



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

	3 months ended		3 months ended	
	30 June 2012 Unaudited	30 June 2011 Unaudited	30 June 2012 Unaudited	30 June 2011 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	121,527	114,244	121,527	114,244
Operating expenses	(126,432)	(108,827)	(126,432)	(108,827)
Other Income	1,046	726	1,046	726
Finance costs	(1,271)	(1,100)	(1,271)	(1,100)
(Loss)/Profit before tax	(5,130)	5,043	(5,130)	5,043
Income tax	1,296	(1,226)	1,296	(1,226)
(Loss)/Profit for the period	(3,834)	3,817	(3,834)	3,817
Other comprehensive (expense)/income, net of tax				
Fair value of available-for sale financial assets	(37)	42	(37)	42
Other comprehensive (expense)/income for the period	(37)	42	(37)	42
Total comprehensive (expense)/income for the period	(3,871)	3,859	(3,871)	3,859
(Loss)/Profit attributable to:				
Owners of the parent	(3,939)	2,661	(3,939)	2,661
Non-controlling interest	105	1,156	105	1,156
	(3,834)	3,817	(3,834)	3,817
Total comprehensive (expense)/income attributable to :				
Owners of the parent	(3,976)	2,703	(3,976)	2,703
Non-controlling interest	105	1,156	105	1,156
	(3,871)	3,859	(3,871)	3,859
(Loss)/Earnings per share (sen) :				
Basic	(7.92)	5.45	(7.92)	5.45
Diluted	(7.81)	5.32	(7.81)	5.32

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2012 and the accompanying explanatory notes attached to this interim financial statements.



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Condensed Consolidated Statement of Financial Position

	As at 30 June 2012 Unaudited RM'000	As at 31 Mar 2012 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	203,202	197,928
Intangible assets	3,534	3,539
Other investments	1,099	1,099
Deferred tax assets	3,280	4,608
	211,115	207,174
Current assets		
Biological assets	26,952	24,948
Inventories	57,163	56,749
Trade receivables	50,118	47,530
Other receivables	15,224	13,882
Short term investment	2,239	8,492
Cash and bank balances	4,687	4,103
	156,383	155,704
TOTAL ASSETS	367,498	362,878
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	49,780	49,678
Reserves	78,131	82,107
	127,911	131,785
Non-controlling interest	22,822	22,717
Total equity	150,733	154,502
Non-current liabilities		
Long term borrowings	20,732	21,509
Long term payables	1,519	1,519
Deferred tax liabilities	21,240	24,165
	43,491	47,193
Current liabilities		
Short term borrowings	92,979	75,405
Trade payables	68,636	70,185
Other payables	10,989	14,517
Income tax payable	670	1,076
	173,274	161,183
Total liabilities	216,765	208,376
TOTAL EQUITY AND LIABILITIES	367,498	362,878

Net assets per share attributable to ordinary equity holders of the parent (RM)	2.5695	2.6528
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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 2012 and the accompanying explanatory notes attached to this interim financial statements.



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Condensed Consolidated Statement of Changes in Equity

	Attributable to Owners of the Parent					Non- controlling interest	Total Equity
	Share capital	Revaluation reserve	Fair value reserve	Retained profit	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 April 2012	49,678	21,374	150	60,583	131,785	22,717	154,502
Transfer to distributable reserve on realisation of revaluation reserve	-	(315)	-	315	-	-	-
Total comprehensive (expense)/income for the period	-	-	(37)	(3,939)	(3,976)	105	(3,871)
Issue of new ESOS shares	102	-	-	-	102	-	102
At 31 Mar 2012	49,780	21,059	113	56,959	127,911	22,822	150,733
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	-	(291)	-	291	-	-	-
Total comprehensive income for the period	-	-	42	2,661	2,703	1,156	3,859
Issue of new ESOS shares	358	-	-	-	358	-	358
At 30 June 2011	49,136	22,640	126	52,373	124,275	21,650	145,925

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2012 the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Cash Flows

	3 months ended 30 June 2012 Unaudited RM'000	3 months ended 30 June 2011 Unaudited RM'000
Cash Flow From Operating Activities		
(Loss)/Profit before tax	(5,130)	5,043
Adjustment for:-		
Depreciation and amortization	4,353	4,114
(Gain)/loss on disposal of Property, plant and equipment	(116)	(50)
Property, plant and equipment written off	-	1
Interest expense	1,271	1,100
Interest income	-	-
Bad debts written off	13	-
Provision/(write back) of doubtful debts	1	13
Fair value adjustment	(37)	42
Unrealised (gain)/loss on foreign exchange differences	(22)	6
Operating (loss)/profit before changes in working capital	333	10,269
Net change in current assets	(6,257)	(11,533)
Net change in current liabilities	(5,076)	1,303
Tax paid	(790)	(851)
Interest paid	(1,271)	(1,100)
Net cash generated from operating activities	(13,061)	(1,912)
Cash Flow From Investing Activities		
Proceeds from disposal of property, plant and equipment	122	81
Purchase of property, plant and equipment	(8,486)	(2,726)
Changes in FD pledged to bank	-	39
Net cash used in investing activities	(8,365)	(2,605)
Cash Flow From Financing Activities		
BA financing	8,557	2,492
Repayment of term loans	(796)	(596)
Repayment of hire purchase creditors	(1,428)	(1,244)
Issue of new shares	102	358
Net cash used in financing activities	6,436	1,010
Net increase in cash and cash equivalents	(14,990)	(3,507)
Cash and cash equivalents at beginning of year	1,644	3,801
Cash and cash equivalents at end of the quarter	(13,347)	294
Cash and cash equivalents at the end of the quarter comprises :		
Short term investment	2,239	10,739
Cash and bank balances	4,687	6,823
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(19,873)	(14,885)
Deposit pledged to licensed bank	(400)	(2,383)
	(13,347)	294

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2012 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 2012. 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 2012.

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 2012, except for the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations adopted by the Group for the financial year commencing 1 April 2012 :

FRSs, Amendments to FRSs and Interpretations

FRS 124	Related Party Disclosures
Improvements to FRSs (2011)	
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Transfer of Financial Assets
Amendments to FRS 112	Deferred Tax:Recovery of Underlying Assets
Amendments to IC	
Interpretation 14	Prepayment of a Minimum Funding Requirement

The adoption of the above FRSs,amendments to FRSs and IC Intrepretations did not have any material impact on the financial statements of the Group. The Group has not early adopted the followings FRSs, IC Interpretation and amendments to FRSs, which have been issued and will be effective for the financial periods as stated below: -

		Effective date for financial periods beginning on or after
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interest in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employees Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investment in Associates and Joint Ventures	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

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 MRFS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities")

**2. Changes in accounting policies (cont'd)****Malaysian Financial Reporting Standards (MFRS Framework)(cont'd)**

Transitioning Entities will be allowed to defer the adoption of MFRS Framework and continue to use the current Financial Reporting Standards (FRS) Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, 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 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2013 could be different if prepared under the MFRS Framework.

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 30 June 2012.

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

The company issued additional 102,000 new ordinary shares of RM1.00 each pursuant to the Employees Share Option Scheme (ESOS) in the current quarter. There were no other issuances, cancellations, repurchases, resale or repayment of debt and equity securities.

7. Dividends paid

There was no dividend paid to shareholders of the Company in the current quarter.

8. Segmental information

	3 months ended 30 June 2012		3 months ended 30 June 2012	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	97,925	(4,979)	97,925	(4,979)
Retail supermarket	26,403	(151)	26,403	(151)
	124,328	(5,130)	124,328	(5,130)
Inter-segment eliminations	(2,801)	-	(2,801)	-
	121,527	(5,130)	121,527	(5,130)

All business operations are conducted in Malaysia.



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9. Subsequent events

There were no events subsequent to 30 June 2012 that would have a material effect on the interim financial statement of the current quarter.

10. Changes in composition of the Group

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

11. Changes in contingent liabilities

Credit facilities amounting to RM48.5 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 30 June 2012 amounted to :

	RM'000
Approved and contracted for	8,427
Approved but not contracted for	-
	<u>8,427</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	121,527	114,244	7,283	6.37
Profit before tax	(5,130)	5,043	(10,173)	(201.73)

The Group recorded a higher revenue of RM121.5 million compared with RM114.2 million recorded in the corresponding quarter last year, due mainly to higher quantity sales of poultry products and the additional revenue from the new retail supermarket outlets in the current financial quarter.

However, the Group's reported a pre-tax loss of RM5.13 million compared to a pre-tax profit of RM5.04 million in the corresponding quarter of last financial year mainly due to lower egg prices and the hike in raw materials cost, higher interest expense as well as higher operating cost incurred for new retail 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	121,527	121,962	(435)	-0.36
Profit before tax	(5,130)	2,628	(7,758)	-295.21

The Group's revenue in the current quarter of RM121.5 million is lower than the RM121.9 million recorded in the immediate preceding quarter due mainly to lower prices of poultry products.

Due to the above and the hike in raw material costs, the group recorded a pre-tax loss of RM5.13 million in the current quarter compared to a pre-tax profit of RM2.63 million achieved in the immediate preceding quarter.

3. Current year prospects

Major raw materials especially corn and soya bean prices have been escalating in the past few months of the current financial year and this will pose a big challenge to the Group. Given this unfavorable scenario, the Group will strive to contain cost and improve results.

4. Profit forecast or profit guarantee

Not applicable

5. Income tax

	Current quarter RM'000	Year-to- date RM'000
Current tax	302	302
Deferred tax	(1,597)	(1,597)
	<u>(1,296)</u>	<u>(1,296)</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

9. Borrowings

The Group's borrowings as at 30 June 2012 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Overdraft	12,212	7,661	19,873
Bankers' Acceptances	27,692	38,422	66,114
Hire Purchase	4,720	-	4,720
Term Loan	986	1,286	2,272
	<u>45,610</u>	<u>47,369</u>	<u>92,979</u>
Long term			
Hire Purchase	8,716	-	8,716
Term Loan	6,643	5,373	12,016
	<u>15,359</u>	<u>5,373</u>	<u>20,732</u>
Grand Total	<u>60,969</u>	<u>52,742</u>	<u>113,711</u>

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 30 June 2012.

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.

13. Earnings per share

	3 months ended		3 months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	<u>(3,939)</u>	<u>2,661</u>	<u>(3,939)</u>	<u>2,661</u>
Weighted average number of ordinary	<u>49,754</u>	<u>48,817</u>	<u>49,754</u>	<u>48,817</u>
Basic (loss)/earnings per share (sen)	<u>(7.92)</u>	<u>5.45</u>	<u>(7.92)</u>	<u>5.45</u>
Weighted average number of ordinary	<u>50,422</u>	<u>50,057</u>	<u>50,422</u>	<u>50,057</u>
Diluted (loss)/earnings per share (sen)	<u>(7.81)</u>	<u>5.32</u>	<u>(7.81)</u>	<u>5.32</u>

Basic (loss)/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 (loss)/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.



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14. Notes to the Condensed Consolidated Statement of Comprehensive Income

The following amounts have been (charged)/credited in arriving at profit before tax:

	Preceding Year		Preceding Year	
	Current Year	Corresponding	Current Year	Corresponding
	Quarter	Quarter	to Date	Period
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
a) Interest expense	(1,271)	(1,100)	(1,271)	(1,100)
b) Depreciation and amortisation	(4,353)	(4,114)	(4,353)	(4,114)
c) Bad debts recovered/(written off)	(13)	-	(13)	-
d) Provision for doubtful debts	(1)	(13)	(1)	(13)
e) Gain/(loss) on disposal of unquoted investment	85	24	85	24
f) Unrealised forex gain/(loss)	22	(6)	22	(6)
g) Realised forex gain/(loss)	66	65	66	65

15. Auditors' report on preceding annual financial statements

The auditors' report of the previous annual financial year ended 31 March 2012 was not subject to any qualification.

16. 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 August 2012.