



# LAY HONG BERHAD

(107129-H) Incorporated in Malaysia

ANNUAL REPORT 2014



A PLATEFUL OF DELIGHTS



## OUR MISSION

### TO PROMOTE

A healthier lifestyle and diet among Malaysians by developing highly nutritious and hygienic products utilizing the highest quality processing standards.

### TO BECOME

An increasingly important supplier of processed chicken, chicken related products and eggs by expanding market share, developing new products, and building trust and reliability among consumers.

### TO PROVIDE

A caring and rewarding environment for our employees, one which can help fulfill their career goals and inculcate a sense of participation, team spirit and loyalty which will benefit all.

### TO WORK

Diligently and consistently to enhance value for our shareholders, to deliver out products fresh on time to our partners and consumers, and to be a responsible corporate citizen.





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# CORPORATE INFORMATION



## BOARD OF DIRECTORS

**Dato' Dr. Abdul Aziz  
Bin Mangkat**  
Independent  
Non-Executive Chairman

**Yap Hoong Chai**  
Group Managing Director  
Non-Independent  
Executive Director

**Yeap Weng Hong**  
Non-Independent  
Executive Director

**Yap Chor How**  
Non-Independent  
Executive Director

**Ng Kim Tian**  
Non-Independent  
Executive Director

**Yeap Fock Hoong**  
Non-Independent  
Non-Executive Director

**Cheng Chin Hong**  
Independent  
Non-Executive Director

**Chia Mak Hooi**  
Non-Independent  
Non-Executive Director

**Gan Lian Peng**  
Independent  
Non-Executive Director

## AUDIT COMMITTEE

**Gan Lian Peng**  
Chairman

**Dato' Dr. Abdul Aziz  
Bin Mangkat**  
Independent  
Non-Executive Chairman

**Cheng Chin Hong**  
Independent  
Non-Executive Director

## NOMINATING COMMITTEE

**Dato' Dr. Abdul Aziz  
Bin Mangkat  
Cheng Chin Hong**

## REMUNERATION COMMITTEE

**Gan Lian Peng  
Yap Hoong Chai  
Dato' Dr. Abdul Aziz  
Bin Mangkat**

## SHARE REGISTRAR

**Securities Services  
(Holdings) Sdn Bhd**  
Level 7  
Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
**Tel** 03 2084 9000  
**Fax** 03 2094 9940

## COMPANY SECRETARIES

**Lim King Hua** (FCIS)  
(MAICSA 0798613)

**Lim Kui Suang** (FCIS)  
(MAICSA 0783327)

## REGISTERED OFFICE

No.9 Jalan Bayu Tinggi  
2A/KS6 Taipan 2  
Batu Unjur  
41200 Klang, Selangor  
**Tel** 03 3323 1916  
**Fax** 03 3323 3584

## CORPORATE OFFICE

No.2 Level 10-12  
Wisma Lay Hong  
Jalan Empayar  
Off Persiaran Sultan  
Ibrahim / KU1  
41150 Klang, Selangor  
**Tel** 03 3343 4888  
**Fax** 03 3343 8839

## AUDITORS

**Ong Boon Bah & Co**  
B-10-1 Megan Avenue 1  
189 Jalan Tun Razak  
50400 Kuala Lumpur

## PRINCIPAL BANKERS

Malaysian Banking Bhd  
  
United Overseas Bank  
(Malaysia) Bhd

Bank of China  
(Malaysia) Bhd

CIMB Bank Bhd

Bangkok Bank Bhd

## STOCK EXCHANGE LISTING

**Bursa Malaysia  
Securities Berhad**  
Main Market  
Stock Code: Lay Hong  
Stock No: 9385

## WEBSITE

[www.layhong.com.my](http://www.layhong.com.my)

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## EVENING OF GATHERING FRIENDS

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### MARINADES BBQ MEAT

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#### INGREDIENTS

- ¼ cup soy sauce
- 3 tablespoons honey
- 2 tablespoons distilled white vinegar
- 1 ½ teaspoons garlic powder
- 1 ½ teaspoons ground ginger
- ¼ cup vegetable oil
- 2 green onions, chopped
- 1 teaspoon coarsely ground black pepper

#### METHOD

In a large bowl, mix soy sauce, honey, distilled white vinegar, garlic powder, ground ginger, vegetable oil, green onions and black pepper. Place desired meat (chicken drumstick) in marinade. Refrigerate at least 4 hours before grilling.

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# GROUP FINANCIAL HIGHLIGHTS



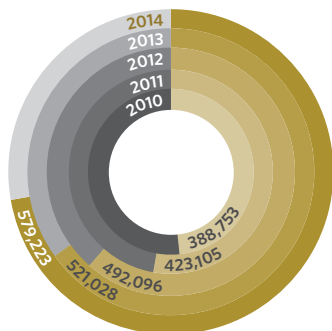
RM'000	2014	2013	2012	2011	2010
Revenue	579,223	521,028	492,096	423,105	388,753
Profit/(loss) after tax	7,186	(19,073)	14,847	16,994	12,815
Total assets	419,554	393,443	362,833	324,936	300,105
Paid-up capital	49,780	49,780	49,678	48,778	46,240
Net assets (NA)	119,528	112,234	131,785	120,749	92,532
NA per share (RM)	2.401	2.255	2.653	2.476	2.001
Basic earnings/(loss) per share - sen	14.38	(35.75)	23.55	31.30	22.33



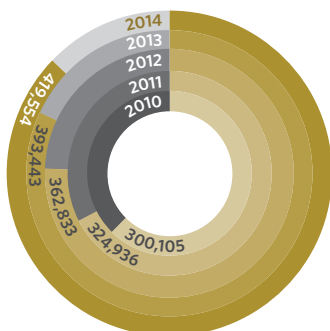
## FIVE-YEAR GROUP PERFORMANCE



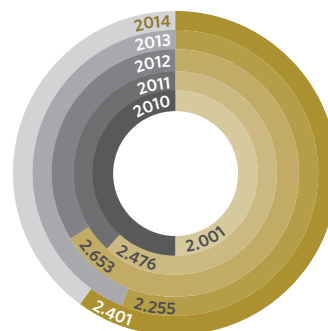
**REVENUE**  
RM('000)



**TOTAL ASSETS**  
RM('000)



**NET ASSETS PER SHARE**  
RM



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## A BIRTHDAY TREAT FOR MUM

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### ALMOND CAKE

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#### INGREDIENTS

- 4 ½ cups flour
- 4 cups brown sugar
- 1 cup softened margarine
- 2 teaspoons vanilla extract
- 2 teaspoons baking powder
- 2 cups milk, 2 cups chocolate chips
- 1 cup almond
- 2 teaspoons baking soda
- 6 eggs, lightly beaten

#### METHOD

1. Preheat oven to 165 degrees C. Grease the bottom of a 9x13 inch pan.
  2. Combine flour and brown sugar in a large bowl. Cut in almonds and margarine until crumbly. Reserve 1 cup of crumb mixture. To the remaining crumb mixture, pour in milk, eggs, vanilla, baking powder, baking soda and almond. Mix well and pour into pan. Sprinkle top with reserved crumb mixture and chocolate chips.
  3. Bake in the preheated oven for 45 to 50 minutes, or until a toothpick inserted into the center of the cake comes out clean.
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# GROUP STRUCTURE & OPERATIONS



<b>100%</b>	<b>HING HONG SDN BERHAD</b> Breeder farm, Hatching & Layer farm
<b>100%</b>	<b>EMINENT FARM SDN BHD</b> Breeder farm, Hatching & Broiler farm
<b>100%</b>	<b>LAY HONG LIQUID EGG SDN BHD</b> Liquid egg production
<b>100%</b>	<b>LAY HONG FOOD CORPORATION SDN BHD</b> Chicken processing and Food manufacturing
<b>100%</b>	<b>G-MART BORNEO RETAIL SDN BHD</b> Retail Supermarket
<b>100%</b>	<b>JT TRADING SDN BHD</b> Trading
<b>97%</b>	<b>INNOBRID SDN BHD</b> Broiler farm
<b>70.6%</b>	<b>EVERGREEN ORGANIC FERTILISERS SDN BERHAD</b> Organic fertiliser production
<b>70%</b>	<b>INNOFARM (KLANG) SDN BHD</b> Layer farm
<b>51%</b>	<b>STF AGRICULTURE SDN BHD</b> Integrated livestock farming
<b>51%</b>	<b>OZ FOOD SOLUTIONS COMPANY LTD</b> Food manufacturing
<b>50%</b>	<b>SRI TAWAU FARMING SDN BHD</b> Investment holding and trading
<b>43.3%</b>	<b>ST FOOD SDN BHD</b> Processing and distribution of poultry products



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## HEALTHY ROAST FOR THE FAMILY

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### ROSEMARY LEMON GARLIC CHICKEN

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#### INGREDIENTS

- 1 whole chicken
- 8 cloves garlic, chopped
- ½ cup dried rosemary
- ¼ cup lemon juice
- Salt and pepper to taste

#### METHOD

1. Preheat oven to 190 degrees.
  2. Cover the chicken with chopped garlic, then sprinkle with rosemary, lemon juice, and salt and pepper to taste, wrap in foil. Place in a baking dish and bake in the preheated oven for 25 minutes or until done and juices run clear (baking time will depend on the thickness of your chicken chop). To serve 6 – 8 persons.
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# CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present herewith the financial performance of Lay Hong Bhd Group for the financial year ended 31<sup>st</sup> March, 2014

## FINANCIAL HIGHLIGHTS

First and foremost, I would like to report that after a disastrous financial performance last year, your Group has successfully turnaround this financial year. This was made possible by the board of directors by implementing strict measures to control cost and re-engineering some of the working processes for greater efficiency.

The Group's revenue had recorded an increase of RM58.19 million from RM521.03 million in the previous year to RM579.22 million. This was attributed mainly to the increase in contribution from the retail supermarket business, improved prices of eggs and chicken as well as higher quantity of primary and further processed poultry products sold during the financial year.

The stabilised raw material cost, higher poultry meat and products prices and increase overall productivity were the reasons for the increase profitability of the group in this financial year ended 31<sup>st</sup> March 2014 with a net profit after tax of RM7.19 million compared to a net loss after tax of RM19.07 million registered in the previous financial year ended 31<sup>st</sup> March 2013. As a result, basic earnings per share improved from a negative of 35.75 cents in the previous financial year to a positive of 14.38 cents. With the increased profits, the Group's shareholders fund also increased in tandem from RM112.23 million in the previous year to RM119.53 million. Net asset per share attributable to ordinary equity holders of the parent improved from RM2.25 to RM2.40 accordingly. The issued and paid up capital of the company remain unchanged as none of the group executives exercise any share option under the ongoing Executive Share Option Scheme which will expire on 10<sup>th</sup> November 2015.



## BUSINESS REVIEW

### Integrated Livestock Business

The market for fresh table eggs in the financial year under review was stable and no overproduction by major layer farmers. In the previous year where severe glut occurred, egg produced sold below cost of production. The Total revenue generated from the integrated livestock business for the year improved by 12.72% from RM377.70 million registered in the previous year to RM425.74 million. The increase was mainly due to improvement of prices particularly in Peninsular Malaysia and higher volume of products sold. The further processed chicken products sold for the year was 20,007 metric tonnes compared to 18,713 metric tonnes recorded in the previous financial year. Our pasteurised liquid egg business has grown with a steady also increased in demand. The production was 2.59 million kilograms per year. Continuous and serious effort will be made to improve quality of the products and explore new markets for this business.

# CHAIRMAN'S STATEMENT

(CONT'D)



I strongly believe that the business of chicken meat subsector will grow to a greater height with the completion of the new manufacturing facility adjacent to the existing processing plant in Bagan Tengkorak, Tanjung Karang, Selangor which has been fully commissioned in January 2014, and the upgrading of the current slaughterhouse. With this new facility the production capacity of chicken nuggets, frankfurthers and fried chicken will increase from the present 800 metric tonnes per month to 1,600 metric tonnes in near future. The upgraded chicken slaughter plant is expected to improve capacity and thus production of dressed chicken. With the above additional facilities, the overall business of Lay Hong Bhd will increase significantly going forward.

## RETAIL SUPERMARKET

Total revenue generated from this segment of business operated solely in the state of Sabah increased from RM120.32 million in the previous year to RM130.43 million in the current year under review. The increase in revenue was attributed to opening of two new stores, one in Taman Cybersquare in Kota Kinabalu and the other in Rugading, Sabah. Together with this new additions operated under the G\*MART brand, the cumulative number of stores now stand at sixteen (16). In terms of number of stores, G\*MART is now ranked as one of the largest supermarket player in Sabah and has its presence in almost all the urban and suburban



areas. With this significant number of stores, G\*MART has now reach an economic of scale of operation. The company is now focussing in improving sales and profitability by operating more competitively and efficiently going forward. This retail business in a big way helps to channel table eggs and poultry products produced to reach the target customers in the state and at the same time it is a cash business for the mitigation of bad debts.





# CHAIRMAN'S STATEMENT

(CONT'D)



On 3 October 2014, Mr Yap Chor How and Mr Ng Kim Tian joined the Board as Executive Directors. Mr Yap is the eldest son of Mr Yap Hoong Chai, the Group Managing Director. He is presently the Chief Executive Officer of our retail business in Sabah. He is also responsible for the entire branding and marketing functions for the group. Mr Ng is currently the Group Finance Director and has been with the group since year 2000. With their vast experience in their respective fields, I strongly believe that they will be able to contribute significantly to the future business growth of the Group.

## APPRECIATION

On behalf of the Board of Directors, I wish to express my sincere gratitude to the management and staff for their dedication and commitment to the group. I would also like to thank our many valued customers, business associates, governmental authorities, bankers and shareholders for their continued support, trust and confidence in the group.

Last but not least, I also extend my personal thanks to my fellow Directors for their support and distinguished contribution in their respective capacities.

**DATO DR. ABDUL AZIZ BIN MANGKAT**  
**CHAIRMAN**



# PROFILE OF DIRECTORS



## **YAP HOONG CHAI**

**Malaysian, aged 64**

is the Group Managing Director and a founder member of the Lay Hong Berhad Group. He resigned as Executive Chairman of Lay Hong Berhad on 23<sup>rd</sup> February, 2012 to provide a strong element of independence to the Board and separation of roles as encouraged under the Malaysian Code on Corporate Governance. He was appointed to the Board of Directors of Lay Hong Berhad on 27<sup>th</sup> September 1983. Under his stewardship for the past 31 years, the Group has grown from a small family concern into one of Malaysia's largest and most successful integrated poultry farming and food processing Group. He also sits on the Board of Directors of several private limited companies. He had served as a Past President of the Selangor Livestock Association, Egg Division and is currently the Chairman - Layer unit of Federation of Livestock Farmers' Associations of Malaysia (FLFAM).

He is the brother of Yeap Weng Hong and Yeap Fock Hoong, who are also Directors of the Company.

He holds 600,000 shares of RM1/- each fully paid in Lay Hong Berhad. He is a director and shareholder in Innofarm Sdn Bhd which is a substantial shareholder of the Company and Mackan Holdings Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

## **YEAP WENG HONG**

**Malaysian, aged 56**

is an Executive Director of Lay Hong Berhad. He was appointed to the Board of Directors of Lay Hong Berhad on 18th April 1986. He has more than 25 years experience in poultry farming and is currently in-charge of the Group's farm activities and new projects in West Malaysia. He also sits on the Board of Directors of several private limited companies. He is the brother of Yap Hoong Chai and Yeap Fock Hoong, who are also Directors of the Company.

He holds 207,200 shares of RM1/- each fully-paid in Lay Hong Berhad. He is a director and shareholder of Mackan Holdings Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

## **YAP CHOR HOW**

**Malaysian, aged 37**

graduated from University of Melbourne majoring in B.Com (Honours). He joined Lay Hong Berhad in 2002 as a production executive.

In 2005 he is designated to Marketing Director in charge of Nutriplus Egg Division in branding and marketing activities. Nutriplus egg under his supervision flourish to become the leading brand in the market. He has created a strong sales team for the company and currently expanding his role to create channels for our products.

He has commenced the operation of G-Mart Borneo Retail in 2009 to further extend our reach to consumer and to secure our channels. With his knowledge in manufacturing, marketing and retailing, he also being seconded to be the Chief Executive Officer of the group's retail arm, G-Mart Borneo Retail Sdn Bhd.

He is the eldest son of Mr Yap Hoong Chai, the major shareholder and Group Managing Director and a nephew to Mr Yeap Fock Hoong and Mr Yeap Weng Hong who are presently directors of the board of Lay Hong Bhd.

He holds 459,700 shares of RM1/- each fully paid in Lay Hong Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.



# PROFILE OF DIRECTORS

(CONT'D)

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## **CHIA MAK HOOI**

**Malaysian, aged 49**

was appointed Non-independent Non-Executive Director of Lay Hong Berhad on 6<sup>th</sup> July, 2011. He is a Board representative of QL Resources Berhad which is a substantial shareholder of the Lay Hong Berhad.

He graduated from Arizona State University, with a degree in Accounting and Finance in 1988. He started his career in 1989 as an Assistant Accountant at Concept Enterprises Inc. In 1991, he joined QL Feedingstuffs Sdn Bhd as Finance Manager where he was mainly responsible for the accounts, tax and audit planning, and cash management and liased with bankers for banking facilities. In 1996, he was appointed Finance Director of company and was involved in the proposed listing of the company on the second board of Bursa Malaysia. He was later appointed Finance Director of QL Resources Berhad in 2000 where he is actively involved in group corporate activities and strategic business planning.

Besides, he is also actively involved in QL Group's integrated livestock division business expansion programs, both locally and overseas.

He is currently a director and shareholder of several private companies. He has no family relationship with any director and / or major shareholders. He has indirect interest in Lay Hong Berhad by virtue of being a director and shareholder in QL Resources Berhad which is a substantial shareholder of Lay Hong Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

## **GAN LIAN PENG**

**Malaysian, Aged 63**

was appointed Independent Non-Executive Director of Lay Hong Berhad on 3<sup>rd</sup> October, 2013. He was appointed Chairman of Audit Committee on 25<sup>th</sup> November, 2013 and Chairman of Remuneration Committee on 26<sup>th</sup> May, 2014. He is a Fellow of the Chartered Association of Certified Accountants, Associate Member of the Institute of Chartered Secretaries and Administrators and Member of the Malaysian Institute of Accountants. He served in various capacities in the auditing, hire purchase and leasing industries. He was Accounts and Administration Manager of a subsidiary of Inchcape Group and Accountant / Credit Control Manager of Tractors Malaysia Berhad. From 1998 to 2001, he was Branch Manager of Asia Commercial Finance Berhad and subsequently as Branch Manager of Affin Bank.

He has no family relationship with any director and / or major shareholders. He does not hold any shares, direct or indirect in Lay Hong Berhad or its subsidiaries.

The summary of Directors' attendance at Board meetings is set out on page 17 of this Annual Report. None of the Directors have any conviction for any offence within the past 10 years.





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## DELICIOUS FOOD WITH OUR NUTIPLUS PRODUCTS

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# STATEMENT ON CORPORATE GOVERNANCE



The Board of Directors is fully aware of the importance of maintaining high standards of corporate governance within Lay Hong Berhad Group to enhance shareholders value. The Board is pleased to report to its shareholders on the application of the Principles as set out in the Malaysian Code on Corporate Governance 2012 (hereinafter referred to as the "Code").

## THE BOARD

The Board is responsible for ensuring that shareholders' interests are protected and that shareholders values are enhanced. Various processes and systems are in place to facilitate the Board in carrying out this stewardship responsibility.

### Composition of the Board

The current Board comprises nine (9) Directors who are entrepreneurs and professionals of calibre and credibility and who possess skills and experience relevant to the business operations of the Group.

The composition of the Board is broadly balanced to reflect the interests of major shareholders, management and minority shareholders.

Of the nine (9) Directors, four (4) are executives and non-independent namely Mr Yap Hoong Chai, Mr Yeap Weng Hong, Mr Yap Chor How and Mr Ng Kim Tian. Two (2) are non-independent non-executive namely Mr Yeap Fock Hoong and Mr Chia Mak Hooi. Dato' Dr. Abdul Aziz Bin Mangkat, Mr Gan Lian Peng and Mr Cheng Chin Hong are non-executive independent Directors. The Board is segregated and headed by the Independent Non-executive Chairman Dato' Dr. Abdul Aziz Bin Mangkat. Whereas, Mr Yap Hoong Chai, is the Group Managing Director. Mr Chia Mak Hooi is a board representative of a public listed company which is a substantial shareholder of the company. The independent chairman and the presence of a sufficient number of independent Directors provide a strong element of independence of the Board.

There is a clear division of responsibility between the Chairman and Group Managing Director to ensure the balance of power and authority. The Independent Chairman is responsible for ensuring effective functioning of the Board and provides oversight over the operations of the Group. The Group Managing Director is responsible for the day-to-day management of the Group.

Additionally, the board is fully aware of recommendation 3.2 of Malaysian Code of Corporate Governance 2012 (MCCG 2012) which states that the tenure of an Independent Director should not exceed a cumulative of nine (9) years. Should such a case occurs, he may continue subject to his re-designation as non-Independent non-executive director. In compliance with the above recommendation, Encik Abdul Hamid bin Mohd Ghows who has been with the board for over 11 years, has voluntarily retired on 27 September 2013. In his place, Mr Gan Lian Peng who is Chartered Accountant joined the board as an Independent Non-executive Director.

The profile of each Director is presented on pages 12 to 14 of this Annual Report.

Apart from statutory responsibilities, the Board is overall responsible for the Corporate Governance of the Group, including the strategic directions and review of key initiatives and decisions of the Group.

### Board Responsibility

The Board has full control of the Group and oversees its business affairs. It approves strategic plans, key business initiatives, major investments and funding decisions, reviews financial performance, develop corporate objectives, determines succession plans for senior management and ensure adequate internal controls. These actions are carried out directly by the Board and through Board Committees.

# STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)



## Board Charter

The Board is guided by a Charter which was reviewed and adopted on 27 May 2013. The Board Charter sets out the principal role of the Board, the functions, roles, responsibilities and powers of the Board and its various committees.

The Board Charter would act as a source reference and primary induction literature, providing insights to prospective Board members as well as assist the Board in the assessment of its own performance and that of its individual Directors.

The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company and any new regulations.

## Board Meetings

Board Meetings are held every three (3) months with additional meetings held whenever necessary. All Directors fulfilled the requirements of the Articles of Association with respect to board meeting attendance.

A total of five (5) Board meetings were held during the financial year. A summary of attendance for each of the Board of Directors are as follows:

DIRECTOR	ATTENDANCE
Yap Hoong Chai	5 of 5 meetings
Yeap Weng Hong	5 of 5 meetings
Yeap Fock Hoong	5 of 5 meetings
Abdul Hamid Bin Mohamed Ghows <i>(retired on 27 September 2013)</i>	3 of 3 meetings
Dato' Dr Abdul Aziz Bin Mangkat	5 of 5 meetings
Cheng Chin Hong	5 of 5 meetings
Chia Mak Hooi	5 of 5 meetings
Yap Chor How <i>(Appointed on 3 October 2013)</i>	2 of 2 meetings
Ng Kim Tian <i>(Appointed on 3 October 2013)</i>	2 of 2 meetings
Gan Lian Peng <i>(Appointed on 3 October 2013)</i>	2 of 2 meetings

The Board has also delegated certain responsibilities to the Audit Committee, which operates within clearly defined terms of reference. The Chairman of the Audit Committee reports the outcome of Audit Committee meetings to the Board. The Audit Committee Report is presented on pages 21 to 24 of this Annual Report.

## Supply of Information

All scheduled meetings held during the years were preceded by a formal agenda issued by the company secretary in consultation with the Chairman. The agenda for each of the meetings was accompanied by the minutes of preceding Board meetings, reports on group financial performance, industry trends, business plans and proposals, quarterly result announcements and other relevant information.

The Directors have access to all information within the Group in furtherance of their duty. They also have access to the advice and services of the company secretary and independent professionals as and when required.

## Appointments of the Board and Re-election

The Board has in place its Nominating Committee which is responsible for the following functions:-

- i) Develop criteria to assess the competency of new candidates for the position of director and design an orientation and training program for new director.
- ii) Evaluate the candidate ability to discharge his responsibilities as independent non executive director.
- iii) Recommend new candidate to fill the vacancies in the board.
- iv) Review skill, experiences and competencies of non-executive directors.
- v) Assess the effectiveness of the board, board committees and directors and the independence of independent director.
- vi) Review the Board Charter and to recommend any amendments to the board.





# STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)



## OTHER INFORMATION

### Executive Share Options ("ESOS") Scheme

No share options were exercised under the ESOS scheme during the financial year.

### Non-Audit Fees

Non-audit fees payable to the external auditors for the financial year ended 31 March 2014 is RM6,000.

### Revaluation Policy on Landed Properties

The Group has adopted a policy to revalue its land and buildings at least once in every five years.

### Material Contracts

There were no material contracts of the Company or its subsidiaries involving Directors and major shareholders during or at the end of the financial year, other than those disclosed in the financial statements.

### Disclosure on Corporate Social Responsibility (CSR)

The Group is fully aware of its corporate social responsibilities. Some aspects of CSR observed by the Group include:

- (a) compliance with all relevant laws and regulations governing food safety and quality, including Skim Akreditasi Ladang Ternakan (SALT or Good Farm Practices Scheme) certification for layer and broiler farms, Veterinary Health Mark (VHM) certification for chilled/frozen chicken, frankfurters & liquid egg, Hazard Analysis and Critical Control Point (HACCP) certification for liquid egg processing, HALAL certification for chilled chicken, frankfurters, liquid egg & nuggets and Good Manufacturing Practices (GMP) certification for feedmill. Our high-tech air-chilled chicken processing facilities reduces the hazard of cross contamination and ensure the highest quality chicken products for the consumers;
- (b) proper waste disposal and environmental management procedures. The Group has in place proper waste treatment facilities at its chicken processing plant to avoid environmental contamination from its production effluents. Wastes from the Group's poultry rearing activity are also recycled into organic fertilisers for use in the agriculture industry, thus reducing environmental contamination and contributing to lesser use of chemical fertilisers. In addition, the Group uses recycled waste paper as raw materials for the paper egg containers used in transporting egg products;
- (c) provision of adequate health benefits for all employees and complies fully with statutory contributions to the Employees Provident Fund Board (EPF) and Social Security Organisation (SOCSO) for its employees; and
- (d) donations made to needy community organisations and institutions, including the Kiwanis Down Syndrome Foundation and the Selangor Dayspring Society for Persons with Learning Difficulties.

# AUDIT COMMITTEE REPORT



## MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee of the Company comprises the following Members:-

### **Abdul Hamid Bin Mohamed Ghows**

*(Retired on 27 September 2013)*

Chairman, Independent Non-Executive Director

### **Gan Lian Peng**

*(Appointed on 18 November 2013)*

Chairman, Independent Non-Executive Director

### **Dato' Dr Abdul Aziz Bin Mangkat**

Independent Non-Executive Director

### **Cheng Chin Hong**

Independent Non Executive Director

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the Audit Committee was updated to incorporate amendments made by Bursa Malaysia Securities Berhad ("Bursa Malaysia") in January 2008, and adopted by the Board of Directors on 1 April, 2008.

### 1. COMPOSITION

- 1.1 The Board of Directors shall elect an Audit Committee from amongst its Directors which fulfils the following requirements:-
  - (a) the Audit Committee must be composed of no fewer than 3 members;
  - (b) all the Audit Committee members must be Non-Executive Directors with a majority of them being Independent Directors; and

(c) at least one member of the Audit Committee:-

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
  - (aa) he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - (bb) he must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- (iii) To fulfill such other requirements as prescribed or approved by Bursa Malaysia

1.2 No Alternate Director is to be appointed as a member of the Audit Committee.

### 2. CHAIRMAN

The members of an Audit Committee shall elect a Chairman from among their number who shall be an independent Director.

### 3. FUNCTIONS

An Audit Committee shall, amongst others, discharge the following functions:-

- 3.1 review the following and report the same to the Board of Directors:-
  - (a) with the external auditors, the audit plan;
  - (b) with the external auditors, their evaluation of the system of internal controls;







# AUDIT COMMITTEE REPORT

(CONT'D)



## **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (cont'd)**

The activities of the Audit Committee during the financial year ended 31 March 2014 included the following:

- (1) reviewed the unaudited quarterly financial statements and the annual audited financial statement of the Group and recommending the same for approval by the Board. The review was to ensure that the financial reporting and disclosure requirements of relevant authorities had been complied with. Any significant issues resulting from the audit of the financial statements raised by the external auditors were discussed and brought to the attention of the Board and resolved at the Board level.
- (2) reviewed the external auditors' scope of work and audit plan for the financial year 2014,
- (3) reviewed the internal audit reports which highlighted the audit issues, recommendations and management's response. Follow up audits were also reviewed to ensure that appropriate actions were taken and recommendations were implemented,
- (4) reviewed and approved the annual internal audit plan for year 2014,
- (5) reviewed the related party transactions of the Company.

## **INTERNAL AUDIT FUNCTION**

The internal audit function of the Group is performed in-house during the financial year. The internal audit function reviews critical business processes and identifies internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.

In carrying out its audit assignments relating to the Group, the principal responsibility of the internal auditors is to provide independent assessments for adequate, efficient and effective internal control systems to ensure compliance with systems and standard operating procedures in each of the operations in the Group.

Throughout the financial year, audit assignments, investigations and follow-up of Lay Hong Berhad audits were carried out on Lay Hong Berhad and its subsidiary companies by the internal auditors. One audit report and its follow up report were issued during the financial year. The resulting report of the audit undertaken was presented and reviewed by the Lay Hong Berhad Audit Committee and forwarded to the management for action.

Costs incurred for the internal audit function amounted to RM195,000 for the financial year ended 31 March 2014.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



## BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for the adequacy and integrity of the Group's system of internal controls. The system of internal controls, by its nature, can only provide reasonable and not absolute assurance against any material loss or fraud. It is also recognised that risks cannot be completely eliminated. As such, the systems and procedures put in place are aimed at minimising and managing risks.

## RISK MANAGEMENT FRAMEWORK

The Board confirms that there is an ongoing process in identifying, evaluating and managing significant risks faced by the Group; that the process has been in place up to the date of this statement; that this process is reviewed by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.

Risk Management Committee is in place to identify key risks facing the Group and to formulate appropriate measures to address those risks. The Risk Management Committee comprises the Group Managing Director and senior management team and is supported by a sub-committee comprising operational managers of major departments. During the year, all major risks that have an impact on the Group such as market, economic, legislative and financial risks, have been identified, prioritised and monitored closely on an ongoing basis. The risk assessment process includes areas of protection of livestock against adverse climatic conditions and diseases as well as recruitment and retention of employees and the provision for doubtful trade debts.

The internal audit function reports directly to the Audit Committee. One (1) report on the internal audit findings and its follow up report were issued to the Audit Committee during the year. The internal audit function reviews critical business processes and identifies internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.

## INTERNAL CONTROL

Internal audit plays a critical role in the objective assessment of the Group's business processes by providing the Audit Committee with reasonable independent assurance on the effectiveness and integrity of the Group's system of risk management and internal control.

The key elements of the Group's internal control system are described below:-

- **Organisation Structure**  
The Group has in place an organisation structure with key responsibilities clearly defined for the Board, Committees of the Board and executive management of the Group's operating units.
- **Standard Operation Policies**  
Standard operating policies and procedures that document how transactions are captured and recorded where internal controls are applied exist for all Group's major subsidiaries.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)



## INTERNAL CONTROL (cont'd)

### • **Board Approval**

All major decisions require the final approval of the Board and are only made after appropriate in-depth analysis. The Board receives regular and comprehensive information in relation to all businesses within the Group.

### • **Monthly Executive Committee Meeting**

Monthly Executive Committee meetings are held and are attended by all Executive Directors and senior management to discuss the Group's operational matters.

### • **Detailed budgeting process**

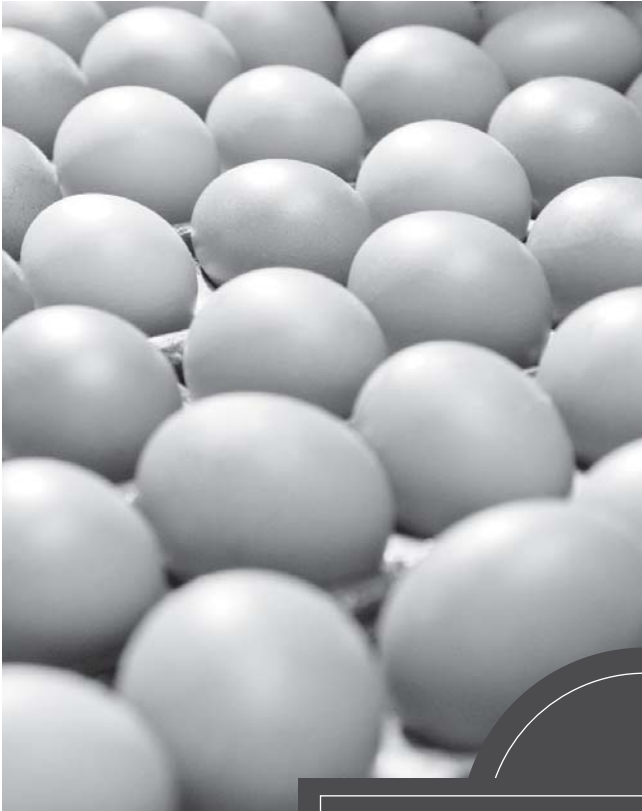
Detailed annual budgets are prepared by the finance department and approved by the Board. The monitoring of actual performance against what is budgeted is performed on a timely basis. When major variances are observed, further investigation is performed and follow-up management actions are taken where necessary.

## REVIEW OF EFFECTIVENESS

The Board has received assurance from the Group Managing Director and Group Finance Director that the system of risk management and internal control for the financial year under review is operating adequately and effectively. The Board is satisfied with the procedures outlined above and the Board will continue to review the effectiveness of the Group's risk management and internal control system.

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditor has reviewed this Statement on Risk Management and Internal Control. Based on their review, they have reported to the Board that nothing had come to their attention that caused them to believe that this Statement on Risk Management and Internal Control is inconsistent with their understanding with the procedures adopted by the Board in the review of the effectiveness of the internal controls.

This statement is made in accordance with the resolution of the Board dated 24 July 2014.



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# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of integrated livestock farming.

The principal activities of its subsidiary companies are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

## RESULTS

	GROUP RM	COMPANY RM
Net profit for the financial year	7,186,442	2,009,850
Net profit attributable to:		
Owners of the Company	7,158,450	2,009,850
Non-controlling interests	27,992	-
	<u>7,186,442</u>	<u>2,009,850</u>

## DIVIDENDS

Since the end of the previous financial year, no dividend was paid by the Company in respect of the financial year ended 31 March 2013. The Directors proposed a final tax-exempt dividend of 5.0% in respect of the financial year ended 31 March 2014, to be approved at the forthcoming Annual General Meeting.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

## ISSUE OF SHARES

During the financial year, no new ordinary share issued.

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# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS

The Directors who have held office since the date of the last report and at the date of this report are:

Yap Hoong Chai  
Yeap Weng Hong  
Yeap Fock Hoong  
Abdul Hamid bin Mohamed Ghows (*Retired on 27 September 2013*)  
Dato' Dr. Abdul Aziz bin Mangkat  
Cheng Chin Hong  
Chia Mak Hooi  
Ng Kim Tian (*Appointed on 3 October 2013*)  
Yap Chor How (*Appointed on 3 October 2013*)  
Gan Lian Peng (*Appointed on 3 October 2013*)

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 28 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

Neither during nor at the end of the financial year, the Company was a party, to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Executive Share Option Scheme.

## EXECUTIVE SHARE OPTION SCHEME

The Lay Hong Berhad Executive Share Option Scheme (ESOS) is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 28 September 2005. The ESOS was implemented on 23 November 2005 and is to be in force for a period of 5 years from the date of implementation. The scheme was further extended by another 5 years and the ESOS would be in force until 10 November 2015.

The salient features and other terms of the ESOS are disclosed in Note 14 to the financial statements.

# DIRECTORS' REPORT

(CONT'D)

## EXECUTIVE SHARE OPTION SCHEME (cont'd)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 120,000 ordinary shares of RM1.00 each. The name of employee granted options to subscribe for 120,000 or more ordinary shares of RM1.00 each who has not yet exercised is as follows:

NAME	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF SHARE OPTIONS		
				AT 1 APRIL 2013	EXERCISED	AT 31 MARCH 2014
Cheng Ying Ying	23/11/2005	10/11/2015	1.00	120,000	–	120,000
Yap Chor Wen	23/11/2005	10/11/2015	1.00	120,000	–	120,000

Details of options granted to Directors are disclosed in the section on Directors' Interest in this report.

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	NUMBER OF ORDINARY SHARES OF RM1.00 EACH			
	AT 1 APRIL 2013	BOUGHT	SOLD	AT 31 MARCH 2014
<b>THE COMPANY</b>				
<b>Direct Interest</b>				
Yap Hoong Chai	600,000	–	–	600,000
Yeap Fock Hoong	12,000	–	–	12,000
Yeap Weng Hong	207,200	–	–	207,200
Cheng Chin Hong	10,000	–	(10,000)	–
Yap Chor How	424,800	34,900	–	459,700
Ng Kim Tian	–	22,000	–	22,000
<b>Indirect Interest</b>				
Yap Hoong Chai *	21,197,609	254,300	–	21,451,909
Chia Mak Hooi	11,877,000	1,090,000	–	12,967,000

\* Deemed interested in 2,551,909 shares held by spouse and children and 18,900,000 shares by virtue of Innofarm Sdn Bhd which holds 37.97% equity interest in Lay Hong Berhad





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# DIRECTORS' REPORT

(CONT'D)

## OTHER STATUTORY INFORMATION

Before the statements of financial position and the statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render if necessary to write off any debts or to make an allowance for doubtful debts in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

Except as disclosed in the financial statements, no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

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# DIRECTORS' REPORT

(CONT'D)

## **OTHER STATUTORY INFORMATION (cont'd)**

In the opinion of the Directors:

- (a) except as disclosed in the financial statements, the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## **AUDITORS**

The auditors, Ong Boon Bah & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 July 2014.

### **YAP HOONG CHAI**

Director  
Klang, Selangor Darul Ehsan

### **YEAP WENG HONG**

Director

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# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, YAP HOONG CHAI and YEAP WENG HONG, being two of the Directors of LAY HONG BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 37 to 94 are drawn up in accordance with Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 July 2014.

**YAP HOONG CHAI**  
Director  
Klang, Selangor Darul Ehsan

**YEAP WENG HONG**  
Director

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# STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, NG KIM TIAN, being the Director primarily responsible for the financial management of LAY HONG BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 37 to 94 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed NG KIM TIAN in Klang,  
Selangor Darul Ehsan on 24 July 2014.

**NG KIM TIAN**

Before me,

Commissioner for Oaths  
Selangor Darul Ehsan

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# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAY HONG BERHAD

## **Report on the Financial Statements**

We have audited the financial statements of LAY HONG BERHAD, which comprise the statements of financial position as at 31 March 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 94.

## **Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2014 and of their financial performance and cash flows for the year then ended have been properly drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAY HONG BERHAD

(CONT'D)

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on the following :

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) we have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 4 to the financial statements;
- (c) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes;
- (d) the audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Reporting Responsibilities

The supplementary information set out in Note 39 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**ONG BOON BAH & CO**  
AF: 0320  
Chartered Accountants

**LIM KOK BENG**  
588/02/15 (J)  
Chartered Accountant

Kuala Lumpur  
24 July 2014

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	NOTE	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	243,350,516	222,258,124	62,702,592	65,317,857
Investments	4	194,075	38,075	22,802,875	21,089,443
Intangible assets	5	3,555,737	3,558,450	–	–
Deferred tax assets	6	8,838,167	10,519,123	1,280,047	3,242,798
		<u>255,938,495</u>	<u>236,373,772</u>	<u>86,785,514</u>	<u>89,650,098</u>
<b>Current assets</b>					
Biological asset	7	25,547,341	25,405,217	10,454,225	11,943,907
Inventories	8	61,529,785	55,832,943	8,502,507	7,436,356
Trade receivables	9	58,702,175	49,303,964	11,054,951	10,552,446
Other receivables	10	9,698,040	14,033,488	1,271,142	1,908,111
Due from subsidiary companies	11	–	–	66,590,051	63,947,112
Short term investment	12	3,420,057	5,623,020	3,397,516	5,601,135
Cash and bank balances	13	4,718,431	6,870,555	425,788	358,379
		<u>163,615,829</u>	<u>157,069,187</u>	<u>101,696,180</u>	<u>101,747,446</u>
<b>TOTAL ASSETS</b>		<b>419,554,324</b>	<b>393,442,959</b>	<b>188,481,694</b>	<b>191,397,544</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	14	49,780,000	49,780,000	49,780,000	49,780,000
Other reserves		19,864,337	20,649,815	9,063,014	9,358,558
Retained earnings	15	49,883,906	41,804,543	18,861,258	16,470,193
		<u>119,528,243</u>	<u>112,234,358</u>	<u>77,704,272</u>	<u>75,608,751</u>
Non-controlling interests		22,790,495	22,251,806	–	–
<b>Total equity</b>		<b>142,318,738</b>	<b>134,486,164</b>	<b>77,704,272</b>	<b>75,608,751</b>
<b>Non-current liabilities</b>					
Long term borrowings	16	42,549,635	33,164,150	9,496,471	11,541,421
Deferred tax liabilities	6	26,837,874	25,761,209	8,040,101	8,616,744
		<u>69,387,509</u>	<u>58,925,359</u>	<u>17,536,572</u>	<u>20,158,165</u>
<b>Current liabilities</b>					
Trade payables	17	64,862,110	71,012,111	25,794,476	31,278,445
Other payables	18	23,759,079	19,761,373	5,328,312	2,959,766
Due to subsidiary companies	19	–	–	2,918,860	2,512,559
Current tax liability		85,741	6,688	–	–
Short term borrowings	16	119,141,147	109,251,264	59,199,202	58,879,858
		<u>207,848,077</u>	<u>200,031,436</u>	<u>93,240,850</u>	<u>95,630,628</u>
<b>Total liabilities</b>		<b>277,235,586</b>	<b>258,956,795</b>	<b>110,777,422</b>	<b>115,788,793</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>419,554,324</b>	<b>393,442,959</b>	<b>188,481,694</b>	<b>191,397,544</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	NOTE	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	21	<b>579,223,271</b>	521,028,193	<b>251,550,039</b>	244,423,546
Cost of sales		<b>(487,863,247)</b>	(466,760,470)	<b>(227,158,557)</b>	(237,151,727)
Gross profit		<b>91,360,024</b>	54,267,723	<b>24,391,482</b>	7,271,819
Other operating income	22	<b>4,636,779</b>	4,108,684	<b>2,616,621</b>	10,283,919
Selling and distribution expenses		<b>(53,968,055)</b>	(52,519,557)	<b>(12,226,707)</b>	(13,494,003)
Administrative expenses		<b>(23,529,809)</b>	(22,905,709)	<b>(8,063,899)</b>	(9,050,830)
Profit/(Loss) from operations	23	<b>18,498,939</b>	(17,048,859)	<b>6,717,497</b>	(4,989,095)
Finance costs	24	<b>(8,116,565)</b>	(5,956,743)	<b>(3,321,539)</b>	(3,330,250)
Profit/(Loss) before tax		<b>10,382,374</b>	(23,005,602)	<b>3,395,958</b>	(8,319,345)
Tax (expense)/income	25	<b>(3,195,932)</b>	3,932,108	<b>(1,386,108)</b>	3,813,780
Net profit/(loss) for the financial year		<b>7,186,442</b>	(19,073,494)	<b>2,009,850</b>	(4,505,565)
Other comprehensive income, net of tax					
Fair value of available-for sale financial assets		<b>86,327</b>	7,148	<b>85,671</b>	10,137
Exchange differences on translation of foreign operations		<b>96,289</b>	(1,396)	<b>-</b>	-
Other comprehensive income, net of tax		<b>182,616</b>	5,752	<b>85,671</b>	10,137
Total comprehensive income/(expense) for the financial year		<b>7,369,058</b>	(19,067,742)	<b>2,095,521</b>	(4,495,428)
Net profit/(loss) attributable to:					
Owners of the Company		<b>7,158,450</b>	(17,792,651)	<b>2,009,850</b>	(4,505,565)
Non-controlling interests		<b>27,992</b>	(1,280,843)	<b>-</b>	-
		<b>7,186,442</b>	(19,073,494)	<b>2,009,850</b>	(4,505,565)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		<b>7,293,885</b>	(17,786,215)	<b>2,095,521</b>	(4,495,428)
Non-controlling interests		<b>75,173</b>	(1,281,527)	<b>-</b>	-
		<b>7,369,058</b>	(19,067,742)	<b>2,095,521</b>	(4,495,428)
<b>Earnings/(loss) per share attributable to equity holders to the Company (sen)</b>					
Basic	26	<b>14.38</b>	(35.75)		
Diluted	26	<b>14.15</b>	(35.23)		

The accompanying notes form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

GROUP	..... ATTRIBUTABLE TO OWNERS OF THE COMPANY .....							
	..... NON-DISTRIBUTABLE .....				..... DISTRIBUTABLE .....			
	SHARE CAPITAL RM	RE- VALUATION RESERVE RM	FOREIGN CURRENCY TRANSLATION RESERVE RM	FAIR VALUE RESERVE RM	RETAINED EARNINGS RM	TOTAL RM	NON- CONTROLLING INTERESTS RM	TOTAL EQUITY RM
<b>As at 1 April 2012</b>	49,678,000	21,374,131	-	150,279	60,582,913	131,785,323	22,716,916	154,502,239
Total comprehensive (expense)/income for the financial year	-	-	(712)	7,148	(17,792,651)	(17,786,215)	(1,281,527)	(19,067,742)
Transfer to distributable reserve on realisation of revaluation reserve	-	(881,031)	-	-	881,031	-	-	-
Dividends to owners of the Company	-	-	-	-	(1,866,750)	(1,866,750)	(240,180)	(2,106,930)
Accretion of non-controlling interest	-	-	-	-	-	-	1,056,597	1,056,597
Issue of ordinary shares pursuant to ESOS (Note 14)	102,000	-	-	-	-	102,000	-	102,000
<b>Balance at 31 March 2013</b>	<b>49,780,000</b>	<b>20,493,100</b>	<b>(712)</b>	<b>157,427</b>	<b>41,804,543</b>	<b>112,234,358</b>	<b>22,251,806</b>	<b>134,486,164</b>
Total comprehensive income for the financial year	-	-	49,108	86,327	7,158,450	7,293,885	75,173	7,369,058
Transfer to distributable reserve on realisation of revaluation reserve	-	(920,913)	-	-	920,913	-	-	-
Accretion of non-controlling interest	-	-	-	-	-	-	463,516	463,516
<b>Balance at 31 March 2014</b>	<b>49,780,000</b>	<b>19,572,187</b>	<b>48,396</b>	<b>243,754</b>	<b>49,883,906</b>	<b>119,528,243</b>	<b>22,790,495</b>	<b>142,318,738</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

(CONT'D)

COMPANY	NON-DISTRIBUTABLE SHARE CAPITAL RM	REVALUATION RESERVE RM	FAIR VALUE RESERVE RM	DISTRIBUTABLE RETAINED EARNINGS RM	TOTAL RM
<b>As at 1 April 2012</b>	49,678,000	9,549,872	146,371	22,494,686	81,868,929
Total comprehensive (expenses)/income for the financial year	-	-	10,137	(4,505,565)	(4,495,428)
Transfer to distributable reserve on realisation of revaluation reserve	-	(347,822)	-	347,822	-
Dividends to owners of the Company	-	-	-	(1,866,750)	(1,866,750)
Issue of ordinary shares pursuant to ESOS (Note 14)	102,000	-	-	-	102,000
<b>Balance at 31 March 2013</b>	<b>49,780,000</b>	<b>9,202,050</b>	<b>156,508</b>	<b>16,470,193</b>	<b>75,608,751</b>
Total comprehensive income for the financial year	-	-	85,671	2,009,850	2,095,521
Transfer to distributable reserve on realisation of revaluation reserve	-	(381,215)	-	381,215	-
<b>Balance at 31 March 2014</b>	<b>49,780,000</b>	<b>8,820,835</b>	<b>242,179</b>	<b>18,861,258</b>	<b>77,704,272</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Cash Flows from Operating Activities</b>				
Profit/(Loss) before tax	<b>10,382,374</b>	(23,005,602)	<b>3,395,958</b>	(8,319,345)
Adjustments for:				
Amortisation of intangible assets	<b>27,781</b>	20,454	-	-
Depreciation of property, plant and equipment	<b>20,566,226</b>	18,196,082	<b>5,861,158</b>	5,718,997
Dividend income	<b>(793)</b>	(370)	<b>(571)</b>	(8,250,655)
Net loss/(gain) on disposal of property, plant and equipment	<b>486,826</b>	(193,457)	<b>568,247</b>	(70,959)
Inventories written off	<b>1,036,049</b>	-	<b>932,687</b>	-
Property, plant and equipment written off	<b>202,444</b>	237,845	<b>178,032</b>	199,694
Interest expense	<b>8,116,565</b>	5,956,743	<b>3,321,539</b>	3,330,250
Interest income	<b>(33,853)</b>	(34,605)	-	-
Goodwill and other investment written off	<b>72,800</b>	1,161,000	-	1,061,000
Reversal of other investment	<b>(81,000)</b>	-	<b>(81,000)</b>	-
Net unrealised foreign exchange (gains)/loss	<b>(64,162)</b>	(62,607)	<b>(25,028)</b>	7,412
Net impairment losses/(reversal) on trade receivables	<b>227,871</b>	1,215,714	<b>(723,661)</b>	-
Bad debts written off	<b>27,050</b>	124,965	<b>23,661</b>	18,892
Changes in fair value of financial asset	<b>86,327</b>	7,148	<b>85,671</b>	10,137
Operating profit/(loss) before working capital changes	<b>41,052,505</b>	3,623,310	<b>13,536,693</b>	(6,294,577)
(Increase)/Decrease in inventories and biological assets	<b>(6,875,015)</b>	458,628	<b>(509,156)</b>	707,551
(Increase)/Decrease in trade and other receivables	<b>(5,928,621)</b>	(2,333,477)	<b>408,556</b>	6,365,994
Increase/(Decrease) in trade and other payables	<b>(2,152,294)</b>	4,553,611	<b>(3,115,423)</b>	(4,167,139)
Increase in intercompany balances	-	-	<b>(2,236,638)</b>	(7,822,943)
Cash generated from/(used in) operations	<b>26,096,575</b>	6,302,072	<b>8,084,032</b>	(11,211,114)
Interest paid	<b>(8,116,565)</b>	(5,956,743)	<b>(3,321,539)</b>	(3,330,250)
Net tax refunded/(paid)	<b>315,840</b>	(2,321,724)	<b>450,936</b>	(1,207,015)
Net cash inflow/(outflow) from operating activities	<b>18,295,850</b>	(1,976,395)	<b>5,213,429</b>	(15,748,379)

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

(CONT'D)

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Cash Flows from Investing Activities</b>				
Investment by non-controlling interest	463,516	1,056,597	-	-
Additional acquisition of intangible assets	(97,868)	(140,000)	-	-
Additional investment in subsidiary companies	-	-	(1,632,432)	(1,098,795)
Purchase of other investment	(75,000)	-	-	-
Purchase of property, plant and equipment	(16,786,179)	(22,139,204)	(2,312,091)	(6,381,672)
Proceeds from disposal of property, plant and equipment	442,500	199,010	208,533	535,874
Interest received	33,853	34,605	-	-
Increase/(Decrease) in deposits pledged to licensed banks	214,192	(251,925)	-	-
Dividend paid to non-controlling shareholders of a subsidiary	-	(240,180)	-	-
Dividend received	793	370	571	8,250,655
Net cash (outflow)/inflow from investing activities	<b>(15,804,193)</b>	<b>(21,480,727)</b>	<b>(3,735,419)</b>	<b>1,306,062</b>
<b>Cash Flows from Financing Activities</b>				
Net repayment and drawdown of bankers' acceptances	(2,202,000)	24,580,000	(3,942,000)	12,455,000
Proceeds from issue of ordinary shares	-	102,000	-	102,000
Drawdown from revolving credit facilities	4,000,000	2,000,000	4,000,000	2,000,000
Net repayment and drawdown of term loans	(5,102,345)	(2,527,540)	(2,161,357)	(2,077,568)
Net repayment and drawdown of finance lease liabilities	(5,847,610)	(5,850,868)	(1,355,123)	(1,893,163)
Dividends paid to owners of the parent	-	(1,866,750)	-	(1,866,750)
Net cash (outflow)/inflow from financing activities	<b>(9,151,955)</b>	<b>16,436,842</b>	<b>(3,458,480)</b>	<b>8,719,519</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(6,660,298)</b>	<b>(7,020,280)</b>	<b>(1,980,470)</b>	<b>(5,722,798)</b>
<b>Exchange differences arising from retranslation of financial statements in foreign currency</b>	<b>72,857</b>	<b>(1,396)</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents at Beginning of the Financial Year</b>	<b>(5,377,917)</b>	<b>1,643,759</b>	<b>(650,808)</b>	<b>5,071,990</b>
<b>Cash and Cash Equivalents at End of the Financial Year (Note 13)</b>	<b>(11,965,358)</b>	<b>(5,377,917)</b>	<b>(2,631,278)</b>	<b>(650,808)</b>

The accompanying notes form an integral part of the financial statements.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan and its principal place of business is located at No.2, Level 10-12, Wisma Lay Hong, Jalan Empayar, Off Persiaran Sultan Ibrahim / KU1, 41150 Klang, Selangor Darul Ehsan.

The principal activities of the Company are that of integrated livestock farming. The principal activities of its subsidiary companies are as disclosed in Note 4 to the financial statements. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 July 2014.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements comply with the requirements of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods on or after 1 April 2013 as described fully in Note 2.3.

The financial statements of the Group and of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant accounting policies described below.

The financial statements are prepared in Ringgit Malaysia ("RM").

### 2.2 Summary of significant accounting policies

#### (a) Subsidiary companies and basis of consolidation

##### (i) Investment in subsidiary companies

Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entities.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the statements of profit or loss and other comprehensive income.

##### (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (a) Subsidiary companies and basis of consolidation (cont'd)

##### (ii) Basis of consolidation (cont'd)

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill on the statements of financial position. The accounting policy for goodwill is set out in Note 2.2(b). Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in statements of profit or loss and other comprehensive income on the date of acquisition.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

##### (iii) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (b) Intangible assets

##### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The policy for the recognition and measurement of impairment losses for goodwill is in accordance with Note 2.2(g).

##### (ii) Research and development costs

All research costs are recognised in the statements of profit or loss and other comprehensive income as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years. The development costs are amortised when the future economic benefits starts flowing to the Group. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each reporting date. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(g).

#### (c) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statements of profit or loss and other comprehensive income during the financial year in which they are incurred.

Subsequent to initial recognition, freehold land is stated at cost/valuation. All other property, plant and equipment are stated at cost/valuation less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(g).

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (c) Property, plant and equipment (cont'd)

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Buildings are stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers.

Revaluations on land and buildings are performed once in every five years.

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statements of profit or loss and other comprehensive income, in which case the increase is recognised in the statements of profit or loss and other comprehensive income to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in the statements of profit or loss and other comprehensive income. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land is not depreciated as it has an infinite life. Leased assets are depreciated over shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Capital work-in-progress comprises office space, expenditure incurred on the installation of construction and extension of buildings, plant and machinery which are in progress/under construction as at year end. Capital work-in-progress are not depreciated as these assets are not yet available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 10%
Plant and machinery	3% - 20%
Motor vehicles	20%
Office equipment	10% - 20%
Furniture and fittings	5% - 20%
Renovations	10%

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statements of profit or loss and other comprehensive income and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.



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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (c) Property, plant and equipment (cont'd)

Each year an amount equal to the depreciation charge for the year on the surplus on revaluation of relevant assets is transferred from revaluation reserve to retained earnings. Upon the disposal of a revalued asset, the attributable revaluation surplus (net of depreciation, where applicable) is transferred from revaluation reserve to retained earnings.

#### (d) Biological assets

Livestocks comprise breeders and layers and are stated at the lower of cost or amortised cost and net realisable value.

##### (i) Layer breeders

Cost includes cost of parent stock plus all attributable costs to the point of lay at week 22. The total estimated economic useful life of breeders is 72 weeks and accordingly, the cost is amortised over the breeder's estimated economic life of 50 weeks.

##### (ii) Broiler breeders

Cost includes cost of parent stock plus all attributable costs to the point of lay at week 24. The total estimated economic useful life of breeders is 65 weeks and accordingly, the cost is amortised over the breeder's estimated economic life of 41 weeks.

##### (iii) Layers

Cost includes cost of pullet plus all attributable costs including relevant overheads in breeding the pullet to the point of lay at week 21. The total estimated economic life of layers is 77 weeks and accordingly, the cost is amortised over the layer's estimated economic life of 56 weeks.

#### (e) Inventories

##### (i) Livestocks

Livestocks comprise broilers held for trading and is stated at the lower of cost or amortised cost and net realisable value. Costs include purchase costs and other directly attributable costs of acquisition.

##### (ii) Broilers

Cost is stated at lower of cost and net realisable value. Cost of broilers include direct production costs and appropriate production overheads.

##### (iii) Eggs, organic fertilisers, packing materials, raw materials, processed and frozen products

Eggs, organic fertilisers, raw materials, processed and frozen products are stated at the lower of cost and net realisable value. Cost of eggs, organic fertilisers, packing materials, processed and frozen products include direct production costs and appropriate production overheads and is determined on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (e) Inventories (cont'd)

##### (iv) Trading merchandise

Trading merchandise are valued at the lower of cost and net realisable value. Cost comprises the weighted average cost of merchandise arrived at using the first-in first-out method. Weighted average cost includes related charges incurred in purchasing such merchandise.

Net realisable value is arrived at after due allowances made for obsolete or slow moving inventories.

#### (f) Leases

##### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

##### (ii) Finance leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and any accumulated impairment losses. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the statements of profit or loss and other comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

##### (iii) Operating leases

Operating lease payments are recognised as an expense in statements of profit or loss and other comprehensive income on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (g) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The goodwill acquired in a business combination is allocated to CGU that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the statements of profit or loss and other comprehensive income if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

Impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reversed the effect of that event.

Impairment losses, if any, recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss has been recognised. Reversals of impairment losses are credited to the statements of profit or loss and other comprehensive income in the year in which the reversals are recognised.

#### (h) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in statements of profit or loss and other comprehensive income except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (h) Income taxes (cont'd)

Deferred tax is provided for, using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or an expense and included in statements of profit or loss and other comprehensive income for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Where there is a change in the carrying amount of asset arising from revaluation, the tax effects of the asset revaluation are credited or charged to equity. Where amounts are transferred from revaluation surplus to retained earnings, the related deferred tax is also transferred. Upon the disposal of the related asset, the attributable portion of the tax effect arising from revaluation is credited or charged to statements of profit or loss and other comprehensive income .

#### (i) Foreign currencies

##### (i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (i) Foreign currencies (cont'd)

##### (ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the date of transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the statements of profit or loss and other comprehensive income for the year.

The principal closing rate used in translating of every unit of foreign currency amounts are as follows;

FOREIGN CURRENCIES	2014 RM	2013 RM
Euro (EUR)	4.4934	3.9618
Singapore Dollar (SGD)	2.5930	2.4910
United State Dollar (USD)	3.2685	3.0885

##### (iii) Foreign Currency Translation

For inclusion in the Group's financial statement, all assets and liabilities of foreign subsidiary company that is functional currency other than Ringgit Malaysia are translated into Ringgit Malaysia at the exchange rates ruling at the balance sheet date. The trading results of foreign subsidiary company are translated into Ringgit Malaysia using the average exchange rates for the financial year. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in the foreign currency translation account. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation shall be reclassified from equity to the profit and loss account when the gain or loss on disposal is recognised.

#### (j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must be met before revenue is recognised.

##### (i) Sale of goods

Revenue from the sale of goods is measured at fair values of the consideration received or receivable, net of returns and discounts and is recognised in the statements of profit or loss and other comprehensive income when significant risks and rewards of ownership has been transferred to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (j) Revenue recognition (cont'd)

##### (ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

##### (iii) Interest income

Interest income is recognised on a time preparation basis using the effective interest rate applicable.

##### (iv) Rental income

Rental income is accounted for on a straight-line basis when services are rendered.

##### (v) Management fees

Management fees are recognised on an accrual basis when services are rendered.

#### (k) Financial assets

Financial assets are recognised in the financial statements when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent measurement of financial assets depends on the classification of the financial assets which are determined at initial recognition.

The Group and the Company determine the classification of their financial assets at initial recognition and the categories include loans and receivables and available for sale financial assets.

##### (i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statements of profit or loss and other comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (k) Financial assets (cont'd)

##### (ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any other category.

Investments in equity instruments that do not have a quoted market price in an active market and those whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at fair value, with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses from hedged items attributable to hedge risks of fair value hedges which are recognised in profit and loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest income using the effective interest method is recognised as profit or loss. Dividends on an available-for-sale equity financial instrument is recognised in profit or loss when the Company's right to receive the payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment losses.

All financial assets, except those measured at fair value through profit or loss are subject to review for impairment.

#### (l) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities within the scope of FRS 139 are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group and the Company has not designated any financial liabilities as at fair value through profit and loss. The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings. Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gain and losses are recognised in the statements of profit or loss and other comprehensive income when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statements of profit or loss and other comprehensive income.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (m) Impairment of financial assets

All financial assets (except for investment in subsidiary companies) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivable is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

#### (n) Employee benefits

##### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care and other employee related expenses are charged to the statements of profit or loss and other comprehensive income as and when incurred.

##### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statements of profit or loss and other comprehensive income as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").



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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (iii) Share-based compensation

The Lay Hong Berhad Employee Share Option Scheme (“ESOS”), an equity-settled, share-based compensation plan, allows the Group’s executives to acquire ordinary shares of the Company. FRS 2, Share-based Payments requires the total fair value of share options granted to executives be recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the estimate of the number of options that are expected to become exercisable on vesting date is revised. The impact of the revision of original estimates, if any, is recognised in the statements of profit or loss and other comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

Proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

#### (o) Borrowing costs

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in the statements of profit or loss and other comprehensive income in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

#### (p) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy as described in Note 2.2(k).

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of significant accounting policies (cont'd)

#### (q) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (r) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

#### (s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other component. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2013 the Group and the Company adopted the following new FRSs, amendments to FRS and Issues Committee ("IC") Interpretations mandatory for annual financial periods beginning on or after 1 July 2012.

Amendments to FRS 10	Consolidated Financial Statements : Investment Entities
Amendments to FRS 12	Disclosure of Interest in Other Entities : Investment Entities
Amendments to FRS 127	Separate Financial Statements : Investment Entities
Amendments to FRS 132	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Impairment of Assets - Recoverable Amounts Disclosures for Non Financial Assets
Amendments to FRS 139	Financial Instruments : Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (cont'd)

At the date of authorisation of these financial statements, the following new FRSs, Amendments to FRSs and IC Interpretations were issued by the Malaysian Accounting Standards Board ("MASB") but not yet effective and have not been applied by the Company:

#### Effective for financial periods beginning on or after 1 July 2014:

Amendments to FRS 2	Share-based Payment *
Amendments to FRS 3	Business Combinations * #
Amendments to FRS 8	Operating Segments *
Amendments to FRS 13	Fair Value Measurement #
Amendments to FRS 116	Property, Plant and Equipment *
Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendments to FRS 124	Related Party Disclosures *
Amendments to FRS 138	Intangible Assets *
Amendments to FRS 140	Investment Property #

\* Annual Improvements to FRSs 2010 - 2012 Cycle

# Annual Improvements to FRSs 2011 - 2013 Cycle

#### Effective for financial periods beginning on or after 1 January 2016:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 11	Joint Arrangements : Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 116	Property, Plant and Equipment: Classification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 118	Intangible Assets: Classification of Acceptable Methods of Depreciation and Amortisation

#### Effective for financial periods yet to be confirmed:

FRS 9	Financial Instruments (2009)
FRS 9	Financial Instruments (2010)
FRS 9	Financial Instruments - Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139
Amendments to FRS 7 and FRS 9	Mandatory Effective Date of FRS 9 and Transition Disclosures

New FRSs, amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

#### 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 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").

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (cont'd)

#### Malaysian Financial Reporting Standards ("MFRS FRAMEWORK")

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.

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 earnings.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2016.

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.

### 2.4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 5.

#### (b) Impairment of property, plant and equipment

The Group assess at each reporting date the carrying amount of its property, plant and equipment. The Group carries out the impairment test based on value-in-use of the CGU to which the plant and equipment are allocated, and estimate the expected future cash flow from the CGU and choose a suitable discount rate to calculate the present value of the cash flows. As for its property, the Group had performed an impairment review to ensure the market value of the properties have not declined significantly more than would be expected as a result of passage of time or normal use.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.4 Critical accounting estimates and judgements (cont'd)

#### (c) Impairment of investments

At reporting date, management determines whether the carrying amount of its investments are impaired. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the current market value indicators and recent arms-length market transactions. These estimates provide reasonable approximations to the computation of recoverable amounts.

In performing discounted cash flow analysis, discount rate and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The discount rate applied is 7.5% whereas the growth rates used to project cash flows for the following year approximate the performances of the investment based on the latest approved budgets. The growth rates used to extrapolate the cash flows beyond the following year reflect a progressive decline to a rate lower than industry average.

Based on management's review, the investments of the Group are not impaired as at balance sheet date.

#### (d) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land and capital work in progress is depreciated on a straight-line basis over the assets' economic useful lives up to its residual value. Management reviews the remaining useful lives of these plant and machinery to be within 10 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (e) Deferred tax assets

Deferred tax assets are recognised for all the unused tax losses and unutilised capital allowances to the extent that it is probable that future taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgment is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

#### (f) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that the receivables is impaired. To determine whether there is objective evidence of the impairment, the Group considers factors such as probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payment.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 3. PROPERTY, PLANT AND EQUIPMENT

GROUP	LONG TERM LEASEHOLD		SHORT TERM LEASEHOLD	PLANT AND MACHINERY		MOTOR VEHICLES	OFFICE EQUIPMENT, FURNITURE, FITTINGS AND RENO - VATIONS	CAPITAL WORK-IN-PROGRESS	TOTAL
	FREEHOLD LAND RM	LEASEHOLD LAND RM	LEASEHOLD LAND RM	BUILDINGS RM	MACHINERY RM	RM	RM	RM	RM
<b>2014</b>									
<b>Cost/Valuation</b>									
At 1 April 2013									
Cost	1,512,649	998,015	106,130	45,446,184	145,520,845	17,654,881	22,269,768	10,174,993	243,683,465
Valuation	23,154,999	11,725,593	626,066	98,628,434	-	-	-	-	134,135,092
	24,667,648	12,723,608	732,196	144,074,618	145,520,845	17,654,881	22,269,768	10,174,993	377,818,557
Additions	-	242,761	762,421	3,284,496	8,600,649	3,381,137	2,975,311	23,520,181	42,766,956
Disposals	-	-	-	-	(1,181,588)	(694,228)	14,757	-	(1,861,059)
Transfers	-	-	-	10,679,631	17,853,837	-	235,761	(28,769,229)	-
Write offs	-	-	-	(428,671)	-	-	(46,584)	(8,960)	(484,215)
Exchange differences	-	-	-	-	32,665	-	239	1,413	34,317
At 31 March 2014	24,667,648	12,966,369	1,494,617	157,610,074	170,826,408	20,341,790	25,449,252	4,918,398	418,274,556
Cost	1,512,649	1,240,776	868,551	59,410,311	170,826,408	20,341,790	25,449,252	4,918,398	284,568,135
Valuation	23,154,999	11,725,593	626,066	98,199,763	-	-	-	-	133,706,421
	24,667,648	12,966,369	1,494,617	157,610,074	170,826,408	20,341,790	25,449,252	4,918,398	418,274,556
<b>Accumulated depreciation</b>									
At 1 April 2013									
Charge for the financial year	-	755,208	133,291	54,716,455	80,793,823	12,107,164	7,054,492	-	155,560,433
Disposals	-	-	-	-	(294,335)	(560,660)	2,785	-	(852,210)
Transfers	-	-	-	-	-	(96,468)	-	-	(96,468)
Write offs	-	-	-	(255,140)	-	-	(9,687)	-	(264,827)
Exchange differences	-	-	-	-	10,823	-	63	-	10,886
At 31 March 2014	-	924,182	158,398	59,243,204	92,494,621	13,674,441	8,429,194	-	174,924,040
Cost	-	2,662	3,978	9,862,220	92,494,621	13,674,441	8,429,194	-	124,467,116
Valuation	-	921,520	154,420	49,380,984	-	-	-	-	50,456,924
	-	924,182	158,398	59,243,204	92,494,621	13,674,441	8,429,194	-	174,924,040
<b>Net carrying amounts</b>									
Cost	1,512,649	1,238,114	864,573	49,548,091	78,331,787	6,667,349	17,020,058	4,918,398	160,101,019
Valuation	23,154,999	10,804,073	471,646	48,818,779	-	-	-	-	83,249,497
At 31 March 2014	24,667,648	12,042,187	1,336,219	98,366,870	78,331,787	6,667,349	17,020,058	4,918,398	243,350,516

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP (cont'd)	LONG TERM		SHORT TERM	PLANT AND BUILDINGS	MOTOR VEHICLES	OFFICE EQUIPMENT, FURNITURE, FITTINGS AND RENO - VATIONS	CAPITAL WORK-IN-PROGRESS	TOTAL	
	LEASEHOLD LAND	LEASEHOLD LAND	LEASEHOLD LAND						
	RM	RM	RM	RM	RM	RM	RM	RM	
<b>2013</b>									
<b>Cost/Valuation</b>									
At 1 April 2012									
Cost	1,512,649	-	50,000	19,079,126	128,989,605	15,424,499	18,078,661	9,424,463	192,559,003
Valuation	23,154,999	11,675,155	572,424	108,024,463	-	-	-	-	143,427,041
	24,667,648	11,675,155	622,424	127,103,589	128,989,605	15,424,499	18,078,661	9,424,463	335,986,044
Additions	-	1,052,095	106,130	1,973,119	10,582,930	2,958,759	4,267,392	21,829,328	42,769,753
Disposals	-	-	-	-	(1,150)	(630,974)	(6,140)	-	(638,264)
Transfers	-	(3,642)	3,642	15,053,085	5,962,510	-	63,203	(21,078,798)	-
Write offs	-	-	-	(55,175)	(13,050)	(97,403)	(133,348)	-	(298,976)
At 31 March 2013	24,667,648	12,723,608	732,196	144,074,618	145,520,845	17,654,881	22,269,768	10,174,993	377,818,557
Cost	1,512,649	998,015	106,130	45,446,184	145,520,845	17,654,881	22,269,768	10,174,993	243,683,465
Valuation	23,154,999	11,725,593	626,066	98,628,434	-	-	-	-	134,135,092
	24,667,648	12,723,608	732,196	144,074,618	145,520,845	17,654,881	22,269,768	10,174,993	377,818,557
<b>Accumulated depreciation</b>									
At 1 April 2012									
Charge for the financial year	-	612,698	84,563	50,362,323	70,468,721	10,680,891	5,848,997	-	138,058,193
Disposals	-	-	-	-	(766)	(630,973)	(972)	-	(632,711)
Transfers	-	(25,288)	25,288	-	-	-	-	-	-
Write offs	-	-	-	(26,871)	(5,858)	-	(28,402)	-	(61,131)
At 31 March 2013	-	755,208	133,291	54,716,455	80,793,823	12,107,164	7,054,492	-	155,560,433
Cost	-	1,055	1,990	7,885,423	80,793,823	12,107,164	7,054,492	-	107,843,947
Valuation	-	754,153	131,301	46,831,032	-	-	-	-	47,716,486
	-	755,208	133,291	54,716,455	80,793,823	12,107,164	7,054,492	-	155,560,433
<b>Net carrying amounts</b>									
Cost	1,512,649	996,960	104,140	37,560,761	64,727,022	5,547,717	15,215,276	10,174,993	135,839,518
Valuation	23,154,999	10,971,440	494,765	51,797,402	-	-	-	-	86,418,606
At 31 March 2013	24,667,648	11,968,400	598,905	89,358,163	64,727,022	5,547,717	15,215,276	10,174,993	222,258,124

# NOTES TO THE FINANCIAL STATEMENTS

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## 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	LONG TERM		BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	OFFICE	CAPITAL	TOTAL
	FREEHOLD LAND	LEASEHOLD LAND				EQUIPMENT, FURNITURE AND FITTINGS		
	RM	RM	RM	RM	RM	RM	RM	RM
<b>2014</b>								
<b>Cost/Valuation</b>								
At 1 April 2013								
Cost	-	-	2,285,334	48,662,414	8,397,685	4,532,772	5,606,615	69,484,820
Valuation	11,820,000	332,644	44,656,362	-	-	-	-	56,809,006
	11,820,000	332,644	46,941,696	48,662,414	8,397,685	4,532,772	5,606,615	126,293,826
Additions	-	187,481	389,680	2,355,454	756,062	238,752	273,275	4,200,704
Disposals	-	-	-	(1,684,103)	(420,180)	(4,313)	-	(2,108,596)
Transfers	-	-	-	3,017,018	-	235,761	(3,252,779)	-
Write offs	-	-	(428,671)	-	-	(6,720)	-	(435,391)
At 31 March 2014	11,820,000	520,125	46,902,705	52,350,783	8,733,567	4,996,252	2,627,111	127,950,543
Cost	-	187,481	2,675,014	52,350,783	8,733,567	4,996,252	2,627,111	71,570,208
Valuation	11,820,000	332,644	44,227,691	-	-	-	-	56,380,335
	11,820,000	520,125	46,902,705	52,350,783	8,733,567	4,996,252	2,627,111	127,950,543
<b>Accumulated depreciation</b>								
At 1 April 2013								
	-	31,634	18,418,304	33,044,959	6,208,636	3,272,436	-	60,975,969
Charge for the financial year	-	4,850	1,509,715	3,219,578	889,642	237,373	-	5,861,158
Disposals	-	-	-	(909,976)	(420,180)	(1,661)	-	(1,331,817)
Write offs	-	-	(255,139)	-	-	(2,220)	-	(257,359)
At 31 March 2014	-	36,484	19,672,880	35,354,561	6,678,098	3,505,928	-	65,247,951
Cost	-	-	384,212	35,354,561	6,678,098	3,505,928	-	45,922,799
Valuation	-	36,484	19,288,668	-	-	-	-	19,325,152
	-	36,484	19,672,880	35,354,561	6,678,098	3,505,928	-	65,247,951
<b>Net carrying amounts</b>								
Cost	-	187,481	2,290,802	16,996,222	2,055,469	1,490,324	2,627,111	25,647,409
Valuation	11,820,000	296,160	24,939,023	-	-	-	-	37,055,183
At 31 March 2014	11,820,000	483,641	27,229,825	16,996,222	2,055,469	1,490,324	2,627,111	62,702,592



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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## 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY (cont'd)	LONG TERM		BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	OFFICE	CAPITAL WORK-IN- PROGRESS	TOTAL
	FREEHOLD LAND	LEASEHOLD LAND				EQUIPMENT, FURNITURE AND FITTINGS		
	RM	RM	RM	RM	RM	RM	RM	RM
<b>2013</b>								
<b>Cost/Valuation</b>								
At 1 April 2012								
Cost	-	-	1,652,228	49,828,730	7,710,531	4,416,639	401,515	64,009,643
Valuation	11,820,000	332,644	44,656,362	-	-	-	-	56,809,006
	11,820,000	332,644	46,308,590	49,828,730	7,710,531	4,416,639	401,515	120,818,649
Additions	-	-	242,655	284,913	1,122,902	290,916	5,597,309	7,538,695
Disposals	-	-	-	(1,452,987)	(338,345)	(44,984)	-	(1,836,316)
Transfers	-	-	390,451	1,758	-	-	(392,209)	-
Write offs	-	-	-	-	(97,403)	(129,799)	-	(227,202)
At 31 March 2013	11,820,000	332,644	46,941,696	48,662,414	8,397,685	4,532,772	5,606,615	126,293,826
Cost	-	-	2,285,334	48,662,414	8,397,685	4,532,772	5,606,615	69,484,820
Valuation	11,820,000	332,644	44,656,362	-	-	-	-	56,809,006
	11,820,000	332,644	46,941,696	48,662,414	8,397,685	4,532,772	5,606,615	126,293,826
<b>Accumulated depreciation</b>								
At 1 April 2012	-	27,139	16,912,891	30,960,478	5,692,159	3,063,213	-	56,655,880
Charge for the financial year	-	4,495	1,505,413	3,111,212	854,822	243,055	-	5,718,997
Disposals	-	-	-	(1,026,731)	(338,345)	(6,324)	-	(1,371,400)
Write offs	-	-	-	-	-	(27,508)	-	(27,508)
At 31 March 2013	-	31,634	18,418,304	33,044,959	6,208,636	3,272,436	-	60,975,969
Cost	-	-	295,533	33,044,959	6,208,636	3,272,436	-	42,821,564
Valuation	-	31,634	18,122,771	-	-	-	-	18,154,405
	-	31,634	18,418,304	33,044,959	6,208,636	3,272,436	-	60,975,969
<b>Net carrying amounts</b>								
Cost	-	-	1,989,801	15,617,455	2,189,049	1,260,336	5,606,615	26,663,256
Valuation	11,820,000	301,010	26,533,591	-	-	-	-	38,654,601
At 31 March 2013	11,820,000	301,010	28,523,392	15,617,455	2,189,049	1,260,336	5,606,615	65,317,857

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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## 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Freehold & leasehold land and buildings of certain subsidiary companies with net carrying amounts of RM39,137,093 (2013: RM36,113,364) have been pledged to financial institutions as security for borrowings as disclosed in Note 16.

(b) The net carrying amounts of property, plant and equipment held under finance lease arrangements are as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Motor vehicles	6,545,396	4,470,751	2,039,293	2,151,874
Office equipment	1,161,674	823,020	-	-
Plant and machinery	16,226,715	8,571,792	1,359,828	1,584,683

(c) Acquisition of property, plant and equipment during the financial year were made by the following means:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash	16,786,179	22,139,204	2,312,091	6,381,672
Finance lease	12,076,850	6,692,947	1,888,613	1,157,023
Term loans	13,903,927	13,937,602	-	-
	42,766,956	42,769,753	4,200,704	7,538,695

## 4. INVESTMENTS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>(a) Subsidiary companies</b>				
Unquoted shares at cost	-	-	22,684,480	21,052,048
<b>(b) Other investments</b>				
Quoted shares at cost in Malaysia	5,885	5,885	2,799	2,799
Accumulated impairment losses	(4,810)	(4,810)	(2,404)	(2,404)
	1,075	1,075	395	395
<b>Club Membership, at cost</b>	193,000	37,000	118,000	37,000
Total investments	194,075	38,075	22,802,875	21,089,443
Market value of shares quoted in Malaysia	1,540	1,600	770	800

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 4. INVESTMENTS (cont'd)

Details of the subsidiary companies are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	SHARE CAPITAL	EFFECTIVE INTEREST HELD (%)		PRINCIPAL ACTIVITIES
			2014	2013	
Hing Hong Sdn Berhad	Malaysia	2,000,000	100	100	Poultry farming
Innofarm (Klang) Sdn Bhd	Malaysia	400,000	70	70	Poultry farming
Evergreen Organic Fertilisers Sdn Berhad	Malaysia	500,000	70.6	70.6	Processing and marketing of chicken dung as fertiliser
Sri Tawau Farming Sdn Bhd + and its subsidiary	Malaysia	1,000,002	50	50	Investment holding and trading
- ST Food Sdn Bhd	Malaysia	1,500,000	43.3	43.3	Poultry processing and marketing
Innobrid Sdn Bhd	Malaysia	4,000,000	97	97	Poultry farming
G-mart Borneo Retail Sdn Bhd	Malaysia	4,000,000	100	100	Retail supermarket
Eminent Farm Sdn Bhd	Malaysia	1,000,000	100	100	Poultry farming
Lay Hong Liquid Egg Sdn Bhd	Malaysia	900,000	100	100	Manufacturing and sales of liquid egg
Lay Hong Food Corporation Sdn Bhd	Malaysia	4,000,000	100	100	Food manufacturing
STF Agriculture Sdn Bhd *	Malaysia	12,205,000	51	51	Poultry farming, hatcheries and supplies of livestock eggs and chicken
JT Trading Sdn Bhd #	Malaysia	2,000,000	100	100	Trading
Oz Food Solutions Company Ltd #	Vietnam	2,155,393	51	51	Food manufacturing

+ Equity interest of 50% plus one special rights ordinary share

# Audited by a firm of auditors other than Ong Boon Bah & Co

\* Holding in equity by both subsidiary company and company

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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## 5. INTANGIBLE ASSETS

GROUP	DEVELOPMENT		TOTAL RM
	GOODWILL RM	COSTS RM	
<b>Cost</b>			
At 1 April 2012	3,308,923	714,049	4,022,972
Acquired in business combination	140,000	–	140,000
At 31 March 2013	3,448,923	714,049	4,162,972
Additions	–	97,868	97,868
At 31 March 2014	<b>3,448,923</b>	<b>811,917</b>	<b>4,260,840</b>
<b>Accumulated impairment losses and amortisation</b>			
At 1 April 2012	–	484,068	484,068
Additions	100,000	20,454	120,454
At 31 March 2013	100,000	504,522	604,522
Additions	72,800	27,781	100,581
At 31 March 2014	172,800	532,303	705,103
<b>Net carrying amount</b>			
At 31 March 2014	<b>3,276,123</b>	<b>279,614</b>	<b>3,555,737</b>
At 31 March 2013	3,348,923	209,527	3,558,450

The goodwill arising on consolidation is attributable to the acquisition of Sri Tawau Farming Sdn Bhd, Innobrid Sdn Bhd, G-mart Borneo Retail Sdn Bhd, ST Food Sdn Bhd and JT Trading Sdn Bhd.

Goodwill has been allocated to the Group's CGU according to the subsidiary companies concerned.

### Impairment Test for Goodwill

#### Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for each of the CGU's value-in-use calculations are:

	2014	2013
Budgeted gross margin	5%	5%
Growth rate	6%	6%
Discount rate	7.5%	7.5%

#### (i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for expected internal resource efficiency improvements, market and economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 5. INTANGIBLE ASSETS (cont'd)

### (ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

### (iii) Discount rate

The discount rates approximate the CGU's average cost of funds.

In assessing goodwill impairment, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the units to materially deviate from their recoverable amounts.

## 6. DEFERRED TAXATION

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 April	15,242,086	19,557,304	5,373,946	9,218,742
Recognised in profit or loss (Note 25)	2,757,621	(4,315,218)	1,386,108	(3,844,796)
At 31 March	<b>17,999,707</b>	15,242,086	<b>6,760,054</b>	5,373,946
Presented after offsetting as follows:				
Deferred tax liabilities	26,837,874	25,761,209	8,040,101	8,616,744
Deferred tax assets	(8,838,167)	(10,519,123)	(1,280,047)	(3,242,798)
	<b>17,999,707</b>	15,242,086	<b>6,760,054</b>	5,373,946

	ACCELERATED CAPITAL ALLOWANCES RM	REVALUATION RESERVE RM	OTHERS RM	TOTAL RM
	<b>Deferred Tax Liabilities of the Group:</b>			
At 1 April 2012	15,921,548	8,193,557	5,270	24,120,375
Recognised in profit or loss (Note 25)	2,114,899	(485,295)	11,230	1,640,834
At 31 March 2013	18,036,447	7,708,262	16,500	25,761,209
Recognised in profit or loss	1,336,614	(293,231)	33,282	1,076,665
At 31 March 2014	<b>19,373,061</b>	<b>7,415,031</b>	<b>49,782</b>	<b>26,837,874</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 6. DEFERRED TAXATION (cont'd)

	ACCELERATED CAPITAL ALLOWANCES RM	REVALUATION RESERVE RM	OTHERS RM	TOTAL RM
<b>Deferred Tax Liabilities of the Company:</b>				
At 1 April 2012	6,083,347	3,131,582	3,813	9,218,742
Recognised in profit or loss	(482,244)	(115,941)	(3,813)	(601,998)
At 31 March 2013	5,601,103	3,015,641	-	8,616,744
Recognised in profit or loss	(449,553)	(127,090)	-	(576,643)
At 31 March 2014	<b>5,151,550</b>	<b>2,888,551</b>	-	<b>8,040,101</b>

	UNUTILISED TAX LOSSES AND UNABSORBED CAPITAL ALLOWANCES RM	OTHERS RM	TOTAL RM
<b>Deferred Tax Assets of the Group:</b>			
At 1 April 2012	(4,170,065)	(393,006)	(4,563,071)
Recognised in profit or loss	(5,952,852)	(3,200)	(5,956,052)
At 31 March 2013	(10,122,917)	(396,206)	(10,519,123)
Recognised in profit or loss	2,348,706	(667,750)	1,680,956
At 31 March 2014	<b>(7,774,211)</b>	<b>(1,063,956)</b>	<b>(8,838,167)</b>

	UNUTILISED TAX LOSSES AND UNABSORBED CAPITAL ALLOWANCES RM	OTHERS RM	TOTAL RM
<b>Deferred Tax Assets of the Company:</b>			
At 1 April 2012	-	-	-
Recognised in profit or loss	(3,240,945)	(1,853)	(3,242,798)
At 31 March 2013	(3,240,945)	(1,853)	(3,242,798)
Recognised in profit or loss	1,954,641	8,110	1,962,751
At 31 March 2014	<b>(1,286,304)</b>	<b>6,257</b>	<b>(1,280,047)</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 6. DEFERRED TAXATION (cont'd)

Deferred tax assets not recognised are in respect of the following items:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Unused tax losses	707,764	317,291	-	-
Unabsorbed capital allowances	54,820	22,105	-	-
	<b>762,584</b>	<b>339,396</b>	<b>-</b>	<b>-</b>

The unused tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of unused tax losses and unabsorbed capital allowances as it is not probable that future taxable profit will be available against which they can be utilised based on the current plan of the respective companies.

## 7. BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>At cost:</b>				
Layer breeders	764,852	893,467	-	-
Broiler breeders	4,128,872	4,180,026	-	-
Layers	20,653,617	20,331,724	10,454,225	11,943,907
	<b>25,547,341</b>	<b>25,405,217</b>	<b>10,454,225</b>	<b>11,943,907</b>

## 8. INVENTORIES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>At cost:</b>				
Livestocks	6,853,137	6,055,464	-	-
Eggs	3,078,869	2,646,022	1,828,282	1,087,422
Raw materials	13,697,851	10,305,492	4,644,646	3,668,487
Organic fertilisers	841,184	688,368	-	-
Processed and frozen products	10,162,521	9,985,806	-	-
Retail merchandise	20,712,849	19,401,829	-	-
Trading items	891,668	1,142,900	-	-
Consumables and packing materials	5,291,706	5,607,062	2,029,579	2,680,447
	<b>61,529,785</b>	<b>55,832,943</b>	<b>8,502,507</b>	<b>7,436,356</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

(CONT'D)

## 9. TRADE RECEIVABLES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables				
Third parties	<b>64,498,679</b>	54,872,597	<b>11,054,951</b>	11,276,107
Allowance for impairment losses	<b>(5,796,504)</b>	(5,568,633)	-	(723,661)
	<b>58,702,175</b>	49,303,964	<b>11,054,951</b>	10,552,446

The Group's normal credit term for trade receivables ranges from 45 days to 75 days after the month of invoicing (2013: 45 days to 75 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

### Ageing analysis of trade receivables

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Neither past due or impaired	<b>56,550,927</b>	45,513,460	<b>10,641,026</b>	10,065,166
Up to 90 days past due not impaired	<b>809,417</b>	766,708	<b>50,850</b>	18,280
More than 90 days past due not impaired	<b>1,341,831</b>	3,023,796	<b>363,075</b>	469,000
	<b>2,151,248</b>	3,790,504	<b>413,925</b>	487,280
Impaired	<b>5,796,504</b>	5,568,633	-	723,661
	<b>64,498,679</b>	54,872,597	<b>11,054,951</b>	11,276,107

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group and the Company have trade receivables amounting to RM2,151,248 (2013: RM3,790,504) and RM413,925 (2013: RM487,280) respectively that are past due at the reporting date but not impaired. The analysis of secured and unsecured past due but not impaired trade receivables are as follows;

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Secured past due but not impaired trade receivables	<b>827,255</b>	832,276	<b>413,925</b>	487,280
Unsecured past due but not impaired trade receivables	<b>1,323,993</b>	2,958,228	-	-
	<b>2,151,248</b>	3,790,504	<b>413,925</b>	487,280



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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## 9. TRADE RECEIVABLES (cont'd)

The movement in the allowance for impairment losses on trade receivables during the financial year were:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 April 2013	5,568,633	4,352,919	723,661	723,661
Charge for the financial year	1,354,268	1,845,813	-	-
Reversal of impairment losses	(1,126,397)	(630,099)	(723,661)	-
At 31 March 2014	<u>5,796,504</u>	<u>5,568,633</u>	<u>-</u>	<u>723,661</u>

## 10. OTHER RECEIVABLES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables				
Prepayments	2,267,871	2,048,580	885,217	1,008,848
Sundry receivables	1,238,580	5,875,385	53,933	116,285
Deposits	5,266,756	4,509,590	180,861	180,911
Tax recoverable	924,833	1,599,933	151,131	602,067
	<u>9,698,040</u>	<u>14,033,488</u>	<u>1,271,142</u>	<u>1,908,111</u>

Included in sundry receivables is an amount of RM280,943 (2013: RM400,943) due from a corporate shareholder. The amount which arose mainly from advance and payment made on behalf is unsecured, non-interest bearing and repayable in cash on demand.

## 11. DUE FROM SUBSIDIARY COMPANIES

	COMPANY	
	2014 RM	2013 RM
Subsidiary companies		
Trade	15,269,184	13,965,177
Non-trade	51,320,867	49,981,935
	<u>66,590,051</u>	<u>63,947,112</u>

The amounts due from subsidiary companies are unsecured, interest-free and are repayable in cash on demand, except for trade transactions which are subject to normal trade credit terms.

Amount due from subsidiary companies amounting to RM12.8 million (2013: RM12.8 million) are subordinated to financial institutions as securities for credit facilities granted to certain subsidiary companies as disclosed in Note 16.

# NOTES TO THE FINANCIAL STATEMENTS

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## 12. SHORT TERM INVESTMENT

The amount represents investment in short-term fixed income unit trust fund which provides a stream of monthly income by investing in money market and fixed income instruments. Interest received from the investment is exempted from tax.

Short term investment is highly liquid which have an insignificant risk of changes in value which attracts a weighted average effective interest rate at the balance sheet date of 2.80% (2013: 3.16%).

## 13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash on hand and at banks	4,280,698	6,218,630	425,788	358,379
Deposits with licensed bank	437,733	651,925	-	-
Cash and bank balances	<u>4,718,431</u>	6,870,555	<u>425,788</u>	358,379
Short term investment (Note 12)	3,420,057	5,623,020	3,397,516	5,601,135
Less: Bank overdrafts (Note 16)	<u>(19,666,113)</u>	(17,219,567)	<u>(6,454,582)</u>	(6,610,322)
	<u>(11,527,625)</u>	(4,725,992)	<u>(2,631,278)</u>	(650,808)
Deposits pledged to licensed bank	<u>(437,733)</u>	(651,925)	-	-
Cash and cash equivalents	<u>(11,965,358)</u>	(5,377,917)	<u>(2,631,278)</u>	(650,808)

The deposits with licensed bank of the Group amounting to RM437,733 (2013: RM651,925) have been pledged to licensed bank for banking facilities used by certain subsidiary companies. This balance of the deposits as at balance sheet date has a weighted average effective interest rate of 3.15% (2013: 3.10%).

The deposits with licensed bank as at the end of the financial year have a maturity of 365 days (2013: 365 days).

## 14. SHARE CAPITAL

	GROUP AND COMPANY NUMBER OF ORDINARY SHARES OF RM1.00 EACH	
	2014 RM	2013 RM
<b>Authorised share capital</b>		
At 1 April / 31 March	<u>100,000,000</u>	100,000,000
<b>Issued and fully paid</b>		
At 1 April	49,780,000	49,678,000
Issued during the financial year		
- Issued for cash		
- Pursuant to ESOS	-	102,000
At 31 March	<u>49,780,000</u>	49,780,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

# NOTES TO THE FINANCIAL STATEMENTS

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## 14. SHARE CAPITAL (cont'd)

### Salient features of the Executive Share Options Scheme ("ESOS")

The Company's ESOS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 28 September 2005. The ESOS was implemented on 23 November 2005 and is to be in force for a period of 5 years from the date of implementation. On 11 October 2010, the Directors approve the extension of the ESOS for a further 5 years to 10 November 2015.

The salient features of the ESOS are as follows:

- (a) the maximum number of new ordinary shares which may be available under the ESOS shall not exceed in aggregate fifteen percent (15%) of the total issued and paid-up share capital of the Company at the point of granting of the Option and subject always to the following:
  - (i) the number of new ordinary shares allocated, in aggregate, to the Directors and senior management of the Group must not exceed fifty percent (50%) of the new ordinary shares available under the scheme; and
  - (ii) the number of new ordinary shares allotted to any individual Eligible Executive must not exceed ten percent (10%) of the aggregate shares available under the scheme where the Eligible Executive, either singly or collectively through persons connected with the Eligible Executive, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.
- (b) the ESOS shall be in force for a period of five (5) years, unless terminated earlier or extended in accordance with the terms of By-Laws of the ESOS.
- (c) the subscription price shall be the higher of the following:
  - (i) the weighted average market price (WAMP) of the shares for the five (5) market days immediately preceding the offer date, with a discount of not more than ten percent (10%) at the Option Committee's discretion; or
  - (ii) the par value of the shares.
- (d) the new ordinary shares to be issued and allotted upon the exercise of any option will upon issue and ordinary allotment rank pari passu in all respects with the existing issued ordinary shares of the Company except that the new ordinary shares will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment.

Information with respect to the number of options granted under ESOS is as follows:

GRANT DATE	EXERCISE PRICE RM	AT 1 APRIL 2013	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM1.00 EACH DURING			AT 31 MARCH 2014
			GRANTED	EXERCISED	LAPSED	
23 Nov 2005	1.00	1,070,000	-	-	-	1,070,000

\* The share options were granted on 23 November 2005 and will expire on 10 November 2015.

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. RETAINED EARNINGS

The Company is currently under the single tier income tax system in accordance with the requirements of the Finance Act 2007. Under the system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders.

## 16. BORROWINGS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>CURRENT</b>				
Secured:				
Bank overdrafts	13,211,531	10,609,245	-	-
Bankers' acceptances	37,307,000	35,567,000	-	-
Term loans	5,820,985	1,484,089	881,710	833,722
Finance lease liabilities (Note 20)	6,317,384	5,104,669	1,833,245	1,559,875
	<b>62,656,900</b>	<b>52,765,003</b>	<b>2,714,955</b>	<b>2,393,597</b>
Unsecured :				
Bank overdrafts	6,454,582	6,610,322	6,454,582	6,610,322
Bankers' acceptances	42,629,000	46,571,000	42,629,000	46,571,000
Term loans	1,400,665	1,304,939	1,400,665	1,304,939
Revolving credit	6,000,000	2,000,000	6,000,000	2,000,000
	<b>56,484,247</b>	<b>56,486,261</b>	<b>56,484,247</b>	<b>56,486,261</b>
	<b>119,141,147</b>	<b>109,251,264</b>	<b>59,199,202</b>	<b>58,879,858</b>
<b>NON-CURRENT</b>				
Secured:				
Term loans	25,086,807	19,317,182	3,661,967	4,566,373
Finance lease liabilities (Note 20)	14,476,806	9,460,281	2,848,482	2,588,361
	<b>39,563,613</b>	<b>28,777,463</b>	<b>6,510,449</b>	<b>7,154,734</b>
Unsecured :				
Term loans	2,986,022	4,386,687	2,986,022	4,386,687
	<b>42,549,635</b>	<b>33,164,150</b>	<b>9,496,471</b>	<b>11,541,421</b>
<b>TOTAL BORROWINGS</b>				
	2014	2013	2014	2013
	RM	RM	RM	RM
Bank overdrafts (Note 13)	19,666,113	17,219,567	6,454,582	6,610,322
Bankers' acceptances	79,936,000	82,138,000	42,629,000	46,571,000
Term loans	35,294,479	26,492,897	8,930,364	11,091,721
Revolving credit	6,000,000	2,000,000	6,000,000	2,000,000
Finance lease liabilities (Note 20)	20,794,190	14,564,950	4,681,727	4,148,236
	<b>161,690,782</b>	<b>142,415,414</b>	<b>68,695,673</b>	<b>70,421,279</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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## 16. BORROWINGS (cont'd)

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Maturity of borrowings (excluding finance lease liabilities):</b>				
Within one year	<b>112,823,763</b>	104,146,595	<b>57,365,957</b>	57,319,983
More than 1 year and less than 2 years	<b>7,438,033</b>	4,295,572	<b>2,447,228</b>	2,282,351
More than 2 years and less than 5 years	<b>14,218,491</b>	9,347,804	<b>3,513,710</b>	4,904,353
5 years or more	<b>6,416,305</b>	10,060,493	<b>687,051</b>	1,766,357
	<b>140,896,592</b>	127,850,464	<b>64,013,946</b>	66,273,044

The weighted average effective interest rate at the balance sheet date for borrowings, excluding finance lease liabilities, were as follows:

	GROUP		COMPANY	
	2014 %	2013 %	2014 %	2013 %
Bank overdrafts	<b>7.69</b>	7.80	<b>7.64</b>	7.61
Bankers' acceptances	<b>4.43</b>	4.39	<b>4.40</b>	4.32
Term loans	<b>6.98</b>	6.51	<b>6.35</b>	6.32
Revolving credit	<b>4.97</b>	4.88	<b>4.97</b>	4.88

The credit facilities of the Company are secured by way of negative pledge on the assets of the Company.

The credit facilities of the subsidiary companies are secured by way of corporate guarantees from the Company and a corporate shareholder, fixed charges on certain landed properties as disclosed in Note 3, deposits as disclosed in Note 13, and amount due from subsidiary companies of RM12.8 million (2013: RM12.8 million) as disclosed in Note 11.

## 17. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 days to 90 days (2013: 30 days to 90 days).

## 18. OTHER PAYABLES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables				
Accruals	<b>10,822,019</b>	8,869,101	<b>3,126,018</b>	2,505,664
Sundry payables	<b>12,937,060</b>	10,892,272	<b>2,202,294</b>	454,102
	<b>23,759,079</b>	19,761,373	<b>5,328,312</b>	2,959,766

Included in sundry payables is an amount of RM128,018 (2013: RM128,018) due to a corporate shareholder. The amount which arose mainly from advance and payment made on behalf is unsecured, non-interest bearing and repayable in cash on demand.

# NOTES TO THE FINANCIAL STATEMENTS

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## 19. DUE FROM SUBSIDIARY COMPANIES

	COMPANY	
	2014 RM	2013 RM
Subsidiary companies		
Trade	2,124,281	1,070,774
Non-trade	794,579	1,441,785
	2,918,860	2,512,559

The amounts due from subsidiary companies are unsecured, interest-free and are repayable in cash on demand, except for trade transactions which are subject to normal trade credit terms.

## 20. FINANCE LEASE LIABILITIES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Future minimum lease payments</b>				
Not later than 1 year	7,468,471	5,901,834	2,071,574	1,779,527
Later than 1 year and not later than 2 years	6,290,141	4,493,082	1,381,828	1,537,036
Later than 2 years and not later than 5 years	9,538,733	5,783,516	1,716,423	1,197,739
	23,297,345	16,178,432	5,169,825	4,514,302
Less: Future finance charges	(2,503,155)	(1,613,482)	(488,098)	(366,066)
Present value of finance leases (Note 16)	20,794,190	14,564,950	4,681,727	4,148,236
<b>Analysis of present value of finance lease liabilities:</b>				
Not later than 1 year	6,317,384	5,104,669	1,833,245	1,559,875
Later than 1 year and not later than 2 years	5,487,914	4,017,072	1,244,381	1,424,797
Later than 2 years and not later than 5 years	8,988,892	5,443,209	1,604,101	1,163,564
	20,794,190	14,564,950	4,681,727	4,148,236
<b>Analysed as:</b>				
Amount due within 12 months (Note 16)	6,317,384	5,104,669	1,833,245	1,559,875
Amount due after 12 months (Note 16)	14,476,806	9,460,281	2,848,482	2,588,361
	20,794,190	14,564,950	4,681,727	4,148,236

Other information on financial risks of finance lease liabilities are disclosed as follows:

	TYPE	2014 %	2013 %	MATURITY
<b>Group</b>				
Finance lease liabilities	Fixed	5.22 - 6.52	4.55 - 8.54	2014 to 2018
<b>Company</b>				
Finance lease liabilities	Fixed	4.55 - 7.42	4.55 - 7.68	2014 to 2018

# NOTES TO THE FINANCIAL STATEMENTS

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## 21. REVENUE

Revenue of the Group and of the Company consists of the following:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Eggs	<b>139,724,743</b>	129,613,209	<b>148,262,682</b>	145,465,392
Livestocks	<b>24,174,771</b>	24,488,020	<b>5,345,216</b>	5,203,685
Ready feed	<b>1,398,373</b>	66,209	<b>94,710,730</b>	92,118,107
Processed and frozen products	<b>240,144,363</b>	208,227,748	-	1,498
Trading	<b>23,053,270</b>	23,004,078	-	-
Others	<b>20,294,531</b>	15,308,863	<b>3,231,411</b>	1,634,864
Retail supermarket	<b>130,433,220</b>	120,320,066	-	-
	<b>579,223,271</b>	521,028,193	<b>251,550,039</b>	244,423,546

## 22. OTHER OPERATING INCOME

Included in other operating income of the Group and of the Company are the following:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Gain on disposal of property, plant and equipment	<b>93,899</b>	193,457	-	70,959
Rental income:				
- Others	<b>882,502</b>	935,124	-	-
Dividend from unquoted investments (gross)	<b>793</b>	370	<b>571</b>	8,250,655
Interest income	<b>33,853</b>	34,605	-	-
Insurance claim	<b>69,177</b>	392,575	<b>16,882</b>	304,288
Reversal of other investment	<b>81,000</b>	-	-	-
Management fees from subsidiary companies	-	-	<b>876,000</b>	1,056,000
Reversal of impairment losses on trade receivables	-	-	<b>723,661</b>	-
Gain on disposal of unquoted investment	<b>10,710</b>	124,751	<b>10,710</b>	109,158
Gain on foreign exchange:				
- Realised	<b>286,964</b>	1,940	<b>28,295</b>	-
- Unrealised	<b>64,162</b>	70,103	<b>25,028</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 23. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is arrived at after charging :

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors' fees:				
- Current year	208,000	170,000	176,000	170,000
- Underprovision in prior years	6,000	30,000	6,000	30,000
Statutory audits:				
- Current year	94,500	83,233	23,000	20,000
- Underprovision in prior years	17,700	-	3,000	-
- Other services	6,000	5,000	6,000	5,000
Amortisation of intangible assets	27,781	20,454	-	-
Depreciation of property, plant and equipment	20,566,226	18,196,082	5,861,158	5,718,997
Property, plant and equipment written off	202,444	237,845	178,032	199,694
Loss on disposal of property, plant and equipment	580,725	-	568,247	-
Hire of plant and machinery	310,011	681,567	42,731	363,265
Loss on foreign exchange:				
- Realised	2,020	75,037	-	13,560
- Unrealised	-	7,496	-	7,412
Impairment losses on trade receivables	227,871	1,215,714	-	-
Bad debts written off	27,050	124,965	23,661	18,892
Inventories written off	1,036,049	-	932,687	-
Rental expenses:				
- Third parties	6,147,882	6,341,443	647,524	599,124
- A subsidiary	-	-	30,000	30,000
Goodwill and other investment written off	72,800	1,161,000	-	1,061,000

## 24. FINANCE COSTS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expenses on:				
- Bank borrowings	6,816,744	4,966,604	3,004,247	3,013,067
- Finance lease liabilities	1,253,349	951,426	281,684	313,238
- Others	46,472	38,713	35,608	3,945
	<b>8,116,565</b>	5,956,743	<b>3,321,539</b>	3,330,250



# NOTES TO THE FINANCIAL STATEMENTS

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## 25. TAX EXPENSES/(INCOME)

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Tax expenses for the financial year	<b>329,213</b>	337,007	-	-
Under provision in prior years	<b>109,098</b>	46,103	-	31,016
	<b>438,311</b>	383,110	-	31,016
Deferred tax (Note 6):				
Relating to origination and reversal of deferred tax	<b>2,638,092</b>	(5,816,293)	<b>1,094,787</b>	(3,903,050)
Derecognition of deferred tax asset	<b>309,486</b>	339,396	-	-
Effect of changes in tax rates on opening balance of deferred tax	-	94,460	-	-
(Over)/Under provision of tax in prior year	<b>(189,957)</b>	1,067,219	<b>291,321</b>	58,254
	<b>2,757,621</b>	(4,315,218)	<b>1,386,108</b>	(3,844,796)
	<b>3,195,932</b>	(3,932,108)	<b>1,386,108</b>	(3,813,780)

A reconciliation of income tax expense/(income) applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense/(income) at the effective income tax rate of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) before tax	<b>10,382,374</b>	(23,005,602)	<b>3,395,958</b>	(8,319,345)
Tax at statutory tax rate of 25% (2013 : 25%)	<b>2,595,594</b>	(5,751,401)	<b>848,989</b>	(2,079,836)
Income not subject to tax	-	-	-	(2,089,953)
Effect of changes in tax rates on opening balance of deferred tax	-	94,460	-	-
Expenses not deductible for tax purposes	<b>892,714</b>	521,637	<b>245,798</b>	266,739
Under/(Over) provision in prior years :				
- Income tax	<b>109,098</b>	46,103	-	31,016
- Deferred tax	<b>(189,957)</b>	1,067,219	<b>291,321</b>	58,254
Derecognition of deferred tax asset	<b>345,563</b>	339,396	-	-
Derecognition of deferred tax in prior year	<b>77,626</b>	-	-	-
Utilisation of previously unrecognised deferred tax asset	<b>(666,323)</b>	(249,522)	-	-
Effect of change in tax rate	<b>31,617</b>	-	-	-
Tax expense/(income) for the financial year	<b>3,195,932</b>	(3,932,108)	<b>1,386,108</b>	(3,813,780)

# NOTES TO THE FINANCIAL STATEMENTS

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## 26. EARNINGS /(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares assuming full conversion of outstanding ESOS.

	GROUP	
	2014 RM	2013 RM
Profit/(Loss) attributable to ordinary equity holders of the Company	<u>7,158,450</u>	<u>(17,792,651)</u>
Weighted average number of ordinary shares in issue (basic)	49,780,000	49,773,555
Effect of conversion of outstanding ESOS	806,963	732,904
Weighted average number of ordinary shares in issue (diluted)	<u>50,586,963</u>	<u>50,506,459</u>
Basic earnings/(loss) per share (sen)	<u>14.38</u>	<u>(35.75)</u>
Diluted earnings/(loss) per share (sen)	<u>14.15</u>	<u>(35.23)</u>

The average market value of the Company's shares for the purpose of calculating the dilutive effects of the ESOS was based on quoted market prices during which the options were outstanding.

## 27. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries, wages and bonus	37,858,661	32,577,961	8,603,656	8,742,382
Defined contribution plans	3,742,366	3,263,907	977,077	1,009,373
Other employee benefits	9,933,740	10,527,664	2,688,907	3,098,638
	<u>51,534,767</u>	<u>46,369,532</u>	<u>12,269,640</u>	<u>12,850,393</u>

Included in employee benefits expense are Directors' remuneration (excluding Directors' fees and benefits-in-kind) as follows (further disclosed in Note 28):

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors' remuneration	<u>1,544,620</u>	<u>1,142,400</u>	<u>1,544,620</u>	<u>1,142,400</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 28. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	1,544,620	1,142,400	1,544,620	1,142,400
Fees	64,000	52,000	48,000	52,000
Benefits-in-kind	35,400	41,325	35,400	41,325
	<b>1,644,020</b>	<b>1,235,725</b>	<b>1,628,020</b>	<b>1,235,725</b>
Non-executive:				
Fees	136,000	118,000	128,000	118,000
Other emoluments	78,000	71,500	78,000	71,500
	<b>214,000</b>	<b>189,500</b>	<b>206,000</b>	<b>189,500</b>
<b>Other Directors</b>				
Fees	8,000	-	-	-
<b>Total</b>	<b>1,866,020</b>	<b>1,425,225</b>	<b>1,834,020</b>	<b>1,425,225</b>

### Analysis of Directors' remuneration excluding benefits-in-kind:

Executive Directors	1,608,620	1,194,400	1,592,620	1,194,400
Non-executive Directors	222,000	189,500	206,000	189,500
<b>Total</b>	<b>1,830,620</b>	<b>1,383,900</b>	<b>1,798,620</b>	<b>1,383,900</b>

The number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	NUMBER OF DIRECTORS	
	2014	2013
<b>Executive Directors:</b>		
RM700,001 – RM800,000	1	-
RM600,001 – RM700,000	-	1
RM400,001 – RM500,000	-	-
RM300,001 – RM400,000	1	1
RM200,001 – RM300,000	2	-
<b>Non-Executive Directors:</b>		
RM50,001 - RM110,000	1	1
RM1 to RM50,000	5	4

# NOTES TO THE FINANCIAL STATEMENTS

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## 29. OPERATING LEASE ARRANGEMENTS

The lease commitment as at balance sheet date is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Future minimum rentals payments:				
Not later than 1 year	7,225,504	5,291,976	631,124	499,624
Later than 1 year and not later than 5 years	14,615,398	8,840,723	534,894	126,218
Later than 5 years	1,463,221	1,044,800	92,259	-
	<b>23,304,123</b>	15,177,499	<b>1,258,277</b>	625,842

## 30. CAPITAL COMMITMENTS

The Group and the Company have the following commitments:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Approved and contracted for				
- Property, plant and equipment	6,857,000	18,371,000	282,000	460,000
Approved but not contracted for				
- Property, plant and equipment	-	4,238,000	-	-

## 31. CONTINGENT LIABILITIES

UNSECURED	COMPANY	
	2014 RM	2013 RM
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiary companies	<b>89,045,542</b>	68,193,602

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. SEGMENT INFORMATION

### Group

The primary reporting format is based on business segments.

The Group is organised into two major business segments, namely:

- i) Integrated livestock farming, and
- ii) Retail supermarket

No segment information by geographic area is presented as the Group operates predominantly in Malaysia

2014	INTEGRATED LIVESTOCK FARMING	RETAIL SUPERMARKET	ELIMINATION	CONSOLIDATED
<b>Revenue</b>				
External sales	448,790,051	130,433,220	-	579,223,271
Inter-segment sales	17,928,387	-	(17,928,387)	-
	<u>466,718,438</u>	<u>130,433,220</u>	<u>(17,928,387)</u>	<u>579,223,271</u>
<b>Results</b>				
Profit from operations	17,560,080	938,859	-	18,498,939
Finance costs				(8,116,565)
				<u>10,382,374</u>
Tax expense				(3,195,932)
Profit for the financial year				<u>7,186,442</u>
<b>Other information</b>				
Total segment assets	363,030,095	45,554,569	-	408,584,664
Unallocated corporate assets				10,969,660
Total assets				<u>419,554,324</u>
Total segment liabilities	225,926,055	42,379,167	-	268,305,222
Unallocated corporate liabilities				8,930,364
Total liabilities				<u>277,235,586</u>
Depreciation and amortisation	18,925,849	1,668,158	-	20,594,007
Capital expenditure	39,789,412	2,977,544	-	42,766,956
Non-cash expenses other than depreciation and amortisation	277,086	-	-	277,086

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. SEGMENT INFORMATION (cont'd)

2013	INTEGRATED LIVESTOCK FARMING	RETAIL SUPERMARKET	ELIMINATION	CONSOLIDATED
<b>Revenue</b>				
External sales	400,708,127	120,320,066	-	521,028,193
Inter-segment sales	13,645,399	-	(13,645,399)	-
	<u>414,353,526</u>	<u>120,320,066</u>	<u>(13,645,399)</u>	<u>521,028,193</u>
<b>Results</b>				
(Loss)/Profit from operations	(17,762,626)	713,767	-	(17,048,859)
Finance costs				(5,956,743)
				<u>(23,005,602)</u>
Tax income				3,932,108
Loss for the financial year				<u>(19,073,494)</u>
<b>Other information</b>				
Total segment assets	338,932,956	43,394,469	-	382,327,425
Unallocated corporate assets				11,115,534
Total assets				<u>393,442,959</u>
Total segment liabilities	206,947,589	40,917,486	-	247,865,075
Unallocated corporate liabilities				11,091,720
Total liabilities				<u>258,956,795</u>
Depreciation and amortisation	16,671,814	1,544,722	-	18,216,536
Capital expenditure	39,765,405	3,004,348	-	42,769,753
Non-cash expenses other than depreciation and amortisation	1,285,220	-	-	1,285,220

# NOTES TO THE FINANCIAL STATEMENTS

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## 33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	COMPANY	
	2014	2013
	RM	RM
Purchases from subsidiary companies:		
- Innofarm (Klang) Sdn Bhd	<b>12,484,943</b>	14,603,543
- Hing Hong Sdn Berhad	<b>36,316,874</b>	35,668,793
Sales to subsidiary companies:		
- Innofarm (Klang) Sdn Bhd	<b>11,590,519</b>	12,294,597
- Innobrid Sdn Bhd	<b>28,432,441</b>	31,106,474
- Evergreen Organic Fertilisers Sdn Berhad	<b>1,027,200</b>	1,130,000
- Eminent Farm Sdn Bhd	<b>28,054,463</b>	21,116,964
- Hing Hong Sdn Berhad	<b>29,597,265</b>	29,628,148
- Lay Hong Liquid Egg Sdn Bhd	<b>12,047,708</b>	12,089,148
- Lay Hong Food Corporation Sdn Bhd	<b>1,627,054</b>	2,036,065
- STF Agriculture Sdn Bhd	<b>564,997</b>	50,297
- JT Trading Sdn Bhd	<b>11,708,085</b>	11,563,339
Management fees receivable from subsidiary companies :		
- Innofarm (Klang) Sdn Bhd	<b>120,000</b>	120,000
- Evergreen Organic Fertilisers Sdn Berhad	<b>36,000</b>	36,000
- Hing Hong Sdn Berhad	<b>180,000</b>	180,000
- Eminent Farm Sdn Bhd	<b>180,000</b>	180,000
- Lay Hong Food Corporation Sdn Bhd	<b>180,000</b>	360,000
- STF Agriculture Sdn Bhd	<b>180,000</b>	180,000
Corporate guarantee fees receivable from subsidiary companies :		
- STF Agriculture Sdn Bhd	<b>752,960</b>	294,000
- ST Food Sdn Bhd	<b>160,240</b>	160,240
Rental expenses payable to a subsidiary company		
- Hing Hong Sdn Berhad	<b>30,000</b>	30,000

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 March 2014/2013 are disclosed in Note 11 and Note 19.

### (a) Compensation of key management personnel

The members of key management are also the Directors of the Company. Directors remuneration is disclosed in Note 28.

# NOTES TO THE FINANCIAL STATEMENTS

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## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, foreign currency risk, liquidity risk, credit risk and market risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions. The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

### (a) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long-term interest-bearing assets as at 31 March 2014. The investments in financial assets, if any are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on effective interest rates of financial assets and financial liabilities are disclosed in their respective notes.

### Interest rate sensitivity analysis

The Group's exposure to interest rates on financial liabilities are detailed below. The sensitivity analysis below have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rates liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year.

The table below demonstrates the sensitivity to a reasonably possible change in interest rate with all other variables held constant, of the Group's and the Company's profit or loss net of tax. The assumed movement in basis points for interest rate sensitivity analysis is based on currently observable market environment.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's and company profit or loss for the year ended 31 March 2014 and 2013 would increase/decrease as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>EFFECTS ON PROFIT/(LOSS) AFTER TAXATION</b>	Increase / (Decrease)	Increase / (Decrease)	Increase / (Decrease)	Increase / (Decrease)
(i) 10 basis points higher				
Bank overdrafts	(5,974)	2,730	(1,831)	1,748
Bankers' acceptance	(176,204)	49,776	(209,598)	82,050
Revolving credit	(338)	48	(1,209)	203
Term loans	(83,332)	5,982	(20,650)	13,569
(ii) 10 basis points lower				
Bank overdrafts	5,974	(2,730)	1,831	(1,748)
Bankers' acceptance	176,204	(49,776)	209,598	(82,050)
Revolving credit	338	(48)	1,209	(203)
Term loans	83,332	(5,982)	20,650	(13,569)



# NOTES TO THE FINANCIAL STATEMENTS

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## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

### (b) Foreign exchange risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Euro, United States Dollars (USD), Singapore Dollars (SGD) and Brunei Dollars (BRD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptance level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

NET FINANCIAL ASSETS/(LIABILITIES) HELD IN NON-FUNCTIONAL CURRENCIES	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Euro	280,125	1,089,457	143,703	137,885
United States Dollars	707,201	1,662,542	343,988	1,005,487
Singapore Dollars	1,401,584	1,689,254	1,330,729	1,694,551
Brunei Dollars	815,965	815,965	-	-
Total	3,204,875	5,257,218	1,818,420	2,837,923

The Group and the Company are mainly exposed to the foreign currency of United States Dollar, Singapore Dollar, Brunei Dollar and Euro Dollar.

The following table details the sensitivity of the Group's and the Company's profit or loss after tax to a 5% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies, with all other variables held constant.

EFFECTS ON PROFIT/(LOSS) AFTER TAXATION	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
	Increase / (Decrease)	Increase / (Decrease)	Increase / (Decrease)	Increase / (Decrease)
Euro/RM - strengthened 5% (2013 :5%)	14,006	(54,473)	7,185	(6,894)
- weakened 5% (2013 :5%)	(14,006)	54,473	(7,185)	6,894
USD/RM - strengthened 5% (2013 :5%)	35,360	(81,719)	25,134	(50,274)
- weakened 5% (2013 :5%)	(35,360)	81,719	(25,134)	50,274
SGD/RM - strengthened 5% (2013 :5%)	76,412	(84,727)	66,536	(84,727)
- weakened 5% (2013 :5%)	(76,412)	84,727	(66,536)	84,727
BRD/RM - strengthened 5% (2013 :5%)	40,798	(40,798)	-	-
- weakened 5% (2013 :5%)	(40,798)	40,798	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

### (c) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital market and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group and of the Company's liabilities at the reporting date based on undiscounted contractual repayment obligations.

	CARRYING AMOUNT RM	CONTRACTUAL CASH FLOW RM	WITHIN ONE YEAR RM	FROM TWO TO FIVE YEARS RM	MORE THAN 5 YEARS RM
<b>Group</b>					
<b>2014</b>					
<b>Financial liabilities :</b>					
Trade payables	64,862,110	64,862,110	64,862,110	-	-
Other payables	23,759,079	12,637,652	12,637,652	-	-
Bank overdrafts	19,666,113	19,666,113	19,666,113	-	-
Banker's acceptances	79,936,000	79,936,000	79,936,000	-	-
Finance lease liabilities	20,794,190	23,340,434	7,561,785	15,778,649	-
Term loans	35,294,479	42,249,138	9,253,533	29,092,379	3,903,227
Revolving credit	6,000,000	6,000,000	6,000,000	-	-
Total undiscounted financial liabilities	<u>250,311,971</u>	<u>248,691,447</u>	<u>199,917,193</u>	<u>44,871,028</u>	<u>3,903,227</u>
<b>2013</b>					
<b>Financial liabilities :</b>					
Trade payables	71,012,111	71,012,111	71,012,111	-	-
Other payables	19,761,373	10,727,257	10,727,257	-	-
Bank overdrafts	17,219,567	17,219,567	17,219,567	-	-
Banker's acceptances	82,138,000	82,138,000	82,138,000	-	-
Finance lease liabilities	14,564,950	16,178,431	5,935,111	10,243,320	-
Term loan	26,492,897	32,737,972	4,438,352	20,441,066	7,858,555
Revolving credit	2,000,000	2,000,000	2,000,000	-	-
Total undiscounted financial liabilities	<u>233,188,898</u>	<u>232,013,338</u>	<u>193,470,398</u>	<u>30,684,386</u>	<u>7,858,555</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

### (c) Liquidity risks (cont'd)

Company	CARRYING CONTRACTUAL		WITHIN	FROM TWO TO	MORE THAN
2014	AMOUNT	CASH FLOW	ONE YEAR	FIVE YEARS	5 YEARS
	RM	RM	RM	RM	RM
<b>Financial liabilities :</b>					
Trade payables	25,794,476	25,794,476	25,794,476	-	-
Other payables	5,328,312	2,202,294	2,202,294	-	-
Due to subsidiary companies	2,918,860	1,070,774	1,070,774	-	-
Bank overdrafts	6,454,582	6,454,582	6,454,582	-	-
Banker's acceptances	42,629,000	42,629,000	42,629,000	-	-
Finance lease liabilities	4,681,727	5,203,712	2,081,764	3,121,948	-
Term loans	8,930,364	10,079,110	2,783,688	7,242,883	52,539
Revolving credit	6,000,000	6,000,000	6,000,000	-	-
Total undiscounted financial liabilities	<b>102,737,321</b>	<b>99,433,948</b>	<b>89,016,578</b>	<b>10,364,831</b>	<b>52,539</b>
<b>2013</b>					
<b>Financial liabilities :</b>					
Trade payables	31,278,445	31,278,445	31,278,445	-	-
Other payables	2,959,766	454,102	454,102	-	-
Due to subsidiary companies	2,512,559	1,070,774	1,070,774	-	-
Bank overdrafts	6,610,322	6,610,322	6,610,322	-	-
Banker's acceptances	46,571,000	46,571,000	46,571,000	-	-
Finance lease liabilities	4,148,236	4,514,301	1,779,526	2,734,775	-
Term loans	11,091,721	12,863,256	2,783,688	9,336,761	742,806
Revolving credit	2,000,000	2,000,000	2,000,000	-	-
Total undiscounted financial liabilities	<b>107,172,049</b>	<b>105,362,200</b>	<b>92,547,857</b>	<b>12,071,536</b>	<b>742,806</b>

### (d) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

# NOTES TO THE FINANCIAL STATEMENTS

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## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

### (e) Market risks

Market risk is the risk that changes in market price (other than interest rates) that will affect the Group's financial position and cash flows.

The Group has no significant exposure to other market risk.

## 35. FINANCIAL INSTRUMENTS

### Determination of fair values

#### (a) Financial instruments carried at amortised cost

The aggregate net carrying amounts of financial assets and financial liabilities which are not carried at fair values of the Group and of the Company are represented as follows:

31 MARCH 2014	NOTE	GROUP		COMPANY	
		CARRYING AMOUNT RM	FAIR VALUE RM	CARRYING AMOUNT RM	FAIR VALUE RM
<b>Financial assets</b>					
Quoted shares in Malaysia		1,075	1540 <sup>+</sup>	395	770 <sup>+</sup>
Due from subsidiary companies	11	-	-	66,590,051	*
<b>Financial liabilities</b>					
Due to subsidiary companies	19	-	-	2,918,860	*
Term loans	16	35,294,479	35,397,669	8,930,364	8,998,479
Finance lease liabilities	16	20,794,190	20,776,879	4,681,727	4,680,337
		<u>56,088,669</u>	<u>56,174,548</u>	<u>16,530,951</u>	<u>13,678,816</u>
<b>31 MARCH 2013</b>					
<b>Financial assets</b>					
Quoted shares in Malaysia		1,075	1600 <sup>+</sup>	395	8000 <sup>+</sup>
Due from subsidiary companies	11	-	-	63,947,112	*
<b>Financial liabilities</b>					
Due to subsidiary companies	19	-	-	2,512,559	*
Term loans	16	26,492,897	26,570,134	11,091,721	11,134,755
Finance lease liabilities	16	14,564,950	14,561,033	4,148,236	4,096,265
		<u>41,057,847</u>	<u>41,131,167</u>	<u>17,752,516</u>	<u>15,231,020</u>

<sup>+</sup> Market value as at financial year end

\* It is not practical to estimate the fair values of amounts due from/(to) subsidiary companies due principally to a lack of fixed repayment terms entered into by the parties involved.

No disclosure is made for unquoted shares because of lack of market information and the assumptions used in valuation models to value these investments cannot be reasonably determined.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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## 35. FINANCIAL INSTRUMENTS (cont'd)

### Determination of fair values (cont'd)

#### (a) Financial instruments carried at amortised cost (cont'd)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

##### (i) Cash and cash equivalents, trade and other receivables/payables and short term borrowings.

The carrying amounts of trade receivables and payables subject to normal trade credit terms approximate fair values.

The carrying amounts of cash and cash equivalents, other receivables/payables and short term borrowings approximate fair values due to the relatively short term maturity of these financial instruments.

##### (ii) Marketable securities

The fair value of quoted shares is determined by reference to the stock exchange quoted market bid prices at the close of the business on the balance sheet date.

##### (iii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

#### (b) Financial instruments carried at fair value

The following table shows an analysis of the financial instruments carried at fair value by level of fair value hierarchy:

	LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	TOTAL RM
<b>Group</b>				
<b>As at 31 March 2014</b>				
Financial assets:				
Marketable securities	3,420,057	-	-	3,420,057
<b>Group</b>				
<b>As at 31 March 2013</b>				
Financial assets:				
Marketable securities	5,623,020	-	-	5,623,020
<b>Company</b>				
<b>As at 31 March 2014</b>				
Financial assets:				
Marketable securities	3,397,516	-	-	3,397,516
<b>Company</b>				
<b>As at 31 March 2013</b>				
Financial assets:				
Marketable securities	5,601,135	-	-	5,601,135

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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## 35. FINANCIAL INSTRUMENTS (cont'd)

### Determination of fair values (cont'd)

#### (b) Financial instruments carried at fair value (cont'd)

The fair value measurement hierarchies used to measure financial assets carried at fair value in the statements of financial position as at 31 March 2014 are as follows:

- (i) Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
- (iii) Level 3 : Inputs for the asset or liability that are not based on observable market data (unabsorbed inputs).

The Group and the Company do not have any financial liabilities carried at fair value nor any instruments classified as Level 1, Level 2 and Level 3 as at 31 March 2014.

## 36. CAPITAL MANAGEMENT

The Group's primary objective in managing its capital is to maximise the Group's value by optimising its capital structure and enhancing capital efficiency while maintaining a sufficient level of liquidity. The Group targets a capital structure of an optimal mix of debts and equity in order to achieve an efficient cost of capital while maintaining financial flexibility for its business requirement and investing for future growth. The Group regularly reviews and manage its capital structure in accordance to the changes in economic conditions and its future business plan.

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Total loans and borrowings (Note 16)	<b>161,690,782</b>	142,415,414	<b>68,695,673</b>	70,421,279
Less : Cash and bank balances (Note 13)	<b>(4,280,698)</b>	(6,218,630)	<b>(425,788)</b>	(358,379)
Net debt	<b>157,410,084</b>	136,196,784	<b>68,269,885</b>	70,062,900
Total equity	<b>119,528,243</b>	112,234,358	<b>77,704,272</b>	75,608,751
Debt-to-equity ratio	<b>1.32</b>	1.21	<b>0.88</b>	0.93

The Group did not breach any gearing requirements during the financial years ended 31 March 2014 and 31 March 2013.

No changes were made in the objectives, policies or processes in regards to the Group's management of its capital structure during the year ended 31 March 2014 and 31 March 2013.

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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## 37. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economics benefits will be required or the amount is not capable of reliable measurement.

A subsidiary company is defending an action brought by a transporter. While liability is not admitted, if defence against the action is unsuccessful, then total amount payables could amount to RM2.4 million. Based on legal advise, the claims are highly unsustainable and without merit and without basis. Accordingly, the Directors do not expect the outcome of the action to have a material impact on the Group's financial position.

## 38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified, where necessary, to conform with the current year's presentation as follows:

	GROUP	
	AS RESTATED	AS PREVIOUSLY STATED
	RM	RM
<b>STATEMENTS OF FINANCIAL POSITION</b>		
Long Term Payables	-	1,088,664
Other Payables	19,761,373	18,672,709
<b>STATEMENTS OF CASH FLOWS</b>		
Purchase of property, plant and equipment	(22,139,204)	(36,076,806)
Net repayment and drawdown of term loans	(2,527,540)	11,410,062

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# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2014

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## 39. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2014, into realised and unrealised profits, pursuant to the directive, is as follows:

	GROUP RM	COMPANY RM
Total retained earnings of the Company and its subsidiaries:		
- Realised	90,442,890	25,379,133
- Unrealised	<u>(23,552,457)</u>	<u>(6,517,875)</u>
	66,890,433	18,861,258
Consolidation adjustments	<u>(17,006,527)</u>	-
Retained earnings as per statement of financial position	<u>49,883,906</u>	<u>18,861,258</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010. The disclosure of realised and unrealised profits is solely for complying with the disclosure requirements as stipulated by Bursa Malaysia and should not be applied for any other purpose.



# ANALYSIS OF SHAREHOLDERS

AS AT 05 AUGUST 2014

Authorised Shared Capital : RM 100,000,000  
 Issued & Fully Paid-up Capital : RM 49,780,000  
 Class of Shares : RM1.00 Ordinary Share  
 Voting Rights : One Vote per share

## THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS (as per Record of Depositors)

NAME OF ACCOUNTS HOLDERS	NO. OF SHARE	%
1 Innofarm Sdn Bhd	18,900,000	37.97
2 QL Resources Berhad	13,417,700	26.96
3 Cheng Ying Ying	1,842,809	3.70
4 Targetlink Sdn Bhd	700,000	1.41
5 Yap Hoong Chai	600,000	1.21
6 Lai Kum Sim	548,000	1.10
7 Lim Yoke Sim	539,000	1.08
8 Lim Peck Hong	479,900	0.96
9 Yap Chor How	459,700	0.92
10 Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Lai Kum Sim (PB)	459,000	0.92
11 Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Yeo Boon Leong (Margin)	451,900	0.91
12 Soo Cham Bock	318,700	0.64
13 Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Tian Meng (MQ0112)	300,000	0.60
14 Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Lik Houe (Dealer 023)	261,400	0.53
15 HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Wong Yee Hui	257,900	0.52
16 Ng Chew Kee	256,800	0.52
17 Yap Shor Yee	239,400	0.48
18 Yeap Weng Hong	207,200	0.42
19 Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Ong Tiong Bee	200,000	0.40
20 Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Ooi Chin Hock	199,200	0.40
21 Ban Seng Guan Sdn Bhd	189,600	0.38
22 Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Ching Soon Liang (E-TWU)	168,000	0.34
23 Maybank Nominees (Tempatan) Sdn Bhd Phua Kiap Wite	163,800	0.33
24 Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Ng Tian Meng	161,000	0.32
25 Lau Lai Chee	160,000	0.32
26 Liu Tze Yee	158,800	0.32
27 Lee Fah On	156,800	0.31
28 Yap Sook Chin	150,000	0.30
29 Maybank Nominees (Tempatan) Sdn Bhd Cheong Lay Goh	145,000	0.29
30 Public Nominees (Asing) Sdn Bhd Pledged Securities Account for Hsieh, Chin-Lung (E-TSA/UTM)	144,200	0.29
	<b>42,235,809</b>	<b>84.85</b>

# ANALYSIS OF SHAREHOLDERS

AS AT 05 AUGUST 2014

(CONT'D)

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF HOLDINGS	%
1 - 99	130	10.59	1,708	0.00
100 - 1,000	142	11.56	85,563	0.17
1,001 - 10,000	763	62.13	2,814,933	5.65
10,001 - 100,000	159	12.95	4,353,587	8.75
100,001 - 2,488,999 (*)	32	2.61	11,747,209	23.60
2,489,000 AND ABOVE (**)	2	0.16	30,777,000	61.83
<b>TOTAL</b>	<b>1,228</b>	<b>100.00</b>	<b>49,780,000</b>	<b>100.00</b>

Remark: \* - Less than 5% of issued holdings

\*\* - 5% and above of issued holdings

## LIST OF SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT		INDIRECT	
	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
Innofarm Sdn Bhd	18,900,000	37.97	-	-
QL Resources Berhad	13,417,700	26.96	-	-

## LIST OF DIRECTORS' SHAREHOLDINGS

NAME OF DIRECTOR	DIRECT		INDIRECT	
	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
Yap Hoong Chai	600,000	1.21	21,451,909	43.09*
Yeap Fock Hoong	12,000	0.02	-	-
Yeap Weng Hong	207,200	0.42	-	-
Yap Chor How	459,700	0.92	-	-
Ng Kim Tian	22,000	0.04	-	-
Chia Mak Hooi	-	-	13,417,700	26.96
Dato' Dr.Abdul Aziz bin Mangkat	-	-	-	-
Cheng Chin Hong	-	-	-	-
Gan Lian Peng	-	-	-	-

Remark:

\* Deemed interested in 2,551,909 shares held by spouse and children and 18,900,000 shares by virtue of Innofarm Sdn Bhd which holds 37.97% equity interest in Lay Hong Berhad.

# PROPERTIES OWNED BY LAY HONG BERHAD GROUP OF COMPANIES

AS AT 31 MARCH 2014

LOCATION	DESCRIPTION & EXISTING USE	APPROXIMATE AREA (ACRES)	TENURE & EXPIRY DATE	AGE OF BUILDING (YEARS)	NBV (RM'000)	DATE OF ACQUISITION / REVALUATION
<b>SELANGOR</b>						
Lot Nos. 4857 Mukim of Jeram District of Kuala Selangor	Layer Farm & Feedmill	25	Freehold	2-30	3,724	3/3/11
Lot No. 559 Mukim of Ijok Kuala Selangor	Layer Farm & Fertiliser Plant & Building	34	Freehold	2-22	10,029	3/3/11
Lot No. 1640 Mukim of Ijok Kuala Selangor	Chick Farm	5	Freehold	12-23	1,034	3/3/11
Lot No. 1954 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	12	3,506	3/3/11
Lot No. 3095 Mukim of Jeram District of Kuala Selangor	Pullet Farm	5	Freehold	3-12	2,952	3/3/11
Lot No. 1555 Mukim of Jeram District of Kuala Selangor	Layer Farm	6	Freehold	10	4,078	3/3/11
Lot No. 1868 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	6-9	2,741	3/3/11
Lot Nos. 16458/9 Mukim of Tanjung Karang District of Kuala Selangor	Vacant Land	2	Leasehold Aug 2080 (16458) Aug 2080 (16459)	-	484	3/3/11 (S & P)
Lot 26 & 27- New Office Jalan Empayar off Persiaran Sultan Ibrahim, 41150 Klang	Office Building	31,212 sq. ft.	Freehold	5	9,469	3/3/11
GM2040, Lot 1847 Mukim of Jeram District of Kuala Selangor	Layer Farm	2.0361 hectare	Freehold	2-5	5,785	3/3/11
Lot Nos. 1632/3 Mukim of Ijok Kuala Selangor	Breeder Farm & Hatchery	10	Freehold	3-22	1,686	3/3/11

# PROPERTIES OWNED BY LAY HONG BERHAD GROUP OF COMPANIES

AS AT 31 MARCH 2014

(CONT'D)

LOCATION	DESCRIPTION & EXISTING USE	APPROXIMATE AREA (ACRES)	TENURE & EXPIRY DATE	AGE OF BUILDING (YEARS)	NBV (RM'000)	DATE OF ACQUISITION / REVALUATION
Lot No. 807 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	4-19	1,118	3/3/11
Lot No. 681 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	4-19	1,086	3/3/11
Lot Nos. 708/9 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	10	Freehold	3-18	2,147	3/3/11
Lot No. 969 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	4-17	1,081	3/3/11
Lot Nos. 1475/6 Lot Nos. 253 & 244 Mukim Pasangan Kuala Selangor	Breeder Farm & Hatchery	18.5	Freehold	12-16	5,239	3/3/11
Lot No. 1011 Mukim Pasangan Kuala Selangor	Vacant Land	3	Freehold	–	200	3/3/11
Lot Nos. 16456/7 & 16486 Mukim Tanjong Karang District of Kuala Selangor	Processing Plant	3	Leasehold Nov 2080 (16456/7) July 2080 (16486)	2-10	8,422	3/3/11 (16456/7) 3/3/11 (16486)
Lot Nos. 739/40 & 741 Mukim Api-API District of Kuala Selangor	Breeder Farm	15	Freehold	2-11	7,723	3/3/11
No. 29, Jalan Perindustrian 5 Off Jalan Haji Abdul Manan Batu 5 1/2, Jalan Meru 41050 Klang Selangor	Manufacturing Liquid Egg Plant	1158 m <sup>2</sup>	Freehold	11	1,631	3/3/11
Lot No. 16465 Mukim Tanjong Karang District of Kuala Selangor	Vacant Land	1	Leasehold Nov 2080	–	124	3/3/11

# PROPERTIES OWNED BY LAY HONG BERHAD GROUP OF COMPANIES

AS AT 31 MARCH 2014

(CONT'D)

LOCATION	DESCRIPTION & EXISTING USE	APPROXIMATE AREA (ACRES)	TENURE & EXPIRY DATE	AGE OF BUILDING (YEARS)	NBV (RM'000)	DATE OF ACQUISITION / REVALUATION
<b>PERAK</b>						
Lot 2394/2554 Mukim Hulu Bernam Timor District of Batang Padang Perak	Broiler Farm	3.799 hec	Freehold	1-6	3,399	3/3/11
Lot 2356/1677 Mukim Hulu Bernam Timor Daerah Batang Padang, Behrang	Broiler Farm	11	Freehold	1-3	6,387	7/9/11
<b>MELAKA</b>						
Lot Nos. 1717/8/9 & 1720 Mukim of Ayer Panas Jasin, Melaka	Layer Farm & Fertiliser Plant & Building	40.4	Freehold	3-29	5,870	3/3/11
<b>SABAH</b>						
CL 045169248 Kampung Indai Tuaran, Sabah	Broiler Farm	10.7	Leasehold Jan 2060	3-17	1,935	3/3/11
NT No. 043176030 Lubok Bagiang Tuaran, Sabah	Broiler Farm	6.4	Leasehold June 2094	17	1,551	3/3/11
NT No. 043171651 Kampung Serusop Tuaran, Sabah	Vacant Land	9.4	Leasehold June 2094	-	253	3/3/11
CL 045115928 Tuaran, Sabah	Layer Farm & Feedmill	89	Leasehold Jan 2938	3-23	4,924	3/3/11
CL 025308043 Papar, Sabah	Breeder Farm	19.2	Leasehold Jan 2063	6-16	3,771	3/3/11
CL 025166714 Papar, Sabah	Vacant Land	18.8	Leasehold Jan 2056	-	800	3/3/11
CL 025166705 Papar, Sabah	Vacant Land	19.7	Leasehold Jan 2056	-	837	3/3/11
NT No. 043140905 Kampung Serusop Tuaran, Sabah	Broiler Farm	5	Leasehold Feb 2099	5-11	1,038	3/3/11

# PROPERTIES OWNED BY LAY HONG BERHAD GROUP OF COMPANIES

AS AT 31 MARCH 2014

(CONT'D)

LOCATION	DESCRIPTION & EXISTING USE	APPROXIMATE AREA (ACRES)	TENURE & EXPIRY DATE	AGE OF BUILDING (YEARS)	NBV (RM'000)	DATE OF ACQUISITION / REVALUATION
NT No. 043140914 Kampung Lok Bagiang Tuaran, Sabah	Broiler Farm	2.7	Leasehold Aug 2098	5-11	567	3/3/11
CL 015580104 (KKIP) Kota Kinabalu, Sabah	Feedmill	2.7	Leasehold Dec 2096	3-11	5,186	3/3/11
NT. No. 044018224 Tuaran, Sabah	Broiler Farm	4	Leasehold Jul 2031	5-11	816	3/3/11
NT. No. 043081625 Tamparuli, Sabah	Layer Farm	9.1	Leasehold Feb 2037	2	7,243	3/3/11
CL 015083812 Tamparuli, Sabah	Vacant Land	4	Leasehold 2928	-	282	14/12/11
CL 045086600 Tamparuli, Sabah	Vacant Land	5	Leasehold 2938	-	350	14/12/11
CL 015074352 Tamparuli, Sabah	Broiler Farm	7	Leasehold 2927	1	1,812	14/12/11
NT. No. 04398018 Kg Kiwatu, Sabah	Land with Warehouse	1	Leasedhold 2038	10-12	1,662	3/3/11
NT 04309843 Kg. Kauluan, Tamparuli	Vacant Land	0.2	Leasehold 2042	-	55	15/8/12
NT 9549 Kg. Kauluan, Tamparuli	Vacant Land	0.2	Leasehold 2042	-	47	15/8/12
CL 105400217	Land with Broiler Farm	4	Long term leasehold	-	1,097	22/2/13
NT 133049724 Kg. Linggawon, Keningau	Vacant Land	11.21	Leasehold 2043	-	512	14/11/13
NT 043130114 Kg. Bubuk Tuaran	Vacant Land	6.16	Leasehold 2943	-	251	15/8/12
CL 075320795 Jln Labuk, Miles 12 Sungai Manila, Sandakan	Land with Processing Plant & Farm	11.88	Longterm leasehold 2908	1-6	3,599	3/3/11
NT. No. 04398018 Kg Kiwatu, Sabah	Slaughtering Plant		Leasehold 2038	10-11	539	3/3/11
NT. No. 04398018 Kg Kiwatu, Sabah	Land with Warehouse	0.93	Leasedhold 2038	10-11	-	3/3/11

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# PROPERTIES OWNED BY LAY HONG BERHAD GROUP OF COMPANIES

AS AT 31 MARCH 2014

(CONT'D)

LOCATION	DESCRIPTION & EXISTING USE	APPROXIMATE AREA (ACRES)	TENURE & EXPIRY DATE	AGE OF BUILDING (YEARS)	NBV (RM'000)	DATE OF ACQUISITION / REVALUATION
1 unit, Grace Court Apartment Unit No.3-1-1 1st Floor, Block C Grace Court Apartment (formely known as Unit 201 Block U, Grace Ville) Kota Kinabalu, Sabah	Apartment	900 sq. ft.	Leasehold	2	272	1/9/12
CL 075320795 Jln Labuk, Miles 12 Sungai Manila, Sandakan	Workers Quarter	2,000 sq. ft.	Longterm leasehold 2908	1	14	2013

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# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTIETH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT AT THE BALLROOM I, GROUND LEVEL, PREMIERE HOTEL, BANDAR BUKIT TINGGI 1/KS6, JALAN LANGAT, 41200 KLANG, SELANGOR ON MONDAY, 22 SEPTEMBER 2014 AT 11.30 AM FOR THE FOLLOWING PURPOSES:-

## ORDINARY BUSINESS

- |  |                     |
|--|---------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 <sup>st</sup> March 2014 together with the Reports of the Directors and Auditors thereon.                     | <b>Note 1</b>       |
| 2. To declare a Final Single Tier Dividend of 5 sen per share for the Year ended 31 <sup>st</sup> March 2014.  | <b>Resolution 1</b> |
| 3. To approve Directors' Fees for the year ended 31 <sup>st</sup> March 2014.  | <b>Resolution 2</b> |
| 4. To re-elect the following Directors who are retiring under Article 71 of the Company's Articles of Association  |                     |
| a) Mr Chia Mak Hooi  | <b>Resolution 3</b> |
| b) Mr Cheng Chin Hong  | <b>Resolution 4</b> |
| 5. To re-elect the following Directors who are retiring under Article 72 of the Company's Articles of Association  |                     |
| a) Mr Ng Kim Tian  | <b>Resolution 5</b> |
| b) Mr Yap Chor How   | <b>Resolution 6</b> |
| c) Mr Gan Lian Peng  | <b>Resolution 7</b> |
| 6. To re-appoint Messrs Ong Boon Bah & Co. as Auditors to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Directors. | <b>Resolution 8</b> |

## SPECIAL BUSINESS

To consider and, if thought fit, adopt the following Ordinary and Special Resolutions with or without amendment:

### 7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs")

"That subject always to the Listing Requirement of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into the categories of recurrent transactions of a revenue or trading nature and with those Related Parties as specified in Section A of the Circular to Shareholders dated 29<sup>th</sup> August 2014 subject further to the following:-

- i. That the transactions are in the ordinary course of business and are on terms that are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;
- ii. That the transactions are made on an arm's length basis and on normal commercial terms; and



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# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

iii. That disclosure shall be made in the Annual Report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, based on the following information:-

- the type of the Recurrent Related Party Transactions made; and
- the names of the Related Parties involved in each type of the Recurrent Related Party Transactions entered into and their relationships with the Company.

iv. That such approvals shall only continue to be in force until:-

- the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
- the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
- revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

**Resolution 9**

## **8. Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965**

"That subject always to the Companies Act, 1965, and the approvals of the relevant governmental and/ or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**Resolution 10**

## **9. Renewal of Authority for Proposed Share Buy-Back**

"THAT, subject to compliance with the Companies Act, 1965, the Companies Regulations 1966, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), provisions of the Company's Memorandum and Articles of Association and the regulations of any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company as at the date of the share buy-back ("Proposed Share Buy-Back")

AND THAT an amount of the funds not exceeding the retained profits and share premium reserve of the Company as at the date of the share buy-back, be utilised for the Proposed Share Buy-Back

AND THAT the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Malaysia, or a combination of any of the above, at the absolute discretion of the Directors;

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until :-

- a) the conclusion of the next Annual General Meeting ("AGM") of the company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

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# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

- b) the expiration of the period within which the next AGM of the company is required by law to be held; or
- c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Malaysia or any other relevant authorities;

AND FURTHER THAT the Directors of the Company be and are hereby authorized to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Share Buy-Back with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities.”

**Resolution 11**

## **10. Proposed Amendments to the Articles of Association of the Company**

“THAT the amendments to the existing Articles of Association of the Company as proposed and set forth under Section C of the Circular to Shareholders dated 29<sup>th</sup> August 2014 be and are hereby approved and adopted by the Company, and take the Directors of the Company be and are hereby authorized to do all acts and things and take all such steps as they may consider necessary and/or desirable to give full effect to the amendments to the Articles of Association of the Company.”

**Resolution 12**

## **NOTICE OF BOOK CLOSURE**

NOTICE IS ALSO HEREBY GIVEN that a Final Single Tier Dividend of 5 sen per share of RM1/- each will be payable on 12 November 2014 to depositors who are registered in the Record of Depositors at the close of business on 20 October 2014 if approved by members at the Thirtieth Annual General Meeting on 22 September 2014.

A depositor shall qualify for entitlement only in respect of :-

- a) shares transferred into the depositors Securities Account before 4.00 pm on 20 October 2014 in respect of ordinary transfers; and
- b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Secretary  
LIM KING HUA, FCIS  
MAICSA 0798613

29 August 2014  
Klang

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# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## NOTES

1. Agenda No 1 is meant for discussion only. The provision of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting, Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.
2. Every member entitled to attend and vote at the Meeting is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. The Proxy Form in the case of an individual shall be signed by the appointer or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorized.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Proxies or other instruments shall not be treated as valid unless they are deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the holding of the poll.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### **6. Proposed Shareholders' Mandate For Recurrent Related Party Transactions ("RRPTs") (Resolution 9)**

The proposed Resolution 9, if passed, will authorize the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of Company. Please refer to the Section A of the Circular to Shareholders dated 29<sup>th</sup> August 2014 for more information.

### **7. Authority To Issue Shares pursuant To Section 132D of the Companies Act, 1965 (Resolution 10)**

The proposed Ordinary Resolution 10, is proposed for the purpose of granting a renewed general mandate for issuance of shares by the Company under Section 132D of the Act. The Ordinary Resolution 10, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company.

The Company had, at the 29<sup>th</sup> Annual General Meeting held on 26 September 2013, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any new shares pursuant to this mandate obtained as at the date of this notice. The Ordinary Resolution 10 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, an announcement will be made by the Company in respect of the purpose and utilisation of proceeds arising from such issue.

The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

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# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## **8. Renewal of Authority for Proposed Share Buy-Back (Resolution 11)**

The proposed Resolution 11, if passed, will renew the authority for the Company to purchase through Bursa Malaysia Securities Berhad such number of ordinary shares in the Company up to an aggregate amount not exceeding ten per centum (10%) of the issued and paid-up share capital of the Company. The renewed authority from the shareholders will be effective immediately upon passing of the ordinary resolution and shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting ("AGM"); or
- ii) the expiration of the period within which the next AGM of the Company as required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

Please refer to the Section B of the Circular to Shareholders dated 29<sup>th</sup> August 2014, which is dispatched together with the Company's Annual Report 2014, for more information.

## **9. Proposed Amendments to the Company's Articles of Association (Resolution 12)**

The proposed Resolution 12, if passed, will streamline the Company's Articles of Association with the provisions of the Acts and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Section C of the Circular to Shareholders dated 29<sup>th</sup> August 2014, which is dispatched together with the Company's Annual Report 2014, for more information.

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# STATEMENT ACCOMPANYING THE NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

OF LAY HONG BERHAD

**A) Names of the Directors who are standing for re-election :**

- i) Mr Chia Mak Hooi (retiring pursuant to Article 71 of the Company's Articles of Association).
- ii) Mr Cheng Chin Hong (retiring pursuant to Article 71 of the Company's Articles of Association).
- iii) Mr Ng Kim Tian (retiring pursuant to Article 72 of the Company's Articles of Association).
- iv) Mr Yap Chor How (retiring pursuant to Article 72 of the Company's Articles of Association).
- v) Mr Gan Lian Peng (retiring pursuant to Article 72 of the Company's Articles of Association).

The details of the five (5) Directors seeking re-election and/or re-appointment are set out in the Directors' Profile from pages 12 to 14 and the Directors' Shareholdings in the Company on page 95 of the Annual Report.

**B) Details of Attendance of Directors at Board Meetings**

5 Board Meetings were held during the financial year ended 31st March 2014. All meetings were held at the Office Premises, No 2, Level 10-12, Wisma Lay Hong, Jalan Empayar Off Persiaran Sultan Ibrahim/KU1, 41150 Klang, Selangor.

The attendance record of each Director is as follows :-

	ATTENDANCE	PERCENTAGE (%)
<b>Executive Director</b>		
Yap Hoong Chai	5/5	100%
Yeap Weng Hong	5/5	100%
<b>Non-Executive Director</b>		
Yeap Fock Hoong	5/5	100%
Abdul Hamid Bin Mohamed Ghows (retired on 27/9/2013)	3/3	100%
Dato' Dr Abdul Aziz Bin Mangkat DIMP KMN ASK	5/5	100%
Cheng Chin Hong	5/5	100%
Chia Mak Hooi	5/5	100%
Yap Chor How (appointed on 3/10/2013)	2/2	100%
Ng Kim Tian (appointed on 3/10/2013)	2/2	100%
Gan Lian Peng (appointed on 3/10/2013)	2/2	100%

- C) The Thirtieth Annual General Meeting will be held at The Ballroom I, Ground Level, Premiere Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor on Monday, 22 September 2014 at 11.30 AM.









# FORM OF PROXY

I/We ..... of  
 .....  
 NRIC No./Co. No. ....  
 being a member/members of Lay Hong Berhad hereby appoint .....  
 .....  
 of .....  
 .....  
 NRIC No. ....  
 of failing him/her .....  
 of .....  
 NRIC No. ....

As my/our proxy to vote for me/us on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at The Ballroom I, Ground Level, Premiere Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor on Monday, 22 September 2014 at 11.30AM and at any adjournment thereof. My/our proxy is to vote as indicated below:

RESOLUTION	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To declare a Final Single Tier Dividend of 5 sen per share for the year ended 31st March 2014.		
2	To approve Directors' Fees for the financial year ended 31st March 2014.		
3	To re-elect Mr Chia Mak Hooi as Director under Article 71.		
4	To re-elect Mr Cheng Chin Hong as Director under Article 71.		
5	To re-elect Mr Ng Kim Tian as Director under Article 72.		
6	To re-elect Mr Yap Chor How as Director under Article 72.		
7	To re-elect Mr Gan Lian Peng as Director under Article 72.		
8	To re-appoint Messrs Ong Boon Bah & Co. as Auditors.		
9	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
10	To approve the Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965.		
11	To approve the Renewal of Authority for Proposed Share Buy-Back of up to ten percent (10%) of the issued and paid-up share capital of the Company.		
12	To approve the proposed amendments to Articles of Association of the Company.		

(Please indicate with an 'X' in the appropriate spaces how you wish to cast your vote. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

(Where two (2) proxies are appointed, please indicate below the proportion of your shareholdings to be represented by each proxy. In case of a vote taken by show of hands, the First Named Proxy shall vote on your behalf)

First named proxy	%		
Second named proxy	%		
	100%	No. of shares held:	Signature of Shareholder or Common Seal of Corporate Shareholder

Signed this ..... day of ..... 2014

## MEMBERS ENTITLED TO ATTEND

For purpose of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 52(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 15 September 2014. Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 September 2014 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and vote on such depositor's behalf.

## NOTES

- 1 Every member entitled to attend and vote at the Meeting is entitled to appoint a proxy (or in case of a corporation, to appoint a representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 2 The Proxy Form in the case of an individual shall be signed by the appointer or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorized.
- 3 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Security Account.
- 4 Proxies or other instruments shall not be treated as valid unless they are deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the holding of the poll.

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**STAMP**

**LAY HONG BERHAD**

No. 9 Jalan Bayu Tinggi 2A/KS6  
Taipan 2 Batu Unjur  
41200 Klang  
Selangor, Malaysia

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