



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

	3 months ended		6 months ended	
	30 Sept 2014 Unaudited	30 Sept 2013 Unaudited	30 Sept 2014 Unaudited	30 Sept 2013 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	166,845	146,050	323,014	285,190
Operating expenses	(156,610)	(141,643)	(308,790)	(279,244)
Other Income	963	853	1,782	1,593
Finance costs	(2,203)	(2,128)	(4,317)	(3,904)
Profit before tax	8,995	3,132	11,689	3,635
Income tax	(1,872)	(1,451)	(2,723)	(1,573)
Profit for the period	7,123	1,681	8,966	2,062
Other comprehensive (expense)/ income, net of tax				
Available-for sale financial assets	(10)	8	5	33
Exchange differences on translation of foreign operations	38	56	(8)	103
Total Other comprehensive (expense) /income	28	64	(3)	136
Total comprehensive income	7,151	1,745	8,963	2,198
Profit attributable to:				
Owners of the parent	6,293	909	7,846	1,065
Non-controlling interest	830	772	1,120	997
	7,123	1,681	8,966	2,062
Total comprehensive income attributable to :				
Owners of the parent	6,302	946	7,847	1,151
Non-controlling interest	849	799	1,116	1,047
	7,151	1,745	8,963	2,198
Earnings per share (sen) :				
Basic	12.64	1.83	15.76	2.14
Diluted	12.53	1.80	15.61	2.10

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to this interim financial statements.



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Condensed Consolidated Statement of Financial Position

	As at 30 Sept 2014 Unaudited RM'000	As at 31 Mar 2014 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	242,176	243,351
Intangible assets	3,520	3,556
Other investments	194	194
Deferred tax assets	8,838	8,838
	254,728	255,939
Current assets		
Biological assets	26,301	25,547
Inventories	68,125	61,530
Trade receivables	66,292	58,702
Other receivables	10,915	9,698
Short term investment	3,425	3,420
Cash and bank balances	5,167	4,718
	180,225	163,615
TOTAL ASSETS	434,953	419,554
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	50,039	49,780
Reserves	77,594	69,747
	127,633	119,527
Non-controlling interest	24,065	22,791
Total equity	151,698	142,318
Non-current liabilities		
Long term borrowings	38,645	42,550
Deferred tax liabilities	28,605	26,838
	67,250	69,388
Current liabilities		
Short term borrowings	124,657	119,141
Trade payables	59,991	64,862
Other payables	30,367	23,759
Income tax payable	990	86
	216,005	207,848
Total liabilities	283,255	277,236
TOTAL EQUITY AND LIABILITIES	434,953	419,554

Net assets per share attributable to ordinary equity holders of the parent (RM)	2.5507	2.4011
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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 2014 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 RM'000	Total Equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained profit RM'000	Total			
						RM'000	RM'000		
At 1 April 2014	49,780	19,572	48	244	49,883	119,527	22,791	142,318	
Transfer to distributable reserve on realisation of revaluation reserve	-	(367)	-	-	367	-	-	-	
Accretion of non-controlling interest	-	-	-	-	-	-	158	158	
Total comprehensive income for the period	-	-	(4)	5	7,846	7,847	1,116	8,963	
Issue of new ESOS shares	259	-	-	-	-	259	-	259	
At 30 Sept 2014	50,039	19,205	44	249	58,096	127,633	24,065	151,698	
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	-	(409)	-	-	409	-	-	-	
Accretion of non-controlling interest	-	-	-	-	-	-	303	303	
Total comprehensive income for the period	-	-	53	33	1,065	1,151	1,047	2,198	
At 30 Sept 2013	49,780	20,084	52	190	43,279	113,385	23,602	136,987	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2014 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 2014 Unaudited RM'000	6 months ended 30 Sept 2013 Unaudited RM'000
Cash Flow From Operating Activities		
Profit before tax	11,689	3,635
Adjustment for:-		
Depreciation and amortization	11,092	10,038
(Gain)/loss on disposal of Property, plant and equipment	(65)	(18)
Property, plant and equipment written off	18	5
Investment and goodwill written (back)/off	-	(81)
Interest expense	4,317	3,904
Interest income	(4)	(3)
Impairment losses on trade receivables	-	27
Fair value adjustment	5	33
Unrealised loss on foreign exchange differences	129	23
Operating profit before changes in working capital	27,181	17,563
Net change in current assets	(15,858)	(4,783)
Net change in current liabilities	1,736	(6,853)
Tax paid	(477)	(643)
Interest paid	(4,317)	(3,904)
Net cash generated from operating activities	8,265	1,380
Cash Flow From Investing Activities		
Investment by non-controlling interest	158	303
Proceeds from disposal of property, plant and equipment	137	21
Purchase of property, plant and equipment	(7,383)	(12,439)
Interest income received	4	3
Changes in FD pledged to bank	-	229
Net cash used in investing activities	(7,084)	(11,883)
Cash Flow From Financing Activities		
BA financing	6,584	2,097
Net Drawdown and Repayment of term loans and revolving credits	(4,536)	11,851
Repayment of hire purchase creditors	(3,898)	(2,556)
Issue of new shares	259	-
Net cash generated from financing activities	(1,591)	11,392
Net decrease in cash and cash equivalents	(410)	889
Foreign exchange fluctuation	7	44
Cash and cash equivalents at beginning of year	(11,965)	(5,378)
Cash and cash equivalents at end of the quarter	(12,368)	(4,445)
Cash and cash equivalents at the end of the quarter comprises :		
Short term investment	3,425	3,367
Cash and bank balances	5,167	7,625
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(20,522)	(15,014)
Deposit pledged to licensed bank	(438)	(423)
	(12,368)	(4,445)

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to this interim financial statements.



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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 2014. 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 2014.

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 2014, 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 2014 :

FRSs, Amendments to FRSs and Interpretations

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Government loans
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards (Improvement to FRSs (2012))
Amendments to FRS 7	Financial Instrument: Disclosures-Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11	Joint Arrangements: Transition Guidance
Amendments to FRS 12	Disclosure of Interest in Other Entities: Transition Guidance
Amendments to FRS 101	Presentation of Financial Statements (Improvement to FRSs(2012))
Amendments to FRS 116	Property,plant and equipment (Improvement to FRSs(2012))
Amendments to FRS 132	Financial Instruments: Presentation (Improvement tp FRSs(2012))
Amendments to FRS 134	Interim Financial Reporting (Improvement to FRSs(2012))

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.

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 2014, 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")

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. 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.



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2. Changes in accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)(cont'd)

On 7 August 2014, 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 2015 could be different if prepared under the MFRS Framework.

Certain subsidiary companies of the Group prepare its financial statements using MFRS framework. Accordingly, reconciliations have been performed for the different financial frameworks. However, the differences do not have significant impact on the consolidated financial statements.

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 2014.

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 259,000 additional shares under the Employees Share Option Scheme (ESOS) in the current quarter.

7. Dividends paid

The Company did not pay any dividend in the current quarter.

8. Segmental information

	3 months ended 30 Sept 2014		6 months ended 30 Sept 2014	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	133,519	8,877	260,019	11,362
Retail supermarket	38,236	118	72,646	327
	171,755	8,995	332,665	11,689
Inter-segment eliminations	(4,910)	-	(9,651)	-
	166,845	8,995	323,014	11,689

All business operations are predominantly conducted in Malaysia.



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9. Subsequent events

There were no events subsequent to 30 September 2014 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 RM92.74 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 Sept 2014 amounted to :

	RM'000
Approved and contracted for	8,562
Approved but not contracted for	-
	<u>8,562</u>



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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	128,609	111,487	17,122	15.36
-Retail supermarket	38,236	34,563	3,673	10.63
	<u>166,845</u>	<u>146,050</u>		
Profit before tax	8,995	3,132	5,863	(187.20)

The intergrated livestock farming segment's revenue increased 15.36% from RM111.49 million recorded in the preceding year's corresponding quarter to RM128.6 million in the current financial quarter. This was due to the higher eggs prices and higher quantity of eggs and liquid eggs sold in the current quarter.

For the retail supermarket segment, a higher revenue of RM38.24 million was recorded in the current quarter compared to RM34.56 million in the corresponding quarter of last preceding year arising from the opening of two additional outlets.

A higher pre-tax profit of RM8.99 million was recorded for the group compared to RM3.13 million in the corresponding quarter of last financial year mainly due to reasons above and the favourable average corn and soybean prices.

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	128,609	121,759	6,850	5.63
-Retail supermarket	38,236	34,410	3,826	11.12
	<u>166,845</u>	<u>156,169</u>		
Profit before tax	8,995	2,694	6,301	233.89

For the current quarter under review, intergrated livestock farming segment registered a slightly higher revenue of RM128.69 million compared to the immediate preceding quarter of RM121.76 million due to the higher quantity of eggs and liquid eggs sold in the current quarter.

The retail supermarket segment recorded a higher revenue of RM38.24 million in the current quarter as compared to RM34.41 million in the immediate preceding quarter due to the Hari Raya festive celebration in July 2014.

The group recorded a higher pre-tax profit of RM8.99 million in the current quarter compared to a pre-tax profit of RM2.69 million recorded in the immediate preceding quarter mainly due to higher revenue as mentioned above and lower corn and soybean price.



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3. Prospects

Chicken and egg prices have remained stable for the last six months and is projected to remain at this level for the rest of the year. Raw materials prices are expected to remain stable due to adequate supply of corn and soybean in accordance to the various agri commodities reports. Given this outlook, the Group will continue to perform satisfactorily in the remaining quarters.

4. Profit forecast or profit guarantee

Not applicable

5. Income tax

	Current quarter RM'000	Year-to- date RM'000
Current tax	782	956
Deferred tax	1,090	1,767
	<u>1,872</u>	<u>2,723</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 Sept 2014 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Overdraft	14,037	6,485	20,522
Bankers' Acceptances	42,480	44,041	86,521
Hire Purchase	6,410	-	6,410
Term Loan	5,761	1,443	7,204
Revolving Credit	-	4,000	4,000
	<u>68,688</u>	<u>51,969</u>	<u>124,657</u>
Long term			
Hire Purchase	13,091	-	13,091
Term Loan	23,298	2,256	25,554
	<u>36,389</u>	<u>2,256</u>	<u>38,645</u>
Grand Total	<u>105,077</u>	<u>54,225</u>	<u>163,302</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 Sept 2014.



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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 proposed any dividend for the current quarter.

13. Earnings per share

	3 months ended		6 months ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
Profit attributable to ordinary equity holders of the parent (RM'000)	6,293	909	7,846	1,065
Weighted average number of ordinary shares ('000)	49,791	49,780	49,786	49,780
Basic earnings per share (sen)	12.64	1.83	15.76	2.14
Weighted average number of ordinary shares (diluted) ('000)	50,214	50,638	50,272	50,658
Diluted earnings per share (sen)	12.53	1.80	15.61	2.10

Basic 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 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
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
a) Interest income	2	1	4	3
b) Interest expense	(2,203)	(2,128)	(4,317)	(3,904)
c) Depreciation and amortisation	(5,560)	(5,184)	(11,092)	(10,038)
d) Net of impairment losses and write back on trade receivables	-	(14)	-	(27)
e) Gain on disposal of unquoted investment	-	6	-	11
f) Gain/(loss) on disposal of PPE	-	2	65	-
g) Unrealised forex loss	3	(2)	(129)	(23)
h) Realised forex loss	(86)	142	(106)	71

15. Auditors' report on preceding annual financial statements

The auditors' report of the previous annual financial year ended 31 March 2014 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 9 October 2014