



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

	3 months ended		9 months ended	
	31 Dec 2012 Unaudited	31 Dec 2011 Unaudited	31 Dec 2012 Unaudited	31 Dec 2011 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	133,104	130,727	383,722	370,134
Operating expenses	(137,633)	(124,734)	(397,862)	(353,292)
Other Income	969	517	2,661	1,949
Finance costs	(1,571)	(1,066)	(4,287)	(3,248)
(Loss)/Profit before tax	(5,131)	5,444	(15,766)	15,543
Income tax	1,229	(1,707)	3,756	(4,050)
(Loss)/Profit for the period	(3,902)	3,737	(12,010)	11,493
Other comprehensive (expense)/income, net of tax				
Available-for sale financial assets	21	24	3	61
Exchange differences on translation of foreign operations	(5)	-	(5)	-
Total Other comprehensive income	16	24	(2)	61
Total comprehensive (expense)/income	(3,886)	3,761	(12,012)	11,554
(Loss)/Profit attributable to:				
Owners of the parent	(4,072)	1,443	(12,593)	6,717
Non-controlling interest	170	2,294	583	4,776
	(3,902)	3,737	(12,010)	11,493
Total comprehensive (expense)/income attributable to :				
Owners of the parent	(4,054)	1,467	(12,593)	6,778
Non-controlling interest	168	2,294	581	4,776
	(3,886)	3,761	(12,012)	11,554
(Loss)/Earnings per share (sen) :				
Basic	(8.18)	2.90	(25.30)	13.61
Diluted	(8.06)	2.87	(24.95)	13.38

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 31 Dec 2012 Unaudited RM'000	As at 31 Mar 2012 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	217,606	197,928
Intangible assets	3,664	3,539
Other investments	1,053	1,099
Deferred tax assets	4,397	4,608
	226,720	207,174
Current assets		
Biological assets	26,662	24,948
Inventories	56,472	56,749
Trade receivables	54,729	47,530
Other receivables	11,638	13,882
Short term investment	4,586	8,492
Cash and bank balances	5,679	4,103
	159,766	155,704
TOTAL ASSETS	386,486	362,878
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	49,780	49,678
Reserves	67,647	82,107
	117,427	131,785
Non-controlling interest	24,355	22,717
Total equity	141,782	154,502
Non-current liabilities		
Long term borrowings	26,038	21,509
Long term payables	1,519	1,519
Deferred tax liabilities	19,507	24,165
	47,064	47,193
Current liabilities		
Short term borrowings	106,921	75,405
Trade payables	74,492	70,185
Other payables	15,696	14,517
Income tax payable	531	1,076
	197,640	161,183
Total liabilities	244,704	208,376
TOTAL EQUITY AND LIABILITIES	386,486	362,878

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

2.3589

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	Foreign currency translation reserve	Fair value reserve	Retained profit	Total		
	RM'000	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	-	(656)	-	-	656	-	-	-
Accreditation of NCI	-	-	-	-	-	-	1,057	1,057
Total comprehensive (expense)/income for the period	-	-	(3)	3	(12,593)	(12,593)	581	(12,012)
Dividends	-	-	-	-	(1,867)	(1,867)	-	(1,867)
Issue of new ESOS shares	102	-	-	-	-	102	-	102
At 31 December 2012	49,780	20,718	(3)	153	46,779	117,427	24,355	141,782
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 December 2011	49,678	21,089	-	145	55,045	125,957	25,270	151,227

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)
Incorporated in Malaysia

Condensed Consolidated Statement of Cash Flows

	9 months ended 31 Dec 2012 Unaudited RM'000	9 months ended 31 Dec 2011 Unaudited RM'000
Cash Flow From Operating Activities		
(Loss)/Profit before tax	(15,765)	15,543
Adjustment for:-		
Depreciation and amortization	13,270	12,497
Gain on disposal of Property, plant and equipment	(127)	(97)
Property, plant and equipment written off	31	3
Interest expense	4,287	3,248
Interest income	(3)	(42)
Bad debts written off	69	-
(Write back)/provision of doubtful debts	(18)	41
Foreign exchange reserve adjustment	(5)	-
Fair value adjustment	3	61
Unrealised (gain)/loss on foreign exchange differences	(26)	3
Operating profit before changes in working capital	1,715	31,257
Net change in current assets	(4,948)	(25,951)
Net change in current liabilities	5,485	12,323
Tax paid	(2,658)	(3,009)
Interest paid	(4,287)	(3,248)
Net cash (used in)/ generated from operating activities	(4,693)	11,372
Cash Flow From Investing Activities		
Investment by non-controlling interest	1,057	-
Additional goodwill acquired	(140)	-
Proceeds from disposal of property, plant and equipment	133	167
Purchase of property, plant and equipment	(30,122)	(15,636)
Interest income received	3	42
Changes in FD pledged to bank	-	39
Net cash used in investing activities	(29,070)	(15,388)
Cash Flow From Financing Activities		
BA financing	15,861	24,875
Drawdown/(Repayment) of term loans	13,819	(11,775)
Repayment of hire purchase creditors	(2,368)	(4,044)
Dividend paid	(1,867)	(1,863)
Issue of new shares	102	900
Net cash generated from financing activities	25,547	8,093
Net increase in cash and cash equivalents	(8,216)	4,077
Cash and cash equivalents at beginning of year	1,644	3,801
Cash and cash equivalents at end of the quarter	(6,572)	7,878
Cash and cash equivalents at the end of the quarter comprises :		
Short term investment	4,586	11,445
Cash and bank balances	5,679	8,618
Bank overdrafts (included within the short term borrowings in Part B)	(16,437)	(9,802)
Deposit pledged to licensed bank	(400)	(2,383)
	(6,572)	7,878

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 31 December 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 final dividend for the year ended 31 March 2012 of 5% less 25% income tax, was paid to shareholders on 7 November 2012.

8. Segmental information

	3 months ended 31 Dec 2012		9 months ended 31 Dec 2012	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	107,090	(5,312)	304,555	(15,960)
Retail supermarket	29,439	181	88,971	194
	<u>136,529</u>	<u>(5,131)</u>	<u>393,526</u>	<u>(15,766)</u>
Inter-segment eliminations	(3,425)	-	(9,804)	-
	<u>133,104</u>	<u>(5,131)</u>	<u>383,722</u>	<u>(15,766)</u>

All business operations are conducted in Malaysia.



9. Subsequent events

There were no events subsequent to 31 December 2012 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, the Company subscribed for a 51% interest in Oz Food Solution Company Ltd, Vietnam.

11. Changes in contingent liabilities

Credit facilities amounting to RM 57.1 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 2012 amounted to :

	RM'000
Approved and contracted for	13,200
Approved but not contracted for	-
	<u>13,200</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	103,665	102,853	812	0.79
-Retail supermarket	29,439	27,874	1,565	5.62
	<u>133,104</u>	<u>130,727</u>		
(Loss)/Profit before tax	(5,131)	5,444	(10,575)	(194.25)

The intergrated livestock farming segment's revenue increased 0.79% from RM102.85 million recorded in the preceding year's corresponding quarter to RM103.67 million in the current financial quarter. This was due to higher quantity of poultry products sold in the current quarter.

For the retail supermarket segment, a higher revenue of RM29.44 million was recorded in the current quarter compared to RM27.87 million in the corresponding quarter of last preceding year arising from the opening of an additional outlet.

A pre-tax loss of RM5.13 million was recorded for the group compared to a pre-tax profit of RM5.44 million in the corresponding quarter of last financial year mainly due to weak poultry product prices and high prices of raw materials.

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	103,665	95,963	7,701	8.03
-Retail supermarket	29,439	33,128	(3,688)	-11.13
	<u>133,104</u>	<u>129,091</u>		
Loss before tax	(5,131)	(5,505)	374	-6.79

For the current quarter under review, intergrated livestock farming segment registered a slightly higher revenue of RM103.67 million compared to the immediate preceding quarter of RM95.96 million. The increase was attributed to higher volume of poultry products sold in the current quarter.

The retail supermarket segment recored a lower revenue of RM29.44 million in the current quarter as compared to RM33.13 million in the immediate preceding quarter due to Hari Raya festivity in August 2012.

The group recorded a pre-tax loss of RM5.13 million in the current quarter which is slightly lower than RM5.51 million recorded in the immediate preceding quarter due to the continuing high price of raw materials, erratic prices of poultry products resulted by oversupply situation and the first time consolidation of the Vietnam's subsidiary operation.

**3. Current year prospects**

Major raw materials especially corn and soya bean prices have been scaling new heights and these have posed serious threat to the profitability of the group for the remaining 3 months of the financial year ending 31st March 2013. Even though the prices of eggs have improved, the cost of production remain high and the performance will be challenging.

4. Profit forecast or profit guarantee

Not applicable

5. Income tax

	Current quarter RM'000	Year-to- date RM'000
Current tax	70	691
Deferred tax	(1,299)	(4,447)
	<u>(1,229)</u>	<u>(3,756)</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 31 December 2012 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Overdraft	11,978	4,459	16,437
Bankers' Acceptances	30,485	42,934	73,419
Hire Purchase	5,111	-	5,111
Term Loan	672	1,282	1,954
Revolving Credit	-	10,000	10,000
	<u>48,246</u>	<u>48,675</u>	<u>106,921</u>
Long term			
Hire Purchase	9,090	-	9,090
Term Loan	12,225	4,723	16,948
	<u>21,315</u>	<u>4,723</u>	<u>26,038</u>
Grand Total	<u>69,561</u>	<u>53,398</u>	<u>132,959</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 31 December 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		9 months ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(4,072)	1,443	(12,593)	6,717
Weighted average number of ordinary	49,780	49,678	49,771	49,340
Basic (loss)/earnings per share (sen)	(8.18)	2.90	(25.30)	13.61
Weighted average number of ordinary	50,533	50,326	50,473	50,193
Diluted (loss)/earnings per share (sen)	(8.06)	2.87	(24.95)	13.38

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
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1	23	3	42
b) Interest expense	(1,571)	(1,066)	(4,287)	(3,248)
b) Depreciation and amortisation	(4,499)	(4,260)	(13,270)	(12,497)
c) Bad debts recovered/(written off)	-	-	(69)	-
d) (Provision)/write back for doubtful debts	(24)	(15)	18	(41)
e) Gain on disposal of unquoted investment	7	28	97	111
f) Unrealised forex gain/(loss)	2	3	26	(3)
g) Realised forex gain	(42)	(67)	30	22

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 25 February 2013.