



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

	3 months ended		9 months ended	
	31 Dec 2013 Unaudited	31 Dec 2012 Unaudited	31 Dec 2013 Unaudited	31 Dec 2012 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	145,965	133,104	431,155	383,722
Operating expenses	(142,554)	(137,633)	(421,798)	(397,862)
Other Income	803	969	2,396	2,661
Finance costs	(2,061)	(1,571)	(5,965)	(4,287)
Profit/(Loss) before tax	2,153	(5,131)	5,788	(15,766)
Income tax	(354)	1,229	(1,927)	3,756
Profit/(Loss) for the period	1,799	(3,902)	3,861	(12,010)
Other comprehensive income/(expense), net of tax				
Available-for sale financial assets	31	21	64	3
Exchange differences on translation of foreign operations	7	(5)	110	(5)
Total Other comprehensive income/(expense)	38	16	174	(2)
Total comprehensive income/(expense)	1,837	(3,886)	4,035	(12,012)
Profit/(loss) attributable to:				
Owners of the parent	1,050	(4,072)	2,115	(12,593)
Non-controlling interest	749	170	1,746	583
	1,799	(3,902)	3,861	(12,010)
Total comprehensive income/(expense) attributable to:				
Owners of the parent	1,084	(4,054)	2,235	(12,593)
Non-controlling interest	753	168	1,800	581
	1,837	(3,886)	4,035	(12,012)
Earnings/(loss) per share (sen) :				
Basic	2.11	(8.18)	4.25	(25.30)
Diluted	2.08	(8.06)	4.18	(24.95)

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.



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Condensed Consolidated Statement of Financial Position

	As at 31 Dec 2013 Unaudited RM'000	As at 31 Mar 2013 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	235,704	222,258
Intangible assets	3,552	3,558
Other investments	119	38
Deferred tax assets	10,519	10,519
	249,894	236,373
Current assets		
Biological assets	24,206	25,405
Inventories	61,868	55,833
Trade receivables	54,978	49,304
Other receivables	12,180	14,034
Short term investment	3,398	5,623
Cash and bank balances	8,003	6,871
	164,633	157,070
TOTAL ASSETS	414,527	393,443
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	49,780	49,780
Reserves	64,689	62,454
	114,469	112,234
Non-controlling interest	24,355	22,252
Total equity	138,824	134,486
Non-current liabilities		
Long term borrowings	42,823	33,164
Long term payables	1,089	1,089
Deferred tax liabilities	26,858	25,761
	70,770	60,014
Current liabilities		
Short term borrowings	116,755	109,251
Trade payables	62,942	71,012
Other payables	24,627	18,673
Income tax payable	609	7
	204,933	198,943
Total liabilities	275,703	258,957
TOTAL EQUITY AND LIABILITIES	414,527	393,443

Net assets per share attributable to ordinary equity holders of the parent (RM)	2.2995	2.2546
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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 2013 and the accompanying explanatory notes attached to this interim financial statements.



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	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	-	(673)	-	-	673	-	-	-
Accreditation of non-controlling interest	-	-	-	-	-	-	303	303
Total comprehensive income for the period	-	-	56	64	2,115	2,235	1,800	4,035
At 31 December 2013	49,780	19,820	55	221	44,593	114,469	24,355	138,824
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 non-controlling interest	-	-	-	-	-	-	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

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.



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Condensed Consolidated Statement of Cash Flows

	9 months ended 31 Dec 2013 Unaudited RM'000	9 months ended 31 Dec 2012 Unaudited RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before tax	5,788	(15,766)
Adjustment for:-		
Depreciation and amortization	15,123	13,270
Gain on disposal of Property, plant and equipment	(104)	(127)
Property, plant and equipment written off	5	31
Investment written back	(81)	-
Interest expense	5,965	4,287
Interest income	(4)	(3)
Bad debts written off	-	69
Reversal of impairment losses on trade receivables	-	(18)
Impairment losses on trade receivables	41	-
Fair value adjustment	64	3
Unrealised loss/(gain) on foreign exchange differences	24	(26)
Operating profit before changes in working capital	26,821	1,720
Net change in current assets	(8,237)	(4,948)
Net change in current liabilities	(2,116)	5,485
Tax paid	(711)	(2,658)
Interest paid	(5,965)	(4,287)
Net cash generated/(used in) from operating activities	9,792	(4,688)
Cash Flow From Investing Activities		
Investment by non-controlling interest	303	1,057
Additional goodwill acquired	-	(140)
Proceeds from disposal of property, plant and equipment	146	133
Purchase of property, plant and equipment	(20,472)	(30,123)
Interest income received	4	3
Net cash used in investing activities	(19,790)	(29,070)
Cash Flow From Financing Activities		
BA financing	1,441	15,861
Drawdown/(Repayment) of term loans	12,349	13,819
Repayment of hire purchase creditors	(4,232)	(2,368)
Dividend paid to owner of the parent	-	(1,867)
Issue of new shares	-	102
Net cash generated from financing activities	9,558	25,547
Net increase in cash and cash equivalents	(440)	(8,211)
Foreign exchange fluctuation	43	(5)
Cash and cash equivalents at beginning of year	(5,378)	1,644
Cash and cash equivalents at end of the quarter	(5,775)	(6,572)
Cash and cash equivalents at the end of the quarter comprises :		
Short term investment	3,398	4,586
Cash and bank balances	8,003	5,679
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(16,753)	(16,437)
Deposit pledged to licensed bank	(423)	(400)
	(5,775)	(6,572)

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 31 Dec 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 31 Dec 2013		9 months ended 31 Dec 2013	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	118,381	2,034	348,387	4,365
Retail supermarket	32,209	119	96,478	1,423
	<u>150,590</u>	<u>2,153</u>	<u>444,865</u>	<u>5,788</u>
Inter-segment eliminations	(4,625)	-	(13,710)	-
	<u>145,965</u>	<u>2,153</u>	<u>431,155</u>	<u>5,788</u>

All business operations are predominantly conducted in Malaysia.



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9. Subsequent events

There were no events subsequent to 31 Dec 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 RM88.05 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 Dec 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 <u>RM'000</u>	Corresponding quarter last year <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Revenue				
-Intergrated livestock farming	113,756	103,665	10,091	9.73
-Retail supermarket	32,209	29,439	2,770	9.41
	<u>145,965</u>	<u>133,104</u>		
Profit/(loss) before tax	2,153	(5,131)	7,284	(141.96)

The intergrated livestock farming segment's revenue increased 9.73% from RM103.67 million recorded in the preceding year's corresponding quarter to RM113.76 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 RM32.21 million was recorded in the current quarter compared to RM29.44 million in the corresponding quarter of last preceding year arising from the opening of an additional outlet.

A pre-tax profit of RM2.15 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 corn price.

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	113,756	111,487	2,269	2.04
-Retail supermarket	32,209	34,563	(2,354)	(6.81)
	<u>145,965</u>	<u>146,050</u>		
Profit/(loss) before tax	2,153	3,132	(979)	(31.26)

For the current quarter under review, intergrated livestock farming segment registered a slightly higher revenue of RM113.76 million compared to the immediate preceding quarter of RM111.49 million due to the higher eggs price in the current quarter.

The retail supermarket segment recorded a lower revenue of RM32.21 million in the current quarter as compared to RM34.56 million in the immediate preceding quarter due to Hari Raya festival in August 2013.

The group recorded a pre-tax profit of RM2.15 million in the current quarter compared to a pre-tax profit of RM3.13 million recorded in the immediate preceding quarter mainly due to higher operating expenses.

**3. Prospects**

Chicken and egg prices are recovering from its low. Raw material prices are stabilising. Given these improved market conditions, barring 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	(62)	831
Deferred tax	416	1,097
	<u>354</u>	<u>1,927</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 Dec 2013 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Overdraft	13,040	3,714	16,754
Bankers' Acceptances	37,102	46,477	83,579
Hire Purchase	5,860	-	5,860
Term Loan	5,186	1,376	6,562
Revolving Credit	-	4,000	4,000
	<u>61,188</u>	<u>51,567</u>	<u>116,755</u>
Long term			
Hire Purchase	12,544	-	12,544
Term Loan	26,933	3,346	30,279
	<u>39,477</u>	<u>3,346</u>	<u>42,823</u>
Grand Total	<u>100,665</u>	<u>54,913</u>	<u>159,578</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 Dec 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		9 months ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Profit/(loss) attributable to ordinary equity holders of the parent (RM'000)	1,050	(4,072)	2,115	(12,593)
Weighted average number of ordinary	49,780	49,754	49,780	49,771
Basic earnings/(loss) per share (sen)	2.11	(8.18)	4.25	(25.30)
Weighted average number of ordinary	50,561	50,533	50,625	50,473
Diluted earnings/(loss) per share (sen)	2.08	(8.06)	4.18	(24.95)

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
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
a) Interest income	3	1	4	3
b) Interest expense	(2,061)	(1,571)	(5,965)	(4,287)
c) Depreciation and amortisation	(5,085)	(4,499)	(15,123)	(13,270)
d) Bad debts written off	-	-	-	(69)
e) Impairment (losses)/write back on trade receivables	(14)	(24)	(41)	18
f) Gain on disposal of unquoted investment	-	7	11	97
g) Gain/(loss) on disposal of PPE	86	-	104	127
h) Unrealised forex (loss)/gain	(1)	2	(24)	26
i) Realised forex gain/(loss)	8	(42)	79	30

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 24 February 2014.