



LAY HONG BERHAD (Registration no. 198301011738 (107129-H))
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

	Individual quarter		Cumulative quarter	
	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000
Revenue	266,397	229,432	266,397	229,432
Cost of sales	(237,562)	(206,394)	(237,562)	(206,394)
Gross profit	28,835	23,038	28,835	23,038
Other income	12,091	1,610	12,091	1,610
Selling and distribution expenses	(23,419)	(24,083)	(23,419)	(24,083)
Administrative expenses	(8,808)	(10,253)	(8,808)	(10,253)
Profit/(Loss) from operations	8,699	(9,688)	8,699	(9,688)
Finance costs	(2,681)	(2,747)	(2,681)	(2,747)
Profit/(Loss) before tax	6,018	(12,435)	6,018	(12,435)
Taxation	(2,237)	(1,193)	(2,237)	(1,193)
Net profit/(loss) after tax	3,781	(13,628)	3,781	(13,628)
Items that are or may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	296	423	296	423
	296	423	296	423
Total comprehensive income/(loss)	4,077	(13,205)	4,077	(13,205)
Profit/(Loss) attributable to:				
Owners of the parent	3,710	(14,354)	3,710	(14,354)
Non-controlling interest	71	726	71	726
	3,781	(13,628)	3,781	(13,628)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	4,006	(13,931)	4,006	(13,931)
Non-controlling interest	71	726	71	726
	4,077	(13,205)	4,077	(13,205)
Earnings per share (sen) :				
Basic	0.50	(2.17)	0.50	(2.17)
Diluted	*	*	*	*

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

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (Registration no. 198301011738 (107129-H))
Incorporated in Malaysia

Condensed Consolidated Statement of Financial Position

	30 June 2022 Unaudited RM'000	31 March 2022 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	597,464	601,870
Investment properties	6,270	6,270
Other investments	587	825
Intangible assets	6,604	6,873
	610,925	615,838
Current assets		
Biological assets	74,440	75,684
Inventories	112,781	111,324
Trade receivables	81,697	86,878
Other receivables	45,132	39,539
Current tax assets	1,137	2,452
Deposit with a licensed bank	555	555
Cash and bank balances	26,523	15,384
	342,265	331,816
TOTAL ASSETS	953,190	947,654
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	173,633	173,633
Reserves	269,158	264,037
	442,791	437,670
Non-controlling interest	11,690	11,619
Total equity	454,481	449,289
Non-current liabilities		
Borrowings	71,364	71,620
Deferred tax liabilities	70,796	70,502
	142,160	142,122
Current liabilities		
Trade payables	94,641	92,607
Other payables	50,624	57,165
Due to an associate	4,673	4,717
Borrowings	206,611	201,754
	356,549	356,243
Total liabilities	498,709	498,365
TOTAL EQUITY AND LIABILITIES	953,190	947,654

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

0.60

0.66

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (Registration no. 198301011738 (107129-H))
Incorporated in Malaysia

Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Parent →					Non-controlling interest RM'000	Total RM'000
	Share	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 April 2022	173,633	127,760	1,326	134,950	437,669	11,619	449,288
Transfer (to) / from distributable reserve on realisation of revaluation reserve	-	(1,587)	-	2,703	1,116	-	1,116
<i>Net profit for the financial period</i>	-	-	-	3,710	3,710	71	3,781
<i>Other comprehensive income</i>	-	-	296	-	296	-	296
Total comprehensive income	-	-	296	3,710	4,006	71	4,077
At 30 June 2022	173,633	126,173	1,622	141,363	442,791	11,690	454,481
At 1 April 2021	145,621	141,665	286	117,765	405,337	51,164	456,501
Transfer (to) / from distributable reserve on realisation of revaluation reserve	-	(649)	-	752	103	(103)	-
<i>Net profit/(loss) for the financial period</i>	-	-	-	(14,354)	(14,354)	726	(13,628)
<i>Other comprehensive Income</i>	-	-	423	-	423	-	423
Total comprehensive income/(loss)	-	-	423	(14,354)	(13,931)	726	(13,205)
At 30 June 2021	145,621	141,016	709	104,163	391,509	51,787	443,296

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (Registration no. 198301011738 (107129-H))
Incorporated in Malaysia

Condensed Consolidated Statement of Cash Flows

	Cumulative quarter 30 June 2022 Unaudited RM'000	Cumulative quarter 30 June 2021 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	6,018	(12,435)
Adjustments for:-		
Depreciation and amortisation	11,522	10,832
Net gain on disposal of property, plant and equipment	(105)	(5)
Property, plant and equipment written off	5	86
Net Impairment loss of inventories	(6)	(281)
Interest expenses	2,681	2,747
Dividend income	(2)	(61)
Interest income	(21)	(14)
Changes in fair value on quoted investment	238	(294)
Net unrealised foreign exchange (gain)/loss	(191)	845
Operating profit before changes in working capital	20,139	1,420
Net change in current assets	684	(11,349)
Net change in current liabilities	(4,123)	16,130
Cash flows from operations	16,700	6,201
Tax paid	(629)	(1,406)
Net cash generated from operating activities	16,071	4,795
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,977)	(8,737)
Additions to intangible asset	-	(4)
Proceeds from disposal of property, plant and equipment	105	-
Interest received	21	14
Dividend received	2	61
Net cash used in investing activities	(6,849)	(8,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(3,021)	(2,422)
Net drawdown/(repayment) of borrowings	4,040	7,390
Interest paid	(2,681)	(2,747)
Net cash (used in)/generated from financing activities	(1,662)	2,221
Cash and cash equivalents at the end of the year comprises:		
Net increase/(decrease) in cash and cash equivalents	7,560	(1,650)
Effect of foreign exchange changes	(4)	(5)
Cash and cash equivalents at beginning of the financial year	13,886	3,289
	21,442	1,634
Cash and cash equivalents at the end of the year comprises:		
Deposit with a licensed bank	555	547
Cash and bank balances	26,523	12,038
Bank overdrafts	(5,081)	(10,404)
Deposit pledged to licensed bank	(555)	(547)
	21,442	1,634

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial statements.

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 period ended 30 June 2022.

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 Main Market 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 2022. 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 2022.

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 2022.

The Group had adopted the following new MFRSs, Amendments/Improvements to MFRS and IC Interpretations mandatory for the current financial year:-

Description	Effective Date
Amendment to MFRS 16, Leases - Covid-19 - Related Rent Concessions	1st June 2020
Amendment to MFRS 16 Leases - Covid-19 - Related Rent Concessions beyond 30th June 2021	1st April 2021
Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments : Recognition and Measurement, MFRS 7, Financial Instruments : Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform - Phase 2	1st January 2021

The adoption of the above amendment to MFRSs did not have significant impact on the financial statements of the Group.

A3 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the previous annual financial year ended 31 March 2022 was not subject to any qualification.

A4 SEASONAL AND CYCLICAL FACTORS

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

A5 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.

A6 ESTIMATES

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

A7 DEBTS AND EQUITIES SECURITIES

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

A8 DIVIDEND PAID

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

A9 SEGMENTAL REPORTING

Analysis of revenue by segments

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	<u>30.06.2022</u>	<u>30.06.2021</u>	<u>30.06.2022</u>	<u>30.06.2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Integrated livestock farming ("ILF")	224,923	171,429	224,923	171,429
Food manufacturing ("FM")	97,948	101,386	97,948	101,386
Retail business ("RB")	67,505	61,730	67,505	61,730
Subtotal	390,376	334,545	390,376	334,545
Intercompany elimination	(123,979)	(105,113)	(123,979)	(105,113)
Total revenue	<u>266,397</u>	<u>229,432</u>	<u>266,397</u>	<u>229,432</u>

The revenue was predominantly derived in Malaysia.

A9 SEGMENTAL REPORTING (CONT'D)Analysis of segment results, assets, and liabilities

	<u>ILF</u> <u>RM'000</u>	<u>FM</u> <u>RM'000</u>	<u>RB</u> <u>RM'000</u>	<u>Elimination</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Cumulative quarter at 30.06.2022					
Segment results	8,312	6,046	790	(6,449)	8,699
Finance costs	(2,013)	(524)	(251)	107	(2,681)
Profit/(loss) before tax	6,299	5,522	539	(6,342)	6,018
Taxation	(1,138)	(974)	(125)	-	(2,237)
Profit/(loss) after tax	5,161	4,548	414	(6,342)	3,781
Segment assets	1,059,814	221,958	82,444	(411,026)	953,190
Segment liabilities	544,346	196,903	43,748	(286,288)	498,709
Cumulative quarter at 30.06.2021					
Segment results	(9,494)	(362)	1,119	(951)	(9,688)
Finance costs	(2,266)	(445)	(186)	150	(2,747)
Profit/(loss) before tax	(11,760)	(807)	933	(801)	(12,435)
Taxation	(1,158)	177	(202)	(10)	(1,193)
Profit/(loss) after tax	(12,918)	(630)	731	(811)	(13,628)
Segment assets	962,024	184,320	73,417	(262,466)	957,295
Segment liabilities	499,817	153,656	35,605	(175,079)	513,999

A10 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.

A11 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.

A12 COMPOSITION OF THE GROUP

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

A13 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 RM7.45 million.

A14 CAPITAL COMMITMENTS

Commitments for the capital expenditure not provided for acquisition of property, plant and equipment in the financial statements amounted to RM4.96 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
	30.06.2022	30.06.2021		30.06.2022	30.06.2021	
	RM'000	RM'000		RM'000	RM'000	
<u>Revenue</u>						
Integrated livestock farming ("ILF")	224,923	171,429	31.20%	224,923	171,429	31.20%
Food manufacturing ("FM")	97,948	101,386	(3.39%)	97,948	101,386	(3.39%)
Retail business ("RB")	67,505	61,730	9.36%	67,505	61,730	9.36%
Subtotal	390,376	334,545		390,376	334,545	
Inter-co elimination	(123,979)	(105,113)		(123,979)	(105,113)	
Total Revenue	266,397	229,432	16.11%	266,397	229,432	16.11%
Profit/(loss) before tax	6,018	(12,435)	148.4%	6,018	(12,435)	148.4%

Individual quarter FY23-Q1 vs FY22-Q1

Revenue for the integrated livestock farming (ILF) segment increased by 31.20% or RM53.49 million from RM171.43 million to RM224.92 million due to higher average selling price (ASP) of poultry products for the quarter.

Revenue for the food manufacturing (FM) segment recorded a slight decrease of 3.39% or RM3.44million from RM101.39 million to RM97.95 million due to lower production output which stemmed from continuation on the shortage of raw materials. In addition, the shortage of manpower is still a concern.

Revenue for retail business (RB) increased by 9.36% or RM5.78 million from RM61.73 million to RM67.51 million due to price adjustments to reflect the current inflation trend.

Overall, the Group recorded a profit before tax (PBT) of RM6.02 million, as contrast to a loss before tax of RM12.44 million in the comparative quarter due to adverse operating environment.

B2 COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Quarter ended		Variance %
	30.06.2022 RM'000	31.03.2022 RM'000	
Revenue			
- Integrated livestock farming ("ILF")	224,923	240,759	(6.58%)
- Food manufacturing ("FM")	97,948	82,888	18.17%
- Retail business("RB")	67,505	56,975	18.48%
Subtotal	390,376	380,622	2.56%
Intercompany elimination	(123,979)	(128,329)	
Total Revenue	266,397	252,292	5.59%
Profit before tax	6,018	25,737	(76.6%)

For the current quarter under review, ILF segment recorded a decrease of 6.58% or RM15.84 million from RM240.76 million to RM224.92 million. The decrease in revenue was due to lower ASP of poultry products.

Revenue for FM segment registered an increase of 18.17% or RM15.06 million from RM82.89 million to RM97.95 million. The increase in revenue was due to slight increase in sales quantity and a general price adjustment for our range of products.

RB segment recorded an increase of 18.48% or RM10.53 million from RM56.98 million to RM67.51 million due to price adjustment to reflect the current inflation trend.

Overall, the quarter in review recorded a reduction in profit of 76.6% or RM19.72million due to the reasons stated above and year-end costs adjustments in the preceding quarter.

B3 PROSPECTS

With current government interventions, the supplies and prices of eggs and chicken have somewhat stabilised, but the input costs have continued to remain at almost the same level in the previous quarters. The subsidies extended to farmers and the recent easing on the recruitment of foreign workers have temporarily helped the Group's operations, in particular our food manufacturing segment. With this backdrop, going forward it would be a challenge for the Group.

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>30.06.2022</u>	<u>30.06.2021</u>	<u>30.06.2022</u>	<u>30.06.2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax	2,040	405	2,040	405
Deferred tax	197	788	197	788
	<u>2,237</u>	<u>1,193</u>	<u>2,237</u>	<u>1,193</u>

B6 BORROWINGS

	<u>As at</u>	<u>As at</u>
	<u>30.06.2022</u>	<u>31.03.2022</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Current</u>		
<u>Secured</u>		
Bank overdrafts	2,833	1,166
Bill payables	59,647	64,274
Lease liabilities	13,636	14,896
Term loans	19,652	20,326
	<u>95,768</u>	<u>100,662</u>
<u>Unsecured</u>		
Bank overdrafts	2,248	333
Bill payables	95,595	85,259
Revolving credit	13,000	15,500
	<u>110,843</u>	<u>101,092</u>
Total current	<u>206,611</u>	<u>201,754</u>
<u>Non-current</u>		
<u>Secured</u>		
Lease liabilities	24,064	25,830
Term loans	47,300	45,790
	<u>71,364</u>	<u>71,620</u>
Total non-current	<u>71,364</u>	<u>71,620</u>
Total borrowings	<u>277,975</u>	<u>273,374</u>

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

	<u>As at</u>	<u>As at</u>
	<u>30.06.2022</u>	<u>31.03.2022</u>
	<u>RM'000</u>	<u>RM'000</u>
Thai Baht (THB)	<u>61</u>	<u>73</u>

B7 STATUS OF CORPORATE PROPOSALS

On 18 August 2022, AmInvestment Bank, on behalf of the Company, had submitted to Bursa Securities for approval on the following;

- (I) Proposed Employees' Share Scheme ("Proposed ESS"); and
- (II) Proposed allocation of awards to the eligible directors and major shareholders of Lay Hong Berhad ("proposed allocation")

On 23 August 2022, Bursa Securities has given approval on the above.

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

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;

B9 MATERIAL LITIGATION (CONT'D)

- 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 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.

In relation to the appeals against the Second Defendant, Third Defendant and Fourth Defendant, a hearing is fixed on 25 October 2022. The Second Defendant has also appealed to the Court of Appeal by filing a notice of appeal on 9 March 2021 and the appeal is also fixed for hearing on 25 October 2022.

B10 PROPOSED DIVIDEND

On 27 June 2022, the Group has proposed a Final Single Tier Dividend of 0.3sen (RM0.0030) per ordinary share for the financial year ended 31 March 2022. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting on 28th September 2022. Upon approval, the ex-date will be on 18 Oct 2022 and the date payable will be on 16 Nov 2022.

B11 EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	<u>30.06.2022</u>	<u>30.06.2021</u>	<u>30.06.2022</u>	<u>30.06.2021</u>
Profit/(loss) attributable to ordinary equity holders of the parent (RM'000)	4,006	(14,354)	4,006	(14,354)
Weighted average number of ordinary shares (Basic) ('000)	740,319	660,289	740,319	660,289
Basic earnings per share (sen)	0.50	(2.17)	0.50	(2.17)
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.

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.

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

B12 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 August 2022.