


**Part A1 QUARTERLY REPORT**

Company Name : LAY HONG BERHAD  
 Stock Name : LAY HONG  
 Date Announced  
 Quarterly report for the financial period ended : 31/12/2014  
 Quarter : 3  
 Financial Year end : 31/03/2015  
 The figures : have not been audited

**Part A2: SUMMARY OF KEY FINANCIAL INFORMATION**

Summary of Key Financial Information for the financial period ended  
 31/12/2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2013 RM'000	CURRENT YEAR TO DATE 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2013 RM'000
1 Revenue	177,153	145,965	500,167	431,155
2 Profit before tax	10,487	2,153	22,176	5,788
3 Profit for the period	7,467	1,799	16,433	3,861
4 Profit attributable to ordinary equity holder of the parent	6,301	1,050	14,147	2,115
5 Basis earnings per share (sen)	12.48	2.11	28.28	4.25
6 Proposed/Declared dividend per share (sen)	0.00	0.00	5.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (RM)	2.6072		2.4011	

**Part A3 ADDITIONAL INFORMATION**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2013 RM'000	CURRENT YEAR TO DATE 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2013 RM'000
1 Gross interest income	2	1	6	4
2 Gross interest expense	2,103	2,061	6,420	5,965



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

**Condensed Consolidated Statement of Comprehensive Income**

	3 months ended		9 months ended	
	31 Dec 2014 Unaudited	31 Dec 2013 Unaudited	31 Dec 2014 Unaudited	31 Dec 2013 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	177,153	145,965	500,167	431,155
Operating expenses	(165,409)	(142,554)	(474,199)	(421,798)
Other Income	846	803	2,628	2,396
Finance costs	(2,103)	(2,061)	(6,420)	(5,965)
Profit before tax	10,487	2,153	22,176	5,788
Income tax	(3,020)	(354)	(5,743)	(1,927)
Profit for the period	7,467	1,799	16,433	3,861
Other comprehensive (expense)/ income, net of tax				
Available-for sale financial assets	15	31	20	64
Exchange differences on translation of foreign operations	10	7	2	110
Total Other comprehensive (expense) /income	25	38	22	174
Total comprehensive income	7,492	1,837	16,455	4,035
Profit attributable to:				
Owners of the parent	6,301	1,050	14,147	2,115
Non-controlling interest	1,166	749	2,286	1,746
	7,467	1,799	16,433	3,861
Total comprehensive income attributable to :				
Owners of the parent	6,321	1,084	14,168	2,235
Non-controlling interest	1,171	753	2,287	1,800
	7,492	1,837	16,455	4,035
Earnings per share (sen) :				
Basic	12.48	2.11	28.28	4.25
Diluted	12.45	2.08	28.10	4.18

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.



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

**Condensed Consolidated Statement of Financial Position**

	As at 31 Dec 2014 Unaudited	As at 31 Mar 2014 Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	247,553	243,351
Intangible assets	3,449	3,556
Other investments	194	194
Deferred tax assets	8,838	8,838
	<b>260,034</b>	<b>255,939</b>
<b>Current assets</b>		
Biological assets	27,008	25,547
Inventories	65,436	61,530
Trade receivables	80,061	58,702
Other receivables	7,862	9,698
Short term investment	3,441	3,420
Cash and bank balances	5,526	4,718
	<b>189,334</b>	<b>163,615</b>
<b>TOTAL ASSETS</b>	<b>449,368</b>	<b>419,554</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent		
Share capital	50,642	49,780
Reserves	81,391	69,747
	<b>132,033</b>	<b>119,527</b>
Non-controlling interest	25,236	22,791
<b>Total equity</b>	<b>157,269</b>	<b>142,318</b>
<b>Non-current liabilities</b>		
Long term borrowings	38,093	42,550
Deferred tax liabilities	27,293	26,838
	<b>65,386</b>	<b>69,388</b>
<b>Current liabilities</b>		
Short term borrowings	115,076	119,141
Trade payables	70,726	64,862
Other payables	35,623	23,759
Income tax payable	5,288	86
	<b>226,713</b>	<b>207,848</b>
<b>Total liabilities</b>	<b>292,099</b>	<b>277,236</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>449,368</b>	<b>419,554</b>

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

2.6072

2.4011

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	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 2014	49,780	19,572	48	244	49,883	119,527	22,791	142,318
Transfer to distributable reserve on realisation of revaluation reserve	-	(575)	-	-	575	-	-	-
Accretion of non-controlling interest	-	-	-	-	-	-	158	158
Total comprehensive income for the period	-	-	1	20	14,147	14,168	2,287	16,455
Issue of new ESOS shares	862	-	-	-	-	862	-	862
At 31 Dec 2014	50,642	18,997	49	264	62,081	132,033	25,236	157,269
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	-	-	-
Accretion of non-controlling interest	-	-	-	-	-	-	303	303
Total comprehensive income for the period	-	-	56	64	2,115	2,235	1,800	4,035
At 31 Dec 2013	49,780	19,820	55	221	44,593	114,469	24,355	138,824

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.



## 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 to FRSs(2012))
Amendments to FRS 134	Interim Financial Reporting (Improvement to FRSs(2012))

The adoption of the above FRSs, amendments to FRSs and IC Interpretations 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 MFRS 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.



**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. Seasonal 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**

On 24 September, 2014, Lay Hong Berhad had announced that it has received a Notice of Conditional Voluntary Take-Over Offer from RHB Investment Bank Berhad on behalf of QL Resources Berhad, to acquire all the remaining ordinary shares at a cash offer price of RM3.50 per share that it does not own.

On 3 October, 2014, Lay Hong Berhad had announced that the Company is not in compliance with Public Shareholding Spread requirement and as at 1 October, 2014, the public shareholding spread stood at 23.31% with a total of 986 public shareholders. On 8 October, 2014, Lay Hong Berhad had submitted an application to Bursa Malaysia Securities Berhad to seek for an extension of time of six (6) months from 1 October 2014 to 31 March 2015 to comply with the PSS requirement. On 6 November, 2014, Lay Hong Berhad had announced that Bursa Securities had, vide its letter dated 16 October 2014, granted the extension of time until 31 March 2015 to comply with PSS requirement.

On 7 October, 2014, RHB Investment Bank Berhad wrote to the Company that it has exceeded the 33% of issued and paid-up capital of Lay Hong Berhad and as such the offeror has triggered the mandatory take-over offer obligation under the Malaysian Code on Takeovers and Mergers 2010.

On 15 October, 2014, RHB Investment Bank Berhad informed that the conditional mandatory take-over offer document has been dispatched to all remaining shareholders of Lay Hong Berhad and the offer will remain open for acceptance until 5 November, 2014.

On 3 November, 2014, RHB Investment Bank Berhad informed that the conditional mandatory take-over offer was extended another 21 days from 5 November, 2014 and it will expire on 26 November, 2014.

On 24 November, 2014, RHB Investment Bank Berhad informed that the conditional mandatory take-over offer was further extended another 14 days and it will expire on 10 December, 2014.

On 10 December, 2014, RHB Investment Bank Berhad announced that the offeror has received an acceptance of 39.92% and as such it does not meet its conditional mandatory take-over offer at 50% acceptance.

**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 603,000 additional shares under the Employees Share Option Scheme (ESOS) in the current quarter.



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**7. Dividends paid**

The Company paid a final tax exempt dividend for the year ended 31 March 2014 of 5% totalling of RM2.524 million on 12 Nov 2014.

**8. Segmental information**

	3 months ended 31 Dec 2014		9 months ended 31 Dec 2014	
	Segment revenue	Segment results results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	141,199	10,282	401,218	21,644
Retail supermarket	35,954	205	108,600	532
	<u>177,153</u>	<u>10,487</u>	<u>509,818</u>	<u>22,176</u>
Inter-segment eliminations	-	-	(9,651)	-
	<u>177,153</u>	<u>10,487</u>	<u>500,167</u>	<u>22,176</u>

All business operations are predominantly conducted in Malaysia.

**9. Subsequent events**

There were no events subsequent to 31 December 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 RM88.65 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 2014 amounted to :

	RM'000
Approved and contracted for	8,087
Approved but not contracted for	-
	<u>8,087</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 last year corresponding 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	141,199	113,756	27,443	24.12
-Retail supermarket	35,954	32,209	3,745	11.63
	<u>177,153</u>	<u>145,965</u>		
Profit before tax	10,487	2,153	8,334	(387.09)

The intergrated livestock farming segment's revenue increased 24.12% from RM113.76 million recorded in the preceding year's corresponding quarter to RM141.20 million in the current financial quarter. This was due to the higher productivity and poultry product prices.

For the retail supermarket segment, a higher revenue of RM35.95 million was recorded in the current quarter compared to RM32.21 million in the corresponding quarter of last preceding year arising from the opening of two additional outlets.

A higher pre-tax profit of RM10.49 million was recorded for the group compared to RM2.15 million in the corresponding quarter of last financial year mainly due to reasons above and the stable raw material 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	141,199	128,609	12,590	9.79
-Retail supermarket	35,954	38,236	(2,282)	(5.97)
	<u>177,153</u>	<u>166,845</u>		
Profit before tax	10,487	8,995	1,492	16.59

For the current quarter under review, intergrated livestock farming segment registered a slightly higher revenue of RM141.20 million compared to the immediate preceding quarter of RM128.61 million due to the higher productivity and poultry product prices.

The retail supermarket segment recorded a lower revenue of RM35.95 million in the current quarter as compared to RM38.24million in the immediate preceding quarter due to the absence of hari raya festivity in the last quarter.

The group recorded a higher pre-tax profit of RM10.49 million in the current quarter compared to a pre-tax profit of RM8.99 million recorded in the immediate preceding quarter mainly due to higher revenue as mentioned above and stable raw material prices.





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**3. Prospects**

Chicken and egg prices have remained stable for the past nine months and is projected to remain at this level for the balance three months of the financial 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 quarter.

**4. Profit forecast or profit guarantee**

Not applicable

**5. Income tax**

	Current quarter RM'000	Year-to- date RM'000
Current tax	4,294	5,250
Deferred tax	(1,274)	493
	3,020	5,743

**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**

On 4 February 2015, the Company announced to undertake the following proposals:-

- Proposed private placement of up to 15,750,000 new ordinary shares of RM1.00 each in Lay Hong Berhad, representing up to 30% of the enlarged issue and paid up share capital of the company.
- Proposed termination of the existing executive share option scheme(ESOS), and
- Proposed establishment of a new share issuance scheme of up to fifteen percent (15%) of the issued and paid up share capital of the company at any point in time for the eligible Directors and employees of the company and its subsidiary companies.

**9. Borrowings**

The Group's borrowings as at 31 December 2014 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term</b>			
Overdraft	12,342	4,438	16,780
Bankers' Acceptances	39,825	40,385	80,210
Hire Purchase	6,450	-	6,450
Term Loan	6,165	1,470	7,635
Revolving Credit	-	4,000	4,000
	64,782	46,293	115,075
<b>Long term</b>			
Hire Purchase	12,785	-	12,785
Term Loan	23,430	1,879	25,309
	36,215	1,879	38,094
<b>Grand Total</b>	100,997	48,172	153,169

**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 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 Company paid a final tax exempt dividend of 5% totalling of RM2.524 million on 12 Nov 2014.

**13. Earnings per share**

	3 months ended		9 months ended	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Profit attributable to ordinary equity holders of the parent (RM'000)	6,301	1,050	14,147	2,115
Weighted average number of ordinary shares ('000)	50,497	49,780	50,019	49,780
Basic earnings per share (sen)	12.48	2.11	28.28	4.25
Weighted average number of ordinary shares (diluted) ('000)	50,599	50,561	50,336	50,625
Diluted earnings per share (sen)	12.45	2.08	28.10	4.18

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:

	Current Year		Preceding Year	
	Quarter	Quarter	to Date	Corresponding
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
a) Interest income	2	1	6	4
b) Interest expense	(2,103)	(2,061)	(6,420)	(5,965)
c) Depreciation and amortisation	(5,332)	(5,085)	(16,424)	(15,123)
d) Net of impairment losses and write back on trade receivables	-	(14)	-	(41)
e) Gain on disposal of unquoted investment	-	(0)	-	11
f) Gain/(loss) on disposal of PPE	(8)	104	56	104
g) Unrealised forex loss	(2)	(1)	(131)	(24)
h) Realised forex loss	75	8	(31)	79

**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 23 February 2015.



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**Condensed Consolidated Statement of Cash Flows**

	9 months ended 31 Dec 2014 Unaudited RM'000	9 months ended 31 Dec 2013 Unaudited RM'000
<b>Cash Flow From Operating Activities</b>		
<b>Profit before tax</b>	22,175	5,788
<b>Adjustment for:-</b>		
Depreciation and amortization	16,424	15,123
Gain on disposal of Property, plant and equipment	(57)	(104)
Property, plant and equipment written off	47	5
Goodwill written off	86	(81)
Interest expense	6,420	5,965
Interest income	(6)	(4)
Impairment losses on trade receivables	-	41
Fair value adjustment	21	64
Unrealised loss on foreign exchange differences	131	24
Operating profit before changes in working capital	45,241	26,821
Net change in current assets	(24,402)	(8,237)
Net change in current liabilities	17,729	(2,116)
Tax paid	(705)	(711)
Interest paid	(6,420)	(5,965)
<b>Net cash generated from operating activities</b>	31,443	9,792
<b>Cash Flow From Investing Activities</b>		
Investment by non-controlling interest	158	303
Proceeds from disposal of property, plant and equipment	143	146
Purchase of property, plant and equipment	(16,840)	(20,472)
Interest income received	6	4
Changes in FD pledged to bank	-	229
<b>Net cash used in investing activities</b>	(16,533)	(19,790)
<b>Cash Flow From Financing Activities</b>		
BA financing	273	1,441
Net Drawdown and Repayment of term loans and revolving credits	(4,351)	12,349
Repayment of hire purchase creditors	(5,470)	(4,232)
Dividend paid	(2,524)	-
Issue of new shares	862	-
<b>Net cash generated from financing activities</b>	(11,210)	9,558
<b>Net increase/(decrease) in cash and cash equivalents</b>	3,700	(440)
Foreign exchange fluctuation	14	43
<b>Cash and cash equivalents at beginning of year</b>	(11,965)	(5,378)
<b>Cash and cash equivalents at end of the quarter</b>	(8,251)	(5,775)
<b>Cash and cash equivalents at the end of the quarter comprises :</b>		
Short term investment	3,441	3,398
Cash and bank balances	5,526	8,003
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(16,780)	(16,753)
Deposit pledged to licensed bank	(438)	(423)
	(8,251)	(5,775)

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.