



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

| | 3 months ended | | 3 months ended | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 30 June 2013 Unaudited | 30 June 2012 Unaudited | 30 June 2013 Unaudited | 30 June 2012 Unaudited |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 139,140 | 121,527 | 139,140 | 121,527 |
| Operating expenses | (137,601) | (126,432) | (137,601) | (126,432) |
| Other Income | 740 | 1,046 | 740 | 1,046 |
| Finance costs | (1,776) | (1,271) | (1,776) | (1,271) |
| Profit/(Loss) before tax | 503 | (5,130) | 503 | (5,130) |
| Income tax | (122) | 1,296 | (122) | 1,296 |
| Profit/(Loss) for the period | 381 | (3,834) | 381 | (3,834) |
| Other comprehensive income/(expense), net of tax | | | | |
| Available-for sale financial assets | 25 | (37) | 25 | (37) |
| Exchange differences on translation of foreign operations | 47 | - | 47 | - |
| Total Other comprehensive income/(expense) | 72 | (37) | 72 | (37) |
| Total comprehensive income/(expense) | 453 | (3,871) | 453 | (3,871) |
| Profit/(loss) attributable to: | | | | |
| Owners of the parent | 156 | (3,939) | 156 | (3,939) |
| Non-controlling interest | 225 | 105 | 225 | 105 |
| Total comprehensive income/(expense) attributable to: | 381 | (3,834) | 381 | (3,834) |
| Owners of the parent | 205 | (3,976) | 205 | (3,976) |
| Non-controlling interest | 248 | 105 | 248 | 105 |
| Total comprehensive income/(expense) attributable to: | 453 | (3,871) | 453 | (3,871) |
| Earnings/(loss) per share (sen) : | | | | |
| Basic | 0.31 | (7.92) | 0.31 | (7.92) |
| Diluted | 0.31 | (7.81) | 0.31 | (7.81) |

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Financial Position

| | As at 30 June 2013 Unaudited RM'000 | As at 31 Mar 2013 Audited RM'000 |
|---|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 224,760 | 222,258 |
| Intangible assets | 3,556 | 3,558 |
| Other investments | 38 | 38 |
| Deferred tax assets | 10,519 | 10,519 |
| | 238,873 | 236,373 |
| Current assets | | |
| Biological assets | 24,812 | 25,405 |
| Inventories | 58,104 | 55,833 |
| Trade receivables | 52,292 | 49,304 |
| Other receivables | 10,591 | 14,034 |
| Short term investment | 3,953 | 5,623 |
| Cash and bank balances | 6,963 | 6,871 |
| | 156,715 | 157,070 |
| TOTAL ASSETS | 395,588 | 393,443 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 49,780 | 49,780 |
| Reserves | 62,659 | 62,454 |
| | 112,439 | 112,234 |
| Non-controlling interest | 22,803 | 22,252 |
| Total equity | 135,242 | 134,486 |
| Non-current liabilities | | |
| Long term borrowings | 35,515 | 33,164 |
| Long term payables | 1,089 | 1,089 |
| Deferred tax liabilities | 25,263 | 25,761 |
| | 61,867 | 60,014 |
| Current liabilities | | |
| Short term borrowings | 110,041 | 109,251 |
| Trade payables | 70,162 | 71,012 |
| Other payables | 17,649 | 18,673 |
| Income tax payable | 627 | 7 |
| | 198,479 | 198,943 |
| Total liabilities | 260,346 | 258,957 |
| TOTAL EQUITY AND LIABILITIES | 395,588 | 393,443 |

| | | |
|---|--------|--------|
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 2.2587 | 2.2546 |
|---|--------|--------|

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

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 2013 | 49,780 | 20,493 | (1) | 157 | 41,805 | 112,234 | 22,252 | 134,486 |
| Transfer to distributable reserve on realisation of revaluation reserve | - | (221) | - | - | 221 | - | - | - |
| Accreditation of non-controlling interest | - | - | - | - | - | - | 303 | 303 |
| Total comprehensive income for the period | - | - | 24 | 25 | 156 | 205 | 248 | 453 |
| At 30 June 2013 | 49,780 | 20,272 | 23 | 182 | 42,182 | 112,439 | 22,803 | 135,242 |
| 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 30 June 2012 | 49,780 | 21,059 | - | 113 | 56,959 | 127,911 | 22,822 | 150,733 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2013 the accompanying explanatory notes attached to the interim financial statements.



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Cash Flows

| | 3 months ended 30 June 2013 Unaudited RM'000 | 3 months ended 30 June 2012 Unaudited RM'000 |
|--|--|--|
| Cash Flow From Operating Activities | | |
| Profit/(Loss) before tax | 503 | (5,130) |
| Adjustment for:- | | |
| Depreciation and amortization | 4,854 | 4,353 |
| Loss/(gain) on disposal of Property, plant and equipment | 2 | (116) |
| Property, plant and equipment written off | 3 | - |
| Interest expense | 1,776 | 1,271 |
| Interest income | (2) | - |
| Bad debts written off | - | 13 |
| Reversal of impairment losses on trade receivables | - | (11) |
| Impairment losses on trade receivables | 13 | 12 |
| Fair value adjustment | 25 | (37) |
| Unrealised gain on foreign exchange differences | 21 | (22) |
| Operating profit before changes in working capital | 7,195 | 333 |
| Net change in current assets | (1,023) | (6,257) |
| Net change in current liabilities | (1,873) | (5,076) |
| Tax paid | (235) | (790) |
| Interest paid | (1,776) | (1,271) |
| Net cash generated/(used in) from operating activities | 2,288 | (13,061) |
| Cash Flow From Investing Activities | | |
| Investment by non-controlling interest | 303 | - |
| Proceeds from disposal of property, plant and equipment | 1 | 122 |
| Purchase of property, plant and equipment | (6,885) | (8,487) |
| Interest income received | 2 | - |
| Net cash used in investing activities | (6,350) | (8,365) |
| Cash Flow From Financing Activities | | |
| BA financing | (13) | 8,557 |
| Drawdown/(Repayment) of term loans | 4,302 | (796) |
| Repayment of hire purchase creditors | (721) | (1,428) |
| Issue of new shares | - | 102 |
| Net cash generated from financing activities | 3,568 | 6,435 |
| Net increase in cash and cash equivalents | (494) | (14,991) |
| Foreign exchange fluctuation | 21 | - |
| Cash and cash equivalents at beginning of year | (5,378) | 1,644 |
| Cash and cash equivalents at end of the quarter | (5,851) | (13,347) |
| Cash and cash equivalents at the end of the quarter comprises : | | |
| Short term investment | 3,953 | 2,239 |
| Cash and bank balances | 6,963 | 4,687 |
| Bank overdrafts (included within the short term borrowings in Part B Note 9) | (16,344) | (19,873) |
| Deposit pledged to licensed bank | (423) | (400) |
| | (5,851) | (13,347) |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2013 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 2013. 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 2013.

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 2013, 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 2013 :

FRSs, Amendments to FRSs and Interpretations

| | |
|------------------------------------|--|
| FRS 10 | Consolidated Financial Statements |
| FRS 11 | Joint Arrangements |
| FRS 12 | Disclosure of Interests in Other Entities |
| FRS 13 | Fair Value Measurement |
| FRS 119 | (Revised) Employee Benefits |
| FRS 127 | Separate Financial Statements |
| FRS 128 | Investment in Associates and Joint Ventures |
| 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 101 | Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income |
| 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 10, FRS 12 and FRS 127 | Consolidated Financial Statements, Joint Arrangements and Disclosures of Interest in Other Entities : Investment Entities | 1 January 2014 |
| Amendments to FRS 132 | Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| FRS 9 | Financial Instruments | 1 January 2015 |

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 2013, 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.

On 7 August 2013, MASB announced that the Transitioning Entities are allowed to defer the adoption of MFRS to 1 January 2015. Thus, 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 2016.

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 2014 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 2013.

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.

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 2013 | | 3 months ended 30 June 2013 | |
|------------------------------|--------------------------------|----------------------------|--------------------------------|--------------------|
| | Segment revenue | Segment results results | Segment revenue | Segment results |
| | RM'000 | | RM'000 | |
| Integrated livestock farming | 113,063 | (45) | 113,063 | (45) |
| Retail supermarket | 29,707 | 548 | 29,707 | 548 |
| | <u>142,770</u> | <u>503</u> | <u>142,770</u> | <u>503</u> |
| Inter-segment eliminations | (3,630) | - | (3,630) | - |
| | <u>139,140</u> | <u>503</u> | <u>139,140</u> | <u>503</u> |

All business operations are predominantly conducted in Malaysia.



9. Subsequent events

There were no events subsequent to 30 June 2013 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 RM72.51 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 2013 amounted to :

| | RM'000 |
|---------------------------------|---------------|
| Approved and contracted for | 18,371 |
| Approved but not contracted for | 4,238 |
| | <u>22,609</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 RM'000 | Corresponding quarter last year RM'000 | Variance RM'000 | Variance % |
|--------------------------------|------------------------------|--|--------------------|---------------|
| Revenue | | | | |
| -Intergrated livestock farming | 109,433 | 95,124 | 14,309 | 15.04 |
| -Retail supermarket | 29,707 | 26,403 | 3,304 | 12.51 |
| | <u>139,140</u> | <u>121,527</u> | | |
| Profit/(loss) before tax | 503 | (5,130) | 5,633 | (109.81) |

The intergrated livestock farming segment's revenue increased 15.04% from RM95.12 million recorded in the preceding year's corresponding quarter to RM109.43 million in the current financial quarter. This was due to the recovery of egg prices and higher quantity of processed chicken products sold in the current quarter.

For the retail supermarket segment, a higher revenue of RM29.71 million was recorded in the current quarter compared to RM26.40 million in the corresponding quarter of last preceding year arising from the opening of an additional outlet.

A pre-tax profit of RM0.503 million was recorded for the group compared to a pre-tax loss of RM5.13 million in the corresponding quarter of last financial year mainly due to reasons above and the weakening of raw materials cost such as corn and soybean.

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 RM'000 | Immediate preceding quarter RM'000 | Variance RM'000 | Variance % |
|--------------------------------|------------------------------|--|--------------------|---------------|
| Revenue | | | | |
| -Intergrated livestock farming | 109,433 | 105,957 | 3,476 | 3.28 |
| -Retail supermarket | 29,707 | 30,349 | (642) | (2.12) |
| | <u>139,140</u> | <u>136,306</u> | | |
| Profit/(loss) before tax | 503 | (7,240) | 7,743 | (106.95) |

For the current quarter under review, intergrated livestock farming segment registered a slightly higher revenue of RM109.43 million compared to the immediate preceding quarter of RM105.96 million due to the higher volume of processed chicken sold in the current quarter.

The retail supermarket segment recored a lower revenue of RM29.71 million in the current quarter as compared to RM30.35 million in the immediate preceding quarter due to Chinese New Year festival in the immediate preceding quarter.

The group recorded a pre-tax profit of RM0.503 million in the current quarter compared to a pre-tax loss of RM7.24 million recorded in the immediate preceding quarter. The results of the current quarter is not comparable to the preceding quarter due to the year end provisions and write off.

**3. Prospects**

Egg prices are recovering from its low. Raw material prices are stabilising. Given these improved market conditions, baring unforeseen circumstances, the group's performance will be better going forward.

4. Profit forecast or profit guarantee

Not applicable

5. Income tax

| | Current quarter RM'000 | Year-to- date RM'000 |
|--------------|------------------------------|----------------------------|
| Current tax | 620 | 620 |
| Deferred tax | (498) | (498) |
| | <u>122</u> | <u>122</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 2013 are as follows :

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------|-------------------|---------------------|-----------------|
| Short term | | | |
| Overdraft | 10,701 | 5,643 | 16,344 |
| Bankers' Acceptances | 35,025 | 47,100 | 82,125 |
| Hire Purchase | 5,118 | - | 5,118 |
| Term Loan | 3,126 | 1,328 | 4,454 |
| Revolving Credit | - | 2,000 | 2,000 |
| | <u>53,970</u> | <u>54,071</u> | <u>110,041</u> |
| Long term | | | |
| Hire Purchase | 9,173 | - | 9,173 |
| Term Loan | 22,296 | 4,046 | 26,342 |
| | <u>31,469</u> | <u>4,046</u> | <u>35,515</u> |
| Grand Total | <u>85,439</u> | <u>58,117</u> | <u>145,556</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 2013.

**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/(loss) per share

| | 3 months ended | | 3 months ended | |
|--|----------------|--------------|----------------|--------------|
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| Profit/(loss) attributable to ordinary equity holders of the parent (RM'000) | 156 | (3,939) | 156 | (3,939) |
| Weighted average number of ordinary | 49,780 | 49,754 | 49,780 | 49,754 |
| Basic earnings/(loss) per share (sen) | 0.31 | (7.92) | 0.31 | (7.92) |
| Weighted average number of ordinary | 50,680 | 50,422 | 50,680 | 50,422 |
| Diluted earnings/(loss) per share (sen) | 0.31 | (7.81) | 0.31 | (7.81) |

Basic earnings/(loss) 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/(loss) 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 |
| | 30/06/2013 | 30/06/2012 | 30/06/2013 | 30/06/2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| a) Interest income | 2 | - | 2 | - |
| b) Interest expense | (1,776) | (1,271) | (1,776) | (1,271) |
| c) Depreciation and amortisation | (4,854) | (4,353) | (4,854) | (4,353) |
| d) Bad debts written off | - | (13) | - | (13) |
| e) Reversal of impairment losses on trade receivables | - | 11 | - | 11 |
| f) Impairment losses on trade receivables | (13) | (12) | (13) | (12) |
| g) Gain on disposal of unquoted investment | 5 | 85 | 5 | 85 |
| h) Unrealised forex gain/(loss) | (21) | 55 | (21) | 55 |
| i) Realised forex gain/(loss) | (71) | 66 | (71) | 66 |

15. Auditors' report on preceding annual financial statements

The auditors' report of the previous annual financial year ended 31 March 2013 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 August 2013.