LAY HONG
BERHAD

(107129-H) Incorporated in Malaysia

TASTY FOOD OF ASSURED
QUALITY

annual report **2019**

OUR MISSION

TO PROMOTE

A healthier lifestyle and diet among Malaysians by developing highly nutritious and hygienic products utilizing the highest quality processing standards.

TO BECOME

An increasingly important supplier of processed chicken, chicken related products and eggs by expanding market share, developing new products, and building trust and reliability among consumers.

TO PROVIDE

A caring and rewarding environment for our employees, one which can help fulfill their career goals and inculcate a sense of participation, team spirit and loyalty which will benefit all.

TO WORK

Diligently and consistently to enhance value for our shareholders, to deliver our products fresh on time to our partners and consumers, and to be a responsible corporate citizen.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Yap Hoong Chai
Executive Chairman

Dato' Yeap Weng Hong
Executive Director

Dato' Yap Chor How
Executive Director

Ng Kim Tian
Executive Director

Yeap Fock Hoong
Non-Independent Non-Executive Director

Gan Lian Peng
Independent Non-Executive Director

Lim Teck Seng
Independent Non-Executive Director

Hideki Fujii
Non-Independent Non-Executive Director

Tan Chee Hau
Independent Non-Executive Director

Ryuichi Nitta
(Alternate Director to Hideki Fujii)

AUDIT COMMITTEE

Gan Lian Peng
Chairman
Lim Teck Seng
Tan Chee Hau

NOMINATING COMMITTEE

Gan Lian Peng
Chairman
Lim Teck Seng
Tan Chee Hau

REMUNERATION COMMITTEE

Gan Lian Peng
Chairman
Lim Teck Seng
Tan Chee Hau

COMPANY SECRETARIES

Lee Wee Hee
(MAICSA 0773340)
Wong Yuet Chyn
(MAICSA 7047163)

AUDITORS

Ong Boon Bah & Co
B-10-1 Megan Avenue 1
189 Jalan Tun Razak
50400 Kuala Lumpur

REGISTERED OFFICE

No. 2-1 Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
T 03 62011120
F 03 62013121

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
T 03 2084 9000
F 03 2094 9940

CORPORATE OFFICE

No. 2 Level 10-12, Wisma Lay Hong
Jalan Empayar, Off Persiaran Sultan Ibrahim / KU1, 41150
Klang, Selangor
T 03 3343 4888
F 03 3343 8839

PRINCIPAL BANKERS

AmBank (M) Berhad
Bank of China (Malaysia) Berhad
Bank Pertanian Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Name: LAYHONG
Stock No: 9385

WEBSITE

www.layhong.com.my

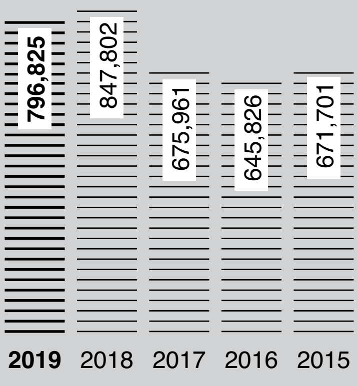
GROUP FINANCIAL HIGHLIGHTS

RM'000	2019	2018 Restated	2017 Restated	2016	2015
Revenue	**796,825**	847,802	675,961	645,826	671,701
Profit after tax *	**1,403**	31,554	33,546	3,816*	19,669
Total assets	**820,268**	797,082	628,038	552,389	427,374
Paid-up capital	**145,621**	130,109	121,750	57,750	50,830
Net assets (NA)	**335,481**	319,631	287,516	241,985	136,799
NA per share (RM) **	**0.51**	0.51	0.47	0.42	0.27
Basic earnings per share (sen) ***	**1.11**	4.47	4.91	0.52	3.71

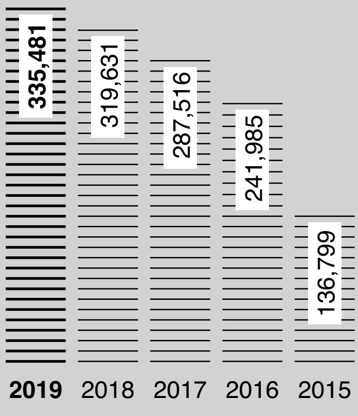
FYE 31st March, 2017 and FYE 31st March, 2018 financial results has been restated due to 1st time adoption of MFRS 141 Biological assets.

* After charging a non - cash flow item of a share based expense of RM15,093,000.
** Based on ordinary shares of RM0.20 each after adjusting for the Bonus Issues and Share Split completed in October 2016.
*** Based on weighted average number of ordinary shares of RM0.20 each after adjusting for the Bonus Issues and Share Split completed in October 2016.

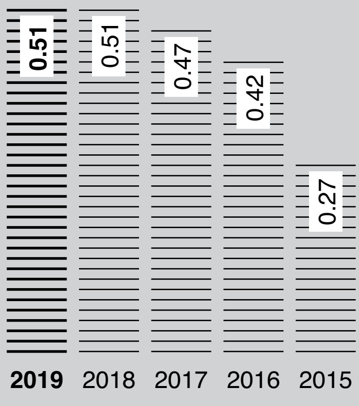
REVENUE
(RM'000)



NET ASSETS
(RM'000)



NET ASSETS PER SHARE
(RM'000)



GROUP STRUCTURE AND OPERATIONS

AS AT 24 JUNE 2019

100% **LAY HONG BERHAD**
Integrated livestock farming & Investment holding

100% **EMINENT FARM SDN BHD**
Breeder farm, Hatchery & Broiler farm

100% **JT TRADING SDN BHD**
Trading

100% **HING HONG SDN BHD**
Breeder farm & Hatchery

100% **LAY HONG LIQUID EGG SDN BHD**
Liquid egg production

100% **LAY HONG FOOD CORPORATION SDN BHD**
Chicken processing & Food manufacturing

100% **TAKASO SC (THAILAND) LIMITED**
Food manufacturing

100% **INNOBRID SDN BHD**
Broiler farm

92.65% **EVERGREEN ORGANIC FERTILISERS SDN BERHAD**
Organic fertiliser production

70% **INNOFARM (KLANG) SDN BHD**
Layer farm

70% **G-MART BORNEO RETAIL SDN BHD**
Retail Supermarket

50% **STF AGRICULTURE SDN BHD**
Integrated livestock farming & chicken processing

50% **SRI TAWAU FARMING SDN BHD**
Investment holding

50% **ST FOOD SDN BHD**
Trading

49% **NHF MANUFACTURING (MALAYSIA) SDN BHD**
Food Manufacturing


EXPLORING VAST
POTENTIAL

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

The Group two principal core businesses are primarily involved in Integrated Livestock Farming and Processing (ILFP) and retail operation. The ILFP business currently accounts for over 80% of the Group's revenue. It is further broken down into three separate segments namely layer, broiler and food processing. The businesses are carried out primarily in Peninsular Malaysia state of Selangor, Perak, Melaka and Sabah in East Malaysia whereas the retail operation is concentrated only in the state of Sabah.

A) Layer

Total revenue generated from the sale of fresh table eggs for the financial year ended 31st March, 2019 was RM228.47 million compared to that of RM202.57 million recorded in the previous year. The increase of RM25.90 million or 12.79% was mainly attributed to the improvement in the average selling prices particularly in Peninsular Malaysia even though the total Group production have been disrupted by the voluntarily culling of over half a million layer birds at our Tamparuli farm in Sabah. This happened in the 2nd financial quarter (July to 30th September, 2018) of the Group's financial year period under review. The said farm was quarantined i.e. not in operation for over 4 months and during this period, thorough cleaning and disinfecting was done as to ensure that all the accumulated pathogens and viruses present since the farm was commissioned were cleansed thoroughly and completely. Extra bio-security measures were introduced and tightened accordingly. The Directors are pleased to inform that in March 2019, the farm has re-commenced its farming activities. Accordingly, all the empty houses in the farm were re-populated progressively with fresh day old chicks (DOC). The production will only be normalised to the Group's capacity of up to 3.0 million table eggs per day in the 3rd quarter of the financial year ending 31st March, 2020 as the DOC will take 21 weeks to mature as to enable them to start laying eggs.

To increase efficiency and reduce cost, the Board of Directors has recently spent approximately RM1.10 million to install a 216 kilowatt Photovoltaic Diesel Hybrid System on an "experimental basis" in one of our new environmental controlled farms in Jeram, Selangor. With this installation completed in the current financial year, the Group will be able to save some energy cost and cash flow by way of tax incentive given by MIDA. If the above proved to be cost saving going forward, the Directors would consider implementing it in all the Group's farms on a staggered basis.

The functional eggs branded under the "NUTRIPLUS" brand continue to show greater market acceptance. Revenue continues to record increase from RM69.27 million in the previous year to RM75.73 million in the financial year under review. The offerings of different quantity packing and variants to suit family sizes have also led to the increase choices, thus spurred up in demand.

The Directors have completed all the planned expansion of layer business. The number of layer farms (Parent stock breeders and layers) now owned by the Group to date are as follows:-

Parent Stock Breeder Farm and Hatchery

Location	Capacity per month (Day Old Chick)	Type
1. Lot 1632 & 1633, Ijok, Selangor	150,000	Environment controlled houses (ECH)
2. Lot 1640, Ijok, Selangor	32,000	ECH
	182,000	

Layer Farm

Location	Capacity per day (egg)	Type
1. Lot 4857, Kapar, Selangor	165,000	Open House
2. Lot 1954, Jeram, Selangor	240,000	ECH
3. Lot 1555, Jeram, Selangor	480,000	ECH
4. Lot 1868, Jeram, Selangor		
5. Lot 1717-1720, Jasin, Melaka	390,000	ECH / Open House
6. Lot 1847, Jeram, Selangor	240,000	ECH
7. Lot 2809, Jeram, Selangor	480,000	ECH
8. Lot 1822, Jeram, Selangor	480,000	ECH
9. Lot 4847 & 4848 Kapar, Selangor	180,000	Open House
10. Tuaran, Sabah	90,000	Open House
11. Tamparuli, Sabah	300,000	ECH
	3,045,000	

B) Broiler

During the financial year under review, the Group produced a total of 38.92 million kilograms of broiler compared to 36.12 million kilograms recorded in the previous year. This represents an increase of 2.80 million kilograms or 7.75% year on year. The increase was due to the completion of one new broiler farm in Tanjong Karang, Selangor.

One more new farm located in the existing vicinity with a capacity of 390,000 broilers per cycle is under construction and is planned to be fully completed during the current financial year ending 31st March, 2020. With these new capacities coming on stream, the Group will be able to produce up to 4.00 million broilers per 60 days cycle. The increase is to meet the rising demand from existing chicken processing operation as well as from the Joint Venture Company with NH Foods Ltd for HALAL chicken meat as its raw material.

With the above new facilities added, the Group production facilities would be expanded as follows:

Parent Stock Breeder Farm and Hatchery

Location	Capacity per month (Day Old Chick)	Type
1. Bukit Belimbing / Bukit Rotan, Selangor	1,358,000	ECH
2. Papar, Sabah	900,000	ECH
	2,258,000	

Broiler Farm

Location	Capacity per cycle (No. of Broilers)	Type
1. Tanjung Karang, Selangor	2,308,000	ECH
2. Behrang, Perak, Farm 1	300,000	ECH
3. Behrang, Perak, Farm 2	450,000	ECH
4. Kampung Indai, Sabah	80,000	ECH
5. Kampung Serusup, Sabah	300,000	ECH
6. Tawau, Sabah	100,000	ECH
7. Sandakah, Sabah	210,000	ECH
8. Bongawan, Sabah	50,000	ECH
9. Keningau, Sabah	100,000	ECH
10. Tamparuli, Sabah	180,000	ECH
	4,078,000	

C) Food Processing

i) Chicken products

For this division, during the financial year under review ended 31st March, 2019, the Group generated a total revenue of RM302.17 million compared to that of RM382.41 million recorded in the previous year. The decrease of RM80.24 million or 20.98% was due to the reduction in sale of frozen chicken meat to distributors and hypermarkets/supermarkets nationwide. The downstream products made up of frankfurters, nuggets and fried chicken are marketed under the NUTRIPLUS and WISE CHOICE brands. They continue to receive good response from the evidence of the prominent displays on the shelves of all major hyper/supermarkets throughout the country. Currently, the Group operates one large chicken processing plant in Bagan Tengkorak, Tanjung Karang and another 4 small regional slaughtering plants in Sabah, located in Kota Kinabalu, Keningau, Tawau and Sandakan. The need of setting up of these small localised operations is to overcome logistic issues faced in Sabah.

ii) Pasteurised Liquid Egg

The Group currently operates one pasteurized liquid egg plant. This plant is located at Meru, Klang and has a capacity to pasteurize up to 400 metric tonnes of customized liquid egg products per month such as egg white, yolk, whole egg, liquid egg with salt or sugar or other ingredients. Currently, approximately twenty (20) percent of the total fresh table eggs produced by the Group are pasteurised into liquid egg and sold to local industrial users and export market. During the financial year ended 31st March, 2019, this segment produced 4.80 million kilograms compared to 4.76 million kilograms in the previous year i.e. almost the same level as last year.

For this business, during the financial year under review ended 31st March, 2019, the Group generated a total revenue of RM33.98 million compared to that of RM32.71 million recorded in the previous year. The increase of RM1.27 million or 3.88% was due to the increase in export sale.

To meet rising demand especially from confectionaries and food caterers in the Southern Region and Singapore, the Company through its fully owned subsidiary company Lay Hong Liquid Egg Sdn Bhd has acquired a newly built factory in Iskandar Halal Park, Pasir Gudang, Johor, to set up its second egg processing facility. The commissioning of the equipment has been delayed slightly due to technical issues and is projected to be completed in the 2nd quarter of the current financial year ending 31st March, 2020.

D) Retail Supermarket

The Group currently operates fifteen (15) retail outlets and one (1) distribution centre. It has its presence in all major towns in the state of Sabah such as Inanam, Tuaran, Tenom, Kinarut, Kota Belud, Ranau, Sipitang, Keningau, Semporna, Tamparuli, Cyber Square, Rugading, Telupid, Pitas and Tambunan.

For the financial year ended 31st March, 2019, the retail business recorded an increased pre-tax loss of RM1.83 million compared to that of RM1.56 million loss recorded in the previous year. The slightly higher loss was attributed to the continue weak consumers' sentiment and higher operating cost in particular, the increase in the minimum wages from RM920.00 to RM1,100.00 post general election. The writing off of sunk renovation cost of the earlier closed non performing stores plus the prudent impairment cost of slow moving inventory also contributed to the higher loss.

The Board is currently reviewing this business and will take appropriate measures to trim cost and improve its performance.

E) Joint Venture With NH Foods Ltd, Japan

A joint venture company called NHF Manufacturing (Malaysia) Sdn. Bhd. was incorporated in May 2016. It has been capitalised at RM30.00 million, divided into 30 million ordinary shares of RM1.00 each. Lay Hong Bhd owned 49% or 14.70 million ordinary shares and is represented by two nominee directors. The other 51% is owned by the above. The entire operation is managed by a team of Japanese expatriates seconded from Japan. Construction of the manufacturing facility located in Selangor Halal Hub, Pulau Indah has been completed in November, 2018. Up to 31st March, 2019, the company has registered an accumulated pre-operating loss of RM8.57 million. Based on the 49% shareholding, Lay Hong Berhad Group has taken up its share of losses of RM4.20 million in its income statement up to the above date.

The company has commenced trial production and to date it has soft launched seventeen variants of chicken product of Japanese design and flavour to the local populace. They are now available in major hypermarkets and supermarkets. Response to date has been encouraging even though with no commercial advertising.

2. FINANCIAL RESULTS AND CONDITIONS

Financial

	2019 RM (Million)	2018 RM (Million) Restated	2017 RM (Million) Restated
Revenue	**796.83**	847.80	675.96
Profit Before Tax	**3.91**	43.93	36.08
Profit After Tax	**1.40**	31.55	33.55
Total Borrowing	**282.45**	230.52	156.78
Shareholder Funds	**335.48**	319.63	287.52
Share Capital	**145.62**	130.11	121.75
No. of Shares as at 31st March	**660.29**	629.65	608.75
Net Debts-to-equity ratio	**0.80**	0.69	0.52
Basic Earnings Per Share (sen)	**1.11**	4.47	4.91
Net asset Per Share (RM)	**0.51**	0.51	0.47

As a requirement, for the previous two years ended 31st March, 2017 and 31st March, 2018 the financial results have been restated due to first time adoption of MFRS 141 for Biological assets.

Revenue for the financial year ended 31st March, 2019 recorded a decrease from RM847.80 million to RM796.83 million i.e. a decrease of RM50.97 million or 6.01% year on year. The decrease in revenue were primarily due to the reduction of frozen chicken meat to distributors and hypermarkets/supermarkets nationwide and the voluntarily culling of half a million layer birds in Sabah that had resulted in substantial reduction in the production of table eggs for over a nine months period from July 2018 to 31st March, 2019.

Profit before tax for the year reduced significantly from RM43.93 million in the previous year to that of RM3.91 million. The decrease was primarily attributed to the one time non recurring charging out of over RM6.00 million in culling cost of matured layer birds in our principal farm in our Sabah subsidiary company, STF Agriculture Sdn Bhd. Due to the said culling, the monthly standing and fixed operating cost of the company made up of salary and wages, depreciation and borrowing cost etc continued to be charged out. This catastrophic (act of god) event, which is not insurable had caused the subsidiary to suffer an operating loss of over RM15.00 million for the year under review. The continual up trend in the cost of major imported raw material (particularly the feed cost) and packing material due to the US trade war with China have also added to the overall higher operating cost

During the financial year under review, the Company increased its issued and paid-up share capital from 629.65 million ordinary shares to 660.29 million ordinary shares by way of issuance of 23.69 million new ordinary shares via the exercised of Warrants 2016/2021 at the exercise price of RM0.40 per ordinary share by shareholders and 6.95 million new ordinary shares under Share Issuance Scheme (SIS) at an exercise price of RM0.581 per ordinary share. SIS and Warrants exercised after 31st March, 2019 will be recorded in the next financial year ending 31st March, 2020.

Capital Expenditure

Following the planned expansion drive to be one of the biggest integrated poultry players in the country, the Group continues its spending on capital expenditures on additional production facilities. During the financial year ended 31st March, 2019, the Group incurred an additional RM85.73 million in capital expenditures. Together with that of RM102.48 million spent in the previous year, the accumulated amount spent to date were RM188.21 million. The funding for these expenditures were from a combination of bank borrowings, internal generated funds from profit accrued and the proceeds from SIS exercised by employees and warrants exercised by warrants holders.

Gearing

Due to continual expansion, without the Group turning to shareholders for new funds, the Group has approached the banks for funding. During the financial year under review, total borrowings has recorded a substantial increase from RM230.52 million to RM282.45 million. This represented an increase of RM51.93 million or 22.53%. Likewise, gearing has also increased from 0.69 times to 0.80 times which is still manageable given that the money were all spent on revenue generating production facilities.

3. ANTICIPATED OR KNOWN RISKS

3.1 Credit Risk And Default In Payment By Customers

Generally, the credit terms granted to customers ranged from 45 days to 75 days. Our customers have varying degrees of credit risk profiles which exposes the Group to the risk of slow or non-payment by them. In the event that if the customers default on their payments, our operating cash flows, financial condition and results of operation could be materially and adversely affected.

We are aware of our exposure to the above and we mitigate this by putting in place prudent credit management policies in our Group through the application of credit approvals, credit limits and monitoring procedures on an on-going basis. We perform credit evaluation on all our customers and an appropriate credit limit is then allocated to each customer based on our assessment of their risk profile. In addition, we also emphasize on close monitoring and collection of accounts on an on-going or monthly basis to minimize the risk of default.

Although there has been no material collection problem on trade receivables or material bad debts written off in the past, there is no guarantee that all our customers will be able to fulfill their debts obligation as and when the debts become due or that our Group will not encounter collection problem in the near future. Any default or delay in our collection of debts which lead to impairment loss on trade receivables or bad debts may have an impact on our financial performance.

3.2 Foreign Currencies Fluctuation Risk

The Group's major raw materials purchase such as corn and soya bean and 15% of our sales of table egg proceeds are transacted in foreign currencies such as United States of America and Singapore dollars respectively. As such, the Group is exposed to currency fluctuation risk. Any unfavorable fluctuations in foreign exchange rate may have an adverse impact on the Group's financial performance and profitability.

The Group does not enter into any financial instruments to hedge against any foreign currency as the transactions are not that significant. However, for purchases of corn and soya, the Group takes a three (3) to six (6) months position with the local importer who in turn took the currency risk upon himself. The Group will pay a small premium on the risk pass on to them.

Despite our effort to minimize the foreign exchange risk, there can be no assurance that any future significant fluctuations in foreign currency will not have an impact on the financial performance of our Group.

4. FORWARD LOOKING STATEMENT

The Group is an integrated poultry farmer cum food processor. This means the Group has almost everything in-house from animal feed production, breeding of both layer and broiler parent and feed stocks right up to the harvesting of table eggs / broilers to slaughtering and processing of downstream chicken products and the final distribution of all its branded products to the retail market. All the chicken products offered for sale are certified HALAL by approved authorities. The Group also converts its chicken waste to produce organic fertilizer for sale and at the same time conserve the environment.

Moving forward, to maintain its status as a leading producer of eggs and chicken products in Malaysia, the Group would continuously seek new farming and chicken processing methods to reduce cost and increase efficiency. Almost all the farms are environmental Controlled Closed House.

The joint venture with NH Foods Ltd, Japan (the largest food processing company in Japan and 4th largest in the world) as our 21% strategic and substantial shareholder will propel the Lay Hong Berhad Group to grow faster both on the domestic front as well as in the "HALAL" international markets.

With almost all the planned expansion being executed, plus the alliance with the largest food processing company in Japan, our Directors believe that the Group is on the right track to become one of the leading producer of poultry products in the country

Management Discussion and Analysis

5. DIVIDEND

The Company's Directors would take the following factors into consideration before recommending for dividend payment:

- The financial results of the Group for the financial year.
- The required and expected interest expenses, tax payment, cash flow, and retained earnings.
- The Group projected levels of capital expenditure and other investment plans if any.
- The prevailing interest rate.
- The debt / equity ratio of the Group
- Maintaining of adequate reserves for the further growth of the Group.

After considering the above, the Board of Directors hereby proposed a first and final dividend of 0.5 sen per share for the financial year ended 31st March, 2019. This proposal is pending shareholders' approval at the forthcoming Annual General Meeting of the Company.

6. DIRECTORS

During the year, Mr Tan Ooi Jin resigned as Independent Non Executive Director on 31st July 2018. In his replacement, on 6th September 2018 Mr Lim Teck Seng joined the Group.

The board of directors would like to thank Mr Tan for the invaluable services rendered during his tenure and at the same time would like to extend a warm welcome to Mr Lim Teck Seng.

PROFILE OF DIRECTORS

DATO' YAP HOONG CHAI

Executive Chairman
Malaysian, aged 69, Male

Dato' Yap Hoong Chai is a founder member of the Lay Hong Berhad Group. He was appointed to the Board of Directors ("Board") of the Company on 27th September 1983. Under his stewardship for the past 36 years, the Group has grown from a small family business into one of Malaysia's largest and most successful integrated poultry farming and food processing industry. He also sits on the Board of several private limited companies. He has served as a Past President of the Selangor Livestock Association, Egg Division and also the Past Chairman – Layer unit of Federation of Livestock Farmers' Associations of Malaysia ("FLFAM"). He is the brother of Dato' Yeap Weng Hong and Mr Yeap Fock Hoong, and the father of Dato' Yap Chor How, who are also Directors of the Company. He had been publicly reprimanded by Bursa Malaysia Securities Berhad on 20th June 2017 and fined RM150,000 for breaching regulations regarding the Company's response to unusual market activity queries on 2nd November 2015 and 19th January 2016. He holds 6,000,000 ordinary shares in the Company. He is a director and shareholder in Innofarm Sdn Bhd which is a substantial shareholder of the Company and Mackan Holdings Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself. He has attended all six (6) Board Meetings held during the financial year.

DATO' YEAP WENG HONG

Executive Director
Malaysian, aged 61, Male

Dato' Yeap Weng Hong was appointed to the Board of the Company on 18th April 1986. He has more than 30 years of experience in poultry farming and is currently in-charge of the Group's farm activities and new projects in West Malaysia. He also sits on the Board of several private limited companies. He is the brother of Dato' Yap Hoong Chai and Mr Yeap Fock Hoong, who are also Directors of the Company. He had been publicly reprimanded by Bursa Malaysia Securities Berhad on 20th June 2017 and fined RM100,000 for breaching regulations regarding the Company's response to unusual market activity queries on 2nd November 2015 and 19th January 2016. He holds 4,072,000 ordinary shares and 20,000 warrants in the Company. He is a director and shareholder in Innofarm Sdn Bhd which is a substantial shareholder of the Company and Mackan Holdings Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself. He has attended all six (6) Board Meetings held during the financial year.

Profile of Directors

DATO' YAP CHOR HOW

Executive Director
Malaysian, aged 42, Male

Dato' Yap Chor How graduated from University of Melbourne majoring in B.Com (Honours). He joined the Company in 2002 as a Production Executive. In 2005 he was designated to Marketing Director in charge of Nutriplus Egg Division in branding and marketing activities. On 3rd October 2013, he was appointed as an Executive Director of the Company. He is the eldest son of Dato' Yap Hoong Chai, the major shareholder and Executive Director and a nephew to Mr Yeap Fock Hoong and Dato' Yeap Weng Hong who are presently Directors of the Board of the Company. He had been publicly reprimanded by Bursa Malaysia Securities Berhad on 20th June 2017 and fined RM150,000 for breaching regulations regarding the Company's response to unusual market activity queries on 2nd November 2015 and 19th January 2016. He holds 4,597,000 ordinary shares and 2,298,500 warrants in the Company. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself. He has attended all six (6) Board Meetings held during the financial year.

NG KIM TIAN

Executive Director
Malaysian, aged 65, Male

Mr Ng Kim Tian is a certified public accountant by training and joined the Company on 1st September 2000 as a General Manager. He was re-designated as Finance Director in year 2002 and is currently responsible for the Group's corporate services function inter-alia, treasury, accounting, finance, human resources, and information technology. He was appointed an Executive Director on 3rd October 2013. Prior to joining the Company, he was the Chief Financial Officer of a diversified public listed group that has three listed companies in their stable namely Olympia Industries Bhd, Duta Land Berhad (previously known as Mycom Berhad) and Ayer Itam Tin Berhad. From 1986 to 1994, he served as a Group Financial Controller in Lion Land Berhad. From 1976 to 1994, he has served in various capacities in the field of auditing and finance. He started his initial career as an Audit Trainee with an accounting practice. He is not connected with any of the existing controlling or substantial shareholders or directors of the Company. He had been publicly reprimanded by Bursa Malaysia Securities Berhad on 20th June 2017 and fined RM150,000 for breaching regulations regarding the Company's response to unusual market activity queries on 2nd November 2015 and 19th January 2016. He has no family relationship with any director and/or major shareholders. He does not hold any shares directly in the Company. He has attended all six (6) Board Meetings held during the financial year.

YEAP FOCK HOONG

Non-Independent Non-Executive Director
Singaporean, aged 65, Male

Mr Yeap Fock Hoong was appointed to the Board of the Company on 18th January 1994. He has been a commercial airline pilot since 1973 and is currently flying on the B747. He also sits on the Board of Directors of several private limited companies. He is the brother of Dato' Yap Hoong Chai and Dato' Yeap Weng Hong, who are also Directors of the Company. He had been publicly reprimanded by Bursa Malaysia Securities Berhad on 20th June 2017 and fined RM50,000 for breaching regulations regarding the Company's response to unusual market activity queries on 2nd November 2015 and 19th January 2016. He holds 120,000 ordinary shares and 60,000 warrants in the Company. He is a director and shareholder in Innofarm Sdn Bhd which is a substantial shareholder of the Company and Mackan Holdings Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself. He has attended five (5) out of six (6) Board Meetings held during the financial year.

GAN LIAN PENG

Independent Non-Executive Director
Malaysian, aged 67, Male

Mr Gan Lian Peng was appointed to the Board of the Company on 3rd October, 2013. He was appointed Chairman of Audit Committee on 25th November 2013, Chairman of Remuneration Committee on 26th May 2014 and also Chairman of the Nominating Committee appointed on 15th June 2017. He is a Fellow of the Chartered Association of Certified Accountants, Associate Member of the Institute of Chartered Secretaries and Administrators and Member of the Malaysian Institute of Accountants. He served in various capacities in the auditing, hire purchase and leasing industries. He was Accounts and Administration Manager of a subsidiary of Inchcape Group and Accountant/Credit Control Manager of Tractors Malaysia Berhad. From 1998 to 2001, he was Branch Manager of Asia Commercial Finance Berhad and subsequently as Branch Manager of Affin Bank. He had been publicly reprimanded by Bursa Malaysia Securities Berhad on 20th June 2017 and fined RM50,000 for breaching regulations regarding the Company's response to unusual market activity queries on 2nd November 2015 and 19th January 2016. He has no family relationship with any director and/or major shareholders. He does not hold any shares, direct or indirect in the Company. He has attended all six (6) Board Meetings held during the financial year.

TAN CHEE HAU

Independent Non-Executive Director
Malaysian, aged 51, Male

Mr Tan Chee Hau was appointed to the Board of the Company on 15th June 2017. He graduated from RMIT University, Melbourne, Australia with a Bachelor of Business (Accountancy & Finance) with Distinction in 1991, and he obtained his Chartered Accountant (CA) membership and Certified Practising Accountant (CPA) membership from Malaysian Institute of Accountants (MIA) and CPA Australia respectively in 1995. He has more than 25 years of experience in Corporate and Debt Restructuring, Corporate Finance, Private Equity and Accounting, and has worked for many companies/firms including as Director & Co-Head of Corporate Finance of an Investment Bank, Head of Corporate Finance in several listed and private companies, Investment Director in a Private Equity company, and Auditor in an International Accounting Firm. He has advised many companies on listings, restructuring, mergers and acquisitions, equity and debt issuance, fund raising, etc. He is presently involved in corporate finance advisory works and held directorships in several private companies. He has no family relationship with any director and/or major shareholders. He does not hold any shares, direct or indirect in the Company. He has attended all six (6) Board Meetings held during the financial year.

LIM TECK SENG

Independent Non-Executive Director
Malaysian, aged 49, Male

Mr Lim Teck Seng was appointed to the Board of the Company on 6th September 2018. He graduated from University of Nebraska in Lincoln, the United States of America with a Degree in Bachelor of Science of Business Administration (Major in Finance).

He was formerly the Chairman of JF Apex Securities Berhad and Group Executive Director of Apex Equity Holdings Berhad before he left the group on 31st March 2018. He was with Apex Group of Companies for 9 years. Before he joined Apex Group, he worked as Manager of Business Development of MIDF Sisma Securities Sdn Bhd in 2000 and promoted as General Manager (Dealing & Business Development) in 2005. He was appointed as the Vice President (Dealing-Equity Market) of MIDF Amanah Investment Bank Berhad in 2007. Presently, he sits on the Board of Asia Poly Holdings Berhad, OCR Group Berhad, D'nonce Technology Bhd, YFG Berhad and European Credit Investment Bank Ltd. He has no family relationship with any director and/or major shareholders. He does not hold any shares, direct or indirect in Lay Hong Berhad or its subsidiaries. Since his appointment, he has attended two (2) Board Meetings held during the financial year.

HIDEKI FUJII

Non-Independent Non-Executive Director
Japanese, aged 54, Male

Mr Hideki Fujii graduated from University of Kitazato, Japan with Master of Veterinary Science. He was previously appointed to the Board of the Company in year 2016, and ceased on 1st April 2018. On 1st April 2019, he was appointed again to the Board of the Company. He gained expertise and grew his career at the product development and planning functions cross-border Mergers and Acquisition transactions in NH Foods Ltd. for nearly two decades. Currently he is serving as the Executive Officer and General Manager of Operations Management Division, Overseas Business Division in NH Foods Ltd. He has no family relationship with any director and/or major shareholders. He does not hold any shares, direct or indirect in the Company. As he was appointed as Director on 1st April 2019, he has not attended any Board Meeting held during the financial year.

RYUICHI NITTA

Alternate Director to Mr Hideki Fujii
Japanese, aged 55, Male

Mr Ryuichi Nitta graduated from Meiji University School of Agriculture with Bachelor of Agriculture. He was appointed as Alternate Director to Mr Hideki Fujii (Non-Independent Non-Executive Director) on 1st April 2019. He was previously an alternate director to Mr Gaku Okada (ceased from Board on 1st April 2019). He has been consistently engaged in product development at key development functions in Product Development Department and Deli Processed Food Division in NH Foods Ltd., Tokyo and Osaka. And he has been the Managing Director of Thai Nippon Foods Co., Ltd, Thailand a wholly-owned subsidiary of NH Foods Ltd. for 13 years. Currently he is the Chief Executive Officer of NHF Manufacturing (Malaysia) Sdn. Bhd. which is the joint venture company between NH Foods Ltd. and the Company. He has no family relationship with any director and/or major shareholders. He does not hold any shares, direct or indirect in the Company.

PROFILE OF KEY SENIOR MANAGEMENT

YAP CHOR WEN

Director of Operation/Lay Hong Food Corporation Sdn Bhd

Malaysian/Male/39

Date of Appointment
- 24 January 2005

Academic/Professional Qualifications
- Bachelor of Science (University of Melbourne, Australia)
- Bachelor of Commerce (University of Melbourne, Australia)

Working Experience
- 2004 – Joined Optus (telco) as Sales & Marketing Trainee
- 2005 – Joined Lay Hong Bhd as Management Trainee
- 2006 – Promoted to Production Manager
- 2009 – Promoted to Operation Manager
- 2011 – Promoted to Head of Operation
- 2015 – Promoted to Director of Operation

Present Directorship
- Listed Entity : Nil
- Other Public Companies : Nil

BONG KIM FUI

General Manager, Operations/ STF Agriculture Sdn Bhd

Malaysian/Female/44

Date of Appointment
- 06 October 2003

Academic/Professional Qualifications
- Bachelor In Accountancy (University of Otago, New Zealand)
- Member of Malaysia Institute of Accountant (MIA)

Working Experience
- 1997 – Joined Law & Co as Auditor
- 2001 – Joined Brake Master Industries Sdn Bhd as Accounts Executive
- 2003 – Joined Sri Tawau Farming Sdn Bhd as Accountant
- 2006 – Re-designated to Finance & Administration Manager
- 2009 – Promoted to Operation Manager in STF Agriculture Sdn Bhd
- 2012 – Promoted to General Manager, Operations

Present Directorship
- Listed Entity : Nil
- Other Public Companies : Nil

WONG YEN TIEN

General Manager, Operations/ G-mart Borneo Retail Sdn Bhd

Malaysian/Male/51

Date of Appointment
- 01 August 2014

Academic/Professional Qualifications
- Diploma in Retail

Working Experience
- 1992 – Joined IMM Megamart Singapore as Retail Supervisor
- 1997 – Joined Carrefour Singapore as Asst. Department Head
- 1999 – Joined Dairyfarm Singapore as Asst. Division Head
- 2000 – Transferred to Dairyfarm Malaysia as Category Manager
- 2003 – Joined Lotus Shanghai as Asst. Operation Head
- 2006 – Joined Giant Retail Sdn Bhd as Senior Manager
- 2014 – Joined ST Food Sdn Bhd as Senior Manager, Operations – 99 Wholesales Business, Sabah
- 2016 – Transferred to G-mart Borneo Retail Sdn Bhd and promoted as General Manager, Operations

Present Directorship
- Listed Entity : Nil
- Other Public Companies : Nil

Profile of Key Senior Management

CHANG SIEW WAH

Senior Manager - Production (Sabah)/STF Agriculture Sdn Bhd

Malaysian/Male/73

Date of Appointment
- 01 October 2004

Academic/Professional Qualifications
- Master of Science Agriculture - Major in Animal Nutritions and Biochemistry
- Govind Ballabh Pant University Of Agriculture & Technology, India

Working Experience
- 1984 - Joined Desa Intergrated Food Industries Sdn Bhd
- 1986 - Joined Teck Guan Plantations
- 2003 - Joined Eng Peng Poultry Farm Sdn Bhd
- 2004 - Joined Sri Tawau Farming S/B as Senior Manager - Production (Sabah)
- 2006 - Transferred to STF Agriculture S/B as Senior Manager - Production (Sabah)

Present Directorship
- Listed Entity : Nil
- Other Public Companies : Nil

ONG YONG THYE

Senior Manager - Purchasing & Feedmill/Lay Hong Bhd

Malaysian/male/56

Date of Appointment
- 15 October 1990

Academic/Professional Qualifications
- he Association of Accounting Technicians
- The Chartered Association of Certified Accountants
- The Association of International Accountants

Working Experience
- 1989 - Joined Sri Ternak Wilayah Sdn. Bhd. as Accounts Supervisor
- 1990 - Joined Lay Hong Sdn. Bhd. as Assistant Accountant
- 1997 - Redesignated to Manager - Purchasing
- 2004 - Promoted to Senior Manager - Purchasing & Feedmill

Present Directorship
- Listed Entity : Nil
- Other Public Companies : Nil

SUSTAINABILITY STATEMENT

COMMITMENT TO SUSTAINABILITY

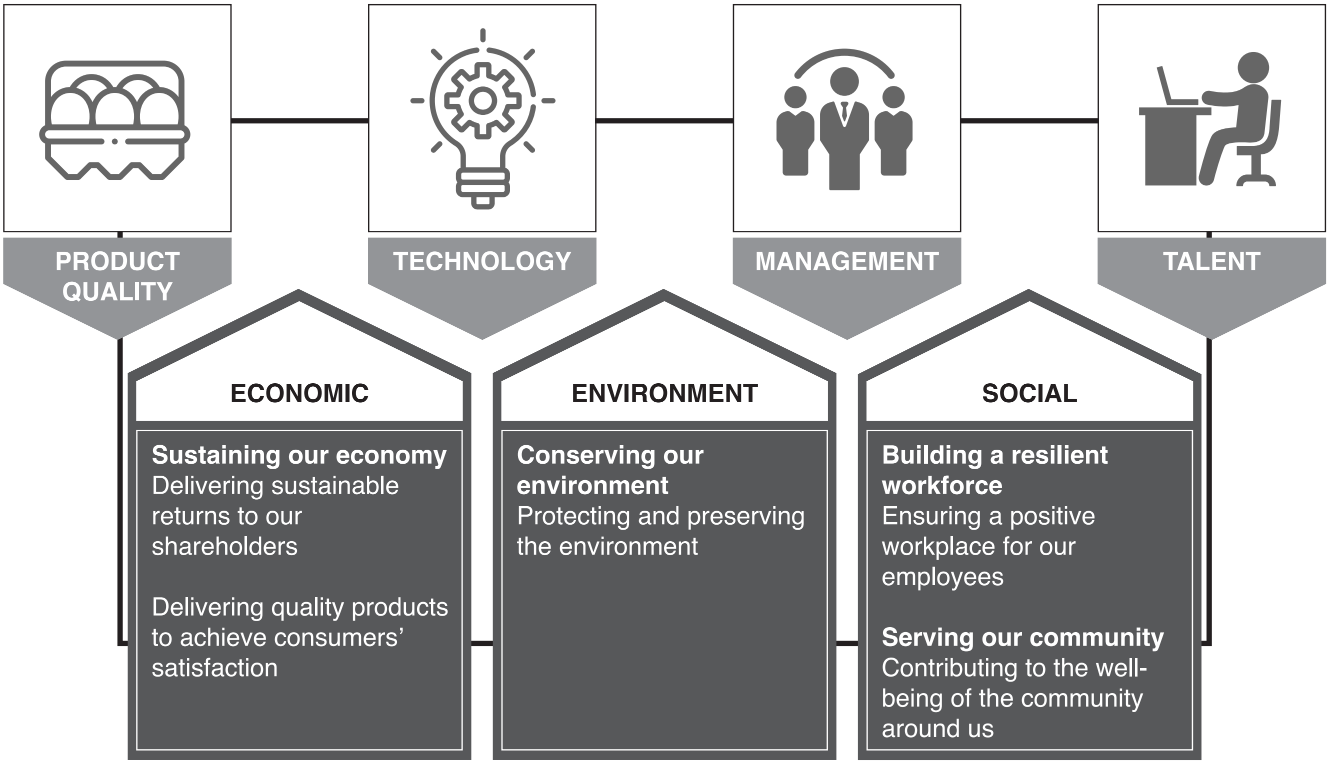
Sustainability has always been a pillar of the Group's culture as we strived to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are fast gaining importance as a criterion in investors' investment decisions.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

In this respect, our mission, as a responsible corporate citizen, is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate, which is in line with our corporate culture.

OUR POLICY ON SUSTAINABILITY
Embrace Sustainability in Organisation Culture
Capitalise on Latest Agricultural Technology and Information
Strengthen the Core Business
Build Regional Global Connectivity
Foster a High Performance Partnership

The Group continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.



OUR SCOPE OF REPORTING

This Statement covers Lay Hong Berhad and its subsidiaries. Information disclosed in this Statement encompasses our core activities related to integrated livestock farming and processing. This statement covers data which had been compiled internally from 1 April 2018 to 31 March 2019. Where available and relevant, historical data of the preceding year has been included for comparison.

LAY HONG BERHAD

INTEGRATED LIVESTOCK FARMING AND PROCESSING	RETAIL OPERATION
• Layer • Broiler • Food processing	• Retails outlets • Distribution center

Sustainability Statement

SUSTAINABILITY GOVERNANCE

Vision, Mission and Core Value

Our vision and mission are the cornerstones of our commitment to the sustainability of the Group. Our core values are the guiding principles that we are upholding in day-to-day operations and conducting ourselves to support our vision and shape our culture.

VISION

To be one of the leader in Integrated Livestock Farmer and Food Manufacturer in Malaysia

MISSION

To promote a healthier lifestyle and diet among Malaysians by developing highly nutritious and hygienic products utilizing the highest quality processing standards.

To become an increasingly important supplier of processed chicken, chicken related products and eggs by expanding market share, developing new products, and building trust and reliability among consumers.

To provide a caring and rewarding environment for our employees, one which can help fulfil their career goals and inculcate a sense of participation, team spirit and loyalty which will benefit all.

To work diligently and consistently to enhance value for our shareholders, to deliver our products fresh on time to our partners and customers, and to be a responsible corporate citizen.

CORE VALUES

- Professionalism
- Integrity
- Responsiveness
- Innovative
- Excellence Customer Service

SUSTAINABILITY GOVERNANCE (CONT'D)

Corporate Governance

Sustainability is embedded in our organisational approach and is led from the top. The Board of Directors ("Board") plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Senior Management to oversee the implementation of the organisation's sustainability approach and ensures that key targets are being met.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Operational Risk Management Committee, and ultimately Audit Committee. The Group's performance is also tracked with the assistance of the Nominating and Remuneration Committee.

BOARD OF DIRECTORS

Oversees the Group's sustainability initiatives, and endorses the proposed sustainability initiatives and material sustainability matters related to the Group

AUDIT COMMITTEE

Review the Company's processes in producing timely and accurate financial data, and internal controls as well as oversees all risk management activities

REMUNERATION COMMITTEE

Assists the Board in developing and establishing competitive remuneration policies and packages

NOMINATING COMMITTEE

Oversees matters related to the proposing suitable new candidates for appointment to fill the seats of Board and Senior Management (succession plan)

OPERATIONAL RISK MANAGEMENT COMMITTEE

Assists the Audit Committee in overseeing all risk management activities within the Group and review the efficiency and effectiveness of the internal controls within the Group.

The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

SUSTAINABILITY GOVERNANCE (CONT'D)

Ethical Business Practices

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Our businesses are conducted with integrity through good governance as mentioned by the Group's Code of Ethics for Directors which based on two elements namely i) fiduciary duties and ii) use of reasonable care, skills and diligence.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

STAKEHOLDERS ENGAGEMENT

We continued to engage our stakeholders actively throughout the fiscal year as part of our sustainability assessment process. Engagement with stakeholders allows us to gain a more complete understanding of our materiality issues and matters whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREA
Shareholders	• Annual & Extraordinary General Meetings • Press releases • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations	• Operation regulations • Bursa listing requirements • Companies Act • Labour law • Taxations • Department of Islamic Development Malaysia (JAKIM) • Occupational Safety and Health Act, 1994
Board of directors	• Board meetings	• Corporate strategy • Corporate governance

STAKEHOLDERS ENGAGEMENT (CONT'D)

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREA
Employees	• Technical and skills trainings • Performance appraisal • Dialogues between employers and employees	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices
Financial Institutions	• Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Funding requirement
Customers	• Regular meetings • Marketing activities • Sponsorship activities	• Customer satisfactions • After-sales services • Quality assurance
Suppliers	• Regular meetings • Quality audit on services and products • Contract negotiation	• Services and products' quality • Legal compliances
Communities	• Community events	• Social contribution • Job opportunities • Donation and financial aid
Analyst/Media	• Annual & Extraordinary General Meetings • Press conferences and media releases	• Financial and operational performance • General announcements

MATERIAL SUSTAINABILITY MATTERS

Economic

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.layhong.com.my also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Consumers & Products

The Group is committed to see that not only our shareholders' interests are taken care of but also those of our consumers and suppliers. For our consumers, we will supply quality poultry products which meet their satisfaction and expectations through continual improvements in technology and processes as the case may be.

CONSUMERS' SATISFACTION
Internationally recognised best practices and international quality accreditation
Experienced management and equipped with industry knowledge and comprehensive training
Prompt delivery and reliable customer service
Efficient after-sales service, create an integrated and resilient workforce

In order to ensure that our products are of consistent standard and quality, our production process is accredited by ISO 9001 : 2015 "Quality Management System" in:

- Sales and Marketing of Nutriplus Chicken Eggs
- Sales and Marketing of Pasteurized Liquid Egg
- Manufacturing of Pasteurized Liquid Egg
- Sales and Marketing of Chicken Eggs, Chicken Cut Parts, Chicken Nuggets, Frankfurters, and Fried Chicken

as well as ISO 22000 : 2015 "Food Safety Management System".

Additionally, our Group is in compliance with all relevant laws and regulations governing food safety and quality:

- myGAP (Malaysian Good Agricultural Practices) certification by Department of Veterinary Services under Ministry of Agriculture and Agro-Based Industry Malaysia for livestock sector
- Veterinary Health Mark (VHM) certification for chilled/frozen chicken, frankfurters & liquid eggs
- Hazard Analysis and Critical Control Point (HACCP) certification for food processing
- Good Manufacturing Practices (GMP) certification for production of ready feed and food processing
- Makanan Selamat Tanggungjawab Industry (MESTI) certification by Ministry of Health Malaysia for food processing
- Halal certification for chilled chicken, frankfurters, liquid egg & nuggets

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Economic (cont'd)

Consumers & Products (cont'd)

All of our products are Halal certified and complied with requirements of Malaysia Standard (MS 1500: 2009) and Halal Manual Certification by Department of Islamic Development Malaysia (JAKIM). Pursuant to this, Halal Toyyiban Assurance Management System has been established with the mission of:

- To ensure the integrity of Halal processing by continuously and consistently monitored on the compliance to the Syariah (Islamic Law)
- To ensure compliance to all guidelines issued by Malaysian authorities such as Halal Assurance Management System of Malaysia Halal Certification produced by Department of Islamic Development Malaysia (JAKIM)
- To ensure compliance to the Malaysia Standard MS 1500 : 2009 Halal Food Production, Preparation, Handling and Storage – General Guideline (Second Revision) produced by SIRIM

We are also proudly awarded by The BrandLaureate for BESTBRANDS Award for "Most Favourite Brand - Consumer Egg" for the year of 2016-2017. In this context, Lay Hong's products are marketed under two brands namely Nutriplus and Wise Choice which are registered for trademark. Asides, the Group has achieved other commendable awards regionally and received accreditation from our business partners throughout the years. Our products quality with international quality accreditation had gained us as one of the market leaders in this industry. Plus, Lay Hong possesses teams of well equipped employees with industry knowledge who are able to manage and deliver consumers' expectation.

In terms of processing, our high technology air-chilled chicken processing facilities is able to reduce the hazard of cross contamination and ensure the highest quality chicken products for the consumers. This is also to ensure that we are able to achieve, sustain and continually improve the business relevant standard that directly impacts our business continuity.

Other than that, we are aware of new technologies to improve our business processes. In this regard, we will endeavour to keep abreast with more technological and bio-technological advances and innovations in the fields of renewable energy, greening, materials, intelligence and electronic systems, transport and food science.

In terms of business development, continuous efforts are ongoing through aggressive marketing campaigns to maintain our market dominance and achieve an even greater market acceptance.

Suppliers

To our suppliers, we are committed to enhance our processes and engage with our suppliers to identify and manage risks, increase productivity and efficiency within the supply chain, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers. In compliance with ISO 9001 : 2015, every procurement involved in the operation processes are being closely monitored. Hence, our suppliers are filtered through careful selection ensuring only the ones with appropriate criteria are met are engaged.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Environment

Operations

As our business involves mass production of poultry products in which is heavily regulated by the various regulatory bodies, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations in relation to treatment of farm effluents and waste water. The Group is committed that the business does not generate any major environmental concerns.

Our standard operating procedures for environmental management includes:

- Preserving, conserving, minimising wastage of resources and ensuring that the work environment is free from contamination and pollution hazards;
- Complying with all acts, rules, regulations and orders of the Department of Environment; and
- Communicating clearly to all employees, customers and suppliers to instil in them the environmental awareness culture and values of our Group.

Waste Management

Proper waste disposal has wide-ranging implications on the environment and the surrounding communities' health. Eliminating waste altogether is obviously the ideal scenario though it is a daunting goal for the industry. The Group seeks to contribute whatever extent feasible towards the eventual realisation of total safe waste elimination. The Group has in place proper waste treatment facilities at its chicken processing plants to prevent environmental contamination from its production effluents. Wastes from the poultry rearing activity are also recycled into organic fertilisers by using Harmless Bio-fermentation System DZR-50, thus reducing environmental contamination and contributing to lesser use of chemical fertilisers.

Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing. In addition, the Group uses recycled waste paper as raw materials for the paper egg containers used in transporting egg products. In this context, our Company was certified by SGS in purchasing of post-consumer paper material, manufacture and sales of FSC Recycled egg trays by using Transfer System.

Additionally, other materials such as furnishing and fixture are recycled or reused where possible.

Waste segregation has been done by placing different bins in and around our farm. Waste segregation is planned to be fully implemented in the coming years throughout the Group where recycling stations will be set up in convenient locations.

Water Saving Initiatives

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group is working hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Environment (cont'd)

Energy Saving

Lighting has been identified as having low energy consumption. Nevertheless, action has been taken to reduce the overall energy consumed by lighting. Furthermore, management will be initiating the provision of reminders to switch off lighting when not in use.

All lights in and around our office and farm have been converted to energy saving Light Emitting Diodes ("LED") lighting system in stages. Where lighting in and around our office facilities need to be replaced, we have converted them to LED. LED is a practical replacement for standard lights as they have a lower energy consumption, longer lifetime, improved brightness, smaller size, faster switching, and greater durability and reliability. Asides to this, our Group has invested into 216kWp Photovoltaic Diesel Hybrid System which already installed at one of our layer farm with the purpose of energy saving.

Social

The Group recognised that employees are our greatest assets hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

Succession Planning

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nominating Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages where the training programme is designed specifically for management staff.

Safe Workplace

The Group believes that the safety and well-being of its employees is the foundation of its success. Hence we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place a policy that highlights our commitment to:

- prevent infectious disease, injury and ill health to our employees;
- ensure compliance to laws and regulations in relation to occupational safety and health;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Social (cont'd)

Safe Workplace (cont'd)

The Group is regularly engaging and educating employees to inculcate a culture of safety and compliance through safety and health training. In this respect, the Group places utmost importance on continuous compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994 and our Safety Officers are registered with Department of Occupational Safety and Health ("DOSH").

Safety Induction Training were conducted for all of our newly joined employees. The programme is designed to train employees to become fully aware on the safety and health measures and to meet the DOSH's guidelines. Workers are equipped with safety protective wear and equipment for protection against virus, bacteria, dust, water and other particles, and gloves for the handling of chemicals or other potentially hazardous materials. Furthermore, safety and health briefings and bio-securities screening are compulsorily conducted to all farm visitors on the awareness of safety and health before entering to the farm.

Talent Motivation and Skill Development

The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill their workforce, to stay relevant and productive. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge and skill for career enhancement and personal development, in the field of poultry farming practices, human resource management, technical skills, and others.

In the context of Halal, Halal Awareness Training is conducted internally to all level of Lay Hong's staff. The awareness program is to ensure Halal Assurance Management System is accepted and implemented successfully. In addition to awareness, annual training plan is designed to improve knowledge and skill of all staff involved in the production and processing.

In the appointment and recruitment process, we pride ourselves on being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of the working environment, all employment activities, resource allocation and all employment terms and conditions. Every employee is given an equal opportunity to rise up in their careers through hard work and dedication.

We draw strength from the diversity and inclusiveness that is prevalent in our workplace. As at 31 March 2019, the total number of employees stood at 2,556 employees (2018: 2,419 employees), of which 37% (2018: 41%) is female and the remaining 63% (2018: 59%) is male.

Having a diverse team of employees, across age, gender and industry experience, encourages open- minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Social (cont'd)

Corporate Social Responsibility

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made donations to various charitable organisation like Kiwanis Club of Klang, Sin Chew E-Paper, Veterinary Association of Malaysia, old folks home as well as miscellaneous contribution, both in monetary and in kinds, to surrounding neighbourhood where our factories and farms are located.

Aside from this, we also ensure that the welfare and wellbeing of senior staff with the age over 60 are not neglected. It is a commitment by Lay Hong to provide employment opportunities to them ever since we commenced our business operations, and as at 31 March 2019, approximately 1.6% (2018: 1.7%) of the Group's workforce is over the age of 60. We acknowledge that the senior staff could contribute positively to the Company even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. In this respect, the Group is proud that it has been a strong source of employment for these senior staff for past years. This has raised the quality of life of these senior staff as there is greater income stability and consequently, better and improved living standards and conditions.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Rewarding our shareholder	Sustaining long term value	Advancing our business	Investing in our human resources	Contributing to society
Dividend	Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment in our core business	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well- being through taxes and donations

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") presents this Statement to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("CG") ("MCCG") by Lay Hong Berhad ("Lay Hong") and should be read together with the CG Report 2019 of Lay Hong ("CG Report") which accompanies this Annual Report and is also available on Lay Hong's website at www.layhong.com.my ("Lay Hong's Website").

The CG Report provides the details on how Lay Hong has applied each Practice as set out in the MCCG during the financial year ended 31 March 2019 ("FYE 2019").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through Lay Hong's Website. The Board Charter will be reviewed on an annual basis or more frequently if necessary.

It is the primary governance responsibility of the Board to provide stewardship and directions for the management of Lay Hong and its subsidiaries ("the Group"). The Board's responsibilities in respect of the stewardship of the Company include review and approve the strategic plans and key business initiatives, corporate governance and internal control frameworks. While the Board sets the platform of strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of shareholders and investors.

The Board has defined the roles and responsibilities for its Directors. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of Executive Management, and Senior Management succession plan as well as the integrity of management information and systems of internal control of the Group.

The day-to-day management of the business operations of Lay Hong is led by the Executive Directors and a team of Key Senior Management. The Board is constantly updated by the team on the implementation of all business and operational initiatives and significant operational and regulatory challenges faced.

The Board is led by the Executive Chairman, one of the founding members of the Group and with his extensive experience in the business and operations of the Group, he is able to ensure the effective functioning of the Board. The roles of the Chairman is defined and set out in the Board Charter and is further explained in the CG Report.

The Chairman facilitates the effective contributions of all Directors and promotes constructive and respectful relations between Board members and between Board and Management. The Board has well-defined descriptions for responsibilities of the Board Chairman, Executive Directors and the individual Board Members. The roles and responsibilities of the Chief Financial Officer is currently carried out by the Executive Director in charge of the Group's corporate services function inter-alia, treasury, accounting, finance, human resources, and information technology.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nominating Committee ("NC")
- Remuneration Committee ("RC")
- Employees' Share Options Scheme Committee

The Board has defined the terms of reference for each Committee and the Chairman of these respective committees report and update to the Board on significant matters and salient matters deliberated in the Committees.

The Board is supported by two (2) External Company Secretaries. Both Company Secretaries of Lay Hong are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which one is a Fellow Member and the other, an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

Continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FYE 2019 were as follows:

No.	Name	Training Programmes/Seminars/Conferences
1.	Dato' Yap Hoong Chai	- VIV Asia – CEVA Poultry Innovation Summit 2019 @ Bangkok (12 March 2019)
2.	Dato' Yeap Weng Hong	- VIV Asia – Elanco APAC Poultry Academy 2019 @ Bangkok (11-13 March 2019)
3.	Dato' Yap Chor How	- Halal Toyyiban Management System (HTAMS) Awareness & Internal Auditor Training (7 December 2018)
4.	Ng Kim Tian	- NIL
5.	Yeap Fock Hoong	- NIL
6.	Gan Lian Peng	- China Conference: China in Southeast Asia – Building Cooperation, Managing Conflicts (10-11 October 2018)
7.	Tan Chee Hau	- Trade Finance in the New Era Seminar by Alliance Bank Kuala Lumpur (12 April 2018)
8.	Lim Teck Seng	- Latest amendments to Listing Requirements and Corporate Disclosure Policy under the Listing Requirements (27 June 2018)
9.	Hideki Fujii	- NIL
10.	Ryuichi Nitta	- NIL

The Board (via the NC and with assistance of the Company Secretary) continuously evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

(b) BOARD COMPOSITION

Lay Hong is led and managed by a diverse and experienced Board of Directors with a mix of suitably qualified and experienced professionals that are relevant to the business to carry out its responsibilities in an effective and competent manner.

The current Board is drawn from different ethnic, cultural and socio-economic backgrounds and their ages range from 42 to 69 years to ensure that diverse viewpoints are considered in the decision making process.

The profile of each Director is set out in pages 15 to 19 of this Annual Report.

The Board currently has nine members, including three Independent Directors. The Board takes cognizance of the recommendation that at least half of the Board comprise of independent directors and although the Board has not made any decision at this juncture, going forward, the Board will review and deliberate on the merits of the recommendation vis a vis, the Group's size, structure and dynamics during the coming financial year.

During the FYE 2019, the Board through its NC conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval. The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors. The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). The above provisions are adhered to by the Board at every AGM.

At the forthcoming 2019 AGM, Dato' Yap Hoong Chai, Mr Gan Lian Peng and Mr Tan Chee Hau are due to retire by rotation under Article 71 of the Constitution and being eligible have offered themselves for re-election. Mr Lim Teck Seng and Mr Hideki Fujii are due to retire by rotation under Article 72 of the Constitution and being eligible have offered themselves for re-election. Following the NC's review on the performance of the five Directors and having noted their significant and valued contributions to the Board, the NC has recommended their re-election to the Board and the Board has concurred with such recommendation and is recommending that shareholders re-elect the said Directors at the forthcoming 2019 AGM.

(c) REMUNERATION

The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Senior Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration.

The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Senior Management. The RC's recommended remuneration for Directors and Senior Management is subject to the Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Senior Management.

In relation to the fees and allowances for the Non-Executive Directors, it will be presented at the Annual General Meeting ("AGM") for shareholders' approval.

The details of the remuneration of Directors on named basis for the FYE 2019 is as follows:

	Directors' Fees (RM)	Salaries, other emoluments and benefits (RM)	Total (RM)
Executive Directors			
Dato' Yap Hoong Chai	39,000.00	1,133,017.00	1,172,017.00
Dato' Yeap Weng Hong	35,000.00	611,877.35	646,877.35
Dato' Yap Chor How	35,000.00	817,525.40	852,525.40
Ng Kim Tian	35,000.00	644,793.00	679,793.00
Subtotal	**144,000.00**	**3,207,212.75**	**3,351,212.75**
Non-Executive Directors			
Yeap Fock Hoong	35,000.00	-	35,000.00
Gan Lian Peng	39,000.00	-	39,000.00
Tan Chee Hau	26,250.00	-	26,250.00
Lim Teck Seng	-	-	-
Hideki Fujii	35,000.00	-	35,000.00
Tan Ooi Jin *(Resigned on 31 July 2018)*	35,000.00	-	35,000.00
Subtotal	**170,250.00**	**-**	**170,250.00**
Grand Total	**314,250.00**	**3,207,212.75**	**3,521,462.75**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AUDIT COMMITTEE

The AC currently comprises of three members, all of whom are Independent Directors. The AC Chairman is Mr Gan Lian Peng. Although none of the current members of the AC is a former key audit partner involved in auditing the Group, the Group does not have the policy as stipulated in Practice 8.2 that the said key audit partner observed a cooling-off period of at least two years before being appointed a member of the AC.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on 41 of this Annual Report.

(b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During FYE 2019, the Board and AC were assisted by the Executive Directors and its Finance Department to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the AC.

The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on 46 of this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(a) COMMUNICATION WITH STAKEHOLDERS

Lay Hong is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

(b) CONDUCT OF GENERAL MEETINGS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the MCCG.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

To ensure effective participation of and engagement with shareholders at the AGM in 2018, all Directors, including members of AC, NC and RC, attended and participated in said AGM.

In line with the best CG practice, the Notice of the 35th AGM and Annual Report are sent out to shareholders at least 28 days before the date of the meeting to allow sufficient time for shareholders to consider the proposed resolutions to be tabled at the AGM.

This CG Overview Statement was approved by the Board of Directors of the Company on 24 June 2019.

AUDIT COMMITTEE REPORT

MEMBERS OF AUDIT COMMITTEE

The Audit Committee ("AC" or the "Committee") of Lay Hong Berhad ("Lay Hong" or the "Company") is comprised wholly of Non-Executive Directors as follows:

Gan Lian Peng
Chairman, *Independent Non-Executive Director*

Tan Chee Hau
Member, *Independent Non-Executive Director*

Lim Teck Seng
Member, *Independent Non-Executive Director*
(Appointed on 6 September 2018)

Tan Ooi Jin
Member, *Independent Non-Executive Director*
(Resigned on 31 July 2018)

Mr Gan Lian Peng is a member of the Malaysian Institute of Accountants.

Mr Gan Lian Peng meets the requirement of Paragraph 15.09 (1)(c)(i) of Main Market Listing Requirements in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

SECRETARY

The secretary to the AC is the Company Secretary of the Company.

TERMS OF REFERENCE

The AC has discharged its function and carried out its duties as set out in the Terms of Reference ("TOR").

The detailed TOR of the AC outlining the composition, duties and functions, authority and procedures of the AC are published and available on the Company's website at www.layhong.com.my.

MEETINGS AND MINUTES

Attendance at Meetings

The record of attendance of the members of the AC for meetings held during the financial year ended 31 March 2019 (“FYE 2019”) are as follows:

AC Member	Designation	Number of Committee Meetings attended
Gan Lian Peng	Independent Non-Executive Director	6/6
Tan Chee Hau	Independent Non-Executive Director	6/6
Lim Teck Seng	Independent Non-Executive Director	2/2
Tan Ooi Jin	Independent Non-Executive Director	2/2

The quorum of the meeting is two (2).

Meetings

The AC will meet at least four (4) times a year although additional meetings may be called at any time at the discretion of the Committee. The record of attendance of the members of the AC is shown above.

The meetings are pre-scheduled and are timed just before the Company’s Board of Directors’ (“Board”) meetings. The Agenda carries matters that need to be deliberated, reviewed or decided on and reported to the Board. Notices and AC papers are circulated to all members prior to the meeting with sufficient time allocated for them to prepare themselves for deliberation on the matters being raised.

If the need arises, the Chairman has the discretion to call for the attendance of Management, internal auditors and external auditors during such meetings.

During its AC meetings, the AC shall review the risk management and internal control processes, the Interim and Year-end Financial Report, the Internal and External Audit Plans and Reports, Related Party Transactions/Recurrent Related Party Transactions (“RRPT”), and all other areas within the scope of responsibilities of the AC under its TOR.

Minutes

The Company Secretary shall be the Secretary of the AC which shall provide the necessary administrative and secretarial services for the effective functioning of the Committee. The minutes of the meetings are circulated to the Committee and to all members of the Board.

SUMMARY OF ACTIVITIES

In respect of the FYE 2019, the AC in discharging its duties and functions carried out activities which are summarised broadly as follows:

a) Internal Audit

The AC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal control.

The Company engaged Messrs. Bridge Corporate Advisory Sdn Bhd ("Bridge Corporate") as outsources Internal Auditors to carry out the internal audit function of the Company and its subsidiaries ("Group") for the FYE 2019.

The internal auditor reports directly to the AC on a quarterly basis by presenting its Internal Audit Reports during the AC meetings, whereby relevant issues identified in the Internal Audit Reports will be discussed with the Management in the meeting. Rectification work, if necessary will be performed and follow-up will be carried out by internal auditor for the purpose of reporting at the subsequent AC meeting.

During the financial year the following internal audit reports were tabled for discussion and review:-

i) Review of egg distribution centre of Jeram 4 & 5 and HQ-Klang. The report focused on egg, manpower, transportation and breakage management.

ii) Review of egg tray plant operation.

FYE 2019, the cost incurred for internal audit function was RM32,876.

b) Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the AC:

i. Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The 1st, 2nd, 3rd and 4th Quarter Interim Financial Reports were tabled at the AC meetings held on 27 August 2018, 26 November 2018, 25 February 2019 and 29 May 2019;

ii. Ensured the quarterly reports and Audited Financial Statements ("AFS") were prepared in compliance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("FRS") in Malaysia, and the Requirements of the Companies Act 2016 Malaysia while the quarterly reports took into consideration Paragraph 9.22 including Appendix 9B of the Listing Requirements;

Reviewed the various Board's Policies and Procedures, Board Charter, procedures for RRPT;

Audit Committee Report

iii. Reviewed the External Auditors' Audit Plan ("Audit Plan") for the FYE 2019 which covered the engagement and reporting requirements, audit approach, areas of audit emphasis, significant events during the financial year, communication with the management, engagement team, the reporting and deliverables as well as the proposed audit fees;

iv. Reviewed the External Auditors' audit findings and recommendations and the AFS for the FYE 2019 on 24 June 2019;

v. Reviewed proposed renewal of shareholders' mandate for RRPT entered into by the Company and its subsidiaries during its AC meetings on 24 June 2019;

vi. Considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for re-appointment;

vii. To ensure the integrity of the financial information, received assurance from the Executive Directors and Executive Director in charge of Finance, that:-

- Appropriate accounting policies had been adopted and applied consistently;
- The going concern basis applied in the AFS was appropriate;
- Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs and FRSs;
- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and FRSs and Listing Requirements; and
- The consolidated AFS and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

viii. Reviewed the AC Report, CG Overview Statement, CG Report and Statement on Risk Management and Internal Control for publication in the 2019 Annual Report; and

ix. Reviewed the Statement on Risk Management and Internal Control together with the Internal Auditors and External Auditors and received assurance from the Executive Directors and Executive Director in charge of Finance that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement to the Board.

c) External Audit

Messrs Ong Boon Bah & Co. ("OBB") is the External Auditors for the Group except for Lay Hong Development Sdn Bhd and Takaso SC (Thailand) Limited. OBB led by their engagement partner presented their External Audit Plan for FYE 2019 on 25 February 2019 and had declared and confirmed that they were independent and would be independent through their audit engagement.

Subsequent to the FYE 2019, the AC met with the External Auditors in the absence of Management on three occasions held on 25 June 2018, 25 February 2019 and 24 June 2019. The AC had the opportunity to assess the co-operation extended by the Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group's Finance Department.

There were no areas of major concern raised by OBB that warranted escalation to the Board. The External Auditors were also informed by the AC that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the AC accordingly.

The non-audit fees paid to the External Auditors was RM6,000.00 for the FYE 2019. The non-audit fees were in respect of services rendered in respect of tax compliance, review of the Statement on Risk Management and Internal Control.

The AC carried out an assessment of the performance and suitability of OBB based on the quality of services and relationship with Management, AC, Internal auditors and Board. The AC has been generally satisfied with the independence, performance and suitability of OBB based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of OBB as External Auditors for the Financial Year Ending 31 March 2020.

CG PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the AC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the Malaysian Code on CG, other applicable laws, rules, directives and guidelines.

The AC discussed and reviewed the CG Overview Statement and CG Report for the FYE 2019.

This statement was approved by the Board on 24 June 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (''MMLR'') which requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets, the Board of Directors of Lay Hong Berhad is pleased to present the following Statement on Risk Management and Internal Control.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for the adequacy and integrity of the Group's system of internal controls. The system of internal controls, by its nature, can only provide reasonable and not absolute assurance against any material loss or fraud. It is also recognised that risks cannot be completely eliminated. As such, the systems and procedures put in place are aimed at minimising and managing risks.

RISK MANAGEMENT FRAMEWORK

The Board confirms that there is an ongoing process in identifying, evaluating and managing significant risks faced by the Group; that the process has been in place up to the date of this statement; that this process is reviewed by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.

Risk Management Committee is in place to identify key risks facing the Group and to formulate appropriate measures to address those risks. The Risk Management Committee comprises the Executive Chairman and senior management team and is supported by a sub-committee comprising operational managers of major departments. During the year, all major risks that have an impact on the Group such as market, economic, legislative and financial risks, have been identified, prioritised and monitored closely on an on- going basis. The risk assessment process includes areas of protection of livestock against adverse climatic conditions and diseases as well as recruitment and retention of employees and the impairment of receivables.

The internal audit function reports directly to the Audit Committee. The internal audit function reviews critical business processes and identifies internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process. The results of audits and recommendations for improvement were tabled at the Audit Committee meetings for discussion and assessment. Key and significant issues were reported to the Board by the Chairman of the Audit Committee for further actions and continuous monitoring by management.

INTERNAL CONTROL

Internal audit plays a critical role in the objective assessment of the Group's business processes by providing the Audit Committee with reasonable independent assurance on the effectiveness and integrity of the Group's system of risk management and internal control. The key elements of the Group's internal control system are described below:-

- **Organisation Structure**

  The Group has in place an organisation structure with key responsibilities clearly defined for the Board, Committees of the Board and executive management of the Group's operating units.

- **Standard Operation Policies**

  Standard operating policies and procedures that document how transactions are captured and recorded where internal controls are applied exist for all Group's major subsidiaries.

- **Board Approval**

  All major decisions require the final approval of the Board and are only made after appropriate in-depth analysis. The Board receives regular and comprehensive information in relation to all businesses within the Group.

- **Monthly Executive Committee Meeting**

  Monthly Executive Committee meetings are held and are attended by all Executive Directors and senior management to discuss the Group's operational matters.

- **Detailed Budgeting Process**

  Detailed annual budgets are prepared by the finance department and approved by the Board. The monitoring of actual performance against what is budgeted is performed on a timely basis. When major variances are observed, further investigation is performed and follow-up management actions are taken where necessary.

REVIEW BY THE EXTERNAL AUDITORS

As required by paragraph 15.23 of Bursa Securities MMLR, the external auditors have conducted a limited assurance review on this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised 2015), Assurance Engagement other than Audits or Review of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3 and Guidance for Auditors on the Review of Directors' Statement on Internal Control.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate. AAPG3 does not require the external auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

CONCLUSION

The Board is of the view that the system of risk management and internal control in place throughout the Group for the year under review, and up to the date of approval of this Statement, is sound and effective, providing reasonable assurance that the structure and operation of controls are appropriate for the Group's operations.

Implementation measures are continuously taken to strengthen the system of risk management and internal control so as to safeguard shareholders' investments and the Group' s assets.

This statement is made in accordance with the resolution of the Board dated 28 June 2019.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements the following additional information are provided:

Audit/Non-Audit Fee

The amount of audit and non-audit fees incurred by the Company and Group for the financial year ended 31 March 2019 was as follows:-

	Company RM	Group RM
Detail of fee Statutory Audit fees	42,000	186,351
Non-audit fees for review of Statement of Risk Management and Internal Control	6,000	6,000

Material Contracts

To the best of the Board's knowledge, there were no material contracts entered into by the Company and/or its subsidiaries with any of the major Shareholders nor Directors in office as at 31 March 2019.

Share Issuance Scheme ("SIS")

The Company's shareholders have approved the SIS at an Extraordinary General Meeting held on 18 May 2015. The SIS was implemented on 12 January 2016 to grant share options to eligible Directors and employees of the Company.

On 12 January 2016, the Company had made the first offer of 5,250,000 new SIS Options pursuant to the SIS to the eligible employees and Directors at the exercise price of RM5.81.

Total number of SIS Options granted, exercised and outstanding under the SIS is set out in the table below:

	Number of Options (Since the Effective Date to 31 March 2019)	
Description	**Grand Total**	**Directors / Senior Management**
(a) Granted	52,500,000	8,900,000
(b) Exercised	38,200,000	6,950,000
(c) Lapsed	0	0
(d) Outstanding	14,300,000	1,950,000

There were no new Options granted under the Scheme during the financial year ended 31 March 2019. The breakdown of the Options exercised by Directors and senior management:

Name of Directors / Senior Management	Balance as at 1.4.2018	Exercised	Lapsed	Balance as at 31.3.2019
Ong Yong Thye	1,450,000	1,450,000	0	0
Bong Kim Fui	1,950,000	0	0	1,950,000
Total	**3,400,000**	**1,450,000**	**0**	**1,950,000**

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year so as to give a true and fair view of the financial position of the Group and of the Company and the results and cash flows of the Group and of the Company as at end of the financial year.

During the preparation of the financial statements for the financial year ended 31 March 2019, the directors have ensured that:

- the Group and the Company have adopted appropriate accounting policies and are consistently applied;
- judgements and estimates that are prudent and reasonable have been used;
- all applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia have been complied with;
- the accounting and other records required by the Act are properly kept and disclosed with reasonable accuracy at any time, the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Act; and
- the financial statements have been prepared on the going concern basis.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements, as described more fully in the corporate governance section of this report. Such system, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of integrated livestock farming and investment holding.

The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	1,402,948	14,014,960
Net profit attributable to:		
Owners of the Company	7,267,473	14,014,960
Non-controlling interests	(5,864,525)	-
	1,402,948	14,014,960

DIVIDEND

Dividends declared and paid by the Company since the end of the previous year are as follows:

	RM
A final tax exempt dividend of 0.5 sen per ordinary in respect of the preceding year ended 31 March 2018 was paid on 15 November 2018	3,301,446

The Board of Directors recommend a final dividend of 0.5 sen per share amounting to approximately RM3.30 million, based on the number of outstanding shares in issue at the end of the year, for the year ended 31 March 2019. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date for the final dividend shall be determined by the Board of Directors. The financial statements for the current year do not reflect this proposed final dividend. Such dividend will be accounted for in the Shareholders' equity as an appropriation of retained earnings in the year ending 31 March 2020 when approved by Shareholders.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from 629,647,100 to 660,289,100 by way of issuance of 23,692,000 new ordinary shares via the exercise of Warrants 2016/2021 at the exercise price of RM0.40 per ordinary share and 6,950,000 new ordinary shares under Share Issuance Scheme (SIS) at exercise price of RM0.581 per ordinary share.

The Company did not issue debentures during the financial year.

DIRECTORS OF THE COMPANY

The Directors who served during the financial year and until the date of this report are:

Dato' Yap Hoong Chai*	
Dato' Yeap Weng Hong*	
Yeap Fock Hoong*	
Ng Kim Tian*	
Dato' Yap Chor How*	
Gan Lian Peng	
Tan Chee Hau	
Lim Teck Seng	(Appointed on 6 September 2018)
Hideki Fujii	(Resigned on 1 April 2018 and Reappointed on 1 April 2019)
Ryuichi Nitta	(Resigned as Alternate Director to Hideki Fujii and Appointed as Alternate Director to Gaku Okada on 1 April 2018) (Resigned as Alternate Director to Gaku Okada and Appointed as Alternate Director to Hideki Fujii on 1 April 2019)
Tan Ooi Jin	(Resigned on 31 July 2018)
Gaku Okada	(Appointed on 1 April 2018 and Resigned on 1 April 2019)

* Who is also Director of the subsidiary company(ies)

DIRECTORS OF THE SUBSIDIARIES

The name of the Directors of the subsidiaries who served during the financial year and until the date of this report are:

Yip Kim Hoong
Chin Boon Kim

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 35 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

Neither during nor at the end of the financial year, the Company was a party, to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Share Issuance Scheme.

DIRECTORS' REMUNERATIONS

Details of Directors' remuneration are set out in Note 35 to the financial statements.

SHARE ISSUANCE SCHEME

The Company's shareholders have approved the Share Issuance Scheme (SIS) at an Extraordinary General Meeting held on 18 May 2015. The SIS was implemented on 12 January 2016 to grant share options to eligible Directors and employees of the Company.

The salient features and other terms of the SIS are disclosed in Note 18 to the financial statements.

The names of employees granted options to subscribe the ordinary shares is as follows:

	← Number of Ordinary share →			
Name	**At 1 April 2018**	**Granted**	**Exercised**	**At 31 March 2019**
1. Ong Yong Thye	1,450,000	-	(1,450,000)	-
2. Bong Kim Fui	1,950,000	-	-	1,950,000
3. Kong Yin Fah	1,450,000	-	-	1,450,000
4. Lim Guek Boh	1,400,000	-	(1,400,000)	-
5. Lee Poh Tiak	1,400,000	-	-	1,400,000
6. Tan Huay	1,900,000	-	-	1,900,000
7. Oh Tan Hwa	1,900,000	-	-	1,900,000
8. Lim Yen Fung	1,900,000	-	-	1,900,000
9. Foo Nyuk Pow	1,400,000	-	(1,400,000)	-
10. Goh Siew Hong	1,900,000	-	-	1,900,000
11. Gan Pei Leng	1,400,000	-	(1,400,000)	-
12. Lee Kheng Pai	1,900,000	-	-	1,900,000
13. Lim Hui Shean	1,300,000	-	(1,300,000)	-

Details of options granted to Directors are disclosed in the section on Directors' Interest in this report.

Directors' Report

DIRECTORS' INTERESTS

According to the Register of Directors’ Shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary share			
	At 1 April 2018	Bought	Sold	At 31 March 2019
The Company				
Direct Interest				
Dato' Yap Hoong Chai	6,000,000	-	-	6,000,000
Yeap Fock Hoong	120,000	-	-	120,000
Dato' Yeap Weng Hong	4,072,000	-	-	4,072,000
Dato' Yap Chor How	4,597,000	-	-	4,597,000
Indirect Interest				
Dato' Yap Hoong Chai *	215,062,560	-	644,000	214,418,560

* Deemed interested in 25,418,560 shares held by spouse, children, siblings, spouse of sibling and 189,000,000 shares by virtue of Innofarm Sdn Bhd which holds 3.85% and 28.63% respectively equity interest in Lay Hong Berhad.

	Number of Ordinary Shares			
	At 1 April 2018	Bought	Sold	At 31 March 2019
Subsidiary Companies:				
Evergreen Organic Fertilisers Sdn Berhad				
Indirect Interest				
Dato' Yap Hoong Chai	147,000	-	-	147,000
Yeap Fock Hoong	147,000	-	-	147,000
Dato' Yeap Weng Hong	147,000	-	-	147,000
Sri Tawau Farming Sdn Bhd				
Indirect Interest				
Dato' Yap Hoong Chai	500,001	-	-	500,001
Yeap Fock Hoong	500,001	-	-	500,001
Dato' Yeap Weng Hong	500,001	-	-	500,001

DIRECTORS' INTERESTS (cont'd)

Dato' Yap Hoong Chai, Yeap Fock Hoong and Dato' Yeap Weng Hong by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiary companies to the extent the Company has an interest.

Other than as stated above, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

In the previous financial year, the Company's shareholders have approved the 304,375,000 free Warrants 2016/2021 on 14 October 2016.

The terms and conditions of Warrants 2016/2021 are disclosed in Note 18 to the financial statements.

	Number of Warrants				
	As at 1 April 2018	**Acquired**	**Exercised**	**Transferred/ Disposed**	**As at 31 March 2019**
The Company					
Direct Interest					
Dato' Yap Hoong Chai	3,000,000	-	-	(3,000,000)	-
Yeap Fock Hoong	60,000	-	-	-	60,000
Dato' Yeap Weng Hong	2,036,000	-	-	(2,016,000)	20,000
Dato' Yap Chor How	2,298,500	-	-	-	2,298,500
Indirect Interest					
Dato' Yap Hoong Chai *	107,665,430	33,520,000	-	(102,222,900)	38,962,530

* Deemed interested in 13,342,530 warrants held by spouse, children, siblings, spouse of sibling and 25,620,000 warrants by virtue of Innofarm Sdn Bhd which holds 5.13% and 9.86% respectively equity interest in Lay Hong Berhad.

OTHER STATUTORY INFORMATION

Before the statements of financial position and the statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables and satisfied themselves that all known bad receivables had been written off and that adequate allowance had been made for doubtful receivables; and

(b) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render if necessary to write off any receivables or to make an allowance for doubtful receivables in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

Except as disclosed in the financial statements, no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company in financial year in which this report is made.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016.

SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

AUDITORS' REMUNERATIONS

Details of auditors' remuneration are disclosed in Note 29 to the financial statements.

AUDITORS

The auditors, Ong Boon Bah & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors dated 28 June 2019.

DATO' YAP HOONG CHAI
Director
Klang, Selangor Darul Ehsan

DATO' YEAP WENG HONG
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, DATO' YAP HOONG CHAI and DATO' YEAP WENG HONG, being two of the Directors of LAY HONG BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 65 to 183 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 June 2019.

DATO' YAP HOONG CHAI
Director

DATO' YEAP WENG HONG
Director

Klang, Selangor Darul Ehsan

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, NG KIM TIAN, being the Director primarily responsible for the financial management of LAY HONG BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 65 to 183 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed NG KIM TIAN in Klang,
Selangor Darul Ehsan on 28 June 2019.

NG KIM TIAN

Before me,

Commissioner for Oaths
Selangor Darul Ehsan

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LAY HONG BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LAY HONG BERHAD, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 65 to 183.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

TO THE MEMBERS OF LAY HONG BERHAD

Key Audit Matters (cont'd)

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

The Key Audit Matters	How the matters was addressed in our audit
Fair value of biological assets *Refer to Notes to the financial statements - Note 2.2(h) (Significant accounting policies) and Note 10 (Biological assets)* The value of biological assets of the Group was approximately RM65.41 million. The fair value of biological assets was subject to the livestocks' life to maturity, mortality rate, production quantity, selling prices, variable costs and profit margins. In addition, there was a high volume of livestocks held at year end. We have identified the fair value on biological assets as a key audit matter because of the significant judgement and estimates involved in applying the valuation method on the biological assets. Specifically, we focused our audit efforts to determine whether the pricing structure is in line with the market and capitalisation of costs and standard in accordance with the Group's policy.	Our audit procedures included the following: We obtain an understanding and test the internal controls in respect of recording of purchase of layers and broiler breeders, feed and other consumables; We had tested the capitalised cost as part of the valuation method which includes starter cost (Day-one-chick), cost of feed consumed and cost of other consumables. We also tested on the amortisation of layers and parent stock in accordance with the Group's policy; We compare actual output and selling prices against assumptions to assess the accuracy of management's estimates; and We also assessed the reasonableness of discount rate used to reflect the time value of money and the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements. Based on the above procedures performed, we noted no significant exceptions.

Key Audit Matters (cont'd)

The Key Audit Matters	How the matters was addressed in our audit
Existence and Valuation of Inventories *Refer to Notes to the financial statements - Note 2.2(i)(i,ii,iii,iv) (Significant accounting policies) and Note 11 (Inventories)* Total inventories of RM93.43 million represents 11% of total assets of the Group. These inventories consist of broilers, eggs, raw materials and processed and frozen products. Valuation of the inventories is at the lower of cost and net realisable value and is determined by using the weighted average method. The inventories may be at the risk of being overstated as it involves judgement and estimation uncertainty and is based on expectations relating to future sales and demands.	Our audit procedures included the following: We performed net realisable value test to ensure that inventories are stated at the lower of cost and net realisable value and test checked the costing of the weighted average method; We observed physical inventories count to ensure existence; and We also considered and assessed the adequacy of allowance for slow moving, damaged and obsolete inventories. Based on the above procedures performed, we noted no significant exceptions.
Impairment of Trade Receivables *Refer to Notes to the financial statements - Note 2.2(f)(g) (Significant accounting policies) and Note 12 (Trade receivables)* As at 31 March 2019, trade receivables that had been past due but not impaired amounted to RM7.4 million. The Group recognised impairment losses on trade receivables amounting to RM9.7 million based on specific known facts or circumstances or abilities of customers to pay. Assessing the net recoverability of trade receivables included a review of credit worthiness and past collection history of receivables involving significant management judgement. The trade receivables may be at the risk of overstatement arising from the inadequacy of impairment.	Our audit procedures included the following: We evaluated and tested key control within the credit control process including credit approvals and credit limit review; We assessed the recoverability of significant past due and material receivables with reference to the past repayment trends, customers credit profiles, post year end receipts and discussion with management on the recoverability of amount outstanding; and We reviewed the management's assessment based on analysis of historical payment trends and payment after year end. Based on the above procedures performed, we noted no significant exceptions.

Independent Auditors' Report

TO THE MEMBERS OF LAY HONG BERHAD

Key Audit Matters (cont'd)

The Key Audit Matters	How the matters was addressed in our audit
Revenue *Refer to Notes to the financial statements - Note 2.2(m)(i,ii,iii,iv,v) (Significant accounting policies) and Note 27 (Revenue)* The Group reported revenue of RM797 million (2018: RM848 million), a decrease of RM51 million. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, and that the revenue can be measured reliably. The main stream of revenue is as disclose in the Note 27 (Revenue). Revenue recognition is highly dependent on the accuracy of the transactions recognised and recorded.	Our audit procedures included the following: We tested the operating effectiveness of internal control procedure implemented as well as test of details to ensure the accurate processing of revenue transactions; We assessed sales invoices as well as credit notes issued, both before and after the year end date to assess whether the revenue was recognised in the correct period; We tested the sales transactions as recorded to duly acknowledged customer delivery orders for ascertaining the validity of sales; and We evaluated the adequacy of the financial statements disclosure on revenue in accordance with accounting standards. Based on the above procedures performed, we noted no significant exceptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

TO THE MEMBERS OF LAY HONG BERHAD

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report

TO THE MEMBERS OF LAY HONG BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that we were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

1. As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 April 2018 with a transition date of 1 April 2017. These standards were applied retrospectively by Directors to the comparative information in the financial statements, including the statements of financial position as at 31 March 2018 and 1 April 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 March 2018 and related disclosures. We were not engaged to report on the MFRS transition comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as of 31 March 2019 and the financial performance and cash flows for the year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ONG BOON BAH & CO
AF: 0320
Chartered Accountants

WONG SOO THIAM
01315/12/2020 J
Chartered Accountant

Kuala Lumpur
28 June 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	Group 31.03.2019 RM	Restated 31.03.2018 RM	Restated 01.04.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	**495,648,895**	442,031,846	368,328,902
Investment properties	6	**5,939,581**	5,939,581	4,139,581
Investments	7	**10,696,642**	13,368,841	1,142,857
Intangible assets	8	**2,941,303**	4,326,605	2,579,997
Deferred tax assets	9	**7,402,962**	3,659,547	3,065,811
		522,629,383	469,326,420	379,257,148
Current assets				
Biological assets	10	**65,405,273**	45,814,921	47,839,370
Inventories	11	**93,431,759**	91,671,795	82,202,761
Trade receivables	12	**90,581,743**	141,025,049	76,722,379
Other receivables	13	**33,595,378**	33,563,457	32,349,896
Due from an associate company	15	**71,790**	1,587	10,257
Short term investment	16	**170,000**	5,452,011	1,672,355
Cash and bank balances	17	**14,383,153**	10,227,085	7,984,222
		297,639,096	327,755,905	248,781,240
TOTAL ASSETS		**820,268,479**	797,082,325	628,038,388
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	18	**145,621,316**	130,108,840	121,750,000
Other reserves	19	**69,882,276**	73,061,402	72,809,376
Retained earnings	20	**119,977,551**	116,460,757	92,956,129
		335,481,143	319,630,999	287,515,505
Non-controlling interests		**36,243,839**	43,125,041	28,781,857
Total equity		**371,724,982**	362,756,040	316,297,362

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

AS AT 31 MARCH 2019

	Note	31.03.2019 RM	Group Restated 31.03.2018 RM	Restated 01.04.2017 RM
Non-current liabilities				
Loan and borrowings	21	**98,273,754**	86,019,276	41,613,756
Long term payables	22	**1,128,020**	1,128,020	1,128,020
Deferred tax liabilities	9	**39,052,036**	35,724,121	32,703,565
		138,453,810	122,871,417	75,445,341
Current liabilities				
Trade payables	23	**84,436,242**	121,009,266	84,662,941
Other payables	24	**40,805,580**	43,830,614	36,136,096
Due to an associate company	15	**464,051**	51,641	94,958
Current tax liability		**209,038**	2,066,348	234,631
Loan and borrowings	21	**184,174,776**	144,496,999	115,167,059
		310,089,687	311,454,868	236,295,685
Total liabilities		**448,543,497**	434,326,285	311,741,026
TOTAL EQUITY AND LIABILITIES		**820,268,479**	797,082,325	628,038,388

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

AS AT 31 MARCH 2019

	Note	Company 31.03.2019 RM	Restated 31.03.2018 RM	Restated 01.04.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	**185,766,007**	165,847,519	138,159,118
Investments	7	**77,568,286**	59,568,286	56,842,535
Deferred tax assets	9	**1,243,049**	140,012	879,488
Due from subsidiary companies	14	**54,699,439**	29,831,896	20,094,834
		319,276,781	255,387,713	215,975,975
Current assets				
Biological assets	10	**47,856,049**	25,341,169	31,373,361
Inventories	11	**15,492,871**	12,883,520	9,561,922
Trade receivables	12	**28,771,669**	75,854,097	15,745,418
Other receivables	13	**13,224,780**	19,759,929	15,839,870
Due from subsidiary companies	14	**67,483,461**	89,836,719	63,937,633
Due from an associate company	15	**61,737**	1,587	3,317
Short term investment	16	**170,000**	3,877,564	150,000
Cash and bank balances	17	**6,309,883**	3,727,542	3,812,961
		179,370,450	231,282,127	140,424,482
TOTAL ASSETS		**498,647,231**	486,669,840	356,400,457
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	18	**145,621,316**	130,108,840	121,750,000
Other reserves	19	**45,115,384**	47,492,520	47,963,074
Retained earnings	20	**68,989,266**	58,763,633	46,093,824
Total equity		**259,725,966**	236,364,993	215,806,898

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

31 MARCH 2019

	Note	31.03.2019 RM	Company Restated 31.03.2018 RM	Restated 01.04.2017 RM
Non-current liabilities				
Loan and borrowings	21	**47,552,573**	39,390,980	23,624,827
Deferred tax liabilities	9	**13,397,856**	11,547,438	10,247,663
		60,950,429	50,938,418	33,872,490
Current liabilities				
Trade payables	23	**44,654,150**	74,805,787	37,729,788
Other payables	24	**12,717,137**	12,943,291	13,311,989
Due to subsidiary companies	25	**12,927,803**	25,820,052	4,646,056
Current tax liability		**-**	1,637,382	-
Loan and borrowings	21	**107,671,746**	84,159,917	51,033,236
		177,970,836	199,366,429	106,721,069
Total liabilities		**238,921,265**	250,304,847	140,593,559
TOTAL EQUITY AND LIABILITIES		**498,647,231**	486,669,840	356,400,457

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		Group	
			Restated
		31.03.2019	31.03.2018
	Note	RM	RM
Revenue	27	**796,825,389**	847,802,072
Purchase of goods and changes in inventories		**(659,818,555)**	(696,725,977)
Gross profit		**137,006,834**	151,076,095
Other operating income	28	**8,407,391**	10,505,971
Selling and distribution expenses		**(93,181,540)**	(77,793,311)
Administrative expenses		**(32,794,461)**	(28,789,110)
Profit from operations	29	**19,438,224**	54,999,645
Finance costs	30	**(12,856,638)**	(10,067,353)
Share of loss from an associate company		**(2,673,260)**	(1,005,293)
Profit before tax		**3,908,326**	43,926,999
Tax expenses	31	**(2,505,378)**	(12,373,320)
Net profit for the financial year		**1,402,948**	31,553,679
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Fair value of available-for-sale financial assets		**(143)**	3,213
Exchange differences on translation of foreign operations		**(106,018)**	(601,463)
Other comprehensive income, net of tax		**(106,161)**	(598,250)
Total comprehensive income for the financial year		**1,296,787**	30,955,429

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		Group	
			Restated
		31.03.2019	31.03.2018
	Note	RM	RM
Net profit attributable to:			
Owners of the Company		**7,267,473**	27,398,654
Non-controlling interests		**(5,864,525)**	4,155,025
		1,402,948	31,553,679
Total comprehensive income attributable to:			
Owners of the Company		**7,161,454**	26,800,404
Non-controlling interests		**(5,864,667)**	4,155,025
		1,296,787	30,955,429
Earnings per share attributable to equity holders of the Company (sen)			
Basic	32	**1.11**	4.47
Diluted	32	**0.87**	3.65

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		Company	
			Restated
		31.03.2019	31.03.2018
	Note	RM	RM
Revenue	27	**360,014,935**	391,854,118
Purchase of goods and changes in inventories in inventories		**(298,659,800)**	(339,899,163)
Gross profit		**61,355,135**	51,954,955
Other operating income	28	**2,616,352**	6,274,828
Selling and distribution expenses		**(28,684,955)**	(18,612,827)
Administrative expenses		**(12,321,253)**	(11,948,016)
Profit from operations	29	**22,965,279**	27,668,940
Finance costs	30	**(6,667,065)**	(4,994,809)
Profit before tax		**16,298,214**	22,674,131
Tax expenses	31	**(2,283,254)**	(7,431,126)
Net profit and total comprehensive income for the financial year		**14,014,960**	15,243,005

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		Attributable to owners of the Company								
			Non-Distributable				Distributable			
Group	Note	Share Capital RM	Share Option Reserve RM	Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Fair Value Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
As at 1 April 2017										
- as previously reported		121,750,000	6,109,071	65,602,629	1,100,746	(3,070)	81,487,260	276,046,636	26,110,252	302,156,888
- effects of adopting MFRS	43	-	-	-	-	-	11,468,869	11,468,869	2,671,605	14,140,474
As restated		121,750,000	6,109,071	65,602,629	1,100,746	(3,070)	92,956,129	287,515,505	28,781,857	316,297,362
Transfer to distributable reserve on realisation of revaluation reserve		-	-	850,276	-	-	(850,276)	-	-	-
Net profit for the financial year		-	-	-	-	-	27,398,654	27,398,654	4,155,025	31,553,679
Partial disposal of investment in a subsidiary company		-	-	-	-	-	-	-	10,754,069	10,754,069
Other comprehensive income		-	-	-	(601,463)	3,213	-	(598,250)	-	(598,250)
Acquisition of additional equity interest in subsidiary company		-	-	-	-	-	-	-	(565,910)	(565,910)
Transactions with owners of the Company										
Arising from conversion of warrants		8,358,840	-	-	-	-	-	8,358,840	-	8,358,840
Dividends	33	-	-	-	-	-	(3,043,750)	(3,043,750)	-	(3,043,750)
Total transactions with owners of the Company		8,358,840	-	-	-	-	(3,043,750)	5,315,090	-	5,315,090
Balance at 31 March 2018, as restated		130,108,840	6,109,071	66,452,905	499,283	143	116,460,757	319,630,999	43,125,041	362,756,040

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Group	Note	Share Capital RM	Share Option Reserve RM	Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Fair Value Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
		Attributable to owners of the Company								
			Non-Distributable				Distributable			
Balance at 31 March 2018, as restated		130,108,840	6,109,071	66,452,905	499,283	143	116,460,757	319,630,999	43,125,041	362,756,040
- effect of adoption of MFRS 9	44	-	-	-	-	-	(1,920,463)	(1,920,463)	(620,544)	(2,541,007)
As at 1 April 2018, restated		130,108,840	6,109,071	66,452,905	499,283	143	114,540,294	317,710,536	42,504,497	360,215,033
Transfer to distributable reserve on realisation of revaluation reserve		-	-	(1,075,239)	-	-	1,075,239	-	-	-
Net profit for the financial year		-	-	-	-	-	7,267,473	7,267,473	(5,864,525)	1,402,948
Effect of change in stakes in a subsidiary company		-	-	-	-	-	-	-	(395,991)	(395,991)
Other comprehensive income		-	-	-	(106,018)	(143)	-	(106,161)	(142)	(106,303)
Acquisition of additional equity interest in subsidiary company		-	-	-	-	-	395,991	395,991	-	395,991
Transactions with owners of the Company										
Arising from conversion of warrants		9,476,800	-	-	-	-	-	9,476,800	-	9,476,800
Issuance of new SIS shares		4,037,950	-	-	-	-	-	4,037,950	-	4,037,950
Transfer to share capital for SIS options exercised		1,997,726	(1,997,726)	-	-	-	-	-	-	-
Dividends	33	-	-	-	-	-	(3,301,446)	(3,301,446)	-	(3,301,446)
Total transactions with owners of the Company		15,512,476	(1,997,726)	-	-	-	(3,301,446)	10,213,304	-	10,213,304
Balance at 31 March 2019		**145,621,316**	**4,111,345**	**65,377,666**	**393,265**	**-**	**119,977,551**	**335,481,143**	**36,243,839**	**371,724,982**

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Company	Note	Share Capital RM	← Non-Distributable Share Option Reserve RM	Non-Distributable → Revaluation Reserve RM	Distributable Retained Earnings RM	Total Equity RM
Balance at 1 April 2017						
- as previously reported		121,750,000	6,109,071	41,854,003	35,672,895	205,385,969
- effects of adopting MFRS	43	-	-	-	10,420,929	10,420,929
As restated		121,750,000	6,109,071	41,854,003	46,093,824	215,806,898
Net profit for the financial year		-	-	-	15,243,005	15,243,005
Transfer to distributable reserve on realisation of revaluation reserve		-	-	(470,554)	470,554	-
Arising from conversion of warrants		8,358,840	-	-	-	8,358,840
Dividends	33	-	-	-	(3,043,750)	(3,043,750)
Balance at 31 March 2018, as restated		130,108,840	6,109,071	41,383,449	58,763,633	236,364,993
- effect of adoption of MFRS 9	44	-	-	-	(867,291)	(867,291)
As at 1 April 2018, restated		130,108,840	6,109,071	41,383,449	57,896,342	235,497,702
Net profit for the financial year		-	-	-	14,014,960	14,014,960
Transfer to distributable reserve on realisation of revaluation reserve		-	-	(379,410)	379,410	-
Arising from conversion of warrants		9,476,800	-	-	-	9,476,800
Issuance of new SIS shares		4,037,950	-	-	-	4,037,950
Transfer to share capital for SIS options exercised		1,997,726	(1,997,726)	-	-	-
Dividends	33	-	-	-	(3,301,446)	(3,301,446)
Balance at 31 March 2019		**145,621,316**	**4,111,345**	**41,004,039**	**68,989,266**	**259,725,966**

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM	Group Restated 2018 RM	Company 2019 RM	Company Restated 2018 RM
Cash Flows from Operating Activities					
Profit before tax		**3,908,326**	43,926,999	**16,298,214**	22,674,131
Adjustments for:					
Amortisation of intangible assets	8	**500**	20,074	**-**	-
Depreciation of property, plant and equipment	5	**30,412,577**	27,275,872	**10,395,089**	8,986,786
Dividend income		**(9,041)**	(9,449)	**(7,661)**	(9,414)
Net gain on disposal of property, plant and equipment		**(26,071)**	(198,119)	**(22,614)**	(9,587)
Loss on disposal of a subsidiary company	7 (d)	**-**	21,480	**-**	170,726
Intangible assets written off		**1,384,802**	-	**-**	-
Property, plant and equipment written off	29	**1,299,254**	378,865	**876**	56,582
Impairment of inventories		**50,595**	-	**-**	-
Reversal of impairment on property, plant and equipment		**-**	(1,163,890)	**-**	(1,163,890)
Interest expense	30	**12,856,638**	10,067,353	**6,667,065**	4,994,809
Interest income	28	**(56,015)**	(106,146)	**(82,874)**	(2,671)
Net unrealised foreign exchange loss		**251,889**	353,515	**223,748**	302,382
Net impairment losses on trade receivables		**1,596,584**	259,294	**3,651,044**	989,666
Bad receivables written off	29	**2,199,773**	747,040	**-**	10,334
Fair value gain on quoted investment		**(285)**	3,213	**-**	-
Changes in fair value on quoted investment		**(1,061)**	(1,277)	**-**	(1,277)
Changes in fair value on biological assets		**(17,841,476)**	8,289,736	**(19,267,134)**	9,952,496
Share of losses from an associated company	7 (b)	**2,673,260**	1,005,293	**-**	-
Operating profit before working capital changes		**38,700,249**	90,869,853	**17,855,753**	46,951,073
Increase in inventories and biological assets		**(3,559,435)**	(15,734,321)	**(5,857,097)**	(7,241,902)
Decrease / (Increase) in trade and other receivables		**46,818,689**	(69,481,382)	**49,775,223**	(67,670,741)
(Decrease) / Increase in trade and other payables		**(39,598,058)**	44,040,842	**(30,377,791)**	36,707,301
Increase / (Decrease) in associate		**342,207**	(34,647)	**(60,150)**	1,730
Increase in intercompany balances		**-**	-	**(15,406,534)**	(14,462,152)
Cash generated from / (used in) operations		**42,703,652**	49,660,345	**15,929,404**	(5,714,691)
Interest paid		**(12,856,638)**	(10,067,353)	**(6,667,065)**	(4,994,809)
Net tax paid		**(6,897,936)**	(5,509,486)	**(4,072,984)**	(1,414,872)
Net cash inflow / (outflow) from operating activities		**22,949,078**	34,083,506	**5,189,355**	(12,124,372)

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM	Group Restated 2018 RM	Company 2019 RM	Company Restated 2018 RM
Cash Flows from Investing Activities					
Additional acquisition of intangible assets	8	**-**	(1,384,802)	**-**	-
Net cash outflow from acquisition of subsidiary companies	7 (e)	**-**	(965,200)	**(18,000,000)**	(415,200)
Investment in an associate		**-**	(13,230,000)	**-**	(13,230,000)
Purchase of property, plant and equipment	5 (c)	**(53,032,743)**	(70,536,308)	**(6,771,146)**	(9,937,162)
Proceeds from disposal of property, plant and equipment		**59,096**	347,807	**24,301**	10,584
Proceeds from disposal of a subsidiary company	7 (d)	**-**	10,750,000	**-**	10,750,000
Interest received		**56,015**	106,146	**82,874**	2,671
Dividend received		**9,041**	9,449	**7,661**	9,414
Net cash outflow from investing activities		**(52,908,591)**	(74,902,908)	**(24,656,310)**	(12,809,693)
Cash Flows from Financing Activities					
Net drawdown of bankers' acceptance		**28,097,934**	18,404,066	**16,122,000**	15,233,000
Proceeds from issuance of ordinary shares		**13,514,750**	8,358,840	**13,514,750**	8,358,840
Repayment of onshore foreign currency trade loan		**-**	(1,469,512)	**-**	-
Net drawdown of revolving credit facilities		**1,500,000**	13,500,000	**1,500,000**	13,500,000
Net (repayment)/drawdown of term loans		**(5,616,546)**	22,872,907	**(5,885,716)**	(1,008,074)
Net repayment of finance lease liabilities		**(7,925,593)**	(5,930,509)	**(3,294,393)**	(2,640,164)
Dividends paid to owners of the parent		**(3,301,446)**	(3,043,750)	**(3,301,446)**	(3,043,750)
Increase in deposits pledged to licensed banks		**(15,398)**	(14,929)	**-**	-
Net cash inflow from financing activities		**26,253,701**	52,677,113	**18,655,195**	30,399,852
Net (Decrease) / Increase in Cash and Cash Equivalents		**(3,705,812)**	11,857,711	**(811,760)**	5,465,787
Effect of foreign exchange rate changes		**(618,416)**	(264,515)	**-**	-
Cash and Cash Equivalents at Beginning of the Financial Year		**11,141,917**	(451,279)	**7,246,014**	1,780,227
Cash and Cash Equivalents at End of the Financial Year	17	**6,817,689**	11,141,917	**6,434,254**	7,246,014

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas 50480 Kuala Lumpur and its principal place of business is located at No.2, Level 10-12, Wisma Lay Hong, Jalan Empayar, Off Persiaran Sultan Ibrahim/ KU1, 41150 Klang, Selangor Darul Ehsan.

The principal activities of the Company are that of integrated livestock farming and investment holding. The principal activities of its subsidiary companies are as disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 June 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

In the previous financial years, the financial statements of the Group and the Company are prepared in accordance with Financial Reporting Standards ("FRS"). These are the Group's and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The accounting policies set out in Note 2.2 have been applied in preparing the financial statements of the Group and the Company for the financial year ended 31 March 2019, the comparative information presented in the financial statements for the financial year ended 31 March 2018 and in the preparation of the opening of MFRS statement of financial position at 1 April 2017 (the date of transition to MFRS).

Comparative figures in the Group's financial statements have been restated to give effect to the transition to MFRS and Note 43 to the financial statements disclosures the impact of the transition to MFRS on the Group and the Company reported financial position and financial performance for the financial year then ended.

As at 31 March 2019, the Group’s current liabilities exceeded their current assets by RM12,450,591. The ability of the Group to continue as a going concern is dependent on the Group’s ability to generate positive cash flows. In the opinion of the Directors, the Group is able to continue as a going concern despite its net current liabilities position as the Directors are of the view that the Group will be able to continue to generate net cash inflows from its operating activities for a period of twelve months from the date these financial statements were approved and to enable it to meet its financial obligations as and when they fall due. In addition, the Group has unutilised banking facilities in excess of net current liabilities available for future use should the need arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies

(a) Basic of consolidation, subsidiary companies and associate

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same financial year end as the Company. Consistent accounting policies are applied to like transactions and events of similar circumstances.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directed disposed off. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting differences is then recognised as a gain or loss in profit or loss.

Under the purchase method of accounting, indentifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair value relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.2(b)(i). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities, and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquire a business, embedded derivatives seperated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(a) Basic of consolidation, subsidiary companies and associate (cont'd)

(ii) Subsidiary companies

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

Under the purchase method of accounting, the financial statements of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are included in profit or loss.

(iii) Associate

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost, is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed off and the carrying amount of the investment at the date when equity method is discontinued, is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(a) Basic of consolidation, subsidiary companies and associate (cont'd)

(iii) Associate (cont'd)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(b) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The policy for the recognition and measurement of impairment losses for goodwill is in accordance with Note 2.2(e).

(ii) Research and development costs

All research costs are recognised in profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which do not meet these criteria are expensed when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(b) Intangible assets (cont'd)

(ii) Research and development costs (cont'd)

Development costs considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years. The development costs are amortised when the future economic benefits starts flowing to the Group. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each reporting date. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(e).

(c) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, freehold land is measured at cost/valuation. All other property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(e).

Freehold and leasehold land is measured at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Buildings are stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers.

Revaluations on land and buildings are performed once in every five years.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised.

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment (cont'd)

Freehold land is not depreciated as it has an infinite life. Leased assets are depreciated over shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Capital work-in-progress comprises office space, expenditure incurred on the installation of construction and extension of buildings, plant and machinery which are in progress/under construction as at year end. Capital work-in-progress are not depreciated as these assets are not yet available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 10%
Plant and machinery	3% - 20%
Motor vehicles	20%
Office equipment	10% - 20%
Furniture and fittings	5% - 20%
Renovations	10%

Expenditure incurred on the installation of the construction and extension of buildings, plant and machinery is capitalised as capital work-in-progress until the buildings and plant are fully completed and operational.

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

Each year an amount equal to the depreciation charge for the year on the surplus on revaluation of relevant assets is transferred from revaluation reserve to retained earnings. Upon the disposal of a revalued asset, the attributable revaluation surplus (net of depreciation, where applicable) is transferred from revaluation reserve to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(d) Investment properties

(i) Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement of disposal.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(e) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The goodwill acquired in a business combination is allocated to CGU that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

Impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reversed the effect of that event.

Impairment losses, if any, recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss has been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(f) Financial instrument

During the financial year, the Group and the Company adopted MFRS 9, Financial Instruments which replace MFRS 139, Financial Instruments: Recognition and Measurement.

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 Financial Instruments, the Group and the Company have elected not to restate the comparatives.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(f) Financial instrument (cont'd)

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the financial statements when, and only when, the Group and the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument. A trade receivable that does not contain a significant financing component, is initially measured at the transaction price.

No change to the accounting policy in relation to regular way purchases or sales (purchases or sales under a contract whose terms require delivery of financial assets within a time frame established by regulation or convention in the marketplace concerned).

Previous financial year

Financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Regular way purchases or sales were recognised on the trade date i.e. the date that the Group and the Company committed to purchase or sell the financial asset.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

The Group and the Company categorise financial instruments as follows:

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(f) Financial instrument (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Current financial year (cont'd)

a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

b) Fair value through other comprehensive income

i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

ii) Equity investment

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(f) Financial instrument (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Current financial year (cont'd)

c) Fair value through profit or loss

All financial asset not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 2.2(g)).

Previous financial year

The Group and the Company categorise financial instruments as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specially designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments which fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(f) Financial instrument (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Previous financial year (cont'd)

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables, refundable deposits and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and which fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedge items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment as described in Note 2.2(g).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(f) Financial instrument (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities

Current financial year

At initial recognition, all financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost.

a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognised that amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch, and remaining amount of the change in fair value in the profit or loss.

b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses are also recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(f) Financial instrument (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

Previous financial year

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments which fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it, is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. A financial liablility is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between carrying amount of the financial liability is extinguished or transferred to another party and the consideration is paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(g) Impairment of assets

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 Financial Instruments, the Group and the Company have elected not to restate the comparatives.

Current financial year

The Group and the Company recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Group and the Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without resource by the Group and the Company to actions such as realising security.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12 months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company is exposed to credit risk.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(g) Impairment of assets (cont'd)

(i) Financial assets (cont'd)

Current financial year (cont'd)

Expected credit losses are a probability-weighted estimate of credit losses. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

Previous financial year

All financial assets (except for investment in subsidiary companies) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount was estimated.

An impairment loss in respect of loans and receivable is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If, in a subsequent period, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal was recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(g) Impairment of assets (cont'd)

(ii) Other assets

The carrying amounts of other assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

A cash-generating unit is the smallest identifiable asset group that generates cash flows from continuing use that are largely independent from other assets and groups. An impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the profit or loss, a reversal of that impairment loss is also recognised in the profit or loss.

(h) Biological assets

Biological assets comprise of layer breeders, broiler breeders and layers are measured at fair value less cost to sell.

In measuring the fair value of biological assets, management estimates and judgements are required, which include the usage of discounted cash flow model, expected number of Day old chick ("DOC") produced by each layer breeder, broiler breeder and each table egg layed by each layer, the projected profit margin, mortality rate, feed consumption rate, feed costs and other estimated costs over the remaining life of the layer breeders, broiler breeders and layers.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(h) Biological assets (cont'd)

Costs to sell include the incremental selling costs, including estimated packing cost and selling and distribution cost but excludes finance costs and income taxes.

Changes in fair value of biological assets are recognised in profit or loss.

(i) Inventories

(i) Livestocks

Livestocks comprise broilers held for trading and are stated at the lower of cost and net realisable value.

(ii) Broilers

Cost is stated at lower of cost and net realisable value. Cost of broilers include direct production costs and appropriate production overheads.

(iii) Eggs, organic fertilisers, packing materials, raw materials, processed and frozen products

Eggs, organic fertilisers, packing materials, raw materials, processed and frozen products are stated at the lower of cost and net realisable value. Cost of eggs, organic fertilisers, packing materials, processed and frozen products include direct production costs and appropriate production overheads and is determined on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(iv) Trading merchandise

Trading merchandise are valued at the lower of cost and net realisable value. Cost comprises the weighted average cost of merchandise arrived at using the first-in first-out method. Weighted average cost includes related charges incurred in purchasing such merchandise.

Net realisable value is arrived at after due allowances made for obsolete or slow moving inventories.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(j) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except for property interest held under operating lease which is held to earn rental income or for capital appreciation on both, is classified as investment property. The policy for the recognition and measurement of investment property is in accordance with Note 2.2(d).

(ii) Finance leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and any accumulated impairment losses. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(iv) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(k) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Where there is a change in the carrying amount of asset arising from revaluation, the tax effects of the asset revaluation are credited or charged to equity. Where amounts are transferred from revaluation surplus to retained earnings, the related deferred tax is also transferred. Upon the disposal of the related asset, the attributable portion of the tax effect arising from revaluation is credited or charged to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(l) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is also the Group's functional and presentation currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the date of transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year.

The principal closing rate used in translating of every unit of foreign currency amounts are as follows:

Foreign Currencies	2019 RM	2018 RM
Euro (EUR)	**4.7980**	4.7621
Singapore Dollar (SGD)	**3.0080**	2.9494
United State Dollar (USD)	**4.0930**	3.8630
Renminbi (CNY)	**0.6166**	0.6157
Pound Sterling (GBP)	**5.3344**	5.4216

(iii) Foreign currency translation

For inclusion in the Group's financial statements, all assets and liabilities of foreign subsidiary company that is functional currency other than Ringgit Malaysia are translated into Ringgit Malaysia at the exchange rates ruling at reporting date. The trading results of foreign subsidiary company are translated into Ringgit Malaysia using the average exchange rates for the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(l) Foreign currencies (cont'd)

(iii) Foreign currency translation (cont'd)

Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in the foreign currency translation account. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation shall be reclassified from equity to the profit and loss account when the gain or loss on disposal is recognised.

(m) Revenue and other income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitle in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of goods

Revenue from the sale of goods is measured at fair values of the consideration received or receivable, net of returns and discounts and is recognised in the profit or loss when significant risks and rewards of ownership has been transferred to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate applicable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(m) Revenue and other income (cont'd)

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Management fees

Management fees are recognised on an accrual basis when services are rendered.

(n) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non- accumulating compensated absences such as sick leave are recognised when the absences occur. Non- monetary benefits such as medical care and other employee related expenses are charged to profit or loss as and when incurred.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Share-based compensation

The Lay Hong Berhad's Share Issuance Scheme ("SIS"), an equity-settled, share-based compensation plan, allows the Group's executives to acquire ordinary shares of the Company. MFRS 2, Share-based Payments requires the total fair value of share options granted to executives be recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(n) Employee benefits (cont'd)

(iii) Share-based compensation (cont'd)

At each reporting date, the estimate of the number of options that are expected to become exercisable on vesting date is revised. The impact of the revision of original estimates, if any, is recognised in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

When the option are exercised, the Company issue new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

(o) Borrowing costs

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

(p) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as amortised cost in accordance with policy as described in Note 2.2(f).

(q) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(r) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group and the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made reliably. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

The Group and the Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events which existence will be confirmed by uncertain future events beyond the control of the Group or of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events which existence will be confirmed by uncertain future events beyond the control of the Group or of the Company. The Group and the Company does not recognise contingent asset but discloses its existence when inflows of economic benefits are probable, but not virtually certain.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other component. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Chairman of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) Related parties

Related parties in these financial statements, refer to corporations which have common Directors and/or common shareholders (whether holding shares in their own rights or indirectly held) with the Group and the Company who participate in commercial and financial decisions of both such corporations and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(u) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

3. STANDARDS AND INTERPRETATIONS

As of 1 April 2018, the Group and the Company adopted the following new MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretation have been issued by the Malaysian Accounting Standards Board ("MASB"):

Effective for financial periods beginning on or after 1 January 2018:

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Revenue from Contracts with Customers: Clarifications
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

3. STANDARDS AND INTERPRETATIONS (CONT'D)

The principal changes in accounting policies and their effects are set out below:

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the cash flow characteristics and business model in which financial assets are manage. The new standard contains three classifications for financial assets measured at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI"), and eliminates the existing MFRS 139 categories of loans and receivables, held to maturity and available for sale.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. Under MFRS 9, loss allowances are measured on either 12-months ECLs or lifetime ECLs.

The Group and the Company have applied the requirements of MRFS 9 retrospectively with practical expedients and transitional exemptions as allowed by the standard, as follows:

i) The Group has not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 31 March 2018 and 1 April 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139; and

ii) The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application.

The effect of adopting MFRS 9 to the financial statement of the Group and of the Company is disclosed in Note 44 to the financial statements.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The initial application of the abovementioned pronouncements do not have any material impact to the financial statement of the Group and the Company.

3. STANDARDS AND INTERPRETATIONS (CONT'D)

MFRS 15 Revenue from Contracts with Customers (cont'd)

At the date of authorisation for issue of these financial statements, the following new MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but not yet effective and have not been applied by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16	Leases
Amendments to MFRS 9	Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119	Employee Benefits: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

<u>Annual Improvements to MFRSs 2015 - 2017 Cycle</u>

Amendments to MFRS 3	Business Combinations: Previously Held Interest in a Joint Operation
Amendments to MFRS 11	Joint Arrangements: Previously Held Interest in a Joint Operation
Amendments to MFRS 112	Income Taxes: Income Tax Consequences of Payments on Financial Instruments Classified as Equity
Amendments to MFRS 123	Borrowing Costs: Borrowing Costs Eligible for Capitalisation

Effective for financial periods beginning on or after 1 January 2020:

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs

Effective for financial periods beginning on or after 1 January 2021:

MFRS 17	Insurance Contracts

3. STANDARDS AND INTERPRETATIONS (CONT'D)

Deferred to a date to be determined by the MASB:

Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company has not adopted the new MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but not yet effective and will adopt these standards when they become effective. The adoption of the above standards and interpretations is not expected to have a material impact on the financial statements in the period of initial application, except as described below:

MFRS 16: Leases

MFRS 16 specifies how an MFRSs reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The Group have assessed the estimated financial impact on its financial statements upon initial application of MFRS 16. As allowed by the transitional provision of MFRS 16, the Group have elected the modified retrospective approach with no restatement of comparative figure and cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 April 2019, as disclosed below:

	Estimated Adjustments at 1 April 2019 Group RM
Increase in rights-of use assets	**9,101,785**
Decrease in retained earnings	**413,015**
Increase in lease liabilities	**(9,514,800)**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a siginificant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 8.

(b) Impairment of property, plant and equipment

The Group assess at each reporting date the carrying amount of its property, plant and equipment. The Group carries out the impairment test based on value-in-use of the CGU to which the plant and equipment are allocated, and estimate the expected future cash flow from the CGU and choose a suitable discount rate to calculate the present value of the cash flows. As for its property, the Group had performed an impairment review to ensure the market value of the properties have not declined significantly more than would be expected as a result of passage of time or normal use.

(c) Impairment of investments

At reporting date, management determines whether the carrying amount of its investments are impaired. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the current market value indicators and recent arms-length market transactions. These estimates provide reasonable approximations to the computation of recoverable amounts.

In performing discounted cash flow analysis, discount rate and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The discount rate applied is 7.5% - 7.9% whereas the growth rates used to project cash flows for the following year approximate the performances of the investment based on the latest approved budgets. The growth rates used to extrapolate the cash flows beyond the following year reflect a progressive decline to a rate lower than industry average.

Based on management's review, the investments of the Group are not impaired as at reporting date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land and capital work in progress is depreciated on a straight-line basis over the assets' economic useful lives up to its residual value. Management reviews the remaining useful lives of these plant and machinery to be within 10 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(e) Deferred tax assets

Deferred tax assets are recognised for all the unused tax losses and unutilised capital allowances to the extent that it is probable that future taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgment is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

(f) Impairment of receivables

The Group recognises impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial positions and results.

(g) Fair value measurements

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. The assets and liabilities carried at fair value are categorised into different levels of the fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: unobservable inputs for the asset or liability.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(h) Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 11.

(i) Fair value of biological assets

The Group's consumable biological assets are measured at fair value less point-of-sale costs. In measuring fair value of layer breeder, broiler breeder and layer stocks, management uses a discounted cash flow model using inputs or assumptions of life maturity, productivity quantity, mortality rate, selling prices of poultry, variable costs and profit margins. The probability-weighted cash flows are discounted using an appropriate discount rate that reflects the time value of money and the risk. As prices in agriculture business are volatile, the actual cash flows and discount rate may not coincide with the estimates made and this may have a significant effect on the Group's financial position and results.

The key assumptions used in the discounted cash flow and the sensitivity analysis are disclose in Note 10 to the financial statements.

(j) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts initially recognised, such differences will impact the income tax and / or deferred tax provisions in the period in which such determination is made. Details of tax expense are disclosed in Note 31.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM	Long Term Leasehold Land RM	Short Term Leasehold Land RM	Buildings RM	Plant and Machinery RM	Motor Vehicles RM	Office, Equipment Furniture, Fittings and Renovations RM	Capital Work-In-Progress RM	Total RM
2019									
Cost/Valuation									
At 1 April 2018	87,187,590	33,228,229	3,366,356	217,840,743	265,136,329	28,727,929	37,636,438	39,016,527	712,140,141
Additions	10,485,535	41,986	-	5,026,031	11,182,663	3,414,230	2,036,377	53,539,494	85,726,316
Reclassification	3,676,545	-	-	26,672,718	29,192,421	-	96,560	(59,638,244)	-
Disposals	-	-	-	-	(497,546)	(229,941)	(643,928)	(184,513)	(1,555,928)
Write off	-	-	-	(94,438)	(4,643,300)	-	(1,515,914)	-	(6,253,652)
Exchange differences	137,399	-	-	77,478	126,029	9,221	9,112	158,830	518,069
At 31 March 2019	101,487,069	33,270,215	3,366,356	249,522,532	300,496,596	31,921,439	37,618,645	32,892,094	790,574,946
Accumulated depreciation									
At 1 April 2018	-	2,653,049	528,747	89,018,937	143,307,775	20,150,622	13,771,796	-	269,430,926
Charge for the financial year	-	306,645	237,160	7,710,567	16,668,072	3,326,204	2,163,929	-	30,412,577
Disposals	-	-	-	-	(281,676)	(229,941)	(134,471)	-	(646,088)
Write off	-	-	-	(94,438)	(4,634,691)	-	(225,269)	-	(4,954,398)
Exchange differences	-	-	-	267	842	3,173	1,383	-	5,665
At 31 March 2019	-	2,959,694	765,907	96,635,333	155,060,322	23,250,058	15,577,368	-	294,248,682
Accumulated impairment losses									
At 1 April 2018/ 31 March 2019	-	-	-	-	677,369	-	-	-	677,369
Net carrying amounts									
At 31 March 2019	101,487,069	30,310,521	2,600,449	152,887,199	144,758,905	8,671,381	22,041,277	32,892,094	495,648,895

Notes to the Financial Statements

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5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Freehold Land RM	Long Term Leasehold Land RM	Short Term Leasehold Land RM	Buildings RM	Plant and Machinery RM	Motor Vehicles RM	Office, Equipment Furniture, Fittings and Renovations RM	Capital Work-In-Progress RM	Total RM
2018									
Cost/Valuation									
At 1 April 2017	86,474,783	15,095,014	2,893,368	207,235,933	217,300,666	26,440,604	33,530,218	25,566,057	614,536,643
Additions	859,192	-	400,983	4,438,501	17,634,222	3,576,456	3,889,737	71,681,331	102,480,422
Reclassification	(1)	18,133,215	72,005	6,921,124	30,571,338	(31,765)	546,935	(56,247,087)	(34,236)
Disposals	-	-	-	-	-	(1,174,285)	(29,150)	-	(1,203,435)
Transfers (Note 6)	-	-	-	-	-	-	-	(1,800,000)	(1,800,000)
Write off	-	-	-	(754,815)	(369,897)	(77,379)	(297,141)	-	(1,499,232)
Exchange differences	(146,384)	-	-	-	-	(5,702)	(4,161)	(183,774)	(340,021)
At 31 March 2018	87,187,590	33,228,229	3,366,356	217,840,743	265,136,329	28,727,929	37,636,438	39,016,527	712,140,141
Accumulated depreciation									
At 1 April 2017	-	2,306,049	349,815	82,859,239	128,983,096	18,090,668	11,777,615	-	244,366,482
Reclassification	-	-	-	(1)	1	(31,765)	(2,471)	-	(34,236)
Charge for the financial year	-	347,000	178,932	6,781,699	14,694,575	3,222,447	2,051,219	-	27,275,872
Disposals	-	-	-	-	-	(1,050,794)	(2,953)	-	(1,053,747)
Write off	-	-	-	(622,000)	(369,897)	(77,378)	(51,092)	-	(1,120,367)
Exchange differences	-	-	-	-	-	(2,556)	(522)	-	(3,078)
At 31 March 2018	-	2,653,049	528,747	89,018,937	143,307,775	20,150,622	13,771,796	-	269,430,926
Accumulated impairment losses									
At 1 April 2017	-	-	-	-	1,841,259	-	-	-	1,841,259
Additions	-	-	-	-	(1,163,890)	-	-	-	(1,163,890)
At 31 March 2018	-	-	-	-	677,369	-	-	-	677,369
Net carrying amounts									
At 31 March 2018	87,187,590	30,575,180	2,837,609	128,821,806	121,151,185	8,577,307	23,864,642	39,016,527	442,031,846
At 1 April 2017	86,474,783	12,788,965	2,543,553	124,376,694	86,476,311	8,349,936	21,752,603	25,566,057	368,328,902

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold Land RM	Long Term Leasehold Land RM	Buildings RM	Plant and Machinery RM	Motor Vehicles RM	Office Equipment, Furniture and Fittings RM	Capital Work-In-Progress RM	Total RM
2019								
Cost/Valuation								
At 1 April 2018	48,836,482	2,193,421	77,766,599	96,673,878	12,302,558	7,131,205	13,429,102	258,333,245
Additions	57,540	18,400	501,050	3,439,266	1,919,114	352,804	24,027,966	30,316,140
Disposals	-	-	-	-	(229,941)	(2,300)	-	(232,241)
Reclassification	-	-	10,145,592	14,528,834	-	94,140	(24,768,566)	-
Write off	-	-	-	(4,288,474)	-	(1,380)	-	(4,289,854)
At 31 March 2019	48,894,022	2,211,821	88,413,241	110,353,504	13,991,731	7,574,469	12,688,502	284,127,290
Accumulated depreciation								
At 1 April 2018	-	152,067	28,676,569	49,480,000	8,144,755	5,354,966	-	91,808,357
Charge for the financial year	-	32,989	2,391,477	5,808,529	1,584,753	577,341	-	10,395,089
Disposals	-	-	-	-	(229,941)	(613)	-	(230,554)
Write off	-	-	-	(4,288,472)	-	(506)	-	(4,288,978)
At 31 March 2019	-	185,056	31,068,046	51,000,057	9,499,567	5,931,188	-	97,683,914
Accumulated impairment losses								
At 1 April 2018/ 31 March 2019	-	-	-	677,369	-	-	-	677,369
At 31 March 2019	48,894,022	2,026,765	57,345,195	58,676,078	4,492,164	1,643,281	12,688,502	185,766,007

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31 MARCH 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company (cont'd)	Freehold Land RM	Long Term Leasehold Land RM	Buildings RM	Plant and Machinery RM	Motor Vehicles RM	Office Equipment, Furniture and Fittings RM	Capital Work-In-Progress RM	Total RM
2018								
Cost/Valuation								
At 1 April 2017	48,809,236	2,193,421	69,749,647	76,175,133	10,734,978	6,907,758	9,261,688	223,831,861
Additions	27,246	-	919,455	1,871,808	1,778,201	153,664	30,818,502	35,568,876
Disposals	-	-	-	-	(171,912)	(1,150)	-	(173,062)
Reclassification	-	-	7,583,321	18,996,834	-	70,933	(26,651,088)	-
Write off	-	-	(485,824)	(369,897)	(38,709)	-	-	(894,430)
At 31 March 2018	48,836,482	2,193,421	77,766,599	96,673,878	12,302,558	7,131,205	13,429,102	258,333,245
Accumulated depreciation								
At 1 April 2017	-	119,280	26,977,189	44,863,388	7,062,313	4,809,314	-	83,831,484
Charge for the financial year	-	32,787	2,128,623	4,986,509	1,293,062	545,805	-	8,986,786
Disposals	-	-	-	-	(171,912)	(153)	-	(172,065)
Write off	-	-	(429,243)	(369,897)	(38,708)	-	-	(837,848)
At 31 March 2018	-	152,067	28,676,569	49,480,000	8,144,755	5,354,966	-	91,808,357
Accumulated impairment losses								
At 1 April 2017	-	-	-	1,841,259	-	-	-	1,841,259
Additions	-	-	-	(1,163,890)	-	-	-	(1,163,890)
At 31 March 2018	-	-	-	677,369	-	-	-	677,369
Net carrying amounts								
At 31 March 2018	48,836,482	2,041,354	49,090,030	46,516,509	4,157,803	1,776,239	13,429,102	165,847,519
At 1 April 2017	48,809,236	2,074,141	42,772,458	29,470,486	3,672,665	2,098,444	9,261,688	138,159,118

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Freehold land, leasehold land and buildings with net carrying amounts of RM95,118,324 (31.3.2018: RM71,622,929; 1.4.2017: RM81,058,812) have been pledged to financial institutions as security for borrowings as disclosed in Note 21.

(b) The net carrying amounts of property, plant and equipment held under finance lease arrangements are as follows:

	Group			Company		
	31.3.2019 RM	**31.3.2018 RM**	**1.4.2017 RM**	**31.3.2019 RM**	**31.3.2018 RM**	**1.4.2017 RM**
Motor vehicles	**11,639,339**	13,991,670	8,204,498	**4,439,766**	4,195,919	3,676,952
Office equipment	**418,493**	606,072	1,707,044	**126,735**	589,566	553,789
Furniture and fittings	**-**	961,735	-	**-**	-	-
Plant and machinery	**27,345,468**	9,957,488	16,092,647	**6,062,924**	4,544,232	4,628,182
Asset in progress	**6,920,541**	-	3,492,426	**-**	-	-

(c) Acquisition of property, plant and equipment during the financial year were made by the following means:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Cash	**53,032,743**	70,536,308	**6,771,146**	9,937,162
Finance lease	**13,178,324**	10,899,680	**4,029,745**	4,587,280
Term loans	**19,515,249**	21,044,434	**19,515,249**	21,044,434
	85,726,316	102,480,422	**30,316,140**	35,568,876

(d) Land and buildings carried at fair value

The land and buildings of the Group and of the Company were revalued on 1 March 2016 by Irhamy & Co, an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Land and buildings carried at fair value (cont'd)

The fair value of land and buildings (at valuation) of the Group and of the Company are categorised as follows:-

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
31.3.2019				
Leasehold land	**-**	**14,175,000**	**-**	**14,175,000**
Freehold land	**-**	**73,003,156**	**-**	**73,003,156**
Buildings	**-**	**94,795,000**	**-**	**94,795,000**
	-	**181,973,156**	**-**	**181,973,156**
31.3.2018				
Leasehold land	-	14,175,000	-	14,175,000
Freehold land	-	73,003,156	-	73,003,156
Buildings	-	94,795,000	-	94,795,000
	-	181,973,156	-	181,973,156
1.4.2017				
Leasehold land	-	14,175,000	-	14,175,000
Freehold land	-	73,003,156	-	73,003,156
Buildings	-	94,795,000	-	94,795,000
	-	181,973,156	-	181,973,156
Company				
31.3.2019				
Leasehold land	**-**	**880,000**	**-**	**880,000**
Freehold land	**-**	**42,545,000**	**-**	**42,545,000**
Buildings	**-**	**35,514,917**	**-**	**35,514,917**
	-	**78,939,917**	**-**	**78,939,917**

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Land and buildings carried at fair value (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company				
31.3.2018				
Leasehold land	-	880,000	-	880,000
Freehold land	-	42,545,000	-	42,545,000
Buildings	-	35,514,917	-	35,514,917
	-	78,939,917	-	78,939,917
1.4.2017				
Leasehold land	-	880,000	-	880,000
Freehold land	-	42,545,000	-	42,545,000
Buildings	-	35,514,917	-	35,514,917
	-	78,939,917	-	78,939,917

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2019, 31 March 2018 and 1 April 2017.

(ii) Level 2 fair value of land and buildings (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the land and buildings (at valuation) of the Group and of the Company on every five years.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been:

	Group			Company		
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Leasehold land	**8,832,114**	8,891,977	6,275,113	**443,137**	450,410	457,683
Freehold land	**10,771,991**	10,771,991	13,583,277	**4,792,479**	4,792,479	4,792,479
Buildings	**68,794,499**	65,045,706	69,853,936	**21,376,118**	22,395,156	24,666,177
	88,398,604	84,709,674	89,712,326	**26,611,734**	27,638,045	29,916,339

6. INVESTMENT PROPERTIES

Group	RM
Valuation	
At 1 April 2017	4,139,581
Transfer from property, plant and equipment (Note 5)	1,800,000
At 31 March 2018/31 March 2019	5,939,581
Net carrying amount	
At 31 March 2019	**5,939,581**
At 31 March 2018	5,939,581
At 1 April 2017	4,139,581

Group	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Analysed as:			
At fair value:			
Leasehold buildings	**5,939,581**	5,939,581	4,139,581

Investment properties comprise residential and commercial properties that are leased to third parties.

The following are recognised in profit or loss in respect of investment properties:

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Rental income	**163,287**	57,532	56,842
Direct operating expenses	**(255,739)**	(150,459)	(58,548)
	(92,452)	(92,927)	(1,706)

Fair value measurement

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2019, 31 March 2018 and 1 April 2017.

(ii) Level 2 fair value of leasehold buildings (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the leasehold buildings (at valuation) of the Group on every five years basis.

Buildings of the Group were revalued on 1 March 2016 by Irhamy & Co, an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

7. INVESTMENTS

	Group			Company		
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
(a) Subsidiary companies						
Unquoted shares at cost	-	-	-	**62,748,614**	44,748,614	55,254,140
(b) Investment in associate						
Unquoted shares at cost	**14,700,000**	14,700,000	1,470,000	**14,700,000**	14,700,000	1,470,000
Share of post - acquisition results	**(4,199,771)**	(1,526,511)	(521,218)	**-**	-	-
	10,500,229	13,173,489	948,782	**14,700,000**	14,700,000	1,470,000
(c) Other investments						
Quoted shares at cost in Malaysia	**5,885**	5,885	5,885	**2,799**	2,799	2,799
Accumulated impairment losses	**(2,472)**	(3,533)	(4,810)	**(1,127)**	(1,127)	(2,404)
	3,413	2,352	1,075	**1,672**	1,672	395
Unquoted shares at cost in Malaysia	**193,000**	193,000	193,000	**118,000**	118,000	118,000
Total investments	**10,696,642**	13,368,841	1,142,857	**77,568,286**	59,568,286	56,842,535
Market value of shares, quoted in Malaysia	**3,480**	3,344	3,480	**1,740**	1,672	1,740

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7. INVESTMENTS (CONT'D)

Details of the subsidiary companies of which are audited by Ong Boon Bah & Co as follows:

Name of Company	Country of Incorporation	Effective Interest Held (%) 2019	2018	Principal Activities
Hing Hong Sdn Berhad	Malaysia	**100**	100	Breeder farm & hatchery
Innofarm (Klang) Sdn Bhd	Malaysia	**70**	70	Layer farm
Evergreen Organic Fertilisers Sdn Berhad	Malaysia	**92.7**	70.6	Organic fertiliser production
Sri Tawau Farming Sdn Bhd + and its subsidiary	Malaysia	**50**	50	Investment holding
ST Food Sdn Bhd *	Malaysia	**50**	50	Trading
Innobrid Sdn Bhd	Malaysia	**100**	100	Broiler farm
G-mart Borneo Retail Sdn Bhd	Malaysia	**70**	70	Retail supermarkets
Eminent Farm Sdn Bhd	Malaysia	**100**	100	Breeder farm, hatchery & broiler farm
Lay Hong Liquid Egg Sdn Bhd	Malaysia	**100**	100	Liquid egg production
Lay Hong Food Corporation Sdn Bhd	Malaysia	**100**	100	Chicken processing & food manufacturing
STF Agriculture Sdn Bhd *	Malaysia	**50**	50	Integrated livestock farming & chicken processing
JT Trading Sdn Bhd	Malaysia	**100**	100	Trading
Takaso SC (Thailand) Limited #	Thailand	**100**	100	Food manufacturing
Lay Hong Development Sdn Bhd #	Malaysia	**100**	100	Not yet commenced operations

+ Equity interest of 50% plus one special rights ordinary share
* Holding in equity by subsidiary company
# The financial statements of the subsidiary companies as at 31 March 2019 not audited by Ong Boon Bah & Co.

7. INVESTMENTS (CONT'D)

(d) Partial disposal of G-Mart Borneo Retail Sdn Bhd

In the previous financial year, the Company disposed of 30% equity interest in G-Mart Borneo Retail Sdn Bhd for a total cash consideration of RM 10,750,000.

The disposal has the following effects on the financial position and results of the Group and the Company:

	2018 RM
Group	
Sales proceeds	10,750,000
Less: Net assets disposed	(10,754,069)
	(4,069)
Less: Unamortised goodwill (Note 8)	(17,411)
Loss on disposal to the Group (Note 29)	(21,480)

	2018 RM
Company	
Sales proceeds	10,750,000
Less: 30% of cost of investment	(10,920,726)
Loss on disposal to the Company (Note 29)	(170,726)

(e) Acquisition of subsidiary companies

(i) Acquisition of additional equity interest in subsidiaries

In the previous financial year, the Company acquired additional 120,000 ordinary shares in Innobrid Sdn Bhd for a total cash consideration of RM415,200, thus the Group's effective equity interest in Innobrid Sdn Bhd increasing from 97% to 100% .

7. INVESTMENTS (CONT'D)

(e) Acquisition of subsidiary companies (cont'd)

(i) Acquisition of additional equity interest in subsidiaries (cont'd)

In the previous financial year, Sri Tawau Farming Sdn Bhd acquired an additional 200,000 shares in ST Food Sdn Bhd for a total cash consideration of RM550,000, thus raising the Group's effective equity interest in ST Food Sdn Bhd from 43.33% to 50.00%.

During the financial year, Lay Hong Berhad subscribed additional 1,500,000 shares in Lay Hong Liquid Egg Sdn Bhd, a wholly owned subsidiary of the Group by capitalising the sum of RM1,500,000 being part of the total amount of RM4,417,783 owing by Lay Hong Liquid Egg Sdn Bhd.

During the financial year, Lay Hong Berhad subscribed additional 6,000,000 shares in Innobrid Sdn Bhd, a wholly owned subsidiary of the Group by capitalising the sum of RM6,000,000 being part of the total amount of RM17,085,323 owing by Innobrid Sdn Bhd.

During the financial year, Lay Hong Berhad subscribed additional 9,000,000 shares in Eminent Farm Sdn Bhd, a wholly owned subsidiary of the Group by capitalising the sum of RM9,000,000 being part of the total amount of RM43,918,882 owing by Eminent Farm Sdn Bhd.

During the financial year, Lay Hong Berhad subscribed additional 1,500,000 shares in Evergreen Organic Fertilisers Sdn Berhad ("Evergreen") by capitalising the sum of RM1,500,000 being part of the total amount of RM12,200,514 owing by Evergreen Organic Fertilisers Sdn Berhad and by way of assignment of debts from certain subsidiary companies to the Group. As a result, the Group's effective equity interest in Evergreen has been increased from 70.6% to 92.7%.

(f) Investment in associate

In the previous financial year, Lay Hong Berhad subscribed an additional 13,230,000 ordinary shares in NHF Manufacturing (Malaysia) Sdn Bhd for a total cash consideration of RM13,230,000, thus increasing the total number of shares held in NHF Manufacturing (Malaysia) Sdn Bhd from 1,470,000 to 14,700,000 ordinary shares, the Group's effective equity interest in NHF Manufacturing (Malaysia) Sdn Bhd remain at 49%.

Details of the associate is as follows:

Name of Company	Country of Incorporation	Effective Interest Held (%) 2019	Effective Interest Held (%) 2018	Principal Activities
NHF Manufacturing (Malaysia) Sdn Bhd #	Malaysia	49	49	Food manufacturing

\# The financial statements of the associate company as at 31 March 2019 not audited by Ong Boon Bah & Co.

8. INTANGIBLE ASSETS

Group	Goodwill RM	Development Costs RM	Total RM
Cost			
At 1 April 2017	2,881,723	147,554	3,029,277
Additions	399,291	1,384,802	1,784,093
Disposal	(17,411)	-	(17,411)
At 1 April 2018	3,263,603	1,532,356	4,795,959
Written off	-	(1,384,802)	(1,384,802)
At 31 March 2019	**3,263,603**	**147,554**	**3,411,157**
Accumulated impairment losses and amortisation			
At 1 April 2017	322,800	126,480	449,280
Additions	-	20,074	20,074
At 31 March 2018	322,800	146,554	469,354
Additions	-	500	500
At 31 March 2019	**322,800**	**147,054**	**469,854**
Net carrying amount			
At 31 March 2019	**2,940,803**	**500**	**2,941,303**
At 31 March 2018	2,940,803	1,385,802	4,326,605
At 1 April 2017	2,558,923	21,074	2,579,997

The goodwill arising on consolidation is attributable to the acquisition of Sri Tawau Farming Sdn Bhd, Innobrid Sdn Bhd, G-mart Borneo Retail Sdn Bhd, ST Food Sdn Bhd and JT Trading Sdn Bhd.

Goodwill has been allocated to the Group's CGU according to the subsidiary companies concerned.

Development costs consists of raw material cost, packing cost and manpower cost for development of products.

8. INTANGIBLE ASSETS (CONT'D)

Impairment Test for Goodwill

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for each of the CGU's value-in-use calculations are:

	31.3.2019	31.3.2018	1.4.2017
Budgeted gross margin	**4.5% - 5.5%**	4.5% - 5.5%	4.5% - 5.5%
Growth rate	**6.0%**	6.0%	6.0%
Discount rate	**7.5% - 7.9%**	7.5% - 7.9%	7.5% - 7.9%

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for expected efficiency improvements or deficiency, market and economic conditions.

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

9. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 April	**32,064,574**	29,637,754	**11,407,426**	9,368,175
Recognised in profit or loss (Note 31)	**(415,500)**	2,426,820	**747,381**	2,039,251
At 31 March	**31,649,074**	32,064,574	**12,154,807**	11,407,426
Presented after offsetting as follows:				
Deferred tax liabilities	**39,052,036**	35,724,121	**13,397,856**	11,547,438
Deferred tax assets	**(7,402,962)**	(3,659,547)	**(1,243,049)**	(140,012)
	31,649,074	32,064,574	**12,154,807**	11,407,426

9. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

	Accelerated Capital Allowances RM	Revaluation Reserve RM	Others RM	Total RM
Deferred Tax Liabilities of the Group:				
At 1 April 2017	22,618,860	9,530,061	554,644	32,703,565
Recognised in profit or loss	3,355,977	(335,421)	-	3,020,556
At 31 March 2018	25,974,837	9,194,640	554,644	35,724,121
Recognised in profit or loss	3,656,285	(331,264)	2,894	3,327,915
At 31 March 2019	**29,631,122**	**8,863,376**	**557,538**	**39,052,036**
Deferred Tax Liabilities of the Company:				
At 1 April 2017	6,065,704	4,181,959	-	10,247,663
Recognised in profit or loss	1,448,905	(149,130)	-	1,299,775
At 31 March 2018	7,514,609	4,032,829	-	11,547,438
Recognised in profit or loss	1,985,592	(135,174)	-	1,850,418
At 31 March 2019	**9,500,201**	**3,897,655**	**-**	**13,397,856**

	Unutilised Tax Losses and Unabsorbed Capital Allowance RM	Others RM	Total RM
Deferred Tax Assets of the Group:			
At 1 April 2017	(1,777,098)	(1,288,713)	(3,065,811)
Recognised in profit or loss	(1,391,731)	797,995	(593,736)
At 31 March 2018	(3,168,829)	(490,718)	(3,659,547)
Recognised in profit or loss	(3,202,859)	(540,556)	(3,743,415)
At 31 March 2019	**(6,371,688)**	**(1,031,274)**	**(7,402,962)**

9. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

	Unutilised Tax Losses and Unabsorbed Capital Allowance RM	Others RM	Total RM
Deferred Tax Assets of the Company:			
At 1 April 2017	-	(879,488)	(879,488)
Recognised in profit or loss	-	739,476	739,476
At 31 March 2018	-	(140,012)	(140,012)
Recognised in profit or loss	(533,507)	(569,530)	(1,103,037)
At 31 March 2019	**(533,507)**	**(709,542)**	**(1,243,049)**

Deferred tax assets not recognised are in respect of the following items:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unutilised tax losses	**5,206,400**	5,206,400	**-**	-
Unutilised reinvestment allowances	**8,300,241**	8,300,241	**-**	-
The tax effect on deferred tax assets not accounted for	**3,241,593**	3,241,593	**-**	-

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

10. BIOLOGICAL ASSETS

At fair value less cost to sell:

	Group		
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
Layer breeders	**492,963**	502,532	410,538
Broiler breeders	**5,240,679**	4,838,578	4,167,580
Layers	**59,671,631**	40,473,811	43,261,252
	65,405,273	45,814,921	47,839,370

	Company		
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
Layer breeders	**174,414**	114,347	-
Layers	**47,681,635**	25,226,822	31,373,361
	47,856,049	25,341,169	31,373,361

Biological assets comprise of layer breeders, broiler breeders and layers and the movement can be analysed as follows:

	Group		Company	
	31.03.2019	**31.03.2018**	**31.03.2019**	**31.03.2018**
	RM	**RM**	**RM**	**RM**
At 1 April	**45,814,921**	47,839,370	**25,341,169**	31,373,361
Increase due to purchases	**14,571,403**	12,326,693	**7,858,360**	7,251,784
Biological asset losses	**(9,111,813)**	(4,830,713)	**(2,469,732)**	(2,393,154)
Change in fair value	**17,841,476**	(8,289,736)	**19,267,134**	(9,952,496)
Depopulation	**(3,710,714)**	(1,230,693)	**(2,140,882)**	(938,326)
At 31 March	**65,405,273**	45,814,921	**47,856,049**	25,341,169

In measuring the fair value of biological assets, management estimates and judgements are required, which include the usage of discounted cash flow model, expected number of Day old chick ("DOC") produced by each layer breeder, broiler breeder and each table egg layed by each layer, the projected profit margin, mortality rate, feed consumption rate, feed costs and other estimated costs over the remaining life of the layer breeders, broiler breeders and layers.

10. BIOLOGICAL ASSETS (CONT'D)

The Group and the Company has classified its biological assets measured at fair value within Level 3 of the fair value hierarchy. The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Discounted cash flows: - The valuation method considers the expected quantity of DOC to be produced over the life of the layer breeders, broiler breeders and the expected quantity of eggs to be layed over the life of layers, taking into account the layer breeders', broiler breeders' and layers' mortality rate and the projected profit margin.	Significant assumptions made in determining the fair value of the table eggs as follows: - Productivity quantity and mortality rate are based on managements observation reference to past experience and historical data.	The fair value is sensitive to productivity quantity and mortality rate.

The fair value of biological assets of the Group and of the Company are categorised as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Biological assets				
31.3.2019	**-**	**-**	**65,405,273**	**65,405,273**
31.3.2018	-	-	45,814,921	45,814,921
1.4.2017	-	-	47,839,370	47,839,370

Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Biological assets				
31.3.2019	**-**	**-**	**47,856,049**	**47,856,049**
31.3.2018	-	-	25,341,169	25,341,169
1.4.2017	-	-	31,373,361	31,373,361

11. INVENTORIES

	Group		
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
At cost:			
Livestocks	**10,863,681**	9,516,140	8,263,203
Eggs	**6,846,904**	5,032,379	4,143,404
Raw materials	**11,426,857**	11,631,704	16,594,845
Organic fertilisers	**2,590,195**	1,145,176	811,240
Processed and frozen products	**19,400,889**	21,131,915	16,802,525
Retail merchandise	**24,962,884**	30,344,793	26,151,728
Trading items	**906,997**	964,982	1,052,350
Consumables and packing materials	**16,193,881**	11,904,706	8,383,466
	93,192,288	91,671,795	82,202,761
At net reliasable value :			
Retail merchandise - supermarket	**239,471**	-	-
Total	**93,431,759**	91,671,795	82,202,761
Inventories recognised in profit or loss	**659,818,555**	696,725,977	537,148,586
Inventories written off	**-**	-	89,203
Impairment of inventories	**50,595**	-	-

	Company		
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
At cost:			
Eggs	**3,492,594**	2,401,755	2,007,288
Raw materials	**4,499,342**	4,738,976	4,276,469
Consumables and packing materials	**7,500,935**	5,742,789	3,278,165
	15,492,871	12,883,520	9,561,922
Inventories recognised in profit or loss	**298,659,800**	339,899,163	212,069,493

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12. TRADE RECEIVABLES

		Group	
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Trade receivables			
Third parties	**100,329,433**	146,635,147	82,073,183
Impairment losses	**(9,747,690)**	(5,610,098)	(5,350,804)
	90,581,743	141,025,049	76,722,379

		Company	
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Trade receivables			
Third parties	**34,348,056**	76,912,149	15,813,804
Impairment losses	**(5,576,387)**	(1,058,052)	(68,386)
	28,771,669	75,854,097	15,745,418

The Group's normal credit term for trade receivables ranges from 45 days to 75 days after the month of invoicing (31.3.2018: 45 days to 75 days; 1.4.2017: 45 days to 75 days). 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.

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

		Group	
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Neither past due nor impaired	**83,209,459**	114,933,141	71,741,063
Up to 90 days past due not impaired	**2,835,257**	18,726,573	1,716,295
More than 90 days past due not impaired	**4,537,027**	7,365,335	3,265,021
	7,372,284	26,091,908	4,981,316
Impaired	**9,747,690**	5,610,098	5,350,804
	100,329,433	146,635,147	82,073,183

12. TRADE RECEIVABLES (CONT'D)

Ageing analysis of trade receivables (cont'd)

	Company		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Neither past due nor impaired	**25,709,236**	55,611,849	14,649,801
Up to 90 days past due not impaired	**515,287**	17,052,342	325,564
More than 90 days past due not impaired	**2,547,146**	3,189,906	770,053
	3,062,433	20,242,248	1,095,617
Impaired	**5,576,387**	1,058,052	68,386
	34,348,056	76,912,149	15,813,804

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company. None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group and the Company have trade receivables amounting to RM7,372,284 (31.3.2018: RM26,091,908; 1.4.2017: RM4,981,316) and RM3,062,433 (31.3.2018: RM20,242,248; 1.4.2017: RM1,095,617) respectively that are past due at the reporting date and not impaired. The analysis of secured and unsecured past due and not impaired trade receivables are as follows:

	Group		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Secured past due and not impaired trade receivables	**538,773**	1,206,726	272,157
Unsecured past due and not impaired trade receivables	**6,833,511**	24,885,182	4,709,159
	7,372,284	26,091,908	4,981,316

	Company		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Unsecured past due and not impaired trade receivables	**3,062,433**	20,242,248	1,095,617

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12. TRADE RECEIVABLES (CONT'D)

Ageing analysis of trade receivables (cont'd)

The movement in the impairment losses on trade receivables during the financial year were:

	Group		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
At 1 April under MFRS 139	**5,610,098**	5,350,804	4,997,740
Adjustment on the initial adoption of MFRS 9	**2,541,007**	-	-
Opening balance under MFRS 9/ MFRS 139	**8,151,105**	5,350,804	4,997,740
Impairment losses during the year	**4,407,934**	1,606,897	516,851
Reversal	**(2,811,349)**	(1,347,603)	(163,787)
At 31 March	**9,747,690**	5,610,098	5,350,804

	Company		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
At 1 April under MFRS 139	**1,058,052**	68,386	68,554
Adjustment on the initial adoption of MFRS 9	**867,291**	-	-
Opening balance under MFRS 9/ MFRS 139	**1,925,343**	68,386	68,554
Impairment losses during the year	**3,709,096**	1,000,000	2,832
Reversal	**(58,052)**	(10,334)	(3,000)
At 31 March	**5,576,387**	1,058,052	68,386

13. OTHER RECEIVABLES

	Group		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Other receivables			
Sundry receivables	**11,659,640**	13,180,633	15,674,780
Deposits	**14,909,618**	16,894,990	10,758,729
Prepayments	**4,327,522**	2,908,984	2,732,240
Tax recoverable	**2,698,598**	578,850	3,184,147
	33,595,378	33,563,457	32,349,896

13. OTHER RECEIVABLES (CONT'D)

		Company	
	31.03.2019	31.03.2018	01.04.2017
	RM	RM	RM
Other receivables			
Sundry receivables	**956,253**	7,142,036	5,381,831
Deposits	**9,327,753**	11,305,976	7,114,159
Prepayments	**2,041,046**	1,311,917	1,004,259
Tax recoverable	**899,728**	-	2,339,621
	13,224,780	19,759,929	15,839,870

Included in deposits of the Group and of the Company are amount of RM5,190,940 (31.3.2018: RM6,937,477; 1.4.2017: RM5,322,420) being deposits paid to suppliers in advance.

14. DUE FROM SUBSIDIARY COMPANIES

		Company	
	31.03.2019	31.03.2018	01.04.2017
	RM	RM	RM
Subsidiary companies			
Trade	**36,129,975**	30,724,774	22,765,244
Non-trade	**86,052,925**	88,943,841	61,267,223
	122,182,900	119,668,615	84,032,467

The amounts due from subsidiary companies arose mainly from inter-company trade transactions, advances and payments made on behalf are unsecured, interest-free (31.3.2018: interest free; 1.4.2017: interest free) and are repayable in cash on demand, except for trade transactions which are subject to normal trade credit terms and an amount of RM3,351,965 (31.3.2018: RM Nil; 1.4.2017: RM Nil) in non- trade transaction is subject to 5.89% (31.3.2018: Nil; 1.4.2017: Nil) interest per annum.

Analysed by:

		Company	
	31.03.2019	31.03.2018	01.04.2017
	RM	RM	RM
Non-current assets			
Non trade	**54,699,439**	29,831,896	20,094,834

14. DUE FROM SUBSIDIARY COMPANIES (CONT'D)

Analysed by: (cont'd)

	Company 31.03.2019 RM	31.03.2018 RM	01.04.2017 RM
Current assets			
Trade	**36,129,975**	30,724,774	22,765,244
Non trade	**31,353,486**	59,111,945	41,172,389
	67,483,461	89,836,719	63,937,633
Total	**122,182,900**	119,668,615	84,032,467

Amount due from subsidiary companies amounting to RM15.71 million (31.3.2018: RM8.50 million; 1.4.2017: RM2.83 million) are subordinated to financial institutions as securities for credit facilities granted to certain subsidiary companies as disclosed in Note 21.

15. DUE FROM / (TO) AN ASSOCIATE COMPANY

The amount due from / (to) an associate company which arose mainly from advances and payments made on behalf is unsecured, interest free (2018: interest free) and is repayable on demand.

16. SHORT TERM INVESTMENT

The amount represents investment in short-term fixed income unit trust fund which provides a stream of monthly income by investing in money market and fixed income instruments. Interest received from the investment is exempted from tax.

Short term investment is highly liquid which have an insignificant risk of changes in value which attracts a weighted average effective interest rate at the reporting date of Nil (31.3.2018: 3.58%; 1.4.2017: 3.25%).

	Group			Company		
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
(a) Other investments						
Quoted shares at fair value in Malaysia	**170,000**	170,000	150,000	**170,000**	170,000	150,000

16. SHORT TERM INVESTMENT (CONT'D)

	Group			Company		
	31.3.2019 RM	**31.3.2018 RM**	**1.4.2017 RM**	**31.3.2019 RM**	**31.3.2018 RM**	**1.4.2017 RM**
(b) Short term investment						
Unit trust fund, at fair value	**-**	5,282,011	1,522,355	**-**	3,707,564	-
Total investments	**170,000**	5,452,011	1,672,355	**170,000**	3,877,564	150,000
Market value of quoted shares in Malaysia	**154,000**	170,000	202,000	**154,000**	170,000	202,000

17. CASH AND CASH EQUIVALENTS

	Group		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Cash on hand and at banks	**13,871,012**	9,730,342	7,502,408
Deposits with a licensed bank	**512,141**	496,743	481,814
Cash and bank balances	**14,383,153**	10,227,085	7,984,222
Short term investment (Note 16)	**170,000**	5,452,011	1,672,355
Less: Bank overdrafts (Note 21)	**(7,223,323)**	(4,040,436)	(9,626,042)
	7,329,830	11,638,660	30,535
Deposits pledged to a licensed bank	**(512,141)**	(496,743)	(481,814)
Cash and cash equivalents	**6,817,689**	11,141,917	(451,279)

	Company		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Cash and bank balances	**6,309,883**	3,727,542	3,812,961
Short term investment (Note 16)	**170,000**	3,877,564	150,000
Less: Bank overdrafts (Note 21)	**(45,629)**	(359,092)	(2,182,734)
Cash and cash equivalents	**6,434,254**	7,246,014	1,780,227

17. CASH AND CASH EQUIVALENTS (CONT'D)

The deposits with a licensed bank of the Group amounting to RM512,141 (31.3.2018: RM496,743; 1.4.2017: RM481,814) have been pledged to a licensed bank for banking facilities used by a subsidiary company. This balance of the deposits as at reporting date has a weighted average effective interest rate of 3.10% (31.3.2018: 3.10%; 1.4.2017: 3.30%).

The deposits with a licensed bank as at the end of the financial year have a maturity of 365 days (31.3.2018: 365 days; 1.4.2017: 365 days).

18. SHARE CAPITAL

	Group and the Company			
	2019		2018	
	Number of shares	RM	Number of shares	RM
Issued and fully paid				
At 1 April	**629,647,100**	**130,108,840**	608,750,000	121,750,000
Issued during the financial year				
- Pursuant to SIS	**6,950,000**	**6,035,676**	-	-
- Conversion of Warrants 2016/2021	**23,692,000**	**9,476,800**	20,897,100	8,358,840
At 31 March	**660,289,100**	**145,621,316**	629,647,100	130,108,840

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company increased its issued and paid-up share capital from 629,647,100 to 660,289,100 by way of issuance of 23,692,000 new ordinary shares via the exercise of Warrants 2016/2021 at the exercise price of RM0.40 per ordinary share and 6,950,000 new ordinary shares under Share Issuance Scheme (SIS) at exercise price of RM0.58 per ordinary share.

Salient features of the Share Issuance Scheme ("SIS")

The Company's SIS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 18 May 2015. The SIS was implemented on 12 January 2016 and is to be in force for a period of 5 years from the date of implementation.

18. SHARE CAPITAL (CONT'D)

Salient features of the Share Issuance Scheme ("SIS") (cont'd)

The salient features of the SIS are as follows:

(a) the maximum number of new ordinary shares which may be available under the SIS shall not exceed in aggregate fifteen percent (15%) of the total issued and paid-up share capital of the Company at any point of time during the existence of the SIS and subject always to the following:

   (i) the allocation of new shares to the Directors of the Company under the SIS must have been approved by the shareholders of the Company in a general meeting; and

   (ii) the number of new ordinary shares allotted to any individual Eligible Person must not exceed ten percent (10%) of the aggregate shares available under the scheme where the Eligible Person, either singly or collectively through persons connected with the Eligible Person, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.

(b) the SIS shall be in force for a period of five (5) years, unless terminated earlier or extended in accordance with the terms of By-Laws of the SIS. The Scheme may be extended for a further period of up to a maximum of five (5) years at the discretion of the Board upon the recommendation of the Option Committee.

(c) the subscription price shall be the higher of the following:

   (i) the volume weighted average market price of the shares for the five (5) market days immediately preceding the offer date, with a discount of not more than ten percent (10%) at the Option Committee's discretion; or

   (ii) the par value of the shares.

(d) the new ordinary shares to be issued and alloted upon the exercise of any SIS option will upon issue and ordinary allotment rank pari passu in all respects with the existing issued ordinary shares of the Company except that the new ordinary shares will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment.

Information with respect to the number of options granted under the SIS is as follows:

		Number of Options Over Ordinary Shares					
Grant date	**Exercise price RM**	**At 1 April 2018**	**Granted**	**Bonus issue**	**Exercised**	**Lapsed**	**At 31 March 2019**
12 Jan 2016	0.58	21,250,000	-	-	(6,950,000)	-	**14,300,000**

* The SIS options were granted on 12 January 2016 and will expire on 11 January 2021.

18. SHARE CAPITAL (CONT'D)

Salient features of the Share Issuance Scheme ("SIS") (cont'd)

Fair value of the SIS options granted is as follows:

The fair value of the SIS options has been measured by an external valuer using the Black-Scholes formula. The inputs used in the measurement of the fair value at grant date of the SIS options were as follows:

	12 Jan 2016
Fair value at grant date (RM)	2.87
Share price at grant date (RM)	6.75
Exercise price (RM)	5.81
Expected volatility (%)	40.57
Expected life (years)	5.00
Risk free rate (%)	3.70
Expected dividend yield (%)	0.74

The expected life of the SIS options is based on historical experience and general option holder behaviour. The expected volatility has been based on an evaluation of the historical volatility of the Company's share price. No other features of the option grant were incorporated into the measurement of fair value.

Warrants 2016/2021

The Company had issued 304,375,000 units 5 years warrants 2016/2021 ("Warrants 2016/2021") pursuant to the Lay Hong Berhad Free Warrant Issue of one (1) warrant for every two (2) subdivided shares held by the Entitled Shareholders after the bonus issue and share split at issue price of RM0.20 per warrant. The Warrant 2016/2021 were in registered form and are constitued by the Deed Poll dated 28 September 2016. The Warrants 2016/2021 were admitted to the official list of the Exchange on the Main Market on 14 October 2016.

The movements in these warrants during the financial year are as follows:

	Number of warrants
At 1 April 2017	304,375,000
Exercised during the year	(20,897,100)
At 31 March 2018	283,477,900
Exercised during the year	(23,692,000)
At 31 March 2019	**259,785,900**

The salient terms of the warrants are as follows:

(i) The warrants were issued in registered form and constituted by a Deed Poll executed on 28 September 2016. For the purpose of trading of the warrants on Bursa Securities, a board lot of warrants shall be 100 warrants carrying the right to subscribe for 100 ordinary shares of RM0.20 each in the Company;

18. SHARE CAPITAL (CONT'D)

Warrants 2016/2021 (cont'd)

The salient terms of the warrants are as follows: (cont'd)

(ii) The exercise price is RM0.40 per ordinary share of RM0.20 each of the Company and each warrant will entitle the registered holder to subscribe for 1 new ordinary share in the Company during the exercise period;

(iii) The exercise period is for a period of 5 years commencing on and including the date of allotment of this warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;

(iv) The new ordinary shares to be issued pursuant to the exercise of this warrants will, upon allotment and issuance, rank pari passu in all respects with the existing ordinary shares of the Company, save and except that the olders of the new ordinary shares of the Company shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is on or before the date of allotment of the ordinary shares of the Company pursuant to the exercise of the warrants;

(v) In the case of a members' voluntarily winding up, or a compromise or arrangement between the Company and its members or any class of them (whether or not in connection with a scheme for reconstruction or malgamation), every warrant holder as evidenced in the Record of Depositors shall be treated as having the right to subscribe for new ordinary shares of the Company in accordance with the terms and conditions of the Deed Poll, at any time within 6 weeks after passing of such resolution for a members' voluntarily winding up of the Company, or within 6 weeks after the granting of the court order in respect of the compromise or arrangement; and

(vi) The warrant holders are not entitled to any voting rights or to participate in any distribution and / or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares of the Company.

19. OTHER RESERVES

		Group	
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
Share option reserve	**4,111,345**	6,109,071	6,109,071
Revaluation reserve	**65,377,666**	66,452,905	65,602,629
Foreign currency translation reserve	**393,265**	499,283	1,100,746
Fair value reserve	**-**	143	(3,070)
	69,882,276	73,061,402	72,809,376

19. OTHER RESERVES (CONT'D)

	Company		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Share option reserve	**4,111,345**	6,109,071	6,109,071
Revaluation reserve	**41,004,039**	41,383,449	41,854,003
	45,115,384	47,492,520	47,963,074

The nature and purpose of each category of reserves are as follows:

(i) Share option reserve

Share option reserve comprises the share-based payment transaction under the SIS plan. The SIS was implemented on 12 January 2016 to grant share options to eligible Directors and employees of the Company.

The salient features and other terms of the SIS are disclosed in Note 18 to the financial statements.

(ii) Revaluation reserve

Revaluation reserve of the Group arises from the revaluation surplus of land and buildings net of deferred taxation.

(iii) Foreign currency translation reserve

Foreign currency translation reserve comprises exchange differences arising from the translation of the financial statement of a foreign operation whose functional currency is different from that of the Group's presentation currency, and exchange differences arising from monetary items which form part of the Group's net investment in a foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(iv) Fair value reserve

Fair value reserve represents the cumulative fair value changes for available-for-sale financial assets until they are disposed off or impaired.

20. RETAINED EARNINGS

Retained earnings represent distributable reserves and is distributable by way of dividends.

Under the single-tier system which is fully effective from 1 January 2014, the Company is allowed to distribute in full its retained earnings. Dividends paid under the single-tier system are tax exempt in the hands of the shareholders.

21. LOAN AND BORROWINGS

	Group		
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
Current			
Secured:			
Bank overdrafts	**7,177,694**	3,681,344	7,443,308
Bankers' acceptances	**59,110,000**	47,134,066	43,963,000
Onshore foreign currency loan	**-**	-	1,469,512
Term loans	**17,157,504**	10,974,207	7,084,758
Finance lease liabilities (Note 26)	**8,767,949**	8,054,290	7,462,747
	92,213,147	69,843,907	67,423,325
Unsecured:			
Bank overdrafts	**45,629**	359,092	2,182,734
Bankers' acceptances	**74,916,000**	58,794,000	43,561,000
Revolving credit	**17,000,000**	15,500,000	2,000,000
	91,961,629	74,653,092	47,743,734
	184,174,776	144,496,999	115,167,059

	Group		
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
Non-current			
Secured:			
Term loans	**76,272,008**	68,556,602	28,528,710
Finance lease liabilities (Note 26)	**22,001,746**	17,462,674	13,085,046
	98,273,754	86,019,276	41,613,756
Total Borrowings			
Bank overdrafts (Note 17)	**7,223,323**	4,040,436	9,626,042
Bankers' acceptances	**134,026,000**	105,928,066	87,524,000
Onshore foreign currency loan	**-**	-	1,469,512
Term loans	**93,429,512**	79,530,809	35,613,468
Revolving credit	**17,000,000**	15,500,000	2,000,000
Finance lease liabilities (Note 26)	**30,769,695**	25,516,964	20,547,793
	282,448,530	230,516,275	156,780,815

21. LOAN AND BORROWINGS (CONT'D)

	Company		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Current			
Secured:			
Term loans	**12,409,704**	6,595,046	1,122,273
Finance lease liabilities (Note 26)	**3,300,413**	2,911,779	2,167,229
	15,710,117	9,506,825	3,289,502
Unsecured:			
Bank overdrafts	**45,629**	359,092	2,182,734
Bankers' acceptances	**74,916,000**	58,794,000	43,561,000
Revolving credit	**17,000,000**	15,500,000	2,000,000
	91,961,629	74,653,092	47,743,734
	107,671,746	84,159,917	51,033,236

	Company		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Non-current			
Secured:			
Term loans	**40,787,916**	32,973,041	18,409,454
Finance lease liabilities (Note 26)	**6,764,657**	6,417,939	5,215,373
	47,552,573	39,390,980	23,624,827
Total Borrowings			
Bank overdrafts (Note 17)	**45,629**	359,092	2,182,734
Bankers' acceptances	**74,916,000**	58,794,000	43,561,000
Term loans	**53,197,620**	39,568,087	19,531,727
Revolving credit	**17,000,000**	15,500,000	2,000,000
Finance lease liabilities (Note 26)	**10,065,070**	9,329,718	7,382,602
	155,224,319	123,550,897	74,658,063

21. LOAN AND BORROWINGS (CONT'D)

	Group		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Maturity of borrowings (excluding finance lease liabilities):			
Within one year	**175,406,827**	136,442,709	107,704,312
More than 1 year and less than 2 years	**16,205,656**	13,525,449	7,803,768
More than 2 years and less than 5 years	**33,625,477**	26,408,807	11,326,181
5 years or more	**26,440,875**	28,622,346	9,398,761
	251,678,835	204,999,311	136,233,022

	Company		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Maturity of borrowings (excluding finance lease liabilities):			
Within one year	**104,371,333**	81,248,138	48,866,007
More than 1 year and less than 2 years	**11,234,619**	8,927,313	4,646,392
More than 2 years and less than 5 years	**25,383,892**	17,571,629	8,056,225
5 years or more	**4,169,405**	6,474,099	5,706,837
	145,159,249	114,221,179	67,275,461

The weighted average effective interest rate at the reporting date for borrowings, excluding finance lease liabilities were as follows:

	Group		
	31.03.2019 %	**31.03.2018 %**	**01.04.2017 %**
Bank overdrafts	**8.18**	8.10	7.82
Bankers' acceptances	**4.76**	4.72	4.57
Onshore foreign currency loan	**-**	-	3.15
Term loans	**5.91**	6.28	6.00
Revolving credit	**5.25**	5.26	5.01

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21. LOAN AND BORROWINGS (CONT'D)

The weighted average effective interest rate at the reporting date for borrowings, excluding finance lease liabilities were as follows: (cont'd)

		Company	
	31.03.2019	**31.03.2018**	**01.04.2017**
	%	**%**	**%**
Bank overdrafts	**8.08**	8.06	7.70
Bankers' acceptances	**4.70**	4.64	4.50
Term loans	**5.45**	5.79	5.56
Revolving credit	**5.25**	5.26	5.01

The credit facilities of the Company are secured by way of negative pledge on the assets of the Company.

The credit facilities of the subsidiary companies are secured by way of corporate guarantees from the Company and a corporate shareholder, fixed charges on certain landed properties as disclosed in Note 5, deposits as disclosed in Note 17, and amount due from subsidiary companies of RM15.71 million (31.3.2018: RM8.50 million; 1.4.2017: RM2.83 million) as disclosed in Note 14.

22. LONG TERM PAYABLES

The long term payables of the Group represents the amount due to a related company and a corporate shareholder which arose mainly from advances and payments made on behalf is unsecured, interest free (31.3.2018: interest free; 1.4.2017: interest free) and are repayable after the next twelve months.

23. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 days to 90 days (31.3.2018: 30 days to 90 days; 1.4.2017: 30 days to 90 days).

24. OTHER PAYABLES

		Group	
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
Other payables			
Sundry payables	**23,874,422**	30,027,758	21,215,595
Accruals	**16,931,158**	13,802,856	14,920,501
	40,805,580	43,830,614	36,136,096

24. OTHER PAYABLES (CONT'D)

		Company	
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Other payables			
Sundry payables	**7,530,133**	10,080,077	5,183,625
Accruals	**5,187,004**	2,863,214	8,128,364
	12,717,137	12,943,291	13,311,989

25. DUE TO SUBSIDIARY COMPANIES

		Company	
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Subsidiary companies			
Trade	**7,351,782**	3,851,788	1,288,629
Non-trade	**5,576,021**	21,968,264	3,357,427
	12,927,803	25,820,052	4,646,056

The amounts due to subsidiary companies arose mainly from inter-company trade transactions, advances and payments made on behalf are unsecured, interest-free (31.3.2018: interest free; 1.4.2017: interest free) and are repayable in cash on demand, except for trade transaction which are subject to normal trade credit terms and an amount of RM2,655,961 (31.3.2018: RM3,303,750; 1.4.2017: RM3,979,883) in non- trade transaction is subject to 3.75% to 5.00% (31.3.2018: 3.75% to 5.00%; 1.4.2017: 3.75% to 5.00%) interest per annum.

26. FINANCE LEASE LIABILITIES

		Group	
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Future minimum lease payments			
Not later than 1 year	**10,577,191**	9,341,368	8,492,707
Later than 1 year and not later than 2 years	**12,188,163**	7,279,852	6,148,272
Later than 2 years and not later than 5 years	**11,265,409**	11,634,436	7,999,207
Later than 5 years	**-**	-	26,238
	34,030,763	28,255,656	22,666,424
Less: Future finance charges	**(3,261,068)**	(2,738,692)	(2,118,631)
Present value of finance leases (Note 21)	**30,769,695**	25,516,964	20,547,793

26. FINANCE LEASE LIABILITIES (CONT'D)

	Group		
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
Analysis of present value of finance lease liabilities:			
Not later than 1 year	**8,768,975**	8,054,290	7,462,747
Later than 1 year and not later than 2 years	**11,093,290**	6,459,745	5,543,909
Later than 2 years and not later than 5 years	**10,907,430**	11,002,929	7,515,064
Later than 5 years	**-**	-	26,073
	30,769,695	25,516,964	20,547,793
Analysed as:			
Amount due within 12 months (Note 21)	**8,767,949**	8,054,290	7,462,747
Amount due after 12 months (Note 21)	**22,001,746**	17,462,674	13,085,046
	30,769,695	25,516,964	20,547,793

	Company		
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
Future minimum lease payments			
Not later than 1 year	**3,776,454**	3,364,382	2,539,871
Later than 1 year and not later than 2 years	**3,097,121**	2,849,526	2,272,526
Later than 2 years and not later than 5 years	**4,181,898**	4,075,100	3,346,654
Later than 5 years	**-**	-	26,238
	11,055,473	10,289,008	8,185,289
Less: Future finance charges	**(990,403)**	(959,290)	(802,687)
Present value of finance leases (Note 21)	**10,065,070**	9,329,718	7,382,602

	Company		
	31.03.2019	**31.03.2018**	**01.04.2017**
	RM	**RM**	**RM**
Analysis of present value of finance lease liabilities:			
Not later than 1 year	**3,300,413**	2,911,779	2,167,229
Later than 1 year and not later than 2 years	**2,803,685**	2,563,676	2,034,952
Later than 2 years and not later than 5 years	**3,960,972**	3,854,263	3,154,348
Later than 5 years	**-**	-	26,073
	10,065,070	9,329,718	7,382,602

26. FINANCE LEASE LIABILITIES (CONT'D)

	Company 31.03.2019 RM	31.03.2018 RM	01.04.2017 RM
Analysed as:			
Amount due within 12 months (Note 21)	**3,300,413**	2,911,779	2,167,229
Amount due after 12 months (Note 21)	**6,764,657**	6,417,939	5,215,373
	10,065,070	9,329,718	7,382,602

Other information on financial risks of finance lease liabilities are disclosed as follows:

	Type	31.03.2019 %	31.03.2018 %	01.04.2017 %	Maturity
Group					
Finance lease liabilities	Fixed	**2.43 - 4.05**	2.43 - 4.05	2.43 - 4.05	2018 to 2023
Company					
Finance lease liabilities	Fixed	**2.43 - 3.81**	2.43 - 3.81	2.43 - 3.80	2018 to 2023

27. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
Eggs	**228,467,485**	202,567,380	**247,656,430**	198,244,214
Livestocks	**27,306,133**	30,159,355	**5,118,181**	4,613,009
Ready feed	**-**	-	**103,211,444**	93,115,450
Processed and frozen products	**336,145,562**	415,119,855	**(7,393,200)**	87,093,000
Trading	**29,460,219**	26,652,112	**-**	-
Others	**38,208,602**	32,947,540	**11,422,080**	8,788,445
Retail supermarket	**137,237,388**	140,355,830	**-**	-
	796,825,389	847,802,072	**360,014,935**	391,854,118

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28. OTHER OPERATING INCOME

Included in other operating income of the Group and of the Company are the following:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Gain on disposal of property, plant and equipment	**30,735**	203,169	**22,614**	9,587
Rental income:				
- Subsidiary company	**-**	-	**3,600**	3,600
- Associate company	**92,580**	92,580	**92,580**	92,580
- Others	**2,785,283**	2,608,564	**-**	-
Corporate guarantee fee from subsidiary company	**-**	-	**817,040**	817,040
Dividend from unquoted investments	**420**	380	**420**	380
Dividend from quoted investments	**8,621**	9,069	**7,241**	9,034
Interest income	**56,015**	106,146	**82,874**	2,671
Insurance claim	**(4,675)**	43,640	**-**	-
Management fees from subsidiary companies:				
- Current year	**-**	-	**1,266,000**	1,266,000
Reversal of impairment losses on trade receivables	**2,811,349**	1,347,603	**58,052**	10,334
Bad debt recovered	**45,000**	-	**-**	-
Gain on fair value on quoted investment	**32,020**	8,115	**21,066**	8,115
Gain on foreign exchange:				
- Realised	**39,461**	75,290	**25,624**	-
- Unrealised	**2,109**	837	**-**	-
Sale of scrap	**1,127,195**	1,088,683	**176,488**	192,773
Project management fees	**-**	3,800,000	**-**	3,800,000
Change in fair value on quoted investment	**-**	1,277	**-**	1,277
Others	**1,381,278**	1,120,618	**42,753**	61,437
	8,407,391	10,505,971	**2,616,352**	6,274,828

29. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging :

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Directors' fees:				
- Current year	**314,248**	395,500	**314,248**	305,500
- Under provision in prior years	**8,750**	109,500	**8,750**	109,500
Auditors' remuneration:				
- Current year	**170,865**	154,109	**35,000**	35,000
- Under / (Over) provision in prior years	**15,486**	(250)	**7,000**	-
- Others	**6,000**	6,000	**6,000**	6,000
Internal auditors' remuneration	**32,876**	15,875	**32,876**	-
Amortisation of intangible assets	**500**	20,074	**-**	-
Depreciation of property, plant and equipment	**30,412,577**	27,275,872	**10,395,089**	8,986,786
Property, plant and equipment written off	**1,299,254**	378,865	**876**	56,582
Loss on disposal of property, plant and equipment	**4,664**	5,050	**-**	-
Loss on disposal of partial subsidiary company (Note 7)	**-**	21,480	**-**	170,726
Hire of plant and machinery	**2,078,768**	1,543,409	**488,165**	344,501
Loss on foreign exchange:				
- Realised	**10,951**	160,919	**-**	86,099
- Unrealised	**253,998**	354,352	**223,748**	302,382
Impairment losses on trade receivables	**4,407,934**	1,606,897	**3,709,096**	1,000,000
Bad receivables written off	**2,199,773**	747,040	**-**	10,334
Impairment of inventories	**50,595**	-	**-**	-
Intangible assets written off	**1,384,802**	-	**-**	-
Rental expenses:				
- Third parties	**10,510,141**	11,034,854	**1,437,954**	1,313,629

30. FINANCE COSTS

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Interest expenses on:				
- Bank borrowings	**11,196,289**	8,589,032	**5,891,316**	4,314,841
- Finance lease liabilities	**1,536,496**	1,401,908	**573,349**	505,913
- Subsidiary company	**-**	-	**202,400**	174,055
- Others	**123,853**	76,413	**-**	-
	12,856,638	10,067,353	**6,667,065**	4,994,809

31. TAX EXPENSES

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Tax expenses for the financial year	**1,611,903**	9,298,423	**196,090**	5,202,564
Under provision in prior years	**1,308,975**	648,077	**1,339,783**	189,311
	2,920,878	9,946,500	**1,535,873**	5,391,875
Deferred tax (Note 9):				
Relating to origination and reversal of deferred tax	**(669,605)**	2,978,928	**843,251**	2,127,591
Under/ (Over) provision of tax in prior year	**254,105**	(552,108)	**(95,870)**	(88,340)
	(415,500)	2,426,820	**747,381**	2,039,251
	2,505,378	12,373,320	**2,283,254**	7,431,126

A reconciliation of tax expenses applicable to profit before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group 2019 RM	Group Restated 2018 RM	Company 2019 RM	Company Restated 2018 RM
Profit before tax	**3,908,326**	43,926,999	**16,298,214**	22,674,131
Tax at statutory tax rate of 24% (2018 : 24%)	**937,998**	10,542,480	**3,911,571**	5,441,791
Income not subject to tax	**(5,677,068)**	(1,404,177)	**(4,656,921)**	(112,424)
Incremental chargeable income exempted from tax	**-**	(1,212,719)	**-**	(1,002,651)
Expenses not deductible for tax purposes	**5,622,090**	4,573,972	**1,784,690**	3,003,439
Under/(Over) provision in prior years :				
- Income tax	**1,308,975**	648,077	**1,339,783**	189,311
- Deferred tax	**102,552**	(552,108)	**(95,869)**	(88,340)
Utilisation of reinvestment allowance	**(430,752)**	(463,475)	**-**	-
Share of results of associate	**641,583**	241,270	**-**	-
Tax expenses for the financial year	**2,505,378**	12,373,320	**2,283,254**	7,431,126

32. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares assuming full conversion of outstanding SIS and Warrants.

	Group	
		Restated
	2019	2018
	RM	RM
Profit attributable to ordinary equity holders of the Company	**7,267,473**	27,398,654
Weighted average number of ordinary shares in issue after effect of bonus issue and share split (basic)	**652,999,103**	612,814,915
Effect of conversion of outstanding SIS	**16,044,124**	12,889,604
Effect of conversion of outstanding Warrants	**168,314,288**	125,410,654
Weighted average number of ordinary shares in issue (diluted)	**837,357,515**	751,115,173
Basic earnings per share (sen)	**1.11**	4.47
Diluted earnings per share (sen)	**0.87**	3.65

The average market value of the Company's shares for the purpose of calculating the dilutive effects of the SIS was based on quoted market prices during which the options were outstanding.

33. DIVIDEND

	Group and Company	
	2019	2018
	RM	RM
Recognised during the financial year:		
Dividend on ordinary shares:		
Final single tier dividend of 0.5 sen (2018: 0.5 sen) per ordinary share	**3,301,446**	3,043,750

34. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Salaries, wages and bonus	**64,307,584**	57,919,591	**17,175,786**	15,226,781
Defined contribution plans	**5,981,319**	5,479,099	**1,749,579**	1,457,891
Other employee benefits	**20,022,707**	17,902,834	**6,979,367**	5,564,892
	90,311,610	81,301,524	**25,904,732**	22,249,564

Included in employee benefits expense are Directors' remuneration (excluding Directors' fees and benefits-in-kind) as follows (further disclosed in Note 35):

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Directors' remuneration	**2,774,751**	3,464,304	**2,774,151**	3,464,304

35. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Directors of the Company				
Executive:				
Salaries and other emoluments	**2,774,451**	3,464,304	**2,774,151**	3,464,304
Fees	**144,000**	253,500	**144,000**	253,500
Benefits-in-kind	**45,400**	45,400	**45,400**	45,400
	2,963,851	3,763,204	**2,963,551**	3,763,204
Non-executive:				
Fees	**170,250**	251,500	**170,250**	161,500
Total	**3,134,101**	4,014,704	**3,133,801**	3,924,704

35. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Analysis of Directors' remuneration excluding benefits-in-kind:				
Executive Directors	**2,918,451**	3,717,804	**2,918,151**	3,717,804
Non-executive Directors	**170,250**	251,500	**170,250**	161,500
Total	**3,088,701**	3,969,304	**3,088,401**	3,879,304

The number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2019	2018
Executive Directors:		
RM900,001 - RM1,100,000	**1**	1
RM700,001 - RM900,000	**1**	1
RM500,001 - RM700,000	**2**	2
RM300,001 - RM500,000	**-**	-
Non-Executive Directors:		
RM50,001 - RM150,000	**-**	1
Below RM50,000	**6**	5

36. OPERATING LEASE ARRANGEMENTS

The future operating lease commitment as at reporting date are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Future minimum rentals payments:				
Not later than 1 year	**4,416,759**	8,794,054	**921,535**	841,904
Later than 1 year and not later than 5 years	**9,449,932**	9,647,406	**1,278,600**	234,135
Later than 5 years	**3,612,286**	1,890,204	**5,250**	50,250
	17,478,977	20,331,664	**2,205,385**	1,126,289

37. CAPITAL COMMITMENTS

The Group and the Company have the following commitments:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Property, plant and equipment				
- Approved and contracted for	**14,667,000**	38,836,000	**6,164,000**	13,920,000
- Approved but not contracted for	**4,715,000**	11,793,000	**-**	388,000
Analysis of capital commitment:				
Feedmill production	**393,000**	8,073,200	**393,000**	8,073,200
Paper case production	**-**	61,700	**-**	61,700
Layer farm	**5,771,000**	9,898,800	**5,771,000**	6,173,100
Broiler farm	**9,010,000**	22,078,300	**-**	-
Food processing	**3,283,000**	10,102,000	**-**	-
Retail	**761,000**	149,000	**-**	-
Organic fertiliser production	**164,000**	266,000	**-**	-
	19,382,000	50,629,000	**6,164,000**	14,308,000

38. CONTINGENT LIABILITIES

	Company	
Unsecured	2019 RM	2018 RM
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiary companies	**190,978,800**	183,298,800

39. SEGMENT INFORMATION

Group

The primary reporting format is based on business segments.

The Group is organised into two major business segments, namely:
(i) Integrated livestock farming; and
(ii) Retail supermarket

No segment information by geographic area is presented as the Group operates predominantly in Malaysia.

39. SEGMENT INFORMATION (CONT'D)

2019	Integrated livestock farming	Retail supermarket	Elimination	Consolidated
Revenue				
External sales	**659,588,001**	**137,237,388**	**-**	**796,825,389**
Inter-segment sales	**385,405,354**	**-**	**(385,405,354)**	**-**
	1,044,993,355	**137,237,388**	**(385,405,354)**	**796,825,389**
Results				
Profit / (Loss) from operations	**20,951,337**	**(1,513,113)**	**-**	**19,438,224**
Finance costs				**(12,856,638)**
Share of loss of associate				**(2,673,260)**
				3,908,326
Tax expense				**(2,505,378)**
Profit for the financial year				**1,402,948**
Other information				
Total segment assets	**762,720,235**	**57,548,244**	**-**	**820,268,479**
Total segment liabilities	**429,103,297**	**19,440,200**	**-**	**448,543,497**
Depreciation and amortisation	**28,312,253**	**2,100,824**	**-**	**30,413,077**
Capital expenditure	**85,128,171**	**598,145**	**-**	**85,726,316**
Non-cash expenses other than depreciation and amortisation	**8,070,009**	**-**	**-**	**8,070,009**

2018	Integrated livestock farming	Retail supermarket	Elimination	Consolidated
Revenue				
External sales	707,446,242	140,355,830	-	847,802,072
Inter-segment sales	23,219,295	-	(23,219,295)	-
	730,665,537	140,355,830	(23,219,295)	847,802,072

39. SEGMENT INFORMATION (CONT'D)

2018	Integrated livestock farming	Retail supermarket	Elimination	Consolidated
Results				
Profit/(Loss) from operations	56,209,162	(1,209,517)	-	54,999,645
Finance costs				(10,067,353)
Share of loss of associate				(1,005,293)
				43,926,999
Tax expense				(12,373,320)
Profit for the financial year				31,553,679
Other information				
Total segment assets	731,857,280	65,225,045	-	797,082,325
Total segment liabilities	403,714,484	30,611,801	-	434,326,285
Depreciation and amortisation	27,295,946	-	-	27,295,946
Capital expenditure	97,971,493	4,508,929	-	102,480,422
Non-cash expenses other than depreciation and amortisation	1,582,053	-	-	1,582,053

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties refer to entities in which a Director or a substantial shareholder of the Company or of its subsidiaries or person connected to such Director or substantial shareholder has an interest. Significant transactions undertaken with related parties are as follows:

	Company 2019 RM	Company 2018 RM
Purchases from subsidiary companies:		
- Innofarm (Klang) Sdn Bhd	**17,086,685**	14,487,590
- Hing Hong Sdn Berhad	**4,206,310**	4,533,528
- STF Agriculture Sdn Bhd	**-**	660,600
- JT Trading Sdn Bhd	**1,818**	8,861

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Related parties refer to entities in which a Director or a substantial shareholder of the Company or of its subsidiaries or person connected to such Director or substantial shareholder has an interest. Significant transactions undertaken with related parties are as follows: (cont'd)

Sales to subsidiary companies:		
- Innofarm (Klang) Sdn Bhd	**12,787,336**	12,469,591
- Innobrid Sdn Bhd	**49,436,424**	40,232,423
- Eminent Farm Sdn Bhd	**40,782,154**	39,794,251
- Hing Hong Sdn Berhad	**1,583,518**	1,756,134
- Lay Hong Liquid Egg Sdn Bhd	**22,612,271**	20,665,107
- Lay Hong Food Corporation Sdn Bhd	**1,939,254**	1,697,834
- STF Agriculture Sdn Bhd	**9,369,783**	1,379,962
- JT Trading Sdn Bhd	**13,028,341**	10,194,162
Management fees receivable from subsidiary companies:		
- Innofarm (Klang) Sdn Bhd	**120,000**	120,000
- Evergreen Organic Fertilisers Sdn Berhad	**36,000**	36,000
- Hing Hong Sdn Berhad	**30,000**	30,000
- Eminent Farm Sdn Bhd	**180,000**	180,000
- Lay Hong Food Corporation Sdn Bhd	**360,000**	360,000
- STF Agriculture Sdn Bhd	**360,000**	360,000
- Lay Hong Liquid Egg Sdn Bhd	**180,000**	180,000
Rental income receivable from a subsidiary company:		
- Evergreen Organic Fertilisers Sdn Berhad	**3,600**	3,600
Rental income receivable from an associate:		
- NHF Manufacturing (Malaysia) Sdn Bhd	**92,580**	92,580
Corporate guarantee fee:		
- STF Agriculture Sdn Bhd	**817,040**	817,040

The Directors are of the opinion that all the transactions above have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 March 2019/2018 are disclosed in Note 14, 15, and Note 25.

(a) Compensation of key management personnel

The members of key management are also the Directors of the Company. Directors remuneration is disclosed in Note 35.

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's and Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group are exposed to financial risk from operations and the use of financial instruments. The key financial risks include interest rate risk, foreign exchange risk, liquidity risk and credit risk.

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The interest rate profile of the Group and of the Company significant interest bearing financial instruments, based on the carrying amounts as at the end of the reporting years were:

	Group		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Fixed rate instruments			
Financial liabilities			
Term loans	**2,655,961**	3,303,750	4,154,883
Finance lease liabilities	**30,769,695**	25,516,964	20,547,793
Banker's acceptance	**134,026,000**	105,928,066	87,524,000
Revolving credit	**17,000,000**	15,500,000	2,000,000
Floating rate instruments			
Financial liabilities			
Term loans	**90,773,551**	76,227,059	31,458,585
Bank overdrafts	**7,223,323**	4,040,436	9,626,042

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(a) Interest rate risk (cont'd)

	Company		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
Fixed rate instruments			
Financial liabilities			
Finance lease liabilities	**10,065,070**	9,329,718	7,382,602
Banker's acceptance	**74,916,000**	58,794,000	43,561,000
Revolving credit	**17,000,000**	15,500,000	2,000,000
Floating rate instruments			
Financial liabilities			
Term loans	**53,197,620**	39,568,087	19,531,727
Bank overdrafts	**45,629**	359,092	2,182,734

Interest rate sensitivity analysis

Sensitivity analysis is not disclosed on fixed rate financial liabilities as fixed rate financial liabilities are not exposed to interest rate risk and are measured at amortised cost.

At the reporting date, if interest rate of floating rate instruments had been 50 basis points higher/lower with all other variables were held constant, the Group's and the Company's profit or loss before tax would have been RM489,984 (31.3.2018: RM401,337; 1.4.2017: RM205,423) and RM266,216 (31.3.2018: RM199,636; 1.4.2017: RM108,572) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and Company are exposed to foreign currency risk on trade receivables, cash and bank balances, and trade and other payables that are denominated in a currency other than the functional currency of the Group and Company. The currencies giving rise to this risk are primarily EURO, SGD and USD.

The Group does not hedge the currency risk because the amounts are short term in nature.

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41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(b) Foreign exchange risk (cont'd)

Carrying amounts of the Group's and Company's exposure to foreign currency risk are as follows:-

Group	EURO	USD	SGD	GBP	Total
31.3.2019					
Trade receivables					
- RM	**-**	**1,544,786**	**2,120,898**	**-**	**3,665,684**
Other receivables					
- RM	**4,215,854**	**-**	**-**	**-**	**4,215,854**
Cash and bank balances					
- RM	**-**	**7,942**	**4,620,662**	**-**	**4,628,604**
Trade payables					
- RM	**-**	**284,597**	**-**	**-**	**284,597**
Other payables					
- RM	**196,618**	**4,773**	**102,397**	**12,320**	**316,108**

Group	EURO	USD	SGD	GBP	CNY	Total
31.3.2018						
Trade receivables						
- RM	-	509,141	1,553,100	-	-	2,062,241
Other receivables						
- RM	3,379,579	-	-	-	-	3,379,579
Cash and bank balances						
- RM	-	1,529	1,999,359	-	-	2,000,888
Trade payables						
- RM	-	(514,463)	-	-	-	(514,463)
Other payables						
- RM	841,917	6,666	77,944	(4,975)	222,144	1,143,696

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(b) Foreign exchange risk (cont'd)

Carrying amounts of the Group's and Company's exposure to foreign currency risk are as follows:- (cont'd)

Group	EURO	USD	SGD	BRD	CNY	Total
1.4.2017						
Trade receivables						
- RM	-	712,531	831,796	5,451	-	1,549,778
Other receivables						
- RM	-	2,509,049	-	-	929,910	3,438,959
Cash and bank balances						
- RM	-	183,089	1,530,052	-	-	1,713,141
Trade payables						
- RM	(65,751)	(210,609)	-	-	-	(276,360)
Other payables						
- RM	274,380	713,208	(11,259)	-	-	976,329

Company	EURO	USD	SGD	Total
31.3.2019				
Trade receivables				
- RM	**-**	**1,520,744**	**1,275,604**	**2,796,348**
Other receivables				
- RM	**4,215,854**	**-**	**-**	**4,215,854**
Cash and bank balance				
- RM	**-**	**-**	**4,618,555**	**4,618,555**
Trade payables				
- RM	**-**	**(168,059)**	**-**	**(168,059)**
Other payables				
- RM	**51,002**	**-**	**-**	**51,002**

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(b) Foreign exchange risk (cont'd)

Carrying amounts of the Group's and Company's exposure to foreign currency risk are as follows:- (cont'd)

Company	EURO	USD	SGD	GBP	CNY	Total
31.3.2018						
Trade receivables						
- RM	-	485,098	776,055	-	-	1,261,153
Other receivables						
- RM	3,379,579	-	-	-	-	3,379,579
Cash and bank balance						
- RM	-	-	1,995,794	-	-	1,995,794
Trade payables						
- RM	-	(352,901)	-	-	-	(352,901)
Other payables						
- RM	759,339	3,239	-	(4,975)	180,281	937,884

Company	EURO	USD	SGD	CNY	Total
1.4.2017					
Trade receivables					
- RM	-	426,516	831,700	-	1,258,216
Other receivables					
- RM	-	2,509,049	-	929,910	3,438,959
Cash and bank balance					
- RM	-	-	1,524,766	-	1,524,76
Trade payables					
- RM	(65,751)	(210,609)	-	-	(276,360)
Other payables					
- RM	36,098	55,789	2,346	-	94,233

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(b) Foreign exchange risk (cont'd)

The following table details the sensitivity of the Group's and the Company's profit or loss after tax to a 5% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies, with all other variables held constant:

	Group		
	31.03.2019 RM	**31.03.2018 RM**	**01.04.2017 RM**
EUR/RM			
- strengthened 5%	**167,674**	160,417	7,928
- weakened 5%	**(167,674)**	(160,417)	(7,928)
USD/RM			
- strengthened 5%	**70,000**	109	148,476
- weakened 5%	**(70,000)**	(109)	(148,476)
SGD/RM			
- strengthened 5%	**260,070**	137,955	89,322
- weakened 5%	**(260,070)**	(137,955)	(89,322)
GBP/RM			
- strengthened 5%	**468**	(189)	-
- weakened 5%	**(468)**	189	-
CNY/RM			
- strengthened 5%	**-**	8,441	35,337
- weakened 5%	**-**	(8,441)	(35,337)
BRD/RM			
- strengthened 5%	**-**	-	207
- weakened 5%	**-**	-	(207)

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(b) Foreign exchange risk (cont'd)

The following table details the sensitivity of the Group's and the Company's profit or loss after tax to a 5% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies, with all other variables held constant: (cont'd)

		Company	
	31.03.2019 RM	31.03.2018 RM	01.04.2017 RM
EUR/RM			
- strengthened 5%	**162,141**	157,279	(1,127)
- weakened 5%	**(162,141)**	(157,279)	1,127
USD/RM			
- strengthened 5%	**51,402**	5,147	105,668
- weakened 5%	**(51,402)**	(5,147)	(105,668)
SGD/RM			
- strengthened 5%	**223,978**	105,330	89,635
- weakened 5%	**(223,978)**	(105,330)	(89,635)
CNY/RM			
- strengthened 5%	**-**	6,851	35,337
- weakened 5%	**-**	(6,851)	(35,337)
GBP/RM			
- strengthened 5%	**-**	(189)	-
- weakened 5%	**-**	189	-

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on undiscounted contractual repayment obligations.

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Carrying amount RM	Contractual cash flow RM	On demand or within one year RM	From two to five years RM	More than five years RM
Group					
31.3.2019					
Financial liabilities:					
Trade payables	**84,436,242**	**84,436,242**	**84,436,242**	**-**	**-**
Other payables	**40,805,580**	**23,874,422**	**23,874,422**	**-**	**-**
Due to an associate company	**464,051**	**464,051**	**464,051**	**-**	**-**
Bank overdrafts	**7,223,323**	**7,223,323**	**7,223,323**	**-**	**-**
Bankers' acceptances	**134,026,000**	**134,026,000**	**134,026,000**	**-**	**-**
Finance lease liabilities	**30,769,695**	**34,030,763**	**10,577,191**	**12,188,163**	**11,265,409**
Term loans	**93,429,512**	**120,522,659**	**20,029,582**	**62,670,176**	**37,822,901**
Revolving credit	**17,000,000**	**17,000,000**	**17,000,000**	**-**	**-**
Total undiscounted financial liabilities	**408,154,403**	**421,577,460**	**297,630,811**	**74,858,339**	**49,088,310**
Group					
31.3.2018					
Financial liabilities:					
Trade payables	121,009,266	121,009,266	121,009,266	-	-
Other payables	43,830,614	30,027,758	30,027,758	-	-
Due to an associate company	51,641	51,641	51,641	-	-
Bank overdrafts	4,040,436	4,040,436	4,040,436	-	-
Bankers' acceptances	105,928,066	105,928,066	105,928,066	-	-
Finance lease liabilities	25,516,964	28,255,656	9,341,368	18,914,288	-
Term loans	79,530,809	104,622,192	14,954,551	34,025,071	55,642,570
Revolving credit	15,500,000	15,500,000	15,500,000	-	-
Total undiscounted financial liabilities	395,407,796	409,435,015	300,853,086	52,939,359	55,642,570

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41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(c) Liquidity risks (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Carrying amount RM	Contractual cash flow RM	On demand or within one year RM	From two to five years RM	More than five years RM
Group					
1.4.2017					
Financial liabilities:					
Trade payables	84,662,941	84,662,941	84,662,941	-	-
Other payables	36,136,096	21,215,595	21,215,595	-	-
Due to an associate company	94,958	94,958	94,958	-	-
Bank overdrafts	9,626,042	9,626,042	9,626,042	-	-
Bankers' acceptances	87,524,000	87,524,000	87,524,000	-	-
Onshore foreign currency loan	1,469,512	1,469,512	1,469,512	-	-
Finance lease liabilities	20,547,793	22,666,424	8,492,707	14,147,479	26,238
Term loans	35,613,468	41,688,154	7,860,942	27,621,390	6,205,822
Revolving credit	2,000,000	2,000,000	2,000,000	-	-
Total undiscounted financial liabilities	277,674,810	270,947,626	222,946,697	41,768,869	6,232,060
Company					
31.3.2019					
Financial liabilities:					
Trade payables	**44,654,150**	**44,654,150**	**44,654,150**	**-**	**-**
Other payables	**12,717,137**	**7,530,133**	**7,530,133**	**-**	**-**
Due to subsidiary companies	**12,927,803**	**12,927,803**	**12,927,803**	**-**	**-**
Bank overdrafts	**45,629**	**45,629**	**45,629**	**-**	**-**
Bankers' acceptances	**74,916,000**	**74,916,000**	**74,916,000**	**-**	**-**
Finance lease liabilities	**10,065,070**	**11,055,473**	**3,776,454**	**3,097,121**	**4,181,898**
Term loans	**53,197,620**	**68,351,276**	**11,938,436**	**43,375,041**	**13,037,799**
Revolving credit	**17,000,000**	**17,000,000**	**17,000,000**	**-**	**-**
Total undiscounted financial liabilities	**225,523,409**	**236,480,464**	**172,788,605**	**46,472,162**	**17,219,697**

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(c) Liquidity risks (cont'd)

<u>Analysis of financial instruments by remaining contractual maturities</u> (cont'd)

	Carrying amount RM	Contractual cash flow RM	On demand or within one year RM	From two to five years RM	More than five years RM
Company					
31.3.2018					
Financial liabilities:					
Trade payables	74,805,787	74,805,787	74,805,787	-	-
Other payables	12,943,291	10,080,077	10,080,077	-	-
Due to subsidiary companies	25,820,052	25,820,052	25,820,052	-	-
Bank overdrafts	359,092	359,092	359,092	-	-
Bankers' acceptances	58,794,000	58,794,000	58,794,000	-	-
Finance lease liabilities	9,329,718	10,289,008	3,364,382	6,924,626	-
Term loans	39,568,087	52,226,528	8,192,154	21,633,417	22,400,957
Revolving credit	15,500,000	15,500,000	15,500,000	-	-
Total undiscounted financial liabilities	237,120,027	247,874,544	196,915,544	28,558,043	22,400,957
Company					
1.4.2017					
Financial liabilities:					
Trade payables	37,729,788	37,729,788	37,729,788	-	-
Other payables	13,311,989	5,183,625	5,183,625	-	-
Due to subsidiary companies	4,646,056	4,646,056	4,646,056	-	-
Bank overdrafts	2,182,734	2,182,734	2,182,734	-	-
Bankers' acceptances	43,561,000	43,561,000	43,561,000	-	-
Finance lease liabilities	7,382,602	8,185,289	2,539,871	5,619,180	26,238
Term loans	19,531,727	21,932,322	1,116,420	19,066,382	1,749,520
Revolving credit	2,000,000	2,000,000	2,000,000	-	-
Total undiscounted financial liabilities	130,345,896	125,420,814	98,959,494	24,685,562	1,775,758

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(d) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables, loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

<u>Receivables</u>

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with high credit worthiness. The Group and the Company also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group and the Company management reporting procedures.

Concentration of credit risk

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitor individually.

The Group and the Company has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. The Group determines the ECL on these items by using a provision matrix, where applicable, estimated based on historical credit loss experience, based on the past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The following ageing of trade receivables provides information about the exposure to credit risk and ECLs for trade receivables:

	Gross-carrying amount RM	Individual impairment RM	ECL RM	Net balance RM
Group				
31.03.2019				
Neither past due nor impaired	**83,209,459**	**-**	**-**	**83,209,459**
Up to 90 days past due not impaired	**3,137,660**	**-**	**(302,403)**	**2,835,257**
More than 91 days past due not impaired	**13,982,314**	**(6,707,738)**	**(2,737,549)**	**4,537,027**
	100,329,433	**(6,707,738)**	**(3,039,952)**	**90,581,743**

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(d) Credit risk (cont'd)

Receivables (cont'd)

Concentration of credit risk (cont'd)

The following ageing of trade receivables provides information about the exposure to credit risk and ECLs for trade receivables: (cont'd)

	Gross-carrying amount RM	Individual impairment RM	ECL RM	Net balance RM
Company				
31.03.2019				
Neither past due nor impaired	**25,709,236**	**-**	**-**	**25,709,236**
Up to 90 days past due not impaired	**606,856**	**-**	**(91,569)**	**515,287**
More than 91 days past due not impaired	**8,031,964**	**(4,288,108)**	**(1,196,710)**	**2,547,146**
	34,348,056	**(4,288,108)**	**(1,288,279)**	**28,771,669**

Comparative information under MFRS 139 Financial Instruments: Recognition and Measurement

The ageing of trade receivables and accumulated impairment loss of the Company as at 31 March 2018 and 1 April 2017 are as below:

	Gross-carrying amount RM	Individual impairment RM	Net balance RM
Group			
31.03.2018			
Neither past due nor impaired	114,933,141	-	114,933,141
Up to 90 days past due not impaired	18,726,573	-	18,726,573
More than 91 days past due not impaired	12,975,433	(5,610,098)	7,365,335
	146,635,147	(5,610,098)	141,025,049

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41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(d) Credit risk (cont'd)

Receivables (cont'd)

Concentration of credit risk (cont'd)

Comparative information under MFRS 139 Financial Instruments: Recognition and Measurement (cont'd)

	Gross-carrying amount RM	Individual impairment RM	Net balance RM
Company			
31.03.2018			
Neither past due nor impaired	55,611,849	-	55,611,849
Up to 90 days past due not impaired	17,052,342	-	17,052,342
More than 91 days past due not impaired	4,247,958	(1,058,052)	3,189,906
	76,912,149	(1,058,052)	75,854,097
Group			
01.04.2017			
Neither past due nor impaired	71,741,063	-	71,741,063
Up to 90 days past due not impaired	1,716,295	-	1,716,295
More than 91 days past due not impaired	8,615,825	(5,350,804)	3,265,021
	82,073,183	(5,350,804)	76,722,379
Company			
01.04.2017			
Neither past due nor impaired	14,649,801	-	14,649,801
Up to 90 days past due not impaired	325,564	-	325,564
More than 91 days past due not impaired	838,439	(68,386)	770,053
	15,813,804	(68,386)	15,745,418

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(d) Credit risk (cont'd)

Receivables (cont'd)

Concentration of credit risk (cont'd)

Comparative information under MFRS 139 Financial Instruments: Recognition and Measurement (cont'd)

The movements in the accumulated for impairment losses of trade receivables during the year are as follows.

	31.03.2019 RM	31.03.2018 RM	01.04.2017 RM
Group			
Opening balance under MFRS 139	**5,610,098**	5,350,804	4,997,740
Adjustment on initial application of MFRS 9	**2,541,007**	-	-
Opening balance under MFRS 9/MFRS 139	**8,151,105**	5,350,804	4,997,740
Impairment losses recognised	**4,407,934**	1,606,897	516,851
Reversal of impairment recognised	**(2,811,349)**	(1,347,603)	(163,787)
Closing balance	**9,747,690**	5,610,098	5,350,804

	31.03.2019 RM	31.03.2018 RM	01.04.2017 RM
Company			
Opening balance under MFRS 139	**1,058,052**	68,386	68,554
Adjustment on initial application of MFRS 9	**867,291**	-	-
Opening balance under MFRS 9/MFRS 139	**1,925,343**	68,386	68,554
Impairment losses recognised	**3,709,096**	1,000,000	2,832
Reversal of impairment recognised	**(58,052)**	(10,334)	(3,000)
Closing balance	**5,576,387**	1,058,052	68,386

The trade receivables amounting to RM538,773 (31.3.2018: RM1,206,726; 1.4.2017: RM272,157) are secured by any collateral or supported by any other credit enhancements.

In respect of other receivables, the Group is not subjected to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics.

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(d) Credit risk (cont'd)

Loans and advances to subsidiaries companies

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the results of the subsidiary companies regularly. As at the end of the reporting date, the maximum exposure to credit risk is represented by its carrying amounts in the statements of financial position.

As at the end of the reporting date, there was no indication that the loans and advances to the subsidiary companies are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiary companies.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities which granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM118,348,110 (2018: RM104,656,112) representing the outstanding bankers' guarantees related to the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(e) Market risks

Market risk is the risk of changes in market price (other than interest rates) that will affect the Group's financial position and cash flows.

The Group has no significant exposure to other market risk.

42. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:

(a) Financial assets measured at amortised cost ("FAAC");
(b) Financial liabilities measured at amortised cost ("FLAC")

42. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows: (cont'd)

31.3.2019	Carrying amount RM	FAAC RM	FLAC RM
Group			
Financial Assets			
Trade and other receivables	117,151,001	117,151,001	-
Amount due from an associate company	71,790	71,790	-
Short term investment	170,000	170,000	-
Cash and cash equivalents	14,383,153	14,383,153	-
	131,775,944	131,775,944	-
Financial Liabilities			
Trade and other payables	(108,310,664)	-	(108,310,664)
Loans and borrowings	(282,448,530)	-	(282,448,530)
Amount due to an associate company	(464,051)	-	(464,051)
Long term payables	(1,128,020)	-	(1,128,020)
	(392,351,265)	-	(392,351,265)

31.3.2019	Carrying amount RM	FAAC RM	FLAC RM
Company			
Financial Assets			
Trade and other receivables	39,055,675	39,055,675	-
Amount due from subsidiary companies	122,182,900	122,182,900	-
Amount due from an associate company	61,737	61,737	-
Short term investment	170,000	170,000	-
Cash and cash equivalents	6,309,883	6,309,883	-
	167,780,195	167,780,195	-
Financial Liabilities			
Trade and other payables	(52,184,283)	-	(52,184,283)
Amount due to subsidiary companies	(12,927,803)	-	(12,927,803)
Loans and borrowings	(155,224,319)	-	(155,224,319)
	(220,336,405)	-	(220,336,405)

42. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments categorised under MFRS 139 as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"):
- Held for trading ("HFT")
(c) Financial liabilities measured at amortised cost ("FL")

31.3.2018	Carrying amount RM	L&R/(FL) RM	FVTPL - HFT RM
Group			
Financial Assets			
Trade and other receivables	174,009,656	174,009,656	-
Amount due from an associate company	1,587	1,587	-
Short term investment	5,452,011	-	5,452,011
Cash and cash equivalents	10,227,085	10,227,085	-
	189,690,339	184,238,328	5,452,011
Financial Liabilities			
Trade and other payables	(164,839,880)	(164,839,880)	-
Loans and borrowings	(230,516,275)	(230,516,275)	-
Amount due to an associate company	(51,641)	(51,641)	-
Long term payables	(1,128,020)	(1,128,020)	-
	(396,535,816)	(396,535,816)	-

31.3.2018	Carrying amount RM	L&R/(FL) RM	FVTPL - HFT RM
Company			
Financial Assets			
Trade and other receivables	95,614,026	95,614,026	-
Amount due from subsidiary companies	119,668,615	119,668,615	-
Amount due from an associate company	1,587	1,587	-
Short term investment	3,877,564	-	3,877,564
Cash and cash equivalents	3,727,542	3,727,542	-
	222,889,334	219,011,770	3,877,564

42. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments categorised under MFRS 139 as follows: (cont'd)

31.3.2018	Carrying amount RM	L&R/(FL) RM	FVTPL - HFT RM
Company			
Financial Liabilities			
Trade and other payables	(87,749,078)	(87,749,078)	-
Amount due to subsidiary companies	(25,820,052)	(25,820,052)	-
Loans and borrowings	(123,550,897)	(123,550,897)	-
	(237,120,027)	(237,120,027)	-
1.4.2017			
Group			
Financial Assets			
Trade and other receivables	105,888,128	105,888,128	-
Amount due from an associate company	10,257	10,257	-
Short term investment	1,672,355	-	1,672,355
Cash and cash equivalents	7,984,222	7,984,222	-
	115,554,962	113,882,607	1,672,355
Financial Liabilities			
Trade and other payables	(120,799,037)	(120,799,037)	-
Loans and borrowings	(156,780,815)	(156,780,815)	-
Amount due to an associate company	(94,958)	(94,958)	-
Long term payables	(1,128,020)	(1,128,020)	-
	(278,802,830)	(278,802,830)	-

42. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments categorised under MFRS 139 as follows: (cont'd)

1.4.2017	Carrying amount RM	L&R/(FL) RM	FVTPL - HFT RM
Company			
Financial Assets			
Trade and other receivables	29,245,667	29,245,667	-
Amount due from subsidiary companies	84,032,467	84,032,467	-
Amount due from an associate company	3,317	3,317	-
Short term investment	150,000	-	150,000
Cash and cash equivalents	3,812,961	3,812,961	-
	117,244,412	117,094,412	150,000
Company			
Financial Liabilities			
Trade and other payables	(51,041,777)	(51,041,777)	-
Amount due to subsidiary companies	(4,646,056)	(4,646,056)	-
Loans and borrowings	(74,658,063)	(74,658,063)	-
	(130,345,896)	(130,345,896)	-

Determination of fair values

(a) Financial instruments carried at amortised cost

The aggregate net carrying amounts of financial assets and financial liabilities which are not carried at fair values of the Group and of the Company are represented as follows:

		Group		Company	
31.3.2019	**Note**	**Carrying Amount RM**	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
Financial assets					
Quoted shares in Malaysia	**7**	**3,413**	**3,480+**	**1,672**	**1,740+**
Due from subsidiary companies	**14**	**-**	**-**	**122,182,900**	*****
Due from an associate company	**15**	**71,790**	*****	**61,737**	*****

42. FINANCIAL INSTRUMENTS (CONT'D)

Determination of fair values (cont'd)

(a) Financial instruments carried at amortised cost (cont'd)

The aggregate net carrying amounts of financial assets and financial liabilities which are not carried at fair values of the Group and of the Company are represented as follows: (cont'd)

31.3.2019	Note	Group Carrying Amount RM	Group Fair Value RM	Company Carrying Amount RM	Company Fair Value RM
Financial liabilities					
Due to subsidiary companies	**25**	**-**	**-**	**12,927,803**	*
Due to an associate company	**15**	**464,051**	*	**-**	**-**
Term loans	**21**	**93,429,512**	**81,462,421**	**53,197,620**	**53,197,620**
Finance lease liabilities	**26**	**30,769,695**	**31,575,236**	**10,065,070**	**10,036,726**

31.3.2018	Note	Group Carrying Amount RM	Group Fair Value RM	Company Carrying Amount RM	Company Fair Value RM
Financial assets					
Quoted shares in Malaysia	7	2,352	3,344+	1,672	1,672+
Due from subsidiary companies	14	-	-	119,668,615	*
Due from an associate company	15	1,587	-	1,587	*
Financial liabilities					
Due to subsidiary companies	25	-	-	25,820,052	*
Due to an associate company	15	51,641	*	-	-
Term loans	21	79,530,809	79,574,364	39,568,087	39,568,087
Finance lease liabilities	26	25,516,964	27,898,658	9,329,718	9,338,224
1.4.2017					
Financial assets					
Quoted shares in Malaysia	7	1,075	3,480+	395	1,740+
Due from subsidiary companies	14	-	-	84,032,467	*
Due from an associate company	15	10,257	*	3,317	*

42. FINANCIAL INSTRUMENTS (CONT'D)

Determination of fair values (cont'd)

(a) Financial instruments carried at amortised cost (cont'd)

The aggregate net carrying amounts of financial assets and financial liabilities which are not carried at fair values of the Group and of the Company are represented as follows: (cont'd)

		Group		Company	
1.4.2017	**Note**	**Carrying Amount RM**	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
Financial liabilities					
Due to subsidiary companies	25	-	-	4,646,056	*
Due to an associate company	15	94,958	*	-	-
Term loans	21	35,613,468	35,654,953	19,531,727	19,531,727
Finance lease liabilities	26	20,547,793	20,457,649	7,382,602	7,369,213

+ Market value as at financial year end

* It is not practical to estimate the fair values of amounts due from/(to) subsidiary companies and associate company due principally to a lack of fixed repayment terms entered into by the parties involved.

No disclosure is made for unquoted shares because of lack of market information and the assumptions used in valuation models to value these investments cannot be reasonably determined.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, trade and other receivables/payables and short term borrowings

The carrying amounts of trade receivables and payables subject to normal trade credit terms approximate fair values.

The carrying amounts of cash and cash equivalents, other receivables/payables and short term borrowings approximate fair values due to the relatively short term maturity of these financial instruments and insignificant impact of discounting.

(ii) Marketable securities

The fair value of quoted shares is determined by reference to the stock exchange quoted market bid prices at the close of the business on the reporting date.

(iii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

42. FINANCIAL INSTRUMENTS (CONT'D)

Determination of fair values (cont'd)

(b) Financial instruments carried at fair value

The following table shows an analysis of the financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
As at 31.3.2019				
Financial assets:				
Investment properties	**-**	**1,700,000**	**-**	**1,700,000**
Quoted investment	**170,000**	**-**	**-**	**170,000**
Biological assets	**-**	**-**	**65,405,273**	**65,405,273**
As at 31.3.2018				
Financial assets:				
Investment properties	-	1,700,000	-	1,700,000
Quoted investment	170,000	-	-	170,000
Marketable securities	5,282,011	-	-	5,282,011
Biological assets	-	-	45,814,921	45,814,921
As at 1.4.2017				
Financial assets:				
Investment properties	-	1,700,000	-	1,700,000
Quoted investment	202,000	-	-	202,000
Marketable securities	1,522,355	-	-	1,522,355
Biological assets	-	-	47,839,370	47,839,370
Company				
As at 31.3.2019				
Financial assets:				
Quoted investment	**170,000**	**-**	**-**	**170,000**
Biological assets	**-**	**-**	**47,856,049**	**47,856,049**

42. FINANCIAL INSTRUMENTS (CONT'D)

Determination of fair values (cont'd)

(b) Financial instruments carried at fair value

The following table shows an analysis of the financial instruments carried at fair value by level of fair value hierarchy: (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company				
As at 31.3.2018				
Financial assets:				
Quoted investment	170,000	-	-	170,000
Marketable securities	3,707,564	-	-	3,707,564
Biological assets	-	-	25,341,169	25,341,169
As at 1.4.2017				
Financial assets:				
Quoted investment	202,000	-	-	202,000
Biological assets	-	-	31,373,361	31,373,361

The fair value measurement hierachies used to measure financial assets carried at fair value in the statements of financial position as at 31 March 2019 are as follows:

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.prices) or indirectly (i.e. derived from prices);

(iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unabsorbed inputs).

The Group and the Company do not have any financial liabilities carried at fair value nor any instruments classified as Level 1, Level 2 and Level 3 as at 31 March 2019.

43. EXPLANATION OF TRANSITION TO MFRS

As stated in Note 2.1 to the financial statements, this is the first financial statements of the Group and the Company prepared in accordance with MFRS.

43. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

In preparing the opening statement of the financial position at 1 April 2017, the Group and the Company has adjusted certain amounts reported previously in financial statements prepared in accordance with previous FRS. An explanation of how the transition from previous FRS to MFRS has affected the Group and the Company financial position is set out below:

(a) Fair value biological assets

Under FRS, biological assets applies a cost model whereby growing layer breeders, broiler breeders and layers are measured at the lower of cost and net realisable value.

Upon transition to MFRS, biological asset whose fair value can be measured reliably without under cost or effort are measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

(b) Reconciliation of profit or loss

	Previously stated under FRS RM	Effects of transition to MFRS RM	Restated under MFRS RM
Group			
31 March 2018			
Operating expenses	(795,018,662)	(8,289,736)	(803,308,398)
Profit before tax	52,216,735	(8,289,736)	43,926,999
Net profit for the financial year	39,843,415	(8,289,736)	31,553,679
Profit attributable to:			
Owners of the parent	36,689,840	(9,291,186)	27,398,654
Non-controlling interest	3,153,575	1,001,450	4,155,025
	39,843,415	(8,289,736)	31,553,679
Company			
31 March 2018			
Operating expenses	(360,507,510)	(9,952,496)	(370,460,006)
Profit before tax	32,626,627	(9,952,496)	22,674,131
Net profit for the financial year	25,195,501	(9,952,496)	15,243,005

43. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

(c) Reconciliation of comprehensive income

	Previously stated under FRS RM	Effects of transition to MFRS RM	Restated under MFRS RM
Group			
31 March 2018			
Net profit for the financial year	39,843,415	(8,289,736)	31,553,679
Total comprehensive income for	39,245,165	(8,289,736)	30,955,429
Total comprehensive income attributable to :	36,091,590	(9,291,186)	26,800,404
Owners of the parent	3,153,575	1,001,450	4,155,025
Non-controlling interest	39,245,165	(8,289,736)	30,955,429

(d) Reconciliation of financial position and equity

	Previously stated under FRS RM	Effects of transition to MFRS RM	Restated under MFRS RM
Group			
1 April 2017			
Biological assets	33,698,896	14,140,474	47,839,370
Retained earnings	81,487,260	11,468,869	92,956,129
Non-controlling interest	26,110,252	2,671,605	28,781,857
Group			
31 March 2018			
Biological assets	39,964,183	5,850,738	45,814,921
Retained earnings	114,283,074	2,177,683	116,460,757
Non-controlling interest	39,451,986	3,673,055	43,125,041

43. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

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

	Previously stated under FRS RM	Effects of transition to MFRS RM	Restated under MFRS MFRS RM
Company			
1 April 2017			
Biological assets	20,952,432	10,420,929	31,373,361
Retained earnings	35,672,895	10,420,929	46,093,824

	Previously stated under FRS RM	Effects of transition to MFRS RM	Restated under MFRS RM
Company			
31 March 2018			
Biological assets	24,872,736	468,433	25,341,169
Retained earnings	58,295,200	468,433	58,763,633

(e) Reconciliation of cash flows

	Previously stated under FRS RM	Effects of transition to MFRS RM	Restated under MFRS RM
Group			
31 March 2018			
Profit before tax	52,216,735	(8,289,736)	43,926,999
Fair value changes on biological assets	-	8,289,736	8,289,736
Company			
31 March 2018			
Profit before tax	32,626,627	(9,952,496)	22,674,131
Fair value changes on biological assets	-	9,952,496	9,952,496

Other than the above, the transition to MFRS did not have any other impact to the comparative amount reported in the Group and the Company financial position and performance for the current financial year.

44. IMPACT ON ADOPTION OF MFRS 9

(i) Classification and measurement of financial assets on the date of initial application of MFRS 9

The following tables below show the measurement under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and of the Company's financial assets as at 1 April 2018 based on the business model assessment done.

	1 April 2018 MFRS 139 RM	Remeasurement RM	1 April 2018 Reclassification to new MFRS 9 category AC RM
Group			
Financial assets			
Trade receivables	141,025,049	(2,541,007)	138,484,042
Company			
Financial assets			
Trade receivables	75,854,097	(867,291)	74,986,806

(ii) Impacts on financial statements

The following tables summarises the impact of the above changes on the Group's and of the Company's financial statements.

	Previously stated under FRS RM	Effect of transition to MFRS RM	MFRS RM	MFRS 9 adjustments RM	Restated under MFRS RM
As at 1 April 2018					
Impact of MFRS 9 adoption					
Group					
Statement of Financial Position					
Trade receivables	141,025,049	-	141,025,049	(2,541,007)	138,484,042
Retained earnings	114,283,074	2,177,683	116,460,757	(1,920,463)	114,540,294
Non-controlling interests	39,451,986	3,673,055	43,125,041	(620,544)	42,504,497

44. IMPACT ON ADOPTION OF MFRS 9 (CONT'D)

(ii) Impacts on financial statements (cont'd)

The following tables summarises the impact of the above changes on the Group's and of the Company's financial statements. (cont'd)

	Previously stated under FRS RM	Effect of transition to MFRS RM	MFRS RM	MFRS 9 adjustments RM	Restated under MFRS RM
Company					
Statement of Financial Position					
Trade receivables	75,854,097	-	75,854,097	(867,291)	74,986,806
Retained earnings	58,295,200	468,433	58,763,633	(867,291)	57,896,342

45. CAPITAL MANAGEMENT

The Group's primary objective in managing its capital is to maximise the Group's value by optimising its capital structure and enhancing capital efficiency while maintaining a sufficient level of liquidity. The Group targets a capital structure of an optimal mix of debts and equity in order to achieve an efficient cost of capital while maintaining financial flexibility for its business requirement and investing for future growth. The Group regularly reviews and manage its capital structure in accordance to the changes in economic conditions and its future business plan.

	Group 2019 RM	Group Restated 2018 RM	Company 2019 RM	Company Restated 2018 RM
Total loans and borrowings (Note 21)	**282,448,530**	230,516,275	**155,224,319**	123,550,897
Less : Cash on hand and at banks (Note 17)	**(13,871,012)**	(9,730,342)	**(6,309,883)**	(3,727,542)
Net debt	**268,577,518**	220,785,933	**148,914,436**	119,823,355
Total equity	**335,481,143**	319,630,999	**259,725,966**	236,364,993
Debt-to-equity ratio	**0.80**	0.69	**0.57**	0.51

The Group did not breach any gearing requirements during the financial years ended 31 March 2019 and 31 March 2018.

No changes were made in the objectives, policies or processes in regards to the Group's management of its capital structure during the year ended 31 March 2018.

ANALYSIS OF SHAREHOLDINGS

AT 28 JUNE 2019

Issued & Fully Paid-up Capital	:	660,289,100 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

	NAME OF ACCOUNTS HOLDERS	NO. OF SHARES HELD	PERCENTAGE HELD (%)
1.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NH FOODS LTD	132,500,000	20.07
2.	INNOFARM SDN BHD	67,350,000	10.20
3.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN BHD	47,800,000	7.24
4.	PACIFIC TRUSTEES BERHAD EXEMPT AN FOR INNOFARM SDN BHD	35,000,000	5.30
5.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN BHD	20,350,000	3.08
6.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING (CHE3060M)	19,628,090	2.97
7.	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR INNOFARM SDN BHD (MY3045)	18,000,000	2.73
8.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD PMB INVESTMENT BERHAD FOR MAJLIS AMANAH RAKYAT	10,000,000	1.51
9.	YAYASAN GURU TUN HUSSEIN ONN	10,000,000	1.51
10.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	8,537,400	1.29
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	6,346,280	0.96
12.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP HOONG CHAI (YAP2110M)	6,000,000	0.91
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM BOON HOOI	5,300,000	0.80
14.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHOR HOW (YAP2107M)	4,248,000	0.64
15.	CHUA TECK KIM	3,802,500	0.58

Analysis of Shareholdings

AS AT 28 JUNE 2019

	NAME OF ACCOUNTS HOLDERS	NO. OF SHARES HELD	PERCENTAGE HELD (%)
16.	NG CHEW KEE	3,310,300	0.50
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CRST SM ESG)	3,000,000	0.45
18.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP SHOR YEE	2,394,000	0.36
19.	LEMBAGA TABUNG HAJI LEMBAGA TABUNG HAJI,BHG PEMEROSESAN PELABURAN	2,338,600	0.35
20.	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHIEW CHIENG SIEW (MK0111)	2,210,000	0.33
21.	LIM YOKE SIM	2,080,900	0.32
22.	YEAP WENG HONG	2,072,000	0.31
23.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEAP WENG HONG (MARGIN)	2,000,000	0.30
24.	BAN SENG GUAN SDN BHD	1,896,000	0.29
25.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LI SIN KEONG (LIS0005C)	1,500,000	0.23
26.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR FORTRESS CAPITAL ASSET MANAGEMENT (M) SDN BHD	1,450,000	0.22
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NGIM CHIN AIK	1,400,000	0.21
28.	YAP CHOR WEN	1,300,000	0.20
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SONG TEIK SUN (PB)	1,200,000	0.18
30.	HONG CHOON HAU	1,200,000	0.18
TOTAL		424,214,070	64.22

Analysis of Shareholdings

AS AT 28 JUNE 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHARES
1-99 (*)	146	3,318	0.00
100 - 1,000	749	482,199	0.07
1,001 - 10,000	4,019	24,706,693	3.74
10,001 - 100,000	3,528	119,763,520	18.14
100,001 to less than 5% of the issued shares	388	232,683,370	35.24
5% and above of the issued shares	4	282,650,000	42.81
TOTAL	**8,834**	**660,289,100**	**100**

Remark : * less than 0.01%
: ** less than 5% of issued holdings
: *** 5% and above of issued holdings

LIST OF SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT	%	INDIRECT	%
1. Innofarm Sdn Bhd	189,000,000	28.62	-	-
2. NH Foods Ltd	132,500,000	20.07	-	-

LIST OF DIRECTORS' SHAREHOLDINGS

	NO. OF SHARES HELD			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
1. Dato' Yap Hoong Chai	6,000,000	0.91	214,418,560	32.47(*)
2. Dato' Yap Chor How	4,597,000	0.69	-	-
3. Dato' Yeap Weng Hong	4,072,000	0.61	-	-
4. Ng Kim Tian	-	-	-	-
5. Yeap Fock Hoong	120,000	0.02	-	-
6. Hideki Fujii	-	-	-	-
7. Ryuichi Nitta (Alternate to Hideki Fujii)	-	-	-	-
8. Gan Lian Peng	-	-	-	-
9. Tan Chee Hau	-	-	-	-
10. Lim Teck Seng	-	-	-	-

Remark : (*) Deemed interested in 25,418,560 shares held by his spouse, children, siblings and spouse of sibling and 189,000,000 shares by virtue of Innofarm Sdn Bhd which holds 28.62% equity interest in Lay Hong Berhad.

ANALYSIS OF WARRANT HOLDINGS

AS AT 28 JUNE 2019

No. of Warrants	:	259,785,900
Exercise Price of Warrants	:	RM0.40
Exercise Period of Warrants	:	14 October 2016 to 13 October 2021
Voting Rights in the Meeting of Warrant Holders	:	One vote per warrant holder on a show of hands One vote per warrant on a poll
Number of Warrant Holders	:	2,265

LIST OF 30 LARGEST WARRANT ACCOUNT HOLDERS (WITHOUT AGGREGATING WARRANT FROM DIFFERENT WARRANT ACCOUNTS BELONGING TO THE SAME REGISTERED WARRANT HOLDER)

	NAME OF ACCOUNTS HOLDERS	NO. OF WARRANTS HELD	PERCENTAGE HELD (%)
1.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NH FOODS LTD	66,250,000	25.50
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN BHD	13,020,000	5.01
3.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING (CHE3060M)	8,548,145	3.29
4.	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR INNOFARM SDN BHD (MY3045)	8,000,000	3.08
5.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LAU NGEE TACK (SMART)	7,134,400	2.75
6.	LIM GUAT SIM	5,000,000	1.92
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SONG TEIK SUN (PB)	3,350,000	1.29
8.	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHEW KIM HWA (MY1207)	3,223,200	1.24
9.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP SHOR YEE	3,197,000	1.23
10.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE JEN TONG (STA1)	2,621,300	1.01
11.	INNOFARM SDN BHD	2,500,000	0.96
12.	JS NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIEW CHIENG SIEW (KUCHING-CL)	2,320,000	0.89
13.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHOR HOW (YAP2107M)	2,124,000	0.82
14.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN BHD (MARGIN)	2,100,000	0.81
15.	MASAKAZU YOON	2,051,100	0.79

Analysis of Warrant Holdings

AS AT 28 JUNE 2019

	NAME OF ACCOUNTS HOLDERS	NO. OF WARRANTS HELD	PERCENTAGE HELD (%)
16.	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHIEW CHIENG SIEW (MK0111)	2,000,000	0.77
17.	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR HOH SAI KHONG (MY2455)	1,900,000	0.73
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR SONG TEIK SUN (PW-M00043)(648251)	1,700,000	0.65
19.	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHEW CHIN TENG (MY3160)	1,506,200	0.58
20.	JS NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW MEOW LUAN (TTDI-CL)	1,500,000	0.58
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SIN BOON	1,500,000	0.58
22.	HENG SOON HAU	1,400,000	0.54
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH DEE KONG (E-JCL)	1,200,000	0.46
24.	CHUA TECK KIM	1,000,000	0.38
25.	LIM CHIN KIONG	1,000,000	0.38
26.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEO HOCK LIM	1,000,000	0.38
27.	WONG MEEI PEI	1,000,000	0.38
28.	BAN SENG GUAN SDN BHD	948,000	0.36
29.	LIM YOKE SIM	931,500	0.36
30.	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIM TIAN FATT (MY2889)	830,000	0.32
TOTAL		150,854,845	58.04

Analysis of Warrant Holdings

AS AT 28 JUNE 2019

SIZE OF WARRANT HOLDINGS	NO. OF WARRANT HOLDERS	NO. OF WARRANT HELD	% OF WARRANT
1-99 (*)	135	2,985	0.00
100 - 1,000	113	53,850	0.02
1,001 - 10,000	640	4,572,140	1.76
10,001 - 100,000	1,112	43,588,270	16.78
100,001 to less than 5% of the issued warrants	263	132,298,655	50.93
5% and above of the issued warrants	2	79,270,000	30.51
TOTAL	**2,265**	**259,785,900**	**100**

Remark : * less than 0.01%
: ** less than 5% of issued holdings
: *** 5% and above of issued holdings

LIST OF DIRECTORS' WARRANT HOLDINGS

NAME OF DIRECTORS	NO. OF WARRANT HELD			
	DIRECT	%	INDIRECT	%
1. Dato' Yap Hoong Chai	-	-	38,952,530	14.99 (*)
2. Dato' Yap Chor How	2,298,500	0.88	-	-
3. Dato' Yeap Weng Hong	20,000	0.01	-	-
4. Ng Kim Tian	-	-	-	-
5. Yeap Fock Hoong	-	-	-	-
6. Hideki Fujii	-	-	-	-
7. Ryuichi Nitta (Alternate to Hideki Fujii)	-	-	-	-
8. Gan Lian Peng	-	-	-	-
9. Tan Chee Hau	-	-	-	-
10. Lim Teck Seng	-	-	-	-

Remark : (*) Deemed interested in 13,332,530 warrants held by his spouse, children, siblings and spouse of sibling and 15,120,000 warrants by virtue of Innofarm Sdn Bhd which holds 5.82% equity interest in Lay Hong Berhad.

LIST OF TOP TEN PROPERTIES

AS AT 31ST MARCH 2019

	Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition/ Revaluation
1	Lot No. 559 Mukim of Ijok Kuala Selangor	Vacant Land	34	Freehold	-	29,035	01/03/2016
2	Lot Nos. 739/40 & 741 Mukim Api-Api Kuala Selangor	Breeder Farm	15	Freehold	1-16	12,942	01/03/2016
3	NT. No. 043081625 Tamparuli, Sabah	Layer Farm	9.1	Leasehold Feb 2037	7	12,472	01/03/2016
4	GM1706, Lot No. 1822 Mukim of Jeram Kuala Selangor	Layer Farm	5	Freehold	1-2	12,377	10/09/2015 SPA date
5	No. 2, Level 10-12, Wisma Lay Hong, Jalan Empayar Off Persiaran Sultan Ibrahim/KU1, 41150 Klang	Corporate Office	31,212 sq. ft.	Freehold	10	11,603	01/03/2016
6	MELAKA Lot Nos. 1717/8/9 & 1720 Mukim of Ayer Panas Jasin, Melaka	Layer Farm & Fertiliser Plant & Building	40.4	Freehold	2-34	11,515	01/03/2016
7	GM1134, Lot No. 2809 Mukim of Jeram Kuala Selangor	Layer Farm	5	Freehold	1-3	10,092	29/05/2014 SPA date
8	Lot No. 4857 Mukim of Jeram Kuala Selangor	Layer Farm & Feedmill	25.0	Freehold	2-35	8,718	01/03/2016
9	Lot Nos. 1475/6 Lot Nos. 253 & 244 Mukim Pasangan Kuala Selangor	Breeder Farm & Hatchery	18.5	Freehold	3-21	7,568	01/03/2016
10	Lot No 832 Mukim Hujung Permatang Kuala Selangor	Broiler Farm	5	Freehold	1-2	6,963	26/10/2016 SPA date

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fifth Annual General Meeting ("35th AGM") of LAY HONG BERHAD will be held at The Ballroom II, Ground Floor, Premiere Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan on Friday, 27 September 2019 at 11.00 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon. **(See Explanatory Note 7)**

2. To approve the payment of a Final Single Tier Dividend of 0.5 sen per ordinary share for the financial year ended 31 March 2019. **Ordinary Resolution 1**

3. To approve the payment of Directors' Fees of RM317,167.00 respectively for the financial year ended 31 March 2019. **Ordinary Resolution 2**

4. To re-elect the following Directors who are retiring under Article 71 of the Company's Constitution:-

   (i) Dato' Yap Hoong Chai **Ordinary Resolution 3**
   (ii) Mr Gan Lian Peng **Ordinary Resolution 4**
   (iii) Mr Tan Chee Hau **Ordinary Resolution 5**

5. To re-elect the following Directors who are retiring under Article 72 of the Company's Constitution:-

   (i) Mr Lim Teck Seng **Ordinary Resolution 6**
   (ii) Mr Hideki Fujii **Ordinary Resolution 7**

6. To re-appoint Messrs Ong Boon Bah & Co. as Auditors for the financial year ending 31 March 2020 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

SPECIAL BUSINESS

To consider and, if thought fit, pass the following Resolutions:-

7. **Ordinary Resolution** **Ordinary Resolution 9**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("Proposed Renewal of Existing Shareholders' Mandate") **(See Explanatory Note 9)**

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") approval be and is hereby given to the Company and/or its subsidiary companies to enter into and give effect to specified Recurrent Related Party Transactions of a revenue or trading nature and with classes of those related parties as specified in Section 2.4 of the Circular to Shareholders dated 31 July 2019 subject further to the following:-

i. That the transactions are in the ordinary course of business and are on terms that are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;

ii. That the transactions are made on an arm's length basis and on normal commercial terms; and

iii. That disclosure shall be made in the Annual Report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Renewal of Existing Shareholders' Mandate during the financial year, based on the following information:-

   - the type of the Recurrent Related Party Transactions made; and
   - the names of the Related Parties involved in each type of the Recurrent Related Party Transactions entered into and their relationships with the Company.

iv. That such approvals shall only continue to be in force until:-

   - the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
   - the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340 of the Companies Act 2016 ("CA 2016") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of CA 2016; or

- revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this Ordinary Resolution."

8. **Ordinary Resolution**
Authority To Issue Shares Pursuant to Sections 75 and 76 of The CA 2016 **Ordinary Resolution 10**
(See Explanatory Note 10)

"**THAT** subject always to the CA 2016, and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the CA 2016, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

9. **Special Resolution**
Proposed Adoption of the New Constitution of the Company **Special Resolution 1**
(See Explanatory Note 11)

"**THAT** approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix 1 accompanying the Company's Annual Report for the financial year ended 31 March 2019, be and is hereby adopted as the Constitution of the Company, **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

10. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and/or the CA 2016.

BY ORDER OF THE BOARD

LEE WEE HEE (MAICSA 0773340)
WONG YUET CHYN (MAICSA 7047163)
Company Secretaries

Selangor Darul Ehsan
Date: 31 July 2019

Notice of Annual General Meeting

Notes:-

1. Every member entitled to attend and vote at the Meeting is entitled to appoint a proxy or attorney (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
2. A member may appoint up to two (2) proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy.
3. The instrument appointing a proxy will not be treated as valid unless the instrument and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of that power or authority, is or are deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
4. Where a member is an exempt authorised nominee which holds ordinary shares on the Company for multiple beneficial owners in one securities account ("Omnibus Account") there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 September 2019, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Notes on Ordinary Business

7. The audited financial statements are laid in accordance with Section 340(1)(a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

8. **Notice of Dividend Entitlement and Payment**

   Notice is also hereby given that subject to the approval of the shareholders at the forthcoming 35th AGM, a Final Single Tier Dividend of 0.5 sen per share will be paid on 13 November 2019 to the shareholders whose names appear in the Record of Depositors at the close of business on 22 October 2019.

   A depositor shall qualify for entitlement only in respect of:-

   a) shares transferred to the Depositors' Securities Account before 4.30 p.m. on 22 October 2019 in respect of ordinary transfers; and

   b) shares bought on Bursa Securities on a cum entitlement basis according to the Paragraphs of Bursa Securities.

Explanatory Notes on Special Business

9. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions**

   The proposed Resolution 9, if passed, will authorize the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company. Please refer to the Section 2.4 of the Circular to Shareholders dated 31 July 2019, which is dispatched together with the Company's Annual Report 2019, for more information.

10. **Authority to Issue Shares pursuant to Sections 75 and 76 of the CA 2016**

The proposed Resolution 10, is proposed for the purpose of granting a renewed general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The Ordinary Resolution 10, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no shares had been issued and allotted since the general mandate granted to the Directors at the last AGM held on 28 September 2018 and this authority will lapse at the conclusion of the 35th AGM of the Company.

The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

11. **Proposed Adoption of the New Constitution of the Company**

The Special Resolution 1, if passed, will bring the Company's Constitution in line with the CA 2016 which came into force on 31 January 2017, the updated provisions of the Main Market Listing Requirements and the prevailing statutory and regulatory requirements, details of which are set out in Appendix I accompanying the Company's Annual Report 2019. Pursuant to Section 36 of the CA 2016, the proposed adoption of the new Constitution of the Company, if passed as a Special Resolution by a majority of not less than 75% of the members who are entitled to vote, and do vote in person or by proxy, shall take immediate effect and it shall bind the Company and the members accordingly.

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FORM OF PROXY

LAY HONG BERHAD
(107129-H) Incorporated in Malaysia

CDS ACCOUNT NO.	– –
NO. OF SHARES HELD	

I/We ……..
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No.………………………………………………………………...)

of ………
(FULL ADDRESS)

being a member/members of **LAY HONG BERHAD**, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		

or failing him, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 35th Annual General Meeting ("35th AGM") of the Company to be held at The Ballroom II, Ground Floor, Premiere Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan on **Friday, 27 September 2019 at 11.00 a.m.** and at any adjournment thereof.

ORDINARY RESOLUTIONS	**FOR**	**AGAINST**
1. Payment of Final Single Tier Dividend		
2. Payment of Directors' Fees		
3. Re-election of Dato' Yap Hoong Chai		
4. Re-election of Mr Gan Lian Peng		
5. Re-election of Mr Tan Chee Hau		
6. Re-election of Mr Lim Teck Seng		
7. Re-election of Mr Hideki Fujii		
8. Re-appointment of Auditors		
9. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party		
10. Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
SPECIAL RESOLUTION		
1. Adoption of New Constitution of the Company		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ………… day of ………………………….. 2019.

………………………………………………...
Signature(s) of member(s)

Notes:-

1. Every member entitled to attend and vote at the Meeting is entitled to appoint a proxy or attorney (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

2. A member may appoint up to two (2) proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy.

3. The instrument appointing a proxy will not be treated as valid unless the instrument and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of that power or authority, is or are deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

4. Where a member is an exempt authorised nominee which holds ordinary shares on the Company for multiple beneficial owners in one securities account ("Omnibus Account") there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. In respect of deposited securities, only members whose names appear on the Record of Depositors on [20 September 2019], shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

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AFFIX
STAMP

The Company Secretaries
LAY HONG BERHAD (107129-H)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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50480 Kuala Lumpur

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