



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

	3 months ended		9 months ended	
	31 Dec 2011 Unaudited	31 Dec 2010 Unaudited	31 Dec 2011 Unaudited	31 Dec 2010 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	130,727	110,310	370,134	311,295
Operating expenses	(124,734)	(101,411)	(353,292)	(291,502)
Other Income	517	525	1,949	1,379
Finance costs	(1,066)	(1,357)	(3,248)	(4,101)
Profit before tax	5,444	8,067	15,543	17,071
Income tax	(1,707)	(1,680)	(4,050)	(4,150)
Profit for the period	3,737	6,387	11,493	12,921
Other comprehensive income, net of tax				
Fair value of available-for sale financial assets	24	82	61	209
Other comprehensive income for the period	24	82	61	209
Total comprehensive income for the period	3,761	6,469	11,554	13,130
Profit attributable to:				
Owners of the parent	1,443	4,922	6,717	11,089
Minority interest	2,294	1,465	4,776	1,832
	3,737	6,387	11,493	12,921
Total comprehensive income attributable to :				
Owners of the parent	1,467	5,004	6,778	11,298
Minority interest	2,294	1,465	4,776	1,832
	3,761	6,469	11,554	13,130
Earnings per share (sen) :				
Basic	2.90	10.30	13.61	23.45
Diluted	2.87	10.03	13.38	22.61

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to this interim financial statements.



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Condensed Consolidated Statement of Financial Position

	As at 31 Dec 2011 Unaudited RM'000	As at 31 Mar 2011 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	191,973	188,297
Intangible assets	3,565	2,895
Investment in associate	980	980
Other investments	119	119
Deferred tax assets	5,249	5,348
	201,886	197,639
Current assets		
Biological assets	24,736	22,477
Inventories	52,203	44,299
Trade and other receivables	62,039	47,489
Due from associate	4,323	1,708
Short term investment	11,445	6,973
Cash and bank balances	8,618	5,939
	163,364	128,885
TOTAL ASSETS	365,250	326,524
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	49,678	48,778
Reserves	76,279	72,435
	125,957	121,213
Minority interest	25,270	20,494
Total equity	151,227	141,707
Non-current liabilities		
Long term borrowings	14,123	26,295
Deferred tax liabilities	23,233	24,816
	37,356	51,111
Current liabilities		
Short term borrowings	81,965	54,848
Trade and other payables	89,378	77,055
Income tax payable	5,324	1,803
	176,667	133,706
Total liabilities	214,023	184,817
TOTAL EQUITY AND LIABILITIES	365,250	326,524

Net assets per share attributable to ordinary equity holders of the parent (RM)	2.5355	2.4850
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The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (107129-H)
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Condensed Consolidated Statement of Changes in Equity

	Attributable to Owners of the Parent					Minority Interest	Total Equity
	Share capital	Revaluation reserve	Fair value reserve	Retained profit	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2011	48,778	22,931	84	49,421	121,214	20,494	141,708
Transfer to distributable reserve on realisation of revaluation reserve	-	(1,842)	-	770	(1,072)	-	(1,072)
Total comprehensive income for the period	-	-	61	6,717	6,778	4,776	11,554
Dividends	-	-	-	(1,863)	(1,863)	-	(1,863)
Issue of new ESOS shares	900	-	-	-	900	-	900
At 31 Dec 2011	49,678	21,089	145	55,045	125,957	25,270	151,227
At 1 April 2010							
- as previously stated	46,240	10,754	-	35,539	92,533	17,468	110,001
- effects of adopting FRS139	-	-	30	-	30	-	30
As restated	46,240	10,754	30	35,539	92,563	17,468	110,031
Transfer to distributable reserve on realisation of revaluation reserve	-	(109)	-	109	-	-	-
Total comprehensive income for the period	-	-	209	11,089	11,298	1,832	13,130
Dividends	-	-	-	(1,092)	(1,092)	(1,014)	(2,106)
Issue of new ESOS shares	2,538	-	-	-	2,538	-	2,538
Dilution of MI in subsidiary	-	-	-	-	-	(289)	(289)
At 31 Dec 2010	48,778	10,645	239	45,645	105,307	17,997	123,304

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2011 the accompanying explanatory notes attached to the interim financial statements.



LAY HONG BERHAD (107129-H)
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Condensed Consolidated Statement of Cash Flows

	9 months ended 31 Dec 2011 Unaudited RM'000	9 months ended 31 Dec 2010 Unaudited RM'000
Net cash generated from operating activities	10,434	17,332
Net cash used in investing activities	(14,450)	(5,923)
Net cash used in financing activities	8,093	(4,136)
Net increase in cash and cash equivalents	4,077	7,273
Cash and cash equivalents at beginning of year	3,801	4,241
Cash and cash equivalents at end of the quarter	7,878	11,514
Cash and cash equivalents at the end of the quarter comprises :		
Short term investment	11,445	16,345
Cash and bank balances	8,618	5,887
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(9,802)	(7,287)
Deposit pledged to licensed bank	(2,383)	(3,431)
	7,878	11,514

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to this interim financial statements.



PART A : EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2011.

2. Changes in accounting policies

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 31 March 2011, except for the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations adopted by the Group for the financial year ended 31 March 2012 :

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1 : Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 7 : Improving Disclosures about Financial Instruments

Improvements to FRSs (2010)

Amendments to FRS 1 : Additional Exemptions for First-Time Adopters

Amendments to FRS 2 : Group Cash-settled Share-based Payment Transactions

IC Interpretation 4 : Determining whether an Arrangement contains a Lease

IC Interpretation 18 : Transfers of Assets from Customers

TR 3 : Guidance on Disclosure of Transition to IFRSs

TR i - 4 : Shariah Compliant Sale Contracts

Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14 : Prepayment of a Minimum Funding Requirement

The adoption of the above FRSs, amendments to FRSs and IC interpretations did not have any material impact on the financial statements of the Group.

The following are the FRSs, amendments to FRSs and IC interpretations which had been effected but not yet adopted by the Group :

Effective for financial periods beginning on or after 1 January 2012

FRS 124 : Related Party Disclosures

Amendments to FRS 1 : Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Amendments to FRS 7 : Disclosures - Transfers of Financial Assets

Amendments to FRS 112 : Deferred tax : Recovery of Underlying Assets

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2013.

The financial performance and financial position prepared under current accounting framework would not be significantly different if prepared under the MFRS Framework.



LAY HONG BERHAD (107129-H)

3. Comments about seasonality or cyclical factors

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

4. Unusual items due to their nature, size or incidence

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2011.

5. Changes in estimates

The Group reviews the residual value and remaining useful life of PPE at least at each financial year end. For the current quarter, there are no major changes in accounting estimates.

6. Debt and equity securities

There were no additional shares issued under the Employees Share Option Scheme (ESOS) in the current quarter. On a cumulative basis, the company has issued 900,300 new ordinary shares pursuant to the ESOS scheme in the current financial year. There were no other issuances, cancellations, repurchases, resale or repayment of debt and equity securities.

7. Dividends paid

The final dividend for the year ended 31 March 2011 of 5% less 25% income tax, was paid to shareholders on 3 November 2011.

8. Segmental information

	3 months ended 31 Dec 2011		9 months ended 31 Dec 2011	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	107,369	5,220	304,142	15,245
Retail supermarket	25,367	224	73,513	298
	<u>132,736</u>	<u>5,444</u>	<u>377,655</u>	<u>15,543</u>
Inter-segment eliminations	(2,009)	-	(7,521)	-
	<u>130,727</u>	<u>5,444</u>	<u>370,134</u>	<u>15,543</u>

All business operations are conducted in Malaysia.

9. Subsequent events

There were no events subsequent to 31 December 2011 that would have a material effect on the interim financial statement of the current quarter.

10. Changes in composition of the Group

In the current financial quarter, Lay Hong Berhad subscribed to an additional 205,000 shares in STF Agriculture Sdn Bhd for a cash consideration of RM205,000, thus increasing the Group's effective equity interest in STF Agriculture Sdn Bhd from 50.17% to its original stake of 51%. There were no other changes in the composition of the Group.

11. Changes in contingent liabilities

Credit facilities amounting to RM42.9 million granted by financial institutions and utilised by subsidiaries are secured by corporate guarantees from Lay Hong Berhad.

12. Capital commitments

Commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2011 amounted to :

	RM'000
Approved and contracted for	3,968
Approved but not contracted for	-
	<u>3,968</u>



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

1. Review of performance

	Current quarter <u>RM'000</u>	Corresponding quarter last year <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Revenue	130,727	110,310	20,417	18.51
Profit before tax	5,444	8,067	(2,623)	(32.52)

The Group recorded a higher revenue of RM130.7 million compared with RM110.3 million recorded in the corresponding quarter last year, due mainly to higher quantity sales of poultry products and the additional revenue from the opening of an additional retail supermarket outlet in the current financial quarter.

The Group's pre-tax profit declined from RM8.1 million in the corresponding quarter last year to RM5.4 million in the current quarter due mainly to higher selling and operating expenses and cost incurred in opening new supermarket outlets.

2. Comparison with immediate preceding quarter's results

	Current quarter <u>RM'000</u>	Immediate preceding quarter <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Revenue	130,727	125,163	5,564	4.45
Profit before tax	5,444	5,056	388	7.67

The Group's revenue in the current quarter of RM130.7 million is higher than the RM125.2 million recorded in the immediate preceding quarter due mainly to higher sales of poultry products and additional revenue from the opening of an additional retail supermarket outlet in the current financial quarter.

Pretax profit of RM5.4 million in the current quarter is almost comparable to the RM5.1 million achieved in the immediate preceding quarter.

3. Current year prospects

The prices of raw materials have stabilised in recent months. Barring unforeseen circumstances, any adverse fluctuations in raw material and sale prices will impact earnings. However, the Directors have taken measures to control cost and are confident that the Group profitability can be maintained for the remaining quarter of this financial year.

4. Profit forecast or profit guarantee

Not applicable.

5. Income tax

	Current quarter RM'000	Year-to- date RM'000
Current tax	2,058	5,261
Deferred tax	(351)	(1,211)
	<u>1,707</u>	<u>4,050</u>

6. Profit/(loss) on disposal of unquoted investments and properties

There were no sales of unquoted investments and properties during the current quarter.

7. Purchase or disposal of quoted investments

There were no purchase or disposal of quoted securities during the current quarter.

8. Status of corporate proposals

Not applicable

**LAY HONG BERHAD (107129-H)****9. Borrowings**

The Group's borrowings as at 31 December 2011 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Overdraft	6,957	2,845	9,802
Bankers' Acceptances	28,151	37,703	65,854
Hire Purchase	4,804	-	4,804
Term Loan	1,407	98	1,505
	41,319	40,646	81,965
Long term			
Hire Purchase	8,464	-	8,464
Term Loan	5,659	-	5,659
	14,123	-	14,123
Grand Total	55,442	40,646	96,088

10. Off balance sheet financial instruments

The Group did not enter into any contracts involving off balance sheet financial instruments during the financial year-to-date ended 31 December 2011.

11. Changes in material litigation

There was no pending material litigation against the Group as at the date of this report.

12. Dividend

The Directors do not propose any dividend for the current quarter. The final dividend for the year ended 31 March 2011 of 5.0% less 25% tax was approved by the shareholders at the Annual General Meeting held on 29 September 2011 and was paid out on 3 November 2011.

13. Earnings per share

	3 months ended		9 months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Profit attributable to ordinary equity holders of the parent (RM'000)	1,443	4,922	6,717	11,089
Weighted average number of ordinary shares ('000)	49,678	47,804	49,340	47,284
Basic earnings per share (sen)	2.90	10.30	13.61	23.45
Weighted average number of ordinary shares (diluted) ('000)	50,326	49,096	50,193	49,037
Diluted earnings per share (sen)	2.87	10.03	13.38	22.61

Basic earnings per share is computed based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is computed based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period after adjustment for full conversion of the ESOS.

14. Auditors' report on preceding annual financial statements

The auditors' report of the previous annual financial year ended 31 March 2011 was not subject to any qualification.

15. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 February 2012.