

LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
Note	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	1,676,538	1,434,133	1,676,538	1,434,133
Other income	16,520	19,077	16,520	19,077
Operating expenses	(1,562,149)	(1,385,540)	(1,562,149)	(1,385,540)
Profit from operations	130,909	67,670	130,909	67,670
Finance costs	(25,863)	(32,607)	(25,863)	(32,607)
Share of profits of associates	101	27	101	27
Profit before tax	B5 105,147	35,090	105,147	35,090
Tax expense	B6 (23,191)	(9,771)	(23,191)	(9,771)
Net profit for the financial period	81,956	25,319	81,956	25,319
Other comprehensive income/(loss):				
Item that will be subsequently reclassified to profit or loss:				
Currency translation differences	23,393	(39,851)	23,393	(39,851)
Other comprehensive income/(loss) for the financial period	23,393	(39,851)	23,393	(39,851)
Total comprehensive income/(loss) for the financial period	105,349	(14,532)	105,349	(14,532)

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	Quarter ended		Period ended	
		31/03/2021	31/03/2020	31/03/2021	31/03/2020
		RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to:					
Owners of the Company		70,332	21,790	70,332	21,790
Non-Controlling Interests		11,624	3,529	11,624	3,529
		<u>81,956</u>	<u>25,319</u>	<u>81,956</u>	<u>25,319</u>
Total comprehensive income attributable to:					
Owners of the Company		93,250	5,979	93,250	5,979
Non-Controlling Interests		12,099	(20,511)	12,099	(20,511)
		<u>105,349</u>	<u>(14,532)</u>	<u>105,349</u>	<u>(14,532)</u>
Earning per share (sen)					
Basic	B13	1.93	0.60	1.93	0.60
Diluted	B13	1.93	0.60	1.93	0.60

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached in the interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/03/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,678,075	2,656,481
Investment properties	22,471	21,797
Right-of-use assets	373,856	373,863
Intangible assets	96,066	95,321
Investment in associates	1,483	1,581
Trade receivables	1,118	1,118
Amount owing by Associates	16,130	16,196
Deferred tax assets	62,068	62,047
Total Non-Current Assets	3,251,267	3,228,404
Current Assets		
Biological assets	377,785	364,634
Inventories	748,163	721,869
Trade receivables	533,353	489,582
Other receivables and prepaid expenses	172,807	110,920
Contract assets	68	-
Derivative financial assets	853	-
Tax recoverable	26,187	21,625
Cash and bank balances	694,317	757,769
Total Current Assets	2,553,533	2,466,399
TOTAL ASSETS	5,804,800	5,694,803
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,499,684	1,499,684
Merger reserve	(662,466)	(662,466)
Reserve	969,987	876,223
Equity attributable to owners of the Company	1,807,205	1,713,441
Non-controlling interests	547,221	535,122
TOTAL EQUITY	2,354,426	2,248,563

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As at 31/03/2021 RM'000	Audited As at 31/12/2020 RM'000
	Note		
LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities		91,106	92,076
Bank borrowings	B9	836,368	874,478
Lease liabilities		137,415	137,276
Deferred Income		1,854	1,907
Derivative financial liabilities	B10	529	467
Provision for Asset Retirement Obligation		2,970	2,575
Post-employment benefits obligation		47,782	45,689
Total Non-Current Liabilities		1,118,024	1,154,468
Current Liabilities			
Trade payables		240,442	229,394
Other payables and accrued expenses		229,730	260,386
Amount owing to associates		141	-
Contract liabilities		96	-
Bank borrowings	B9	1,813,192	1,764,835
Lease liabilities		19,419	18,894
Derivative financial liabilities	B10	-	1,982
Provision for Asset Retirement Obligation		6	148
Dividend Payable		-	37
Deferred Income		323	318
Tax payable		29,001	15,778
Total Current Liabilities		2,332,350	2,291,772
TOTAL LIABILITIES		3,450,374	3,446,240
TOTAL EQUITY AND LIABILITIES		5,804,800	5,694,803
Net assets per share attributable to ordinary equity holders (RM)		0.4951	0.4694

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached in the interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	ESOS Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1/1/2021	1,499,684	(662,466)	(20,448)	10,088	886,583	1,713,441	535,122	2,248,563
Comprehensive income:								
Net profit for the financial period	-	-	-	-	70,332	70,332	11,624	81,956
Other comprehensive income:								
Currency translation differences	-	-	22,918	-	-	22,918	475	23,393
Total other comprehensive income	-	-	22,918	-	-	22,918	475	23,393
Total comprehensive Income	-	-	22,918	-	70,332	93,250	12,099	105,349
Transactions with owners:								
Share option expense	-	-	-	514	-	514	-	514
Share options lapsed	-	-	-	(91)	91	-	-	-
	-	-	-	423	91	514	-	514
Balance as at 31/3/2021	1,499,684	(662,466)	2,470	10,511	957,006	1,807,205	547,221	2,354,426

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share Capital RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	ESOS Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1/1/2020	1,499,684	(658,787)	(2,754)	6,486	796,580	1,641,209	539,314	2,180,523
Comprehensive income:								
Net profit for the financial period	-	-	-	-	21,790	21,790	3,529	25,319
Other comprehensive income:								
Currency translation differences	-	-	(15,030)	-	(781)	(15,811)	(24,040)	(39,851)
Total other comprehensive income	-	-	(15,030)	-	(781)	(15,811)	(24,040)	(39,851)
Total comprehensive income	-	-	(15,030)	-	21,009	5,979	(20,511)	(14,532)
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(2,069)	(2,069)
ESOS expenses	-	-	-	1,335	-	1,335	-	1,335
Disposal to non-controlling interests	-	-	-	-	-	-	9	9
	-	-	-	1,335	-	1,335	(2,060)	(725)
Balance as at 31/3/2020	1,499,684	(658,787)	(17,784)	7,821	817,589	1,648,523	516,743	2,165,266

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached in the interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	Year ended	
	31/03/2021	31/03/2020
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	105,147	35,090
Adjustments for: non-cash items	92,714	83,178
Operating profit before working capital changes	197,861	118,268
<u>Net Movement In:</u>		
Inventories	(17,181)	48,798
Biological assets	(11,763)	(15,524)
Receivables	(107,601)	(101,563)
Payables	(28,391)	(52,696)
Net cash from operations	32,925	(2,717)
Tax paid	(15,905)	5,206
Net cash generated from operating activities	17,020	2,489
<u>CASH FLOWS USED IN INVESTING ACTIVITIES</u>		
Advance to an associate	-	(818)
Dividend income from associates	200	-
Proceeds from disposal of property, plant and equipment	2,364	2,152
Proceeds from disposal of right-of-use assets	-	17
Interest income received	3,706	4,151
Addition of property, plant and equipment	(65,435)	(92,681)
Addition of right-of-use assets	(185)	(39)
Proceeds from partial disposal of subsidiary to non controlling interest	-	9
Decrease/(Increase) in fixed deposit pledged	2,489	(821)
Net cash used in investing activities	(56,861)	(88,030)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	CUMULATIVE QUARTER	
	Year ended	
	31/03/2021	31/03/2020
	RM'000	RM'000
<u>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</u>		
Finance costs paid	(24,987)	(32,442)
Proceeds from term loans	17,832	6,321
Repayments of term loans	(51,153)	(92,082)
Net drawdown of short term borrowings	25,094	118,833
Repayment of hire purchase liabilities	(8,395)	(7,610)
Repayment of lease liabilities	(5,385)	(3,791)
Issuance costs of Sukuk Mudharabah	(983)	-
Dividend paid	-	(2,069)
Net cash generated from/(used in) financing activities	(47,977)	(12,840)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(87,818)	(98,381)
Effect of exchange translation differences	21,333	5,882
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	645,828	654,232
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	579,343	561,733

Cash and cash equivalents comprise the following:

Cash and bank balances	694,317	696,789
Bank overdrafts	(100,176)	(96,064)
	594,141	600,725
Less:		
- fixed deposits pledged as collateral	(14,798)	(22,292)
- fixed deposits of more than 3 months maturity with licensed banks	-	(16,700)
	579,343	561,733

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached in the interim financial report.

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NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2021

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

A1. BASIS OF PREPARATION

The interim financial report of Leong Hup International Berhad (“LHI” or the “Company”) and its subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by International Accounting Standards Board (“IASB”), paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial report should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2020. These explanatory notes, attached to the condensed consolidated interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2020, except for the adoption of the following new standards, amendments to standards and interpretations during the current financial period:

- Amendments to MFRS 16 Leases (Covid-19 Related Rent Concessions)
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 (Interest Rate Benchmark Reform—Phase 2)

The adoption of the above standards and amendments does not have any material financial impact on the financial statements of the Group.

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards and Amendments in issue but not yet effective

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

Standards	Effective for annual period beginning on or after
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contract – Cost of fulfilling a contract)	1 January 2022
Amendment to MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 116 (Property, Plant and Equipment—Proceeds before Intended Use)	1 January 2022
MFRS 1, MFRS 9, MFRS 141 Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendment to MFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors have expressed an unqualified opinion on the audited Group's statutory financial statements for the financial year ended 31 December 2020 in their report dated 9 April 2021.

A4. SEASONAL AND CYCLICAL FACTORS

The Group's Feedmill business is not subject to seasonal factors, whilst the Group's Livestock business is subject to certain seasonal factors, such as weather, festive seasons and school holidays.

- *Weather* : whilst poultry grown in closed-houses are not affected by variations in the weather, poultry grown in open-houses are. When weather is hotter, poultry tends to grow at a slower rate, thus reducing the supply to the market and increasing prices.
- *Festive seasons* : typically, poultry consumption is higher during the festive seasons such as Ramadan and Christmas, while poultry consumption is the lowest during the period immediately following the month of Ramadan and Hari Raya .
- *School holidays* : during school holidays we typically see an increase in sales in each of the jurisdictions where the Group operates, other than Singapore, where sales are slightly lower.

A5. UNUSUAL ITEMS

There was no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group during the financial period under review.

A6. CHANGES IN ESTIMATES

There were no major changes in estimates that have had material effect on the results of the financial period under review.

A7. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the financial period under review

A8. DIVIDEND PAID

No dividend has been paid in current quarter.

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A9. SEGMENTAL INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the Management Team as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided, as well as geographical segment.

Products and services

	Livestock and poultry related products RM'000	Feedmill RM'000	Inter segment elimination RM'000	Group RM'000
Quarter ended 31/3/2021				
Revenue from sales of goods:				
- external customers	915,162	758,352	-	1,673,514
- inter-segment	-	276,314	(276,314)	-
Revenue from sales of goods	915,162	1,034,666	(276,314)	1,673,514
Revenue from other sources				3,024
Total revenue				<u>1,676,538</u>
EBITDA	94,244	111,748	(5,934)	200,058
Depreciation and amortisation	(53,435)	(14,784)	(930)	(69,149)
	40,809	96,964	(6,864)	130,909
Share of profits of associates				101
Finance costs				(25,863)
Profit before taxation				105,147
Tax expense				(23,191)
Profit for the financial period				<u>81,956</u>

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A9. SEGMENTAL INFORMATION (CONTINUED)

Products and services (Continued)

	Livestock and poultry related products RM'000	Feedmill RM'000	Inter segment elimination RM'000	Group RM'000
Quarter ended 31/3/2020				
Revenue from sales of goods:				
- external customers	782,628	648,145	-	1,430,773
- inter-segment	-	312,077	(312,077)	-
Revenue from sales of goods	782,628	960,222	(312,077)	1,430,773
Revenue from other sources	-	-	-	3,360
Total revenue				1,434,133
EBITDA	6,035	119,436	1,710	127,181
Depreciation and amortisation	(45,377)	(13,430)	(704)	(59,511)
	(39,342)	106,006	1,006	67,670
Share of profits of associates				27
Finance costs				(32,607)
Profit before taxation				35,090
Tax expense				(9,771)
Profit for the financial period				25,319

Geographical segment

	Revenue		EBITDA	
	Quarter ended 31/03/2021 RM'000	Quarter ended 31/03/2020 RM'000	Quarter ended 31/03/2021 RM'000	Quarter ended 31/03/2020 RM'000
Malaysia	443,327	383,488	64,298	33,125
Singapore	189,865	185,410	26,206	21,047
Vietnam	385,096	356,461	37,999	35,062
Indonesia	613,676	484,097	60,846	36,257
Philippines	44,574	24,677	10,709	1,690
	1,676,538	1,434,133	200,058	127,181

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A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment (Continued)

	Total non-current assets		Total borrowing	
	as at		as at	
	31/03/2021	31/12/2020	31/03/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,495,597	1,489,715	1,048,660	1,041,392
Singapore	387,331	389,533	467,488	463,035
Vietnam	452,777	440,413	461,869	481,617
Indonesia	647,228	658,043	626,582	607,156
Philippines	189,018	171,339	44,961	46,113
	<u>3,171,951</u>	<u>3,149,043</u>	<u>2,649,560</u>	<u>2,639,313</u>

Non-current assets are determined according to the country where the head office is located. The amounts of non-current assets do not include financial instruments, deferred tax and tax recoverable.

A10. PROPERTY, PLANT AND EQUIPMENT

(i) Acquisition and disposal

During the period ended 31 March 2021, the Group acquired property, plant and equipment amounting to RM67.54 million (period ended 31 March 2020 : RM95.35 million).

During the period ended 31 March 2021, the Group disposed property, plant and equipment amounting to RM1.76 million (period ended 31 March 2020 : RM1.53 million).

(ii) Revaluation

There were no revaluation of property, plant and equipment for the period ended 31 March 2021 (period ended 31 March 2020 : RM Nil).

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A11. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

A12. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	As at 31/03/2021 RM'000
Acquisition of property, plant and equipment:	
- approved by Directors and contracted	59,110
- approved by Directors but not contracted	57,362
	<hr/> 116,472 <hr/>

A13. CHANGES IN THE COMPOSITION OF THE GROUP

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

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A14. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Due to changes in the market caused by the Covid-19 pandemic, the Board of Directors (“Board”) had approved to suspend certain planned farm expansions and defer others. Thus, the unutilised proceeds raised from the Initial Public Offering (“IPO”) which were earlier earmarked for the said farm expansions have been reallocated as working capital for the Group.

In view of the above, the Board has resolved to vary and extend the timeframe for the Unutilised IPO Proceeds (as defined in Note B8) (“Variation”) in the manner set out below:

Purposes	Original Proposed Utilisation	Revised Proposed Utilisation	Original timeframe for utilisation (from the date of listing)	Revised timeframe for utilisation (from the date of listing)
	RM’000	RM’000		
Capital expenditure	207,733	142,733	within 24 months	within 42 months
Working capital	32,959	97,959	within 6 months	within 30 months
Defray fees and expenses for IPO and listing	34,308	34,308	within 3 months	within 3 months
	<u>275,000</u>	<u>275,000</u>		

The Variation is not subject to any regulatory authorities or shareholders’ approval on the basis that the Variation is not material and remains consistent with the Group’s existing business, and future plans and prospects as disclosed in the Company’s Prospectus dated 25 April 2019.

Nevertheless, the Board shall continue to be prudent in managing the Unutilised IPO Proceeds and will continue to disclose the status of the utilisation of proceeds in the Company’s quarterly results and annual reports until its full utilisation.

Other than as disclosed above, there were no material events subsequent to the end of the current financial quarter and up to the date of this report.

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A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

The related party transactions described below were carried out on terms and conditions negotiated amongst the parties. The significant related party transactions are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Associated companies:				
Interest income	168	106	168	106
Fellow subsidiaries:				
Sales of goods	-	857	-	857
Purchases of goods	-	(1,227)	-	(1,227)
Companies controlled by Lau family*:				
Sales of goods	139,238	122,918	139,238	122,918
Management fee received/receivable	211	751	211	751
Rental receivables	811	1,083	811	1,083
Interest receivables	112	-	112	-
Purchases of goods	(67,289)	(48,152)	(67,289)	(48,152)
Transportation charges paid/payable	(3,511)	(3,820)	(3,511)	(3,820)
Purchases of sundries paid/payable	(1,148)	(673)	(1,148)	(673)
Rental paid/payables	(686)	(332)	(686)	(332)
Purchase of property, plant and equipment	(11)	-	(11)	-
Companies controlled by Nam family^:				
Transportation charges paid/payable	(2,178)	(2,186)	(2,178)	(2,186)

* Lau family refers to family members who, collectively control Emerging Glory Sdn Bhd, the ultimate holding company, and the Company. The following Lau family members are Directors of the Company: Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat collectively.

^ Nam family refers to family members who have significant financial interest in an indirect subsidiary of LHI, Teo Seng Capital Berhad, a company listed on Main Market of Bursa Securities. Nam Hiok Joo from the Nam family is a Director of Teo Seng Capital Berhad.

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B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA SECURITIES MAIN LISTING REQUIREMENTS (APPENDIX 9B)

B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarter ended		Changes %	Period ended		Changes %
	31/03/2021 RM'000	31/03/2020 RM'000		31/03/2021 RM'000	31/03/2020 RM'000	
Revenue:						
Livestock and poultry related products						
	915,162	782,628	16.9%	915,162	782,628	16.9%
Feedmill	758,352	648,145	17.0%	758,352	648,145	17.0%
Others	3,024	3,360	(10.0%)	3,024	3,360	(10.0%)
	<u>1,676,538</u>	<u>1,434,133</u>	16.9%	<u>1,676,538</u>	<u>1,434,133</u>	16.9%
EBITDA:						
Livestock and poultry related products						
	94,244	6,035	1,461.6%	94,244	6,035	1,461.6%
Feedmill	111,748	119,436	(6.4%)	111,748	119,436	(6.4%)
Others	(5,934)	1,710	(447.0%)	(5,934)	1,710	(447.0%)
	<u>200,058</u>	<u>127,181</u>	57.3%	<u>200,058</u>	<u>127,181</u>	57.3%

Livestock and poultry related products

The Group's revenue from sales of livestock and poultry related products increased by 16.9% from RM782.63 million in the financial quarter ended ("FQE") 31 March 2020 to RM915.16 million in the FQE 31 March 2021.

This was due to higher revenue from Indonesia, Philippines and Malaysia. The increase in revenue from Indonesia was primarily a result of favourable average selling price and sales volume of day-old-chicks ("DOC") and broiler chickens. Revenue from Philippines increased due to higher average selling price and sales volume of DOC and broiler chickens. Higher revenue from Malaysia was mainly due to an increase in average selling price of broiler chickens and the expansion of its downstream business-to-consumer channel since June 2020.

The EBITDA from livestock and other poultry related products increased by 1,461.6%. The increase was primarily due to better margins arising from higher average selling price of DOC and broiler chickens in Indonesia and Philippines as well as higher average selling price of broiler chickens in Malaysia.

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B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER (CONTINUED)

Feedmill

The Group's revenue from feedmill increased by 17.0% from RM648.15 million in the FQE 31 March 2020 to RM758.35 million in the FQE 31 March 2021. The increase was primarily due to higher sales volume and average selling price of livestock feed in Vietnam and Indonesia.

Notwithstanding the increase in total revenue of livestock feed, EBITDA decreased by 6.4%, primarily due to normalisation of margins in Indonesia and Vietnam.

B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Quarter ended		Changes %
	31/03/2021 RM'000	31/12/2020 RM'000	
Revenue	1,676,538	1,607,676	4.3%
Profit from operations	130,909	97,261	34.6%
Profit before taxation	105,147	68,319	53.9%

The Group's revenue increased by 4.3% from RM1,607.68 million to RM1,676.54 million in comparison with the immediate preceding quarter. The increase in revenue mainly attributed to an increase in average selling price and sales volume of broiler chickens in Malaysia, Indonesia and Philippines as well as increase in average selling price of DOC in those three countries.

The Group's profit before taxation increased by 53.9% from RM68.32 million in FQE 31 December 2020 to RM105.15 million in FQE 31 March 2021, primarily due to higher margin arising from an improvement in average selling price of DOC and broiler chickens in Indonesia and Philippines as compared to the immediate preceding quarter. This was further contributed by higher sales volume and average selling price of broiler chickens in Malaysia.

B3. PROSPECTS

All countries that the Group operates in expects to post GDP growth in 2021. With improving operating environments and with Covid-19 vaccination being rolled out by governments across the region, barring unforeseen circumstances, the Board is optimistic with the Group's performance in 2021.

The Group has adequate liquidity for operations and is well-positioned to capture opportunities when the market recovers.

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B4. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5. PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/03/2021	Quarter ended 31/03/2020	Period ended 31/03/2021	Period ended 31/03/2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of right-of-use assets	8,116	5,567	8,116	5,567
Bad debt recovered	162	(1,443)	162	(21)
Depreciation of :				
-investment properties	76	63	76	63
-property, plant and equipment	60,957	53,881	60,957	53,881
Expense recognised in respect of defined benefit plan	2,580	2,575	2,580	2,575
Farmer incentives and contract grower	15,906	14,353	15,906	14,353
Fair value loss/(gain) on derivative financial instruments	(2,770)	(10,749)	(2,770)	(10,749)
Foreign exchange (gain)/loss	(1,591)	2,436	(1,591)	2,436
(Gain)/Loss on disposal of:				
-property, plant and equipment	(600)	(599)	(600)	(599)
-right-of-use assets	-	(5)	-	(5)
Government grant	(2,377)	(770)	(2,377)	(770)
Impairment loss on:				
-property, plant and equipment	-	46	-	46
-receivables	1,739	747	1,739	747
Interest expense	25,863	32,607	25,863	32,607
Interest income	(3,706)	(4,151)	(3,706)	(4,151)
Packing materials	5,888	5,005	5,888	5,005
Promotional and marketing expenses	2,796	-	2,796	-
Rental expense	5,363	332	5,363	332
Rental income	(1,397)	(1,083)	(1,397)	(1,083)
Share option expense	514	1,335	514	1,335
Travelling expenses	2,330	3,683	2,330	3,683
Written off :				
-bad debts	20	36	20	36
-property, plant and equipment	22	63	22	63

Note: Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

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B6. TAXATION

	INDIVIDUAL QUARTER 31/03/2021 RM'000	CUMULATIVE QUARTER 31/03/2021 RM'000
Current tax recognised in profit or loss:		
- Malaysian income tax	8,188	8,188
- Foreign tax	16,218	16,218
- Under provision in prior years	(124)	(124)
	<u>24,282</u>	<u>24,282</u>
Deferred taxation recognised in profit or loss		
- Origination and reversal of temporary differences	(89)	(89)
- Under provision in prior years	(1,002)	(1,002)
	<u>23,191</u>	<u>23,191</u>
Tax expense	23,191	23,191
	<u>22.1%</u>	<u>22.1%</u>
Effective tax rate	22.1%	22.1%

The group effective tax rate for the current quarter is lower than the statutory tax rate of 24% mainly due to lower tax rate of foreign subsidiaries.

B7. STATUS OF CORPORATE PROPOSAL

There was no corporate proposal as at the date of this report.

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B8. UTILISATION OF PROCEEDS FROM IPO

The utilisation of proceeds from IPO as at 31 March 2021 is as follow:

Purposes	Original proposed utilisation RM'000	Revised proposed utilisation RM'000	Actual utilisation as at 31 March 2021 RM'000	Balance unutilised RM'000	Revised timeframe for utilisation from the date of listing
Capital expenditure	207,733	142,733	(127,926)	14,807	within 42 months
Working capital	32,959	97,959	(32,959)	65,000	within 30 months
Defray fees and expenses for IPO and listing	34,308	34,308	(34,308)	-	within 3 months
Total	275,000	275,000	(195,193)	79,807	

The utilisation of proceeds as disclosed above should be read in conjunction with the Company's Prospectus dated 25 April 2019.

As at the date of this report, the Group has utilised approximately RM195.19 million from the IPO proceeds and a balance of RM79.81 million has yet to be utilised from the IPO proceeds ("Unutilised IPO Proceeds").

The Board has resolved to vary and extend the timeframe for the Unutilised IPO Proceeds.

Please refer to Note A14 for further details on the said variation and extension.

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B9. BORROWINGS

	As at 31/03/2021 RM'000	As at 31/12/2020 RM'000
Current		
<u>Secured:</u>		
Bankers' acceptances	1,940	2,742
Bank overdrafts	97,832	82,042
Term loans	150,164	154,890
Revolving credits	337,238	291,945
Hire purchase liabilities	12,482	14,852
Trust receipts	33,008	-
	632,664	546,471
<u>Unsecured:</u>		
Bankers' acceptances	440,974	469,138
Bank overdrafts	2,344	12,879
Term loans	82,286	71,511
Revolving credits	296,414	255,892
Trust receipts	358,510	408,944
	1,180,528	1,218,364
Total Current	1,813,192	1,764,835
Non current		
<u>Secured:</u>		
Term loans	556,320	589,621
Hire purchase liabilities	14,468	18,381
<u>Unsecured:</u>		
Term loans	165,580	166,476
Sukuk Mudharabah	100,000	100,000
Total non current	836,368	874,478
Total borrowings	2,649,560	2,639,313

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B9. BORROWINGS (CONTINUED)

	As at 31/03/2021 RM'000	As at 31/12/2020 RM'000
Total borrowings		
Bankers' acceptances	442,914	471,880
Bank overdrafts	100,176	94,921
Term loans	954,350	982,498
Revolving credits	633,652	547,837
Trust receipts	391,518	408,944
Hire purchase liabilities	26,950	33,233
Sukuk Mudharabah	100,000	100,000
	<u>2,649,560</u>	<u>2,639,313</u>
The currency profile of borrowings is as follows:		
Ringgit Malaysia	1,040,805	1,033,005
Singapore Dollar	485,335	482,161
Indonesia Rupiah	595,434	576,901
US Dollar	86,008	95,322
Vietnamese Dong	397,089	405,811
Philippines Peso	44,889	46,113
	<u>2,649,560</u>	<u>2,639,313</u>

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B10. DERIVATIVES

	As at 31/03/2021		As at 31/12/2020	
	Contract/ Notional Amount RM'000	Fair Value Amount RM'000	Contract/ Notional Amount RM'000	Fair Value Amount RM'000
Current asset				
Forward foreign exchange contracts - less than 1 year	135,168	853	-	-
Derivative financial assets	135,168	853	-	-
Non-current liabilities				
Interest rate swap contracts - 1 to 3 years	25,535	(529)	29,006	(467)
Current liabilities				
Forward foreign exchange contracts	-	-	86,096	(1,710)
Foreign currency swap contracts	-	-	30,425	(272)
Derivative financial liabilities	25,535	(529)	145,527	(2,449)

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B11. MATERIAL LITIGATION

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group.

B12. DIVIDEND PROPOSED

The Board declared the payment of single tier first interim dividend of 0.66 sen per ordinary share amounting to RM24.09 million in respect of the financial year ending 31 December 2021, payable on 9 July 2021 to depositors registered in the Records of Depositors at close of business on 18 June 2021. (Previous corresponding period : Nil)

B13. EARNING PER SHARES (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Profit attributable to equity holders of the Company (RM'000)	70,332	21,790	70,332	21,790
Number of ordinary shares in issue ('000)	3,650,000	3,650,000	3,650,000	3,650,000
Basic and diluted EPS (sen)	1.93	0.60	1.93	0.60

Note:

As the exercise price of the ESOS options exceeded the average market price of the ordinary shares during the current financial quarter, therefore no dilutive impact from ESOS options.

B14. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report as set out above was approved by the Board in accordance with their resolution dated 20 May 2021.