

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO. 134 - INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

The Group has prepared its financial statements using the Malaysian Financial Reporting Standards ("MFRS") for the financial year ended 31 March 2021.

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 2021. 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 2021.

A2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 March 2021.

In the current period, the Group applied a number of new or revised standards, amendments and interpretations that become effective mandatorily for the financial periods beginning on or after 1 April 2021.

The adoption of these new and revised standards, amendments and/or interpretation does not have any material financial impact on the financial statements of the Group.

Standards and Amendments in issue but not yet effective

At the date of authorisation for issue of this interim financial report, the new and revised Standards and Amendments, which were in issue but not yet effective and not early adopted by the Group are as follow:

Standards	<u>Effective date</u>
Amendments of MFRS 1, MFRS 9, MFRS 16 and MFRS 141 : Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 : Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 : Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 : Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
MFRS 17 : Insurance Contracts	1 January 2023

A2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Standards	<u>Effective date</u>
Amendments to MFRS 101 : Classifications of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101 : Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 : Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by MASB

The Directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

A3 SEASONAL AND CYCLICAL FACTORS

The Group's business operations were not affected by any seasonal and cyclical factors.

A4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE AND INCIDENCE

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter under review.

A5 ESTIMATES

There were no material changes in estimates that had a material effect on the current quarter under review.

A6 DEBTS AND EQUITIES SECURITIES

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter under review.

A7 DIVIDEND PAID

There was no dividend paid during the current quarter under review.

A8 SEGMENTAL REPORTING

Analysis of revenue by segments

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	30.09.2021	30.9.2020	30.09.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Integrated livestock farming ("ILF")	175,810	170,269	347,238	343,121
Food manufacturing ("FM")	102,685	104,693	204,071	209,274
Retail business ("RB")	58,963	60,469	120,693	123,840
Subtotal	337,458	335,431	672,002	676,235
Intercompany elimination	(95,406)	(106,827)	(200,518)	(209,437)
Total revenue	242,052	228,604	471,484	466,798

The revenue was predominantly derived in Malaysia.

Analysis of segment results, assets and liabilities

	ILF	FM	RB	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cumulative quarter at 30.09.2021					
Segment results	(13,875)	(2,140)	2,366	47	(13,602)
Finance costs	(4,610)	(945)	(427)	289	(5,693)
(Loss)/Profit before taxation ("LBT)/PBT")	(18,485)	(3,085)	1,939	336	(19,295)
Taxation	(1,824)	(412)	(612)	(106)	(2,954)
(Loss)/Profit after taxation	(20,309)	(3,497)	1,327	230	(22,249)
Segment assets	960,520	191,824	78,516	(280,618)	950,242
Segment liabilities	501,489	163,756	40,118	(190,779)	514,584
Cumulative quarter at 30.09.2020					
Segment results	12,797	4,119	2,361	909	20,186
Finance costs	(5,584)	(1,011)	(360)	474	(6,481)
Share of results of an associated company	-	(1,781)	-	-	(1,781)
PBT	7,213	1,327	2,001	1,383	11,924
Taxation	(2,437)	(1,166)	(460)	-	(4,063)
Profit after taxation	4,776	161	1,541	1,383	7,861
Segment assets	927,098	187,414	70,084	(329,632)	854,964
Segment liabilities	523,484	157,182	33,119	(238,778)	475,007

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

There were no revaluation of property, plant and equipment for the quarter under review.

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the said investment properties since the last balance sheet date.

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT QUARTER

There were no material events subsequent to the end of the current financial quarter and up to the date of this report except as disclose in Note B6.

A11. COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group in the current financial quarter under review.

A12 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets as at the end of the current financial quarter and up to the date of this report.

The contingent liabilities of the group arise from bank guarantees given to third parties amounted to RM7.50 million.

A13 CAPITAL COMMITMENTS

Commitments for the capital expenditure not provided for acquisition of property, plant and equipment in the financial statements amounted to RM8.02 million.

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 REVIEW OF PERFORMANCE

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarter ended		Variance	Period ended		Variance
	30.09.2021	30.9.2020		30.09.2021	30.9.2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- ILF	175,810	170,269	3.25	347,238	343,121	1.20
- FM	102,685	104,693	(1.92)	204,071	209,274	(2.49)
- RB	58,963	60,469	(2.49)	120,693	123,840	(2.54)
Subtotal	337,458	335,431	0.60	672,002	676,235	(0.63)
Intercompany elimination	(95,406)	(106,827)	(10.69)	(200,518)	(209,437)	4.26
Total	242,052	228,604	5.88	471,484	466,798	1.00
(LBT)/PBT	(6,860)	2,776	(347.12)	(19,295)	11,924	(261.82)

Individual quarter FY22-Q2 vs FY21-Q2

Revenue for the ILF segment increased by 3.25% or RM5.54 million from RM170.27 million to RM175.81 million. The higher revenue was attributable to higher average selling prices ("ASP") of table eggs and higher quantity of table eggs sold.

Revenue for the FM segment registered a decrease by 1.92% or RM2.01 million from RM104.69 million to RM102.69 million due to restriction of workforce from 100% to 60% following the imposition of Mandatory Control Order ("MCO") throughout the whole country.

RB segment recorded a reduction in revenue of 2.49% or RM1.51 million in FY22-Q2 compared with the previous corresponding preceding period. The decline in sales was due to normalisation of customers' behaviour during the MCO.

The Group recorded a LBT of RM6.86 million as compared to the previous corresponding preceding period which recorded a PBT of RM2.78 million. The loss was due to the lower production of processed chicken products resulting from the reasons stated above despite the increase in ASP of table eggs. Another contributing factor for the adverse result was due to the continuation of high commodities price in the Group supply chain namely the major components of our raw materials ie maize and soybean meal.

B1 REVIEW OF PERFORMANCE (cont'd)**Cumulative quarter FY22-Q2 vs FY21-Q1**

The ILF segment recorded a marginal increase of 1.20% or RM4.12 million from RM343.12 million in FY21-Q2 to RM 347.24 million in FY22-Q2 mainly due to higher quantity of table eggs sold while the ASP remain flat.

The decrease of revenue by 2.49% or RM 5.20 million in FM segment from RM209.27 million to RM 204.07 million was mainly due to the reason stated above.

RB segment recorded a reduction in revenue of 2.54% or RM3.15 million in FY22-Q2 compared with the last corresponding preceding period. The decline in sales was due to reason stated above.

The Group recorded a higher LBT of RM19.30 million as compared to the previous corresponding preceding period which recorded a PBT of RM11.92 million. The loss was due to the lower production of processed chicken products resulting from the reasons stated above coupled with the ASP of table eggs remain flat. The high price of our major components of raw material cost namely maize and soybean meal had also negatively impacted the Group's profitability.

B2 COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Period ended		
	<u>30.09.2021</u>	<u>30.06.2021</u>	<u>Variance</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue			
- ILF	175,810	171,429	2.56
- FM	102,685	101,386	1.28
- RB	58,963	61,730	(4.48)
Subtotal	337,458	334,545	0.87
Intercompany elimination	(95,406)	(105,113)	(9.23)
Total	242,052	229,432	5.50
LBT	(6,860)	(12,435)	(44.83)

For the current quarter under review, ILF segment recorded an increase of 2.56% or RM4.38 million from RM171.43 million to RM 175.81 million. The increase in revenue was due to higher ASP and quantity being sold.

The FM segment revenue registered a marginal increase of 1.28% or RM1.30 million from RM101.39 million to RM102.69 million. The marginal increase in revenue was mainly due to higher production as a result of higher productivity in the current quarter.

B2 COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS (Cont'd)

RB segment recorded a decrease of 4.48% or RM2.77 million to RM58.96 million. The decline in sales was due to the normalisation of customers' behaviour during MCO.

The Group recorded a lower LBT of RM6.86 million as compared to the immediate corresponding period of RM12.44 million due to improvement of eggs ASP.

B3 PROSPECTS

With the opening of the economy as announced by our Prime Minister, the Group welcome the move as this will help us to revitalise our sales channels especially into the manufacturing and Horeca businesses. The continuing high commodity prices of raw materials especially maize and soybean meal has posed a challenge to the Group to contain cost.

Taking cognisance of the on-going tough operating environment, the Board will take appropriate mitigative measures to address it and ensure that the Group will be able to strive through this difficult time.

B4 PROFIT FORECAST AND PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee during the current year under review.

B5 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	<u>30.09.2021</u>	<u>30.09.2020</u>	<u>30.09.2021</u>	<u>30.09.2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax	806	728	1,211	2,085
Deferred tax	955	278	1,743	1,978
	<u>1,761</u>	<u>1,006</u>	<u>2,954</u>	<u>4,063</u>

B6 STATUS OF CORPORATE PROPOSALSProposed acquisition of Sri Tawau Farming Sdn Bhd (“STF”) and the proposed exemption

On 8 June 2021, the Company announced a proposal to acquire 50% of STF not owned by the Company at a purchase consideration of RM28.0 million to be satisfied via the issuance of 80.0 million new ordinary shares in LHB at an issue price of RM0.35 each (“Proposed STF Acquisition”) together with the proposed exemption to undertake the mandatory take-over offer of the Company shares and warrants as the Proposed STF Acquisition was a related party transaction with the major shareholders and person acting in concert with them (“Proposed Exemption”).

Bursa Malaysia Securities Berhad vide its letter dated 29 July 2021, approved the listing and quotation of 80,000,000 new LHB Shares to be issued pursuant to the Proposed STF Acquisition subject to certain condition.

The Proposed STF Acquisition had been approved by the shareholders in the Extraordinary General Meeting held on 28 October 2021 and now awaiting approval from Securities Commissioner on the Proposed Exemption.

B7 BORROWINGS

	<u>As at</u> <u>30.09.2021</u> <u>RM'000</u>	<u>As at</u> <u>31.3.2021</u> <u>RM'000</u>
<u>Current</u>		
<u>Secured</u>		
Bank overdrafts	5,308	4,179
Bill payables	66,359	63,225
Lease liabilities	14,609	13,234
Term loans	20,228	20,686
	106,504	101,324
<u>Unsecured</u>		
Bank overdrafts	519	2,230
Bill payables	108,593	98,108
	109,112	100,338
<i>Total current</i>	<u>215,616</u>	<u>201,662</u>
<u>Non-current</u>		
<u>Secured</u>		
Lease liabilities	23,640	27,237
Term loans	51,130	61,160
<i>Total non-current</i>	<u>74,770</u>	<u>88,397</u>
<i>Total borrowings</i>	<u>290,386</u>	<u>290,059</u>

B7 BORROWINGS (cont'd)

The currency profile of borrowings other than the functional currency was: -

	<u>As at</u> <u>30.09.2021</u> <u>RM'000</u>	<u>As at</u> <u>31.03.2021</u> <u>RM'000</u>
THB	99	135

B8 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not enter any contracts involving off balance sheet financial instruments during the current quarter under review.

B9 MATERIAL LITIGATION

Except for the below mentioned claim, there is no material pending litigation.

On 2 July 2018, Lay Hong Berhad ("Plaintiff") had filed a claim against Loke Chee Min ("1st defendant"), Beh Yong Hock ("2nd defendant"), Leong Sze Seng ("3rd defendant") and The Roof Realty Sdn Bhd ("4th Defendant") for a special damage of RM3,256,904.84 with interest and costs.

Pursuant to the claim, the Plaintiff is seeking the special damages upon the recommendation/misrepresentation of the 3rd defendant (a real estate negotiator employed by the 4th defendant, a registered real estate agent) wherein 3rd defendant represented inter alia to the plaintiff that the owners of the land held under Grant Mukim 6469 for Lot 31982 and Grant Mukim 6470 for Lot 31983 both in the Mukim of Kapar, District of Klang, Selangor (the said lands) wishes to sell the lands and that the 1st defendant is the solicitor representing the land owner. The 2nd defendant is the solicitor appointed by the plaintiff to handle the sale and purchase transaction on its behalf while the 1st defendant purportedly acted for the owners of the said lands. The plaintiff paid the monies to the 1st defendant as stakeholder based on the sale and purchase agreement terms executed between the parties.

Subsequently, the plaintiff found out that the owners of the said lands did not appoint the first defendant as their solicitors neither did they sell their said lands.

The plaintiff claims against the defendants inter alia for the loss and damage suffered by it:-

- 1) against the 1st defendant for breach of fiduciary duty and/or trust as the stakeholder of the purchase price of the said lands and wrongfully deprived the plaintiff the said payments;
- 2) against the 2nd defendant for breach of contract and negligence;
- 3) against the 3rd defendant for fraudulent and/or negligent misrepresentation; and
- 4) against the 4th defendant as the principal and/or employer of the 3rd defendant for vicarious liability in respect of the act and/or omission of the 3rd defendant

B9 MATERIAL LITIGATION (cont'd)

The court proceeded with the trial on 12/11/2019, 13/11/2019, 14/11/2019, 21/11/2019, 31/1/2020, 9/9/2020, 10/9/2020 and on 19/9/2020, the Court delivered its decision as follows

- 1) the plaintiff's claim against the 1st defendant was allowed in totality;
- 2) the plaintiff claim against the 2nd defendant was allowed in the sum of approximately RM600k, being 20% of total damage;
- 3) the plaintiff claim against the 3rd defendant was allowed in the sum of approximately 75k, being commission received;
- 4) the plaintiff claim against 4th defendant was dismissed;
- 5) In view of (4) above, no order was made in respect of 4th defendant's third party claim against the 1st and 3rd defendants.

The plaintiff has filed an appeal to the Court of Appeal on 4/3/2021 against part of the decision of the High Court in respect of (2),(3) and (4) above and case management on 18/5/2021, 7/7/2021, 21/9/2021, 8/11/2021 and the Court had fixed for hearing on 21/6/2022 and for a case management for compliance on filing of all submissions and common core bundles on 9/6/2022.

B10 PROPOSED DIVIDEND

The Board of Directors do not recommend any dividend for the current financial quarter under review.

B11 EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(8,646)	1,161	(23,000)	6350
Weighted average number of ordinary shares (Basic)('000)	660,289	660,289	660,289	660,289
Basic earnings per share (sen)	(1.31)	0.18	(3.48)	0.96
Diluted earnings per share (sen)	*	*	*	*

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.

B11 EARNINGS PER SHARE (Cont'd)

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 and conversion of warrants.

* No diluted earnings per share is presented as there are no potential dilutive ordinary shares as at the end of the financial period.

B12 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the previous annual financial year ended 31 March 2021 was not subject to any qualification.

B13 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 22 November 2021.