



**LAY HONG BERHAD (107129-H)**  
Incorporated in Malaysia

**Condensed Consolidated Statement of Comprehensive Income**

	3 months ended		6 months ended	
	30 Sept 2012 Unaudited	30 Sept 2011 Unaudited	30 Sept 2012 Unaudited	30 Sept 2011 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	129,091	125,163	250,618	239,407
Operating expenses	(133,797)	(119,731)	(260,229)	(228,558)
Other Income	646	706	1,692	1,432
Finance costs	(1,445)	(1,082)	(2,716)	(2,182)
(Loss)/Profit before tax	(5,505)	5,056	(10,635)	10,099
Income tax	1,231	(1,117)	2,527	(2,343)
(Loss)/Profit for the period	(4,274)	3,939	(8,108)	7,756
Fair value of available-for sale financial assets	19	(5)	(18)	37
Other comprehensive income/(expense) for the period	19	(5)	(18)	37
Total comprehensive (expense)/income for the period	(4,255)	3,934	(8,126)	7,793
(Loss)/Profit attributable to:				
Owners of the parent	(4,582)	2,613	(8,521)	5,274
Non-controlling interest	308	1,326	413	2,482
	(4,274)	3,939	(8,108)	7,756
Total comprehensive (expense)/income attributable to :				
Owners of the parent	(4,563)	2,608	(8,539)	5,311
Non-controlling interest	308	1,326	413	2,482
	(4,255)	3,934	(8,126)	7,793
(Loss)/Earnings per share (sen) :				
Basic	(9.21)	5.28	(17.12)	10.77
Diluted	(9.08)	5.20	(16.89)	10.56

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.



**LAY HONG BERHAD (107129-H)**  
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**Condensed Consolidated Statement of Financial Position**

	As at 30 Sept 2012 Unaudited RM'000	As at 31 Mar 2012 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	208,053	197,928
Intangible assets	3,529	3,539
Other investments	1,088	1,099
Deferred tax assets	3,654	4,608
	<b>216,324</b>	<b>207,174</b>
<b>Current assets</b>		
Biological assets	26,986	24,948
Inventories	56,789	56,749
Trade receivables	48,497	47,530
Other receivables	15,776	13,882
Short term investment	5,264	8,492
Cash and bank balances	6,728	4,103
	<b>160,040</b>	<b>155,704</b>
<b>TOTAL ASSETS</b>	<b>376,364</b>	<b>362,878</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent		
Share capital	49,780	49,678
Reserves	73,568	82,107
	<b>123,348</b>	<b>131,785</b>
Non-controlling interest	23,130	22,717
<b>Total equity</b>	<b>146,478</b>	<b>154,502</b>
<b>Non-current liabilities</b>		
Long term borrowings	24,675	21,509
Long term payables	1,519	1,519
Deferred tax liabilities	20,063	24,165
	<b>46,257</b>	<b>47,193</b>
<b>Current liabilities</b>		
Short term borrowings	98,969	75,405
Trade payables	68,017	70,185
Other payables	16,025	14,517
Income tax payable	618	1,076
	<b>183,629</b>	<b>161,183</b>
<b>Total liabilities</b>	<b>229,886</b>	<b>208,376</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>376,364</b>	<b>362,878</b>

Net assets per share attributable to ordinary equity holders of the parent (RM)

2.4779

2.6528

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.



**LAY HONG BERHAD (107129-H)**  
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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		
<b>At 1 April 2012</b>	49,678	21,374	150	60,583	131,785	22,717	154,502
Transfer to distributable reserve on realisation of revaluation reserve	-	(440)	-	440	-	-	-
<b>Total comprehensive (expense)/income for the period</b>	-	-	(18)	(8,521)	(8,539)	413	(8,126)
Issue of new ESOS shares	102	-	-	-	102	-	102
<b>At 30 September 2012</b>	<b>49,780</b>	<b>20,934</b>	<b>132</b>	<b>52,502</b>	<b>123,348</b>	<b>23,130</b>	<b>146,478</b>
<b>At 1 April 2011</b>	48,778	22,931	84	49,421	121,214	20,494	141,708
Transfer to distributable reserve on realisation of revaluation reserve	-	(518)	-	518	-	-	-
<b>Total comprehensive income for the period</b>	-	-	37	5,274	5,311	2,482	7,793
Revaluation surplus	-	-	-	-	-	-	-
Dividends	-	-	-	(1,863)	(1,863)	-	(1,863)
Issue of new ESOS shares	900	-	-	-	900	-	900
<b>At 30 September 2011</b>	<b>49,678</b>	<b>22,413</b>	<b>121</b>	<b>53,350</b>	<b>125,562</b>	<b>22,976</b>	<b>148,538</b>

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.



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

	6 months ended 30 Sept 2012 Unaudited RM'000	6 months ended 30 Sept 2011 Unaudited RM'000
<b>Cash Flow From Operating Activities</b>		
<b>(Loss)/Profit before tax</b>	(10,635)	10,099
<b>Adjustment for:-</b>		
Depreciation and amortization	8,771	8,237
(Gain)/loss on disposal of Property, plant and equipment	(127)	(52)
Property, plant and equipment written off	31	2
Interest expense	2,716	2,182
Bad debts written off	69	-
Provision/(write back) of doubtful debts	(41)	26
Fair value adjustment	(18)	37
Unrealised (gain)/loss on foreign exchange differences	(24)	6
Operating (loss)/profit before changes in working capital	741	20,537
Net change in current assets	(4,559)	(15,399)
Net change in current liabilities	(650)	7,092
Tax paid	(1,460)	(1,216)
Interest paid	(2,716)	(2,182)
<b>Net cash generated from operating activities</b>	<b>(8,646)</b>	<b>8,832</b>
<b>Cash Flow From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	133	119
Purchase of property, plant and equipment	(16,515)	(7,209)
Changes in FD pledged to bank	-	39
<b>Net cash used in investing activities</b>	<b>(16,382)</b>	<b>(7,051)</b>
<b>Cash Flow From Financing Activities</b>		
BA financing	12,579	13,554
Drawdown/(Repayment) of term loans	7,612	(11,201)
Repayment of hire purchase creditors	(2,932)	(1,969)
Issue of new shares	102	900
<b>Net cash used in financing activities</b>	<b>17,361</b>	<b>1,284</b>
<b>Net increase in cash and cash equivalents</b>	<b>(7,667)</b>	<b>3,065</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,644</b>	<b>3,801</b>
<b>Cash and cash equivalents at end of the quarter</b>	<b>(6,023)</b>	<b>6,866</b>
<b>Cash and cash equivalents at the end of the quarter comprises :</b>		
Short term investment	5,264	7,393
Cash and bank balances	6,728	7,565
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(17,615)	(5,709)
Deposit pledged to licensed bank	(400)	(2,383)
	<b>(6,023)</b>	<b>6,866</b>

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 September 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**

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

**7. Dividends paid**

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

**8. Segmental information**

	3 months ended 30 Sept 2012		6 months ended 30 Sept 2012	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	99,541	(5,670)	197,466	(10,649)
Retail supermarket	33,128	165	59,531	14
	<u>132,669</u>	<u>(5,505)</u>	<u>256,997</u>	<u>(10,635)</u>
Inter-segment eliminations	(3,578)	-	(6,379)	-
	<u>129,091</u>	<u>(5,505)</u>	<u>250,618</u>	<u>(10,635)</u>

All business operations are conducted in Malaysia.



**9. Subsequent events**

There were no events subsequent to 30 September 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 RM 52.2 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 September 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**

The Group's performance for the current financial quarter compared to the preceding year's quarter is as follow;

	Current quarter <u>RM'000</u>	Corresponding quarter last year <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Revenue				
-Intergrated livestock farming	95,963	97,870	(1,907)	(1.95)
-Retail supermarket	33,128	27,293	5,835	21.38
	<u>129,091</u>	<u>125,163</u>		
(Loss)/Profit before tax	(5,505)	5,056	(10,561)	(208.88)

The intergrated livestock farming segment's revenue decreased 1.95% from RM97.87 million recorded in the preceding year's corresponding quarter to RM95.96 million in the current financial quarter. This was due to lower average selling price of poultry products sold in the current quarter.

For the retail supermarket segment, a higher revenue of RM33.13 million was recorded in the current quarter compared to RM27.29 million in the corresponding quarter of last preceding year arising from the opening of two additional outlets.

A pre-tax loss of RM5.51 million was recorded for the group compared to a pre-tax profit of RM5.06 million in the corresponding quarter of last financial year mainly due to weak poultry product prices and the sudden hike in raw-materials international price caused by the inclement weather in US. Heavy initial expenses of new retail supermarket outlets also contributed to the loss.

**2. Comparison with immediate preceding quarter's results**

The Group's performance for the current financial quarter compared to the immediate preceding quarter is as follow;

	Current quarter <u>RM'000</u>	Immediate preceding quarter <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Revenue				
-Intergrated livestock farming	95,963	95,124	839	0.88
-Retail supermarket	33,128	26,403	6,725	25.47
	<u>129,091</u>	<u>121,527</u>		
Loss before tax	(5,505)	(5,130)	(375)	7.31

For the current quarter under review, intergrated livestock farming segment registered a slightly higher revenue of RM95.96 million compared to the immediate preceding quarter of RM95.12 million. The increase was attributed to higher volume of processed chicken products sold in the current quarter.

The retail supermarket segment also recored a higher revenue of RM33.13 million in the current quarter as compared to RM26.43 million in the immediate preceding quarter due to Hari Raya celebration in August 2012.

The group recorded a pre-tax loss of RM5.51 million in the quarter which is almost even with that of the immediate preceding quarter of RM5.13 million. The continuous loss position was due to the unchanging of low egg prices and high raw material cost.





**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 is at all time high coupled with weak poultry products prices. Given this unfavorable scenario, the performance of the Group for the next 6 months will be very challenging.

**4. Profit forecast or profit guarantee**

Not applicable

**5. Income tax**

	Current quarter RM'000	Year-to- date RM'000
Current tax	320	621
Deferred tax	(1,551)	(3,148)
	<u>(1,231)</u>	<u>(2,527)</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 September 2012 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term</b>			
Overdraft	12,618	4,997	17,615
Bankers' Acceptances	25,002	45,135	70,137
Hire Purchase	4,764	-	4,764
Term Loan	1,171	1,282	2,453
Revolving Credit	4,000	-	4,000
	<u>43,555</u>	<u>51,414</u>	<u>98,969</u>
<b>Long term</b>			
Hire Purchase	8,432	-	8,432
Term Loan	11,192	5,051	16,243
	<u>19,624</u>	<u>5,051</u>	<u>24,675</u>
<b>Grand Total</b>	<u>63,179</u>	<u>56,465</u>	<u>123,644</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 September 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. The final dividend for the year ended 31 March 2012 of 5.0% less 25% tax was approved by the shareholders at the Annual General Meeting held on 26 September 2012 and was paid out on 7 November 2012.

**13. Earnings per share**

	3 months ended		6 months ended	
	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(4,582)	2,613	(8,521)	5,274
Weighted average number of ordinary	49,754	49,517	49,767	48,978
Basic (loss)/earnings per share (sen)	(9.21)	5.28	(17.12)	10.77
Weighted average number of ordinary	50,446	50,230	50,446	49,939
Diluted (loss)/earnings per share (sen)	(9.08)	5.20	(16.89)	10.56

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.

**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
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
a) Interest expense	(1,445)	(1,082)	(2,716)	(2,182)
b) Depreciation and amortisation	(4,417)	(4,123)	(8,771)	(8,237)
c) Bad debts recovered/(written off)	(56)	-	(69)	-
d) Provision for doubtful debts	43	(13)	41	(26)
e) Gain on disposal of unquoted investment	5	59	90	83
f) Unrealised forex gain/(loss)	1	-	24	(6)
g) Realised forex gain	6	24	72	89

**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 26 November 2012.