, integrated livestock business segment registered a higher revenue of RM176.70 million compared to RM169.62 million in the immediate preceding quarter mainly due to higher quantity and selling price of poultry products.

The retail supermarket segment recorded a lower revenue of RM30.52 million in the current quarter as compared to RM33.70 million in the immediate preceding quarter due to the closure of two retail outlets one in Papar and the other in Balung which are non performing.

A group pre-tax profit of RM12.72 million was recorded in the current quarter compared to that of a pre-tax profit of RM6.05 million registered in immediate preceding quarter mainly due to the improvement in average selling price of table eggs and the year end adjustment of the fair value of biological assets (due to adoption of MFRS 141).

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

3. Prospects

The demand for table eggs and chicken products and its average prices are expected to remain stable for the next few months. The one time culling of half a million layers following the directive from the Sabah Veterinary Department due to the outbreak of the Avian Flu epidemic in the previous quarter at our Tamparuli farm has been fully carried out and completed. After a hiatus of 3 months for cleaning up and disinfecting, the said department has now given approval for the said farm to be re-populated with fresh layer DOC (Day Old Chicks). Group production up to 3.00 million eggs per day will be normalized in six month's time i.e. to allow the young chicks to grow to maturity. The 49/51% joint venture with NH Foods Ltd has commenced operation and is now actively developing new products of Japanese flavors and design and is also working with industrial users with a view to contract supply OEM products to them on a long term basis.

Malaysian Ringgit against the US Dollar has depreciated and this will affect the group's purchase cost of major raw materials like corn and soya bean going forward.

4. Profit forecast or profit guarantee

Not applicable.

5. Income tax

| | Current quarter RM'000 | Year-to- date RM'000 |
|--|------------------------------|----------------------------|
| Current tax | 1,826 | 2,921 |
| Deferred tax (Net of (assets) / liabilities) | 1,955 | (387) |
| | <u>3,781</u> | <u>2,534</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.

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

9. The Group's borrowings as at 31 March 2019 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) | 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) |
| Secured | | | | | | | | | | | | | | | |
| Overdraft | - | - | - | 7,178 | 7,178 | - | - | - | - | - | - | - | - | 7,178 | 7,178 |
| Bankers' Acceptance | - | - | - | 59,110 | 59,110 | - | - | - | - | - | - | - | - | 59,110 | 59,110 |
| Hire Purchase | - | - | - | 8,765 | 8,765 | - | - | - | 22,002 | 22,002 | - | - | - | 30,767 | 30,767 |
| Term Loan | - | - | - | 11,949 | 11,949 | - | - | - | 81,480 | 81,480 | - | - | - | 93,429 | 93,429 |
| | - | - | - | 87,002 | 87,002 | - | - | - | 103,482 | 103,482 | - | - | - | 190,484 | 190,484 |
| Unsecured | | | | | | | | | | | | | | | |
| Overdraft | - | - | - | 46 | 46 | - | - | - | - | - | - | - | - | 46 | 46 |
| Bankers' Acceptance | - | - | - | 74,916 | 74,916 | - | - | - | - | - | - | - | - | 74,916 | 74,916 |
| Revolving Credit | - | - | - | 17,000 | 17,000 | - | - | - | - | - | - | - | - | 17,000 | 17,000 |
| | - | - | - | 91,962 | 91,962 | - | - | - | - | - | - | - | - | 91,962 | 91,962 |
| | - | - | - | 178,964 | 178,964 | - | - | - | 103,482 | 103,482 | - | - | - | 282,446 | 282,446 |

The Group's borrowings as at 31 March 2018 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) | 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) |
| Secured | | | | | | | | | | | | | | | |
| Overdraft | - | - | - | 3,681 | 3,681 | - | - | - | - | - | - | - | - | 3,681 | 3,681 |
| Bankers' Acceptance | - | - | - | 47,134 | 47,134 | - | - | - | - | - | - | - | - | 47,134 | 47,134 |
| Hire Purchase | THB @ 0.124 | 222 | 27 | 8,028 | 8,055 | - | - | - | 17,462 | 17,462 | - | 222 | 27 | 25,490 | 25,517 |
| Term Loan | - | - | - | 10,974 | 10,974 | - | - | - | 68,557 | 68,557 | - | - | - | 79,531 | 79,531 |
| | - | 222 | 27 | 69,817 | 69,844 | - | - | - | 86,019 | 86,019 | - | 222 | 27 | 155,836 | 155,863 |
| Unsecured | | | | | | | | | | | | | | | |
| Overdraft | - | - | - | 359 | 359 | - | - | - | - | - | - | - | - | 359 | 359 |
| Bankers' Acceptance | - | - | - | 58,794 | 58,794 | - | - | - | - | - | - | - | - | 58,794 | 58,794 |
| Revolving Credit | - | - | - | 15,500 | 15,500 | - | - | - | - | - | - | - | - | 15,500 | 15,500 |
| | - | - | - | 74,653 | 74,653 | - | - | - | - | - | - | - | - | 74,653 | 74,653 |
| | - | 222 | 27 | 144,470 | 144,497 | - | - | - | 86,019 | 86,019 | - | 222 | 27 | 230,489 | 230,516 |

Material changes to the above:

- (i) Higher utilisation of working capital line resulting from increase in feed consumed due to increase in biological assets coupled with increase in raw material prices like corn and soya.
(ii) Hire Purchase & Term loan - financing of ongoing capital expenditure of the Group.

Weighted average interest rate of borrowings - Group basis:

| | | |
|--------------------------------------|---------------|-----|
| | % | |
| Bank Overdraft | 8.18 | |
| Bankers' Acceptance | 4.76 | |
| Revolving Credit | 5.25 | |
| Term Loan | 5.91 | |
| Total borrowings - Term Loan: | | |
| Floating | 90,773 | 97% |
| Fixed | 2,596 | 3% |
| | <u>93,369</u> | |

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

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 31 March 2019.

11. Changes in material litigation

There was no pending material litigation against the Group as at the date of this report.

12. Dividend

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

13. Earnings per share

| | 3 months ended | | 12 months ended | |
|--|----------------|-------------|-----------------|-------------|
| | 31 Mar 2019 | 31 Mar 2018 | 31 Mar 2019 | 31 Mar 2018 |
| | RESTATED | | RESTATED | |
| Profit/(loss) attributable to ordinary equity holders of the parent (RM'000) | 11,975 | 695 | 7,042 | 27,399 |
| Weighted average number of ordinary shares in (basic) ('000) | 660,289 | 625,235 | 652,998 | 612,816 |
| Effect of dilution of outstanding SIS ('000) | 19,242 | 12,792 | 16,044 | 12,890 |
| Effect of dilution of outstanding Warrants ('000) | 240,665 | 119,312 | 168,314 | 125,411 |
| Weighted average number of ordinary shares (diluted) ('000) | 920,196 | 757,339 | 837,357 | 751,116 |
| Basic earnings per share (sen) | 1.81 | 0.11 | 1.08 | 4.47 |
| Diluted earnings per share (sen) | 1.30 | 0.09 | 0.84 | 3.65 |

Basic earnings per share is computed based on the profit/(loss) 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/(loss) 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 credited/(charged) in arriving at profit/(loss) before tax:

| | Preceding Year | | Preceding Year | |
|---|----------------|---------------|----------------|---------------|
| | Current Year | Corresponding | Current Year | Corresponding |
| | Quarter | Quarter | to Date | Period |
| | 31 Mar 2019 | 31 Mar 2018 | 31 Mar 2019 | 31 Mar 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| a) Interest income | 27 | 35 | 56 | 106 |
| b) Interest expense | (3,375) | (2,700) | (12,857) | (10,067) |
| c) Depreciation and amortisation | (8,215) | (7,415) | (30,431) | (27,296) |
| d) Loss on disposal of a subsidiary company | - | - | - | (21) |
| e) Written off of property, plant and equipment | (1,249) | (350) | (1,299) | (379) |
| f) Gain/(loss) on disposal of property, plant and equipment | 19 | 27 | 26 | 198 |
| g) Unrealised forex gain/ (loss) | (350) | (274) | (222) | (354) |
| h) Realised forex gain/(loss) | (25) | (64) | 39 | (86) |

LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

15. Trade Receivables

| | Financial year ended 31 Mar 2019 RM'000 | Immediate preceding financial year ended 31 Mar 2018 RM'000 |
|--|--|--|
| Trade receivables | | |
| Third parties | 100,230 | 146,635 |
| Impairment losses | | |
| - brought forward | (5,610) | (5,351) |
| - Net impairment losses on trade receivables during the year | (1,898) | (259) |
| | <u>(7,508)</u> | <u>(5,610)</u> |
| | <u>92,722</u> | <u>141,025</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 year ended 31 Mar 2019 RM'000 | Immediate preceding financial year ended 31 Mar 2018 RM'000 |
|--|--|--|
| Neither past due nor impaired | 83,412 | 114,933 |
| Up to 90 days past due not impaired | 2,850 | 18,727 |
| More than 90 days past due not impaired | 6,460 | 7,365 |
| | 9,310 | 26,092 |
| Impaired | | |
| - brought forward | 5,610 | 5,351 |
| - Net impairment losses on trade receivables during the year | 1,898 | 259 |
| | <u>7,508</u> | <u>5,610</u> |
| | <u>100,230</u> | <u>146,635</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 2018 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 29th May 2019.