LEONG HUP INTERNATIONAL BERHAD
(Company No. 1098663 – D)
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended		Period ended	
	Note	30/6/2019	30/6/2018	30/6/2019	30/6/2018
		RM'000	RM'000	RM'000	RM'000
Revenue		1,477,207	1,423,095	2,983,578	2,769,451
Other income		10,268	6,955	16,434	16,214
Operating expenses		(1,412,759)	(1,302,561)	(2,777,577)	(2,556,358)
Profit from operations		74,716	127,489	222,435	229,307
Finance costs		(34,997)	(24,883)	(67,851)	(49,399)
Share of profits of associates		139	117	184	238
Profit before tax	B5	39,858	102,723	154,768	180,146
Tax expense	B6	(13,304)	(27,936)	(37,930)	(44,342)
Net profit for the financial period		26,554	74,787	116,838	135,804
Other comprehensive income/(loss):					
Item that will be subsequently reclassified to profit or loss:					
Currency translation differences		19,649	12,008	10,807	(38,745)
Item that will not be subsequently reclassified to profit or loss:					
Remeasurement of post-employment benefit obligation		-	1,016	-	1,016
Income tax relating to remeasurement of post-employment benefit obligation		-	(249)	-	(249)
		-	767	-	767
Other comprehensive income/ (loss) for the financial period		19,649	12,775	10,807	(37,978)
Total comprehensive income for the financial period		46,203	87,562	127,645	97,826

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	INDIVIDUAL QUARTER Quarter ended 30/6/2019 RM'000	INDIVIDUAL QUARTER Quarter ended 30/6/2018 RM'000	CUMULATIVE QUARTER Period ended 30/6/2019 RM'000	CUMULATIVE QUARTER Period ended 30/6/2018 RM'000
Profit for the period attributable to:					
Equity holders of the Company		16,087	65,664	76,668	118,345
Non-Controlling Interests		10,467	9,123	40,170	17,459
		26,554	74,787	116,838	135,804
Total comprehensive income attibutable to:					
Equity holders of the Company		30,868	77,679	83,478	91,103
Non-Controlling Interests		15,335	9,883	44,167	6,723
		46,203	87,562	127,645	97,826
Earning per share (sen)					
Basic	B13	0.46	1.93	2.21	3.48
Diluted	B13	0.46	1.93	2.21	3.48

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 2018 and the accompanying explanatory notes attached in the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30/6/2019 RM'000	Audited As at 31/12/2018 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,293,459	2,216,811
Investment properties		22,177	22,304
Land use rights		155,001	157,620
Right-of-use assets		103,855	-
Intangible assets		97,619	97,273
Investment in associates		1,898	1,715
Derivative financial assets	B10	313	823
Deferred tax assets		64,539	59,629
Tax recoverable		8,062	19,928
Total Non-Current Assets		2,746,923	2,576,103
Current Assets			
Biological assets		383,507	349,574
Inventories		603,676	575,623
Trade receivables		542,424	649,207
Other receivables and prepaid expenses		148,814	176,269
Amount owing by ultimate holding company		-	21,435
Amount owing by fellow subsidiaries		1,058	1,568
Derivative financial assets	B10	31	356
Tax recoverable		26,644	25,002
Cash and bank balances		726,919	458,858
Total Current Assets		2,433,073	2,257,892
TOTAL ASSETS		5,179,996	4,833,995

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As at 30/6/2019 RM'000	Audited As at 31/12/2018 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	A7	1,499,684	1,230,132
Merger reserve		(658,787)	(658,787)
Reserve		816,903	730,496
Equity attributable to owners of the Company		1,657,800	1,301,841
Non-controlling interests		493,069	463,587
TOTAL EQUITY		2,150,869	1,765,428
LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities		107,804	102,650
Bank borrowings	B9	918,851	1,015,967
Lease liabilities		109,541	28,366
Post-employment benefits obligation		39,673	36,796
Total Non-Current Liabilities		1,175,869	1,183,779
Current Liabilities			
Trade payables		225,811	248,887
Other payables and accrued expenses		218,160	270,968
Amount owing to fellow subsidiaries		652	3,340
Bank borrowings	B9	1,352,658	1,304,792
Lease liabilities		29,469	21,814
Derivative financial liabilities	B10	646	2,391
Dividend payable to non-controlling interests		6,166	-
Tax payable		19,696	32,596
Total Current Liabilities		1,853,258	1,884,788
TOTAL LIABILITIES		3,029,127	3,068,567
TOTAL EQUITY AND LIABILITIES		5,179,996	4,833,995
Net assets per share attributable to ordinary equity holders (RM)		0.4542	0.3829

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 2018 and the accompanying explanatory notes attached in the interim financial report.

LEONG HUP INTERNATIONAL BERHAD
(Company No. 1098663 – D)
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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 1/1/2019	1,230,132	(658,787)	7,186	-	723,310	1,301,841	463,587	1,765,428
Comprehensive income:								
Net profit for the financial period	-	-	-	-	76,668	76,668	40,170	116,838
Other comprehensive income:								
Currency translation differences	-	-	6,810	-	-	6,810	3,997	10,807
Total other comprehensive income	-	-	6,810	-	-	6,810	3,997	10,807
Total comprehensive Income	-	-	6,810	-	76,668	83,478	44,167	127,645
Transactions with owners:								
Issuance of shares	269,552	-	-	-	-	269,552	-	269,552
Share option expense	-	-	-	2,077	-	2,077	-	2,077
Dividend to non-controlling interests	-	-	-	-	-	-	(16,020)	(16,020)
Disposal to non-controlling interests	-	-	-	-	852	852	1,335	2,187
	269,552	-	-	2,077	852	272,481	(14,685)	257,796
Balance as at 30/6/2019	1,499,684	(658,787)	13,996	2,077	800,830	1,657,800	493,069	2,150,869

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 1/1/2018	1,230,132	(658,787)	21,166	-	593,134	1,185,645	456,377	1,642,022
Comprehensive income:								
Net profit for the financial period	-	-	-	-	118,345	118,345	17,459	135,804
Other comprehensive income:								
Remeasurement of post-employment benefit obligation	-	-	-	-	747	747	20	767
Currency translation differences	-	-	(23,311)	-	-	(23,311)	(10,756)	(34,067)
Recycling of exchange translation differences on disposal of subsidiary	-	-	(4,678)	-	-	(4,678)	-	(4,678)
Total other comprehensive income	-	-	(27,989)	-	747	(27,242)	(10,736)	(37,978)
Total comprehensive income	-	-	(27,989)	-	119,092	91,103	6,723	97,826
Transactions with owners:								
Dividend to non-controlling interests	-	-	-	-	-	-	(2,450)	(2,450)
Acquisition of non-controlling interests	-	-	-	-	(1,063)	(1,063)	(5,937)	(7,000)
	-	-	-	-	(1,063)	(1,063)	(8,387)	(9,450)
Balance as at 30/6/2018	1,230,132	(658,787)	(6,823)	-	711,163	1,275,685	454,713	1,730,398

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 2018 and the accompanying explanatory notes attached in the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	Period ended	
	30/6/2019	30/6/2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	154,768	180,146
Adjustments for:		
non-cash items	178,363	155,890
Operating profit before working capital changes	333,131	336,036
Net Movement In:		
Inventories	(22,357)	(20,672)
Biological assets	(32,109)	9,818
Receivables	144,171	(63,986)
Payables	(87,854)	(2,478)
Net cash from operations	334,982	258,718
Income tax paid	(40,082)	(30,333)
Net cash generated from operating activities	294,900	228,385
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment from related parties	-	13,357
Advance to ultimate holding company	-	(540)
Advance to related parties	-	(14,000)
Receipt of amount owing by ultimate holding company	21,435	-
Proceeds from disposal of property, plant and equipment	1,709	1,953
Proceeds from disposal of land use rights	-	357
Proceeds from partial disposal of subsidiary to non-controlling interests	2,188	-
Interest income received	5,357	4,440
Addition of property, plant and equipment	(164,502)	(150,906)
Addition of land use rights	(5,239)	(10,709)
Disposal of subsidiaries	-	(24,599)
Increase in fixed deposit pledged	(26,534)	(6,261)
Net cash used in investing activities	(165,586)	(186,908)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	CUMULATIVE QUARTER Period ended	
	30/6/2019	30/6/2018
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(64,449)	(49,398)
Proceeds from long term loans	75,375	167,517
Repayments of long term loans	(127,995)	(140,890)
Net drawdown/(repayment) of short term borrowings	14,481	(25,001)
Repayment of lease liabilities	(17,854)	(11,923)
Acquisition of non-controlling interests	-	(7,000)
Proceeds from issuance of shares	269,552	-
Dividend paid	(16,020)	(2,450)
Net cash generated from/(used in) financing activities	133,090	(69,145)
NET CHANGE IN CASH AND CASH EQUIVALENTS	262,404	(27,668)
Effect of exchange translation differences	1,211	(2,304)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	390,386	427,424
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	654,001	397,452

Cash and cash equivalents comprise the following:		
Cash and bank balances	726,919	450,902
Bank overdrafts	(31,941)	(35,749)
	694,978	415,153
Less: restricted deposits with licensed banks	(40,977)	(17,701)
	654,001	397,452

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 2018 and the accompanying explanatory notes attached in the interim financial report.

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 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 Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements.

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 2018. 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 2018.

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 2018, except for the adoption of the following new standards, amendments to standards and interpretations during the current financial period:

- MFRS 9 Prepayment Features with Negative Compensation (Amendment to MFRS 9),
- MFRS 16 Leases,
- MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendment to MFRS 128),
- Annual Improvements to MFRS Standards 2015-2017 Cycle
- MFRS 119 Plan Amendment, Curtailment or Settlement (Amendment to MFRS 119)
- IC Interpretation 23 Uncertainty over Income Tax Treatments

The adoption of the above standards and interpretation did not have any material effect on the financial performance or position of the Group.

MFRS 16 Leases

MFRS 16 ‘Leases’ supersedes MFRS 117 ‘Leases’ and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the rights to control the use of an identified asset for a period of time in exchange for consideration.

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MFRS 16 Leases (continued)

MFRS 16 eliminates the classification of leases by lease as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group applied the simplified retrospective approach. Under this approach, the Group is not required to restate the comparatives and the MFRS 16 adjustments will be reflected in the opening retained earnings at 1 January 2019, being the date of initial application ("DIA"). At DIA, the Group recognised and measured the lease liability at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate at DIA. The Group recognised and measured the right-to-use asset, on a lease-by-lease basis, at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised immediately before DIA.

The change in accounting policy affected the following items in the statement of financial position on DIA:

- right-of-use assets – increase by RM91 million,
- lease liabilities – increase by RM91 million and
- no effect on opening retained earnings.

Summary of MFRS 16 accounting policy

Set out below is the new accounting policy of the Group upon adoption of MFRS 16, which have been applied from the date of initial application:

The Group recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MFRS 16 Leases (continued)

Summary of MFRS 16 accounting policy (continued)

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

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**
MFRS 101 Definition of Material (Amendments to MFRS 101)	1 January 2020
MFRS 3 Business Combinations (Amendments to MFRS 3)	1 January 2020
MFRS 108 Definition of Material (Amendments to MFRS 108)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
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 2018 in their report dated 13 May 2019.

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 current quarter and financial period under review.

A6. CHANGES IN ESTIMATES

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

A7. DEBT AND EQUITY SECURITIES

The movement of ordinary share capital during the financial period were as follow:

	Number of ordinary shares '000	Amount RM'000
Issued share capital:		
As at 1/1/2019	955	1,230,132
Bonus Issue	1,229,177	-
Share Split	2,169,868	-
Initial Public Offering	250,000	269,552
As at 30/6/2019	3,650,000	1,499,684

Other than the Bonus Issue, Shares Split and Initial Public Offering stated above, there were no other material issuance or repayment of debt securities, share buy-back and share cancellation for the current financial period.

A8. DIVIDEND PAID

During the period ended 30 June 2019, there was no payment of dividend.

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 30/6/2019				
Revenue from sales of goods:				
- external customers	803,655	671,270	-	1,474,925
- inter-segment	-	215,530	(215,530)	-
Revenue from sales of goods	803,655	886,800	(215,530)	1,474,925
Revenue from other sources				2,282
Total revenue				1,477,207
EBITDA	45,715	87,554	(3,450)	129,819
Depreciation and amortisation	(41,221)	(12,975)	(907)	(55,103)
	4,494	74,579	(4,357)	74,716
Share of profits of associates				139
Finance costs				(34,997)
Profit before taxation				39,858
Tax expense				(13,304)
Profit for the financial period				26,554

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 30/6/2018				
Revenue from sales of goods:				
- external customers	910,734	506,403	-	1,417,137
- inter-segment	-	203,469	(203,469)	-
Revenue from sales of goods	910,734	709,872	(203,469)	1,417,137
Revenue from other sources	-	-	-	5,958
Total revenue				1,423,095
EBITDA	129,596	48,276	(1,501)	176,371
Depreciation and amortisation	(35,957)	(10,410)	(2,515)	(48,882)
	93,639	37,866	(4,016)	127,489
Share of profits of associates				117
Finance costs				(24,883)
Profit before taxation				102,723
Tax expense				(27,936)
Profit for the financial period				74,787

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
Period ended 30/6/2019				
Revenue from sales of goods:				
- external customers	1,663,308	1,314,896	-	2,978,204
- inter-segment	-	514,115	(514,115)	-
Revenue from sales of goods	1,663,308	1,829,011	(514,115)	2,978,204
Revenue from other sources				5,374
Total revenue				2,983,578
EBITDA	164,634	172,745	(6,939)	330,440
Depreciation and amortisation	(81,041)	(25,194)	(1,770)	(108,005)
	83,593	147,551	(8,709)	222,435
Share of profits of associates				184
Finance costs				(67,851)
Profit before taxation				154,768
Tax expense				(37,930)
Profit for the financial period				116,838

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
Period ended 30/6/2018				
Revenue from sales of goods:				
- external customers	1,747,908	1,013,072	-	2,760,980
- inter-segment	-	456,588	(456,588)	-
Revenue from sales of goods	1,747,908	1,469,660	(456,588)	2,760,980
Revenue from other sources	-	-	-	8,471
Total revenue				2,769,451
EBITDA	224,081	110,775	(7,632)	327,224
Depreciation and amortisation	(73,738)	(21,781)	(2,398)	(97,917)
	150,343	88,994	(10,030)	229,307
Share of profits of associates				238
Finance costs				(49,399)
Profit before taxation				180,146
Tax expense				(44,342)
Profit for the financial period				135,804

Geographical segment

	Revenue Quarter ended		EBITDA Quarter ended	
	30/6/2019 RM'000	30/6/2018 RM'000	30/6/2019 RM'000	30/6/2018 RM'000
Malaysia	368,012	426,519	23,961	57,856
Singapore	191,117	256,129	29,285	32,746
Vietnam	335,173	269,083	29,052	31,366
Indonesia	563,933	453,062	45,789	53,504
Philippines	16,690	12,344	1,732	899
	1,474,925	1,417,137	129,819	176,371

A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment (Continued)

	Revenue Period ended		EBITDA Period ended	
	30/6/2019 RM'000	30/6/2018 RM'000	30/6/2019 RM'000	30/6/2018 RM'000
Malaysia	810,210	820,670	102,863	117,214
Singapore	381,947	525,049	57,083	67,475
Vietnam	628,415	518,499	58,171	49,989
Indonesia	1,126,799	873,549	108,862	89,493
Philippines	30,833	23,213	3,461	3,053
	2,978,204	2,760,980	330,440	327,224

	Total non-current assets as at		Total borrowing and leases as at	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
Malaysia	1,283,142	1,239,551	933,561	965,185
Singapore	418,184	344,149	547,569	546,651
Vietnam	335,123	304,205	345,692	333,636
Indonesia	588,115	573,388	571,137	516,483
Philippines	49,445	34,430	12,560	8,984
	2,674,009	2,495,723	2,410,519	2,370,939

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 30 June 2019, the Group acquired property, plant and equipment amounting to RM168.52 million (period ended 30 June 2018: RM165.04 million).

During the period ended 30 June 2019, the Group disposed property, plant and equipment amounting to RM1.24 million (period ended 30 June 2018: RM1.35 million).

(ii) Revaluation
There were no revaluation of property, plant and equipment for the period ended 30 June 2019 (period ended 30 June 2018: RM Nil).

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 30/6/2019 RM'000
Acquisition of property, plant and equipment:	
- approved by Directors and contracted	30,100
- approved by Directors but not contracted	168,769
	198,869

A13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current financial quarter and current year-to-date under review.

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

On 16 August 2019, Ritma Prestasi Sdn Bhd, an indirect subsidiary of Leong Hup International Berhad, had entered into a Share Sale Agreement to acquire 100,000 ordinary shares in Professional Vet Enterprise Sdn Bhd ("PVESB") representing 100% of the equity interest of PVESB for a total cash consideration of RM1.8million. PVESB is principally involved in trading of veterinary pharmaceutical, biological products and farming equipment.

A15. SIGNIFICANT RELATED PARTIES TRANSACTIONS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	RM'000	RM'000	RM'000	RM'000
Companies controlled by Lau family*:				
Sales of goods	105,370	65,333	214,815	134,555
Purchases of goods	(50,083)	(14,762)	(93,340)	(60,591)
Transportation charges paid/payable	(3,363)	(3,288)	(6,857)	(6,642)
Purchases of sundries paid/payable	(871)	(247)	(1,139)	(589)
Disposal of a subsidiary	-	30,370	-	30,370
Advances granted	-	14,000	-	14,000
Repayment of advances	-	(13,357)	-	(13,357)
Interest income	474	157	474	257
Companies controlled by Nam family^:				
Transportation charges paid/payable	(1,913)	(1,962)	(4,258)	(4,105)

Amount owing by ultimate holding company of RM21,435,000 as at 31 December 2018 has been fully settled during the financial period

* 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, Lau Joo Hong, Lau Joo Han and Lau Joo Keat collectively.

^ Nam family refers to family members who has significant financial interest in an indirect subsidiary, Teo Seng Capital Berhad, a Company listed on Main Market of Bursa Malaysia Securities Berhad. The following Nam family members are Directors of Teo Seng Capital Berhad: Nam Hiok Joo.

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

B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarter ended			Period ended		
	30/6/2019 RM'000	30/6/2018 RM'000	Changes %	30/6/2019 RM'000	30/6/2018 RM'000	Changes %
Revenue:						
Livestock and poultry related products	803,655	910,734	-11.8%	1,663,308	1,747,908	-4.8%
Feedmill	671,270	506,403	32.6%	1,314,896	1,013,072	29.8%
Others	2,282	5,958	-61.7%	5,374	8,471	-36.6%
	1,477,207	1,423,095	3.8%	2,983,578	2,769,451	7.7%
EBITDA:						
Livestock and poultry related products	45,715	129,596	-64.7%	164,634	224,081	-26.5%
Feedmill	87,554	48,276	81.4%	172,745	110,775	55.9%
Others	(3,450)	(1,501)	-129.8%	(6,939)	(7,632)	9.1%
	129,819	176,371	-26.4%	330,440	327,224	1.0%

Livestock and poultry related products

a) Individual Quarter

The Group’s revenue from sales of livestock and poultry related products decreased by about 11.8% from RM910.73 million in the financial quarter ended (“FQE”) 30 June 2018 to RM803.66 million in the FQE 30 June 2019. The decrease was primarily due to a significant decrease in average selling price of broiler day-old-chicks (“DOC”) and broiler in Malaysia.

The significant decrease in revenue was also contributed by decrease in revenue in Singapore primarily due to the loss of revenue from a subsidiary, Jordon International Food Processing Pte. Ltd. following the disposal of this subsidiary on 30 June 2018.

The decrease in revenue from Malaysia and Singapore was partially offset by increase in revenue from Indonesia and Vietnam. The increase in revenue in Indonesia was mainly due to increase in sales volume of DOC. Revenue in Vietnam recorded an increase due to higher sales volume of broiler despite the depressed price.

The EBITDA from livestock and other poultry related products decreased by 64.7%. The decrease was primarily from low margin arising from depressed prices of DOC and broiler in Malaysia as well as the depressed broiler price in Indonesia and Vietnam.

B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (CONTINUED)

Livestock and poultry related products (Continued)

b) Cumulative Quarter
The Group's revenue from sales of livestock and poultry related products decreased by about 4.8% from RM1,747.91 million in the financial period ended ("FPE") 30 June 2018 to RM1,663.31 million in the FPE 30 June 2019.

The decrease was mainly from Singapore, which was primarily due to the loss of revenue from a subsidiary, Jordon International Food Processing Pte. Ltd. following the disposal of this subsidiary on 30 June 2018.

The decrease was also contributed by Malaysia market from the significant decrease in average selling price of broiler and DOC. The impact of decrease in revenue from DOC and boiler was lessened by an increase in average selling price and sales volume of eggs compared to preceding corresponding period.

The impact of decrease in revenue from Singapore and Malaysia was mitigated by an increase of revenue from Indonesia and Vietnam. The increase in revenue from Indonesia was mainly due to an increase of average selling price and sales volume of DOC. In Vietnam, higher revenue was recorded due to an increase in sales volume of broiler. However, the higher revenue generated by broiler was lessened by a decrease in average selling price and sales volume of eggs in Vietnam.

The EBITDA from livestock and other poultry related products decreased by 26.5%, primarily due to low margin arising from depressed prices of DOC and broiler in Malaysia, broiler in Indonesia and eggs in Vietnam. The said price impact of DOC and broiler in Malaysia was mitigated by the higher price of eggs, whereas the impact of depressed broiler price in Indonesia was mitigated by the higher price of DOC in Indonesia compared to preceding corresponding period.

Feedmill

a) Individual Quarter
The Group's revenue from feedmill increased by 32.6% from RM506.40 million in the FQE 30 June 2018 to RM671.27 million in the FQE 30 June 2019. The increase was primarily due to an increase in sales volume and average selling price of livestock feed in Indonesia and Vietnam for the FQE 30 June 2019 as compared to FQE 30 June 2018.

The EBITDA from feedmill increased by 81.4%, primarily due to increase of sales in Indonesia, as well as increase of sales from the Dong Nai feedmill plant in Vietnam, which commenced operations in January 2019.

B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (CONTINUED)

Feedmill (Continued)

b) Cumulative Quarter
The Group's revenue from feedmill increased by 29.8% from RM1,013.07 million in the FPE 30 June 2018 to RM1,314.90 million in the FPE 30 June 2019. The increase was primarily due to an increase in sales volume and average selling price of livestock feed in Indonesia and Vietnam for the FPE 30 June 2019 compared to FPE 30 June 2018.

The EBITDA from feedmill increased by 59.5%, primarily due to increase of sales in Indonesia, as well as increase of sales from the Dong Nai feedmill plant in Vietnam, which commenced operations in January 2019.

B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Quarter ended		
	30/6/2019 RM'000	31/3/2019 RM'000	Changes %
Revenue	1,477,207	1,506,371	-1.9%
Profit from operations	74,716	147,719	-49.4%
Profit before taxation	39,858	114,910	-65.3%

The Group's revenue decreased by 1.9% from RM1,506.37 million to RM1,477.21 million in comparison with the immediate preceding quarter. This was attributed to the decrease of average selling price of broiler, DOC and eggs in Malaysia and a decrease of average selling price of DOC in Indonesia. The impact of decrease in Malaysia and Indonesia's revenue was mitigated by a higher revenue recorded from Vietnam. Higher revenue in Vietnam was mainly generated from an increase in average selling price and sales volume of livestock feed and higher sales volume of broiler notwithstanding a drop in the average selling prices of broiler.

The Group's profits before tax decreased by 65.3%, primarily due to low margin arising from depressed prices of broiler, eggs and DOC in Malaysia and DOC in Indonesia.

B3. PROSPECTS

The Group has invested in significant capacity expansion over the past year. With higher sales volume, barring unforeseen circumstances, the third quarter's results are expected to be better than the second quarter.

Nevertheless, selling prices of poultry products may be subject to wide price fluctuations and the Company's financial performance for the year may be affected if price recovery is not sustained.

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		Period ended	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of :				
-land use rights	1,892	1,657	3,634	3,225
-intangible assets	-	172	-	344
-right-of-use assets	2,658	-	5,130	-
Bad debt recovered	(695)	214	(697)	-
Bad debt written off	232	86	232	86
Depreciation of :				
-investment properties	64	63	127	126
-property, plant and equipment	50,489	46,990	99,114	94,222
Expense recognised in respect of defined contribution plan	1,618	1,844	3,222	3,432
Farmer incentives	10,700	10,093	18,028	18,425
Fair value loss/(gain) on derivative financial instruments	1,215	(2,324)	(923)	(2,324)
Foreign exchange (gain)/loss	(314)	1,088	1,894	2,613
Interest expense	34,997	24,883	67,851	49,399
Interest income	(3,266)	(2,428)	(5,357)	(4,440)
(Gain)/loss on disposal of :				
-property, plant and equipment	(93)	(863)	(464)	(601)
-land use rights	-	(199)	-	(199)
-subsidiary	-	(78)	-	(78)
Packing materials	4,745	4,787	9,648	9,924
Promotional and marketing expenses	1,623	1,952	3,223	3,814
Property, plant and equipment written off	76	1,319	1,690	1,375
Impairment/(Reversal of impairment) loss on receivables	3,316	(85)	3,241	(25)
Share option expense	2,077	-	2,077	-
Travelling expenses	3,868	3,069	7,345	6,339
Write-off of Value Added Tax receivables	-	9,716	-	9,716

Note: Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirement of Bursa Securities are not applicable.

B6. TAXATION

	INDIVIDUAL QUARTER 30/6/2019 RM'000	CUMULATIVE QUARTER 30/6/2019 RM'000
Current tax recognised in pofit or loss:		
- Malaysian income tax	6,391	11,281
- Foreign tax	11,579	25,657
- (Over)/under provision in prior years	(233)	(157)
	17,737	36,781
Deferred taxation recognised in profit or loss		
- Origination and reversal of temporary differences	(4,482)	1,100
- (Over)/under provision in prior years	49	49
Tax expense	13,304	37,930
Effective tax rate	33.4%	24.5%

The group effective tax rate for the current quarter is higher than the statutory tax rate of 24% mainly due to expenses not deductible for tax purposes and deferred tax assets not recognised on losses in certain subsidiaries.

B7. STATUS OF CORPORATE PROPOSAL

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

B8. UTILISATION OF PROCEEDS FROM IPO

The utilisation of proceeds from IPO as at 30 June 2019 is as follows:

Purposes	Proposed utilisation RM'000	Actual utilisation as at 30 June 2019 RM'000	Balance unutilised RM'000	Intended timeframe for utilisation from the date of Listing
Capital expenditure	207,733	(25,755)	181,978	within 24 months
Working capital	32,959	(1,516)	31,443	within 6 months
Defray fees and expenses for IPO and Listing	34,308	(24,397)	9,911	within 3 months
Total	275,000	(51,668)	223,332	

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

B9. BORROWINGS

	As at 30/6/2019 RM'000	As at 31/12/2018 RM'000
Current		
Secured:		
Bank overdraft	29,403	33,744
Term loans	251,891	218,378
Revolving credit	139,485	88,379
	420,779	340,501
Unsecured:		
Bankers' acceptance	360,413	407,449
Bank overdraft	2,538	20,327
Term loans	64,040	42,677
Revolving credit	208,667	190,291
Trust receipts	296,221	303,547
	931,879	964,291
Total Current	1,352,658	1,304,792
Non current		
Secured:		
Term loans	737,588	836,300
Unsecured:		
Term loans	181,263	179,667
Total non current	918,851	1,015,967
Total borrowings	2,271,509	2,320,759
Total borrowings		
Bankers' acceptance	360,413	407,449
Bank overdraft	31,941	54,071
Term loans	1,234,782	1,277,022
Revolving credit	348,152	278,670
Trust receipts	296,221	303,547
	2,271,509	2,320,759

B9. BORROWINGS (CONTINUED)

	As at 30/6/2019 RM'000	As at 31/12/2018 RM'000
The currency profile of borrowings is as follows:		
Ringgit Malaysia	872,620	908,106
Singapore Dollar	492,081	553,550
US Dollar	36,242	42,570
Indonesia Rupiah	539,512	485,204
Vietnamese Dong	318,539	322,345
Philippines Peso	12,515	8,984
	2,271,509	2,320,759

B10. DERIVATIVES

	As at 30/6/2019		As at 31/12/2018	
	Contract/ Notional Amount RM'000	Fair Value Amount RM'000	Contract/ Notional Amount RM'000	Fair Value Amount RM'000
Non-current asset				
Interest rate swap contracts				
- More than 3 years	73,250	313	72,000	823
Current asset				
Forward foreign exchange contracts				
- less than 1 year	3,981	31	31,020	356
Derivative financial assets	77,231	344	103,020	1,179
Current liabilities				
Forward foreign exchange contracts				
- less than 1 year	73,866	(646)	125,615	(2,391)
Derivative financial liabilities	73,866	(646)	125,615	(2,391)

B11. MATERIAL LITIGATION

On 8 March 2016 the Competition and Consumer Commission of Singapore ("CCCS") issued a proposed infringement decision against 13 fresh chicken distributors in Singapore, including Lee Say Poultry Industrial, Lee Say Group Pte Ltd, Hup Heng Poultry Industries Pte Ltd, Leong Hup Food Pte Ltd, ES Food International Pte Ltd and Prestige Fortune (S) Pte Ltd (collectively, the "Affected Companies") for engaging in anti-competitive agreements to coordinate the amount and timing of price increases, and agreeing not to compete for each other's customers in the market for the supply of fresh chicken products in Singapore. Subsequently, following further investigations conducted by the CCCS and in light of new evidence, the CCCS issued a supplementary proposed infringement decision on 21 December 2017 in respect of the Affected Companies.

Further written and oral representations in defence of the Affected Companies were presented to the CCCS on 8 February 2018 and 15 March 2018, respectively. The CCCS had on 12 September 2018 issued an infringement decision on the Affected Companies and imposed the aggregate financial penalty of SGD11,399,041 on the Affected Companies. The CCCS had also directed the Affected Companies to provide a written undertaking that they will refrain from using The Poultry Merchants' Association, Singapore, of which they were members, or any other industry association as a platform or front, for anti-competitive activities. In this respect, provisions for the financial penalty have been made by the Affected Companies in our audited financial statements for the financial year ended 31 December 2017. On 12 November 2018, the Affected Companies lodged their Notice of Appeal with the Competition Appeal Board. The first hearing of appeal commenced on 5 August 2019 and the process is on-going.

B12. DIVIDEND PROPOSED

The Directors of the Company have declared an interim single tier dividend of 1.6 sen per ordinary share amounting to RM58.4 million in respect of the financial year ending 31 December 2019 (Previous corresponding quarter ended 30 June 2018: Nil in respect of financial year ended 31 December 2018).

The dividends are to be payable on 30 September 2019 and the entitlement date has been fixed on 17 September 2019.

A Depositor shall qualify for entitlement to the dividends only in respect of:

a) Shares transferred into the Depositor's Securities Account before 4.30 pm on 17 September 2019 in respect of ordinary transfers.
b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

B13. EARNING PER SHARES (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
Profit attributable to equity holders of the Company (RM'000)	16,087	65,664	76,668	118,345
Weighted average number of ordinary in issue ('000)	127,329	955	64,491	955
Bonus Issues ('000)	1,229,177	1,229,177	1,229,177	1,229,177
Share Split ('000)	2,169,868	2,169,868	2,169,868	2,169,868
Weighted average number of ordinary in issue (Basic) ('000)	3,526,374	3,400,000	3,463,536	3,400,000
Weighted average number of ordinary used in the calculation of basic EPS ('000)	3,526,374	3,400,000	3,463,536	3,400,000
Effects of potential exercise of ESOS options ('000)	#	#	#	#
Weighted average number of ordinary in in issue (Diluted) ('000)	3,526,374	3,400,000	3,463,536	3,400,000
Basic EPS (sen)	0.46	1.93	2.21	3.48
Diluted EPS (sen)	0.46	1.93	2.21	3.48

Diluted EPS is calculated by dividing the Group’s profit attributable to equity holders of the Company by the weighted average number of shares adjusted to assume conversion of all dilutive potential ordinary share. The dilutive potential ordinary shares for the Group are the warrant issued by a subsidiary and full exercise of the vested ESOS.

Note:

\# *The market price of the subsidiary is lower than the exercise price of the warrant and the ESOS first vesting date for is on 1 July 2019, therefore no dilutive impact from both warrant and ESOS.*

B14. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report as set out above was approved by the Board of Directors in accordance with their resolution dated 29 August 2019.