ANNUAL REPORT 2015

LAY HONG BERHAD

(107129-H) Incorporated in Malaysia

CONTENTS

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 our products fresh on time to our partners and consumers, and to be a responsible corporate citizen.

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

Gan Lian Peng
Independent
Non-Executive Director

Tan Ooi Jin
Independent
Non-Executive Director

AUDIT COMMITTEE

Gan Lian Peng
Chairman

Dato' Dr. Abdul Aziz Bin Mangkat

Cheng Chin Hong

NOMINATING COMMITTEE

Dato Dr. Abdul Aziz Bin Mangkat
Chairman

Cheng Chin Hong

REMUNERATION COMMITTEE

Gan Lian Peng
Chairman

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
T 03 2084 9000
F 03 2094 9940

COMPANY SECRETARIES

Lim King Hua
(MAISCA 0798613)

Lim Kui Suang
(MAICSA 0783327)

Wong Keo Rou
(MAICSA 7021435)

REGISTERED OFFICE

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

CORPORATE OFFICE

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

AUDITORS

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

PRINCIPAL BANKERS

Bangkok Bank Bhd

Bank of China (Malaysia) Bhd

CIMB Bank Bhd

Hong Leong Bank Berhad

Malayan Banking Bhd

United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

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

WEBSITE

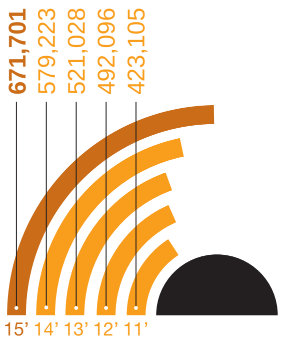
www.layhong.com.my

GROUP FINANCIAL HIGHLIGHTS

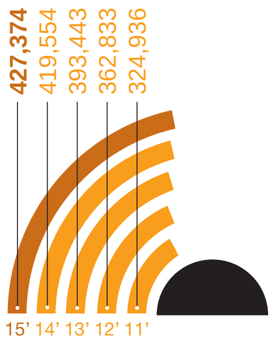
RM'000	2015	2014	2013	2012	2011
Revenue	**671,701**	579,223	521,028	492,096	423,105
Profit/(Loss) after tax	**19,669**	7,186	(19,073)	14,847	16,994
Total assets	**427,374**	419,554	393,443	362,833	324,936
Paid-up capital	**50,830**	49,780	49,780	49,678	48,778
Net assets (NA)	**136,799**	119,528	112,234	131,785	120,749
NA per share (RM)	**2.691**	2.401	2.255	2.653	2.476
Basic earnings/(loss) per share - sen	**37.07**	14.38	(35.75)	23.55	31.30

FIVE-YEAR GROUP PERFORMANCE

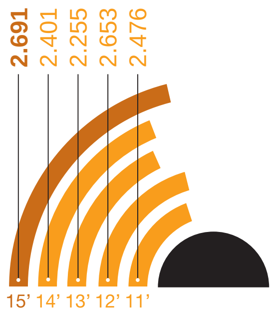
Revenue
RM ('000)



Total Assets
RM ('000)



Net Assets Per Share
RM



GROUP STRUCTURE & OPERATION

100%
Hing Hong Sdn Bhd
Breeder farm & Hatchery

100%
Eminent Farm Sdn Bhd
Breeder farm, Hatchery & Broiler farm

100%
Lay Hong Liquid Egg Sdn Bhd
Liquid egg production

100%
Lay Hong Food Corporation Sdn Bhd
Chicken processing & Food manufacturing

100%
G-mart Borneo Retail Sdn Bhd
Retail Supermarket

100%
JT Trading Sdn Bhd
Trading

97%
Innobird Sdn Bhd
Broiler farm

70.6%
Evergreen Organic Fertilisers Sdn Bhd
Organic fertiliser production

70%
Innofarm (Klang) Sdn Bhd
Layer farm

51%
STF Agriculture Sdn Bhd
Integrated livestock farming & chicken processing

51%
OZ Food Solutions Company Ltd
Food Manufacturing

50%
Sri Tawau Farming Sdn Bhd
Investment holding and trading

43.3%
ST Food Sdn Bhd
Processing and distribution of poultry products

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present herewith the performance of Lay Hong Berhad Group business for the financial year ended 31st March, 2015

FINANCIAL HIGHLIGHTS

I would like to report that for the financial year ended 31st March, 2015, your Group has performed well in all areas of its business segments. The last five years of hard work and well planned investments in building and modernising both the layer and broiler farms from open houses to technology based closed houses are now registering better returns. Further, the additional investment made in manufacturing of chicken downstream products has further cemented the group businesses into full integration of its entire operational needs i.e. from upstream feed manufacturing to downstream chicken processing and the production of chicken frankfurters and nuggets plus the subsequent marketing of Nutriplus products to the end consumers through the retail and supermarket chain.

Group revenue had recorded an increase from RM579.22 million from the previous year to RM671.70 million. This represents an increase of RM92.48 million or 15.97%. This was attributed mainly to the larger quantity of fresh table eggs being sold at improved prices and the higher quantity of downstream poultry products being produced and sold during the financial year.

Group profit before tax had improved significantly from RM10.38 million registered last year to RM27.87 million in this financial year ended 31st March 2015. The favourable raw material prices coupled with the overall positive chicken products prices have contributed to the better earnings. As a result, basic group earnings per share improved from 14.38 cents in the previous financial year to 37.07 cents. With the increased profits, the Group's shareholders fund also increased in tandem from RM119.53 million in the previous year to RM136.80 million. Net asset per share attributable to ordinary equity holders of the parent improved from RM2.40 to RM2.69 accordingly. The issued and paid up capital of the company has increased from 49.78 million to 50.83 million ordinary shares during the financial year resulted from the exercising of an additional 1.05 million new ordinary shares from the ongoing Executive Share Option Scheme which will expire on 10th November, 2015.

BUSINESS REVIEW

Integrated Livestock Business

For the financial year ended under review, total revenue generated from the integrated livestock business was RM546.54 million compared to that of RM466.72 million in the previous year. The increase of RM79.82 million was attributed to the reasons stated above. Fresh chicken table eggs production for the year was 575.97 million pieces compared to 553.45 million pieces i.e. an improvement of 22.52 million pieces or 4.07%. As for the pasteurised liquid egg business, demand has increased progressively from 2.59 million kilograms recorded last year to 3.750 million kilograms. The increase was due to increased off take by industrial users who demand for higher standards in regard to freshness, quality and timeliness of deliveries.

The upgrading of the existing slaughtering plant and the construction of the new downstream facility in Bagan Tengkorak, Tanjong Karang, Selangor had been fully completed during the financial year under review and is now in full commercial production. During the year, a higher total of 21,938 metric tonnes of processed chicken had been processed and sold compared to 16,717 metric tonnes in the previous year. Sales of chicken frankfurters and nuggets have also increased from a total of 7,627 metric tonnes in the previous year to 9,018 metric tonnes. Armed with a higher manufacturing capacity now, the company would be able to ramp up production moving forward.

RETAIL SUPERMARKET

During the financial year, two (2) additional outlets have been added and to date the total number of stores operating is seventeen (17). Total revenue generated from this segment of business operated solely in the state of Sabah increased from RM130.43 million in the previous year to RM143.77 million in the current year under review. All the stores are branded under the G*MART name. 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.

CHAIRMAN'S STATEMENT (CONT'D)

RETAIL SUPERMARKET (cont'd)

With this number of stores, G*mart has now reach an economic of scale of operation and will be able to operate more competitively and efficiently going forward. One major advantage and reason for continuing on this retail business even though the contribution to profits is not significant in that the Group is using this channel to market its table eggs and poultry products to reach its target customers given the difficult infrastructure and logistic in the state of Sabah.

CAPITAL EXPENDITURE

Investing in capital expenditure for improving farm and manufacturing capacity and productivity is an ongoing process. For the year under review, a reduced amount RM29.20 million was expended compared to RM42.77 million the previous year. The funding was from a combination of bank borrowings and internal generated funds.

CORPORATE DEVELOPMENTS

During the financial year, the company received a notice of Conditional Voluntary Take-over Offer and later became Mandatory from RHB Investment Bank Berhad on behalf of QL Resources Berhad to acquire all the remaining ordinary shares it does not owned at a cash offer price of RM3.50 per share. The mandatory takeover offer was not successful due to the non achievement of the minimum 50% acceptance level. Due to this event, the company is now having a problem of meeting its minimum shareholders' spread of 25% for continuing listing. The company has written to Bursa Securities for an extension of time for compliance and accordingly it has been given up to 30th September, 2015. To comply with the above, the company is implementing a 15% private share placement exercise where an additional 7,624,000 new ordinary shares will be issued only to institutional investors. With the completion of this corporate exercise, the issued and paid up capital of the company will increase from 50,830,000 to 58,454,000 ordinary shares of RM1.00 each. In addition, the company also will be implementing a new 15% Share Issue Scheme ("SIS") which will come into force on the expiration of the existing Executive Share Option Scheme ("ESOS") on 10th November, 2015. The above corporate exercises have caused the company to spend a total of non tax allowable expenses in excess of RM1.00 million in the form of fees and related expenses paid to corporate advisors, auditors, lawyers, company secretaries, share registrar and printers of circulars.

PROSPECT

Major raw material prices especially corn and soya bean have been projected to remain favourable in accordance to various commodity reports issued by international agricultural agencies notably the Rabobank International based in the Netherlands. Poultry products selling prices are expected to remain stable and given this good operating environment, your group should be able to continue to operate profitably in the current financial year ending 31st March, 2016

DIRECTORATE

At the last Annual General Meeting held on 22nd September, 2014, Mr Chia Mak Hooi, Non Independent Non-Executive Director and a corporate representative of QL Resources Berhad was not re-elected to the board under Article 71 of the Company Memorandum and Article of Association. On 27th January, 2015, Mr Tan Ooi Jin, a lawyer by training was appointed Independent Non-Executive Director.

On behalf of the Board, I wish to thank Mr Chia Mak Hooi for his invaluable contribution during his tenure of office and wish to welcome Mr Tan Ooi Jin to the Board.

DIVIDEND

The Group's gearing ratio as at 31st March, 2015 was in excess of 1.06 times based on a total group bank borrowings of RM145.81 million. Your Board is of the view that the existing group's gearing is on a high side compared to industrial practice. For prudent purposes, it is recommended to conserve cashflow and defer the payment of dividend to a more appropriate time when the gearing level improves to a more manageable level.

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 65

is the Group Managing Director and a founder member of the Lay Hong Berhad Group. He was appointed to the Board of Directors of Lay Hong Berhad on 27th September 1983. Under his stewardship for the past 32 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 also the Past Chairman – Layer unit of Federation of Livestock Farmers' Associations of Malaysia ("FLFAM").

He is the brother of Mr Yeap Weng Hong and Mr 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 57

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 Mr Yap Hoong Chai and Mr Yeap Fock Hoong, who are also Directors of the Company.

He holds 407,200 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 38

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 flourished 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 started the operation of G-Mart Borneo Retail in 2009 and further expanded the number of stores from initial nine (9) to the present seventeen (17) all over Sabah. With his knowledge in manufacturing, marketing and retailing, he is seconded to be the Chief Executive Officer of this retail business.

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)

NG KIM TIAN

Malaysian, aged 61

a certified public accountant by training joined Lay Hong Berhad on 1st September, 2000 as General Manager. He was re-designated as Finance Director in year 2002 and is currently responsible for the group's corporate services function inter-alia, treasury, accounting, corporate planning and finance, human resources, and information technology.

Prior to joining Lay Hong Berhad, he was the Chief Financial Officer of a diversified public listed group that has three listed companies in their stable namely Olympia Industries Bhd, Duta Land Berhad (previously known as Mycom Berhad) and Ayer Itam Tin Berhad. From 1986 to 1994, he served as a Group Financial Controller in Lion Land Berhad. From 1976 to 1994, he has served in various capacities in the field of auditing and finance. He started his initial career as an Audit Trainee with an accounting practice.

He is not connected with any of the existing controlling or substantial shareholders or directors of the company. He holds 122,000 shares of RM1/- each fully-paid in Lay Hong Berhad.

YEAP FOCK HOONG

Singaporean, aged 61

is a Non-Executive Director of Lay Hong Berhad and was appointed to the Board of Directors of Lay Hong Berhad on 18th January 1994. He has been a commercial pilot since 1973 and currently holds the position of a management pilot for a major airline. He also sits on the Board of Directors of several private limited companies. He is the brother of Mr Yap Hoong Chai and Mr Yeap Weng Hong, who are also Directors of the Company.

He holds 12,000 shares of RM1/- each fully-paid in Lay Hong Berhad. He is also a director and shareholder of Mackan Holdings Sdn Bhd which is a major shareholder of certain subsidiary company of the Group.

He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' Dr. Abdul Aziz bin Mangkat DIMP, KMN ASK

Malaysian, aged 65

was appointed Independent Non-Executive Director of Lay Hong Berhad on 3rd July, 2006. Subsequently, he was appointed as Independent Non-Executive Chairman on 23rd February 2012. He was also appointed a member to the Audit, Nomination as well as Remuneration Committee. He graduated as a Doctor of Veterinary Medicine from University of Agriculture, Bogor in Indonesia and a Master of Science in Tropical Veterinary Medicine from University of Edinburgh, Scotland. He also attended an Advanced Leadership and Management Course in INTAN. Prior to joining Lay Hong Berhad, he worked for 30 years with the Department of Veterinary Services, Ministry of Agriculture and Agro-Based Industry, holding various positions and rose to the position of Deputy Director General 1 before his retirement in May, 2006.

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.

CHENG CHIN HONG

Malaysian, aged 70

was appointed Independent Non-Executive Director of Lay Hong Berhad on 23rd February, 2011. He was also appointed a member to the Audit Committee on 23rd February, 2011 and a member of Nomination Committee on 28th May, 2012. He graduated with a Diploma in Applied Chemistry from Victoria Institute of Technology, Melbourne, Australia.

He joined Monsanto Chemical in Australia as a Chemist in the Quality Control Lab and later moved to Rothmans (Malaysia) Berhad as a Quality Officer, rising through the ranks to the position of Factory Manager. He has also worked in Federal Cables, Wires & Metal Manufacturing Berhad and the Sampoena Group. He is currently the Chief Executive Officer in Tai Chong Tobacco Sdn Bhd.

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.

GAN LIAN PENG

Malaysian, aged 64

was appointed Independent Non-Executive Director of Lay Hong Berhad on 3rd October, 2013. He was appointed Chairman of Audit Committee on 25th November, 2013 and Chairman of Remuneration Committee on 26th 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.

TAN OOI JIN

Malaysian, aged 40

was appointed Independent Non-Executive Director of Lay Hong Berhad on 27th January, 2015.

He is a lawyer by qualification and holds a Second Class Honours LLB Bachelor of Laws degree from the University of Newcastle-upon-Tyne, UK and during his years of practice, he was focused on the areas of Corporate & Securities and ICT. A former ASEAN scholar, he started his legal career in a medium-sized firm with an international affiliation focusing on Corporate & Securities and ICT.

He also advised the Technopreneurs Association of Malaysia and its members including its council members on legal issues and strategy. He was also part of the team which incorporated the National Incubators Network Association ("NINA"). He currently sits on the Board of Trustees of the 1Utopia Foundation which aims to generate donations whether in cash or in forms of ICT equipment and gadgets to orphanages, schools and underprivileged children.

During his tenure as a practitioner, he has advised the listing of various companies in Malaysia as well as overseas including London, Hong Kong and Singapore and is constantly consulted to assist public-listed companies to recover and unlock their intrinsic value so as to enhance shareholders' investments. He currently sits on the board of a private company involved in circuit manufacturing and whose ultimate holding company is listed on the NASDAQ and is also the Chairman of the Board of Directors of The Media Shoppe Berhad. He also holds directorship in Takaso Resources Berhad and 1 Utopia Berhad.

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 13 of this Annual Report. None of the Directors have any conviction for any offence within the past 10 years.

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. One (1) is a Non-Independent Non-Executive namely Mr Yeap Fock Hoong. The other four (4) are Dato’ Dr. Abdul Aziz Bin Mangkat, Mr Gan Lian Peng, Mr Cheng Chin Hong and Mr Tan Ooi Jin are all Non-Executive Independent Directors. The Board is segregated and headed by the Independent Non-Executive Chairman Dato’ Dr. Abdul Aziz Bin Mangkat. Mr Yap Hoong Chai is the Group Managing Director. 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.

The profile of each Director is presented on pages 9 to11 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.

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.

The details of the Board Charter are available for references at our company website www.layhong.com.my.

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 eight (8) Board meetings were held during the financial year. A summary of attendance for each of the Board of Directors are as follows: -

DIRECTOR	ATTENDANCE
Yeap Hoong Chai	8 of 8 meetings
Yeap Weng Hong	8 of 8 meetings
Yeap Fock Hoong	5 of 8 meetings
Dato' Dr Abdul Aziz Bin Mangkat	8 of 8 meetings
Cheng Chin Hong	5 of 8 meetings
Chia Mak Hooi (Ceased on 22nd September, 2014)	3 of 3 meetings
Yap Chor How	8 of 8 meetings
Ng Kim Tian	8 of 8 meetings
Gan Lian Peng	8 of 8 meetings
Tan Ooi Jin (Appointed on 27th January, 2015)	1 of 1 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 16 to 18 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's ability to discharge his responsibilities as Independent Non-Executive Director.

(iii) Recommend new candidates to fill the vacancies in the Board.

(iv) Review skill, experiences, competencies and diversity in terms of gender, ethnicity and age 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.

During the financial year, the Committee met to conduct the annual review on the Directors' core competencies, contribution, effectiveness and conduct a review on the independence of the Independent Directors. The Committee also met to discuss on the re-election and rotation of existing directors and the appointment of a new director.

The Committee comprises exclusively of two (2) Independent Non-Executive Directors as follows: -

(i) Dato' Dr. Abdul Aziz Bin Mangkat – Independent Non-Executive Director
(ii) Cheng Chin Hong – Independent Non-Executive Director

Procedures relating to the appointment and re-election of Directors are contained in the Company's Articles of Association. At the Annual General Meeting, one third of the Directors for the time being retire from office. The Directors who retire every year are those who have been longest in office since their last appointment or election.

Directors' Training

The Company complies with the requirements set out in Bursa Malaysia's Listing Requirements by regularly assessing the training needs of its Directors to ensure that they are equipped with the requisite knowledge and competencies to make effective contribution to the Board's functioning. Directors are encouraged nevertheless to continue attending various training programmes that are relevant to the discharge of their responsibilities.

Directors' Training (cont'd)

All new Directors will be given comprehensive briefing of the Group's operations. Throughout their tenure in office, they are constantly updated on the Group's business, the competitive and regulatory environment in which it operates and other changes. They are also advised on their obligations as Directors of a listed company.

The following Directors have participated in seminars organized by various training organizations: -

(1) Yap Hoong Chai
- Hatchery Innovation Summit Asia (2nd June, 2014 – 4th June, 2014)
- The 2nd Enlarged Congress of the First Asian Egg (20th September, 2014)
- VIV Asia 2015 & "State of the Art" Broiler and Layer Production Summit (11th March, 2015 – 13th March, 2015)
- Merial Avian Forum 2014 (23rd April, 2014 – 25th April, 2014)

(2) Ng Kim Tian
- Goods & Services Tax (GST) Act (25th March, 2015)

(3) Yap Chor How
- IEC Vienna Conference 2014 (30th March, 2014 – 1st April, 2014)
- The 2nd Enlarged Congress of the First Asian Egg (20th September, 2014)
- IEC Asia Leadership Forum (9th March, 2015 – 10th March, 2015)

(4) Tan Ooi Jin
- Nominating Committee Programme by Bursa (17th June, 2014)
- Listing on the Singapore Exchange (16th October, 2014)
- Bauma China 2014 (25th November, 2014)
- FMM Selangor Entrepreneurship & Innovation Conference 2015 (21st March, 2015)

Directors' Remuneration

The Non-Executive Directors are provided with a fixed annual Directors' fees, which are approved by the shareholders at the Annual General Meeting based on the recommendation of the Board.

The Remuneration Committee comprises two (2) Independent Directors and one (1) Executive Director as follows: -

(i) Gan Lian Peng, Chairman – Independent Non-Executive Director
(ii) Dato' Dr. Abdul Aziz Bin Mangkat – Independent Non-Executive Director
(iii) Yap Hoong Chai – Executive Director

This committee is entrusted with the role of determining and recommending suitable policies in respect of salary packages for Group Managing Director and Executive Directors as well as reviewing Non-Executive Directors' fees.

Dato' Dr. Abdul Aziz Bin Mangkat who is an Independent Non-Executive Chairman, received consultation fees amounting to RM78,000.00 during the financial year.

The breakdown of Directors remuneration during the financial year is presented on pages 77 of this Annual Report.

SHAREHOLDERS COMMUNICATION

The Group recognises the importance of effective communication with shareholders and the investment community, and adheres strictly to the disclosure requirements of Bursa Malaysia.

Quarterly reports on the Group results and announcements can be accessed from our website www.layhong.com.my as well as Bursa Malaysia's website. In addition, the Group's Annual Report contains a detailed review of its financial and operational performance.

The Annual General Meeting (AGM) is the principal forum for dialogue with shareholders. At the AGM, the Directors present a review of the Group's progress and performance and provide ample opportunities for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to respond to questions from shareholders during this meeting. The external auditors are also present to provide professional and independent clarification on issues and concerns raised by shareholders.

ACCOUNTABILITY AND AUDIT

Financial Reports

The Board is responsible to ensure that financial statements prepared for each financial year give a true and fair view of the Group's state of affairs. The Directors take due care and reasonable steps to ensure that the requirements of accounting standards are fully met. Quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors prior to their release to Bursa Malaysia.

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 28 of this Annual Report.

Risk Management and Internal Control

The Code requires the Board to maintain a sound system of internal control to safeguard shareholder's investment and the Group's assets. The Statement of Risk Management and Internal Control set out on pages 19 to 20 of this Annual Report provides an overview of the state of risk management and internal control within the Group.

Relationship with Auditors

The external auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal financial controls and the data contained in the financial statements to the extent necessary to express their audit opinion. They discuss with management the reporting of operational results and the financial condition of the Group, and present their findings to the Audit Committee.

Through the Audit Committee, the Group maintains a transparent and professional relationship with the external auditors in seeking advice and ensuring compliance with accounting standards in Malaysia.

Responsibility Statement In Respect of the Financial Year Under Review

The Board is responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and Company at the end of the financial period. The Directors are of the opinion that the Audited Financial Statements for the year ended 31 March 2015 are prepared in accordance with applicable approved accounting standards and complied with the provisions of the Companies Act 1965.

Statements of Compliance with the Code

The Board is pleased to report to the shareholders that the Group has complied with the principles set in the Code and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

OTHER INFORMATION

Executive Share Options ("ESOS") Scheme

1,050,000 number of ordinary shares 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 2015 was RM8,790.

Revaluation Policy on Landed Properties

The Group has adopted a policy to revalue its land and buildings at least once in every five years. The next revaluation will be due in 2016.

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.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

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

Gan Lian Peng

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 April 1st, 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;

(c) with the external auditors, their audit report;

(d) the assistance given by the employees of the company to the external auditors;

(e) the adequacy of the scope, functions, competency and resources of the internal audit function who reports directly to the Audit Committee and that it has the necessary authority to carry out its work;

(f) the internal audit programme, process the results of the internal audit programme process or investigation undertaken and whether or not and where appropriate, action is taken on the recommendations of the internal audit function;

3. FUNCTIONS (cont'd)

(g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on: -

(i) changes in or implementation of major accounting policy changes;
(ii) significant and unusual events; and
(iii) compliance with accounting standards and other legal requirements;

(h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions or management integrity;

(i) any letter of resignation from the external auditors of the Company; and
(j) whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment; and

3.2 recommend the nomination of a person or persons as external auditors.

4. PROCEDURE

The Audit Committee shall regulate its own procedure, as follows: -

(a) the Audit Committee is authorised to meet at least four times a year, and as many times as the Committee deems necessary. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The Secretary to the Committee shall report on each meeting to the Board. The Secretary to the Committee shall be the Company Secretary;

(b) in order to form a quorum in respect of an Audit Committee, the majority of members present must be Independent Directors;

(c) a resolution in writing signed by all the committee members shall be as effective as a resolution passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more of the Committee;

(d) in the event of any vacancy in an Audit Committee resulting in the non-compliance of subparagraph 15.10 (1) of the Bursa Malaysia Listing Requirements, the Company must fill the vacancy within 3 months;

(e) upon the request of external auditor, the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or Shareholders;

(f) to ensure that other Directors and employees attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

5. REPORT

The Audit Committee report must be clearly set out in the Annual Report of the Company and shall include the following: -

(a) the composition of the Audit Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);

(b) the terms of reference of the Audit Committee;

(c) the number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member;

(d) a summary of the activities of the Audit Committee in the discharge of its functions and duties for the financial year of the Company; and

(e) a summary of the activities of the internal audit function or activity.

6. REPORTING OF BREACHES TO THE EXCHANGE

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Listing Requirements, the Audit Committee must promptly report such matter to Bursa Malaysia.

7. RIGHTS

Whenever necessary and reasonable for the performance of its duties, the Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company: -

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company;

7. RIGHTS (cont'd)

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

8. REVIEW OF THE AUDIT COMMITTEE

The terms of office and performance of the Audit Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

During the financial year ended 31 March 2015, the attendance of Audit Committee members at Committee meetings is as follows: -

	ATTENDANCE
Gan Lian Peng	5 of 5
Dato' Dr Abdul Aziz Bin Mangkat	5 of 5
Cheng Chin Hong	4 of 5

The activities of the Audit Committee during the financial year ended 31 March 2015 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 2015,

(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 2015,

(5) reviewed the related party transactions of the Company.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group was outsourced to Bridge Corporate Advisory Sdn Bhd for 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. Four (4) audit reports 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 RM 292,649.51 for the financial year ended 31 March 2015.

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 on going 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 receivables.

The internal audit function reports directly to the Audit Committee. Four (4) reports on the internal audit findings and its follow up reports 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 20th July, 2015.

CORPORATE SOCIAL RESPONSIBILITIES STATEMENT

Lay Hong Berhad Group is a proponent of open and transparent business practices that are based on moral and ethical values. The Group's Corporate Social Responsibilities ("CSR") initiatives, having undergone the process of process planning and consideration are assimilated into the way the Group functions as a business entity, thus delivering sustainable values.

FOOD SAFETY AND QUALITY

The Group is in compliance with all relevant laws and regulations governing food safety and quality, including Skim Akriditasi 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 reduce the hazard of cross contamination and ensure the highest quality chicken products for the consumers.

ENVIRONMENT

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.

WORKPLACE

The Group believes in local talent – the Group currently employs more than 500 local employees of diverse nationalities for both in Peninsular and East Malaysia operations.

In addition to the sourcing of skills and talents from the local pool, the Group also strives to provide employment opportunities to females. Those in the senior bracket are also not forgotten – approximately 6% of the Group's workforce is over the age of 60.

In developing and growing our talent pool, we regularly conduct periodical training in poultry farming and workplace safety and health. Moreover, we endeavor to embed the high standards required to enhance work quality and to achieve outstanding job performance. We also focus on on-job-training coaching. Initiatives are also taken to actively engage our workplace in curbing farms / plants injuries and to ensure stringent compliance with existing environment health and safety regulations in all our operations.

COMMUNITY

Donations made to needy community organisations and institutions, including the Kiwanis Down Syndrome Foundation and the Selangor Dayspring Society for Persons with Learning Difficulties.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

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	**19,669,389**	4,767,863
Net profit attributable to:		
Owners of the Company	**18,605,255**	4,767,863
Non-controlling interests	**1,064,134**	–
	19,669,389	4,767,863

DIVIDENDS

Since the end of the previous financial year, the Company paid a final tax-exempt dividend of 5.0% amounting to RM2,523,850 in respect of the financial year ended 31 March 2014 on 12 November 2014.

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, the Company increased its issued and paid up ordinary share capital from RM49,780,000 to RM50,830,000 with the allotment of 1,050,000 new ordinary shares of RM1.00 each at par under the Executive Shares Option Scheme ("ESOS").

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	
Dato' Dr. Abdul Aziz bin Mangkat	
Cheng Chin Hong	
Chia Mak Hooi	(Ceased on 22.9.2014)
Ng Kim Tian	
Yap Chor How	
Gan Lian Peng	
Tan Ooi Jin	(Appointed on 27.1.2015)

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.

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 is as follows:

				NUMBER OF SHARE OPTIONS		
NAME	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	AT 1 APRIL 2014	EXERCISED	AT 31 MARCH 2015
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 2014	BOUGHT	SOLD	AT 31 MARCH 2015
THE COMPANY				
DIRECT INTEREST				
Yap Hoong Chai	600,000	–	–	**600,000**
Yeap Fock Hoong	12,000	–	–	**12,000**
Yeap Weng Hong	207,200	200,000	–	**407,200**
Yap Chor How	459,700	–	–	**459,700**
Ng Kim Tian	22,000	100,000	–	**122,000**
INDIRECT INTEREST				
Yap Hoong Chai*	21,509,466	240,000	(8,200)	**21,741,266**

* Deemed interested in 2,841,266 shares held by spouse, children, siblings, spouse of sibling and 18,900,000 shares by virtue of Innofarm Sdn Bhd which holds 37.18% equity interest in Lay Hong Berhad.

	← NUMBER OF ORDINARY SHARES OF RM1.00 EACH →			
	AT 1 APRIL 2014	BOUGHT	SOLD	AT 31 MARCH 2015
SUBSIDIARY COMPANIES:				
EVERGREEN ORGANIC FERTILISERS SDN BHD				
INDIRECT INTEREST				
Yap Hoong Chai	147,000	–	–	**147,000**
Yeap Fock Hoong	147,000	–	–	**147,000**
Yeap Weng Hong	147,000	–	–	**147,000**
SRI TAWAU FARMING SDN BHD				
INDIRECT INTEREST				
Yap Hoong Chai	500,001	–	–	**500,001**
Yeap Fock Hoong	500,001	–	–	**500,001**
Yeap Weng Hong	500,001	–	–	**500,001**

DIRECTORS' INTERESTS (CONT'D)

NAME	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF SHARE OPTIONS AT 1 APRIL 2014	EXERCISED	AT 31 MARCH 2015
Yeap Weng Hong	23.11.2005	10.11.2015	1.00	200,000	(200,000)	–
Ng Kim Tian	23.11.2005	10.11.2015	1.00	100,000	(100,000)	–

Yap Hoong Chai, Yeap Fock Hoong and Yeap Weng Hong by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiary companies to the extent the Company has an interest.

Other than as stated above, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

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.

OTHER STATUTORY INFORMATION (CONT'D)

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.

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 20 July 2015.

YAP HOONG CHAI

Director
Klang, Selangor Darul Ehsan

YEAP WENG HONG

Director

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 31 to 91 are drawn up in accordance with Financial Reporting Standards and the requirements 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 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 38 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 20 July 2015.

YAP HOONG CHAI
Director
Klang, Selangor Darul Ehsan

YEAP WENG HONG
Director

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 31 to 91 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 20 July 2015.

NG KIM TIAN

Before me,

Commissioner for Oaths
Selangor Darul Ehsan

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 2015 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 31 to 91.

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 2015 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.

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 38 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
588/02/17 (J)
Chartered Accountant

Kuala Lumpur
20 July 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	NOTE	GROUP 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	**243,512,372**	243,350,516	**69,135,923**	62,702,592
Investments	4	**194,075**	194,075	**22,964,625**	22,802,875
Intangible assets	5	**3,193,052**	3,555,737	**–**	–
Deferred tax assets	6	**3,496,684**	8,838,167	**–**	1,280,047
		250,396,183	255,938,495	**92,100,548**	86,785,514
Current assets					
Biological assets	7	**26,116,831**	25,547,341	**14,547,422**	10,454,225
Inventories	8	**65,535,342**	61,529,785	**7,931,428**	8,502,507
Trade receivables	9	**65,804,071**	58,702,175	**12,736,834**	11,054,951
Other receivables	10	**9,886,556**	9,698,040	**1,889,118**	1,271,142
Due from subsidiary companies	11	**–**	–	**73,522,734**	66,590,051
Short term investment	12	**5,048,526**	3,420,057	**5,025,072**	3,397,516
Cash and bank balances	13	**4,586,783**	4,718,431	**396,592**	425,788
		176,978,109	163,615,829	**116,049,200**	101,696,180
TOTAL ASSETS		**427,374,292**	419,554,324	**208,149,748**	188,481,694
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	**50,830,000**	49,780,000	**50,830,000**	49,780,000
Other reserves		**18,254,731**	19,864,337	**8,927,643**	9,063,014
Retained earnings	15	**67,714,486**	49,883,906	**21,368,198**	18,861,258
		136,799,217	119,528,243	**81,125,841**	77,704,272
Non-controlling interests		**24,023,507**	22,790,495	**–**	–
Total equity		**160,822,724**	142,318,738	**81,125,841**	77,704,272
Non-current liabilities					
Loan and borrowings	16	**37,113,014**	42,549,635	**6,968,628**	9,496,471
Deferred tax liabilities	6	**25,503,858**	26,837,874	**7,356,292**	8,040,101
		62,616,872	69,387,509	**14,324,920**	17,536,572
Current liabilities					
Trade payables	17	**63,622,387**	64,862,110	**25,483,097**	25,794,476
Other payables	18	**29,191,212**	23,759,079	**8,470,829**	5,328,312
Due to subsidiary companies	19	**–**	–	**22,473,633**	2,918,860
Current tax liability		**2,425,737**	85,741	**1,738,335**	–
Loan and borrowings	16	**108,695,360**	119,141,147	**54,533,093**	59,199,202
		203,934,696	207,848,077	**112,698,987**	93,240,850
Total liabilities		**266,551,568**	277,235,586	**127,023,907**	110,777,422
TOTAL EQUITY AND LIABILITIES		**427,374,292**	419,554,324	**208,149,748**	188,481,694

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

		GROUP		COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	21	**671,700,806**	579,223,271	**282,844,994**	251,550,039
Cost of sales		**(548,491,312)**	(487,863,247)	**(245,949,101)**	(227,158,557)
Gross profit		**123,209,494**	91,360,024	**36,895,893**	24,391,482
Other operating income	22	**5,460,139**	4,636,779	**1,294,004**	2,616,621
Selling and distribution expenses		**(65,896,828)**	(53,968,055)	**(14,624,115)**	(12,226,707)
Administrative expenses		**(26,238,081)**	(23,529,809)	**(12,515,925)**	(8,063,899)
Profit from operations	23	**36,534,724**	18,498,939	**11,049,857**	6,717,497
Finance costs	24	**(8,670,330)**	(8,116,565)	**(3,234,305)**	(3,321,539)
Profit before tax		**27,864,394**	10,382,374	**7,815,552**	3,395,958
Tax expenses	25	**(8,195,005)**	(3,195,932)	**(3,047,689)**	(1,386,108)
Net profit for the financial year		**19,669,389**	7,186,442	**4,767,863**	2,009,850
Other comprehensive income, net of tax					
Fair value of available-for sale financial assets		**128,469**	86,327	**127,556**	85,671
Exchange differences on translation of foreign operations		**21,796**	96,289	**–**	–
Other comprehensive income, net of tax		**150,265**	182,616	**127,556**	85,671
Total comprehensive income for the financial year		**19,819,654**	7,369,058	**4,895,419**	2,095,521
Net profit attributable to:					
Owners of the Company		**18,605,255**	7,158,450	**4,767,863**	2,009,850
Non-controlling interests		**1,064,134**	27,992	**–**	–
		19,669,389	7,186,442	**4,767,863**	2,009,850
Total comprehensive income attributable to:					
Owners of the Company		**18,744,824**	7,293,885	**4,895,419**	2,095,521
Non-controlling interests		**1,074,830**	75,173	**–**	–
		19,819,654	7,369,058	**4,895,419**	2,095,521
Earnings per share attributable to equity holders to the Company (sen)					
Basic	26	**37.07**	14.38		
Diluted	26	**36.90**	14.15		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

GROUP	SHARE CAPITAL RM	REVALUATION RESERVE RM	FOREIGN CURRENCY TRANSLATION RESERVE RM	FAIR VALUE RESERVE RM	RETAINED EARNINGS RM	TOTAL RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
	← ATTRIBUTABLE TO OWNERS OF THE COMPANY →							
	← NON-DISTRIBUTABLE →				DISTRIBUTABLE			
As at 1 April 2013	49,780,000	20,493,100	(712)	157,427	41,804,543	112,234,358	22,251,806	134,486,164
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
Balance at 31 March 2014	49,780,000	19,572,187	48,396	243,754	49,883,906	119,528,243	22,790,495	142,318,738
Total comprehensive income for the financial year	–	–	11,100	128,469	18,605,255	18,744,824	1,074,830	19,819,654
Transfer to distributable reserve on realisation of revaluation reserve	–	(1,749,175)	–	–	1,749,175	–	–	–
Dividends to owners of the Company	–	–	–	–	(2,523,850)	(2,523,850)	–	(2,523,850)
Accretion of non-controlling interest	–	–	–	–	–	–	158,182	158,182
Issue of ordinary shares pursuant to ESOS (Note 14)	1,050,000	–	–	–	–	1,050,000	–	1,050,000
Balance at 31 March 2015	**50,830,000**	**17,823,012**	**59,496**	**372,223**	**67,714,486**	**136,799,217**	**24,023,507**	**160,822,724**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)

COMPANY	SHARE CAPITAL RM	← NON-DISTRIBUTABLE REVALUATION RESERVE RM	FAIR VALUE RESERVE RM →	DISTRIBUTABLE RETAINED EARNINGS RM	TOTAL RM
As at 1 April 2013	49,780,000	9,202,050	156,508	16,470,193	75,608,751
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	–
Balance at 31 March 2014	49,780,000	8,820,835	242,179	18,861,258	77,704,272
Total comprehensive income for the financial year	–	–	127,556	4,767,863	4,895,419
Transfer to distributable reserve on realisation of revaluation reserve	–	(262,927)	–	262,927	–
Dividends to owners of the Company	–	–	–	(2,523,850)	(2,523,850)
Issue of ordinary shares pursuant to ESOS (Note 14)	1,050,000	–	–	–	1,050,000
Balance at 31 March 2015	**50,830,000**	**8,557,908**	**369,735**	**21,368,198**	**81,125,841**

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash Flows from Operating Activities				
Profit before tax	**27,864,394**	10,382,374	**7,815,552**	3,395,958
Adjustments for:				
Amortisation of intangible assets	**27,781**	27,781	**–**	–
Depreciation of property, plant and equipment	**22,216,302**	20,566,226	**5,985,154**	5,861,158
Dividend income	**(461)**	(793)	**(461)**	(571)
Deposit forfeited	**150,000**	–	**–**	–
Net loss on disposal of property, plant and equipment	**840,471**	486,826	**925,031**	568,247
Inventories written off	**–**	1,036,049	**–**	932,687
Property, plant and equipment written off	**1,059,310**	202,444	**1,018,903**	178,032
Impairment on property, plant and equipment	**1,841,259**	–	**1,841,259**	–
Interest expense	**8,670,330**	8,116,565	**3,234,305**	3,321,539
Interest income	**(18,796)**	(33,853)	**–**	–
Goodwill and other investment written off	**334,904**	72,800	**–**	–
Reversal of other investment	**–**	(81,000)	**–**	(81,000)
Net unrealised foreign exchange loss/(gains)	**50,873**	(64,162)	**(10,891)**	(25,028)
Net (reversal)/impairment losses on trade receivables	**(204,934)**	227,871	**40,898**	(723,661)
Bad debts written off	**–**	27,050	**–**	23,661
Changes in fair value of financial asset	**128,469**	86,327	**127,556**	85,671
Operating profit before working capital changes	**62,959,902**	41,052,505	**20,977,306**	13,536,693
Increase in inventories and biological assets	**(4,575,047)**	(6,875,015)	**(3,522,118)**	(509,156)
(Increase)/Decrease in trade and other receivables	**(7,286,351)**	(5,928,621)	**(2,329,866)**	408,556
Increase/(Decrease) in trade and other payables	**4,192,410**	(2,152,294)	**2,831,138**	(3,115,423)
Increase/(Decrease) in intercompany balances	**–**	–	**2,422,329**	(2,236,638)
Cash generated from operations	**55,290,914**	26,096,575	**20,378,789**	8,084,032
Interest paid	**(8,670,330)**	(8,116,565)	**(3,234,305)**	(3,321,539)
Net tax (paid)/refunded	**(1,847,542)**	315,840	**(713,116)**	450,936
Net cash inflow from operating activities	**44,773,042**	18,295,850	**16,431,368**	5,213,429

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 {CONT'D}

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash Flows from Investing Activities				
Investment by non-controlling interest	**158,182**	463,516	**–**	–
Additional acquisition of intangible assets	**–**	(97,868)	**–**	–
Additional investment in subsidiary companies	**–**	–	**(161,750)**	(1,632,432)
Purchase of other investment	**–**	(75,000)	**–**	–
Purchase of property, plant and equipment (Note 3 (c))	**(23,293,121)**	(16,786,179)	**(4,647,270)**	(2,312,091)
Proceeds from disposal of property, plant and equipment	**3,072,180**	442,500	**70,987**	208,533
Interest received	**18,796**	33,853	**–**	–
(Increase)/Decrease in deposits pledged to licensed banks	**(13,782)**	214,192	**–**	–
Dividend received	**461**	793	**461**	571
Net cash outflow from investing activities	**(20,057,284)**	(15,804,193)	**(4,737,572)**	(3,735,419)
Cash Flows from Financing Activities				
Net repayment of bankers' acceptances	**(2,554,000)**	(2,202,000)	**(1,546,000)**	(3,942,000)
Proceeds from issue of ordinary shares	**1,050,000**	–	**1,050,000**	–
Net repayment and drawdown from revolving credit facilities	**(2,500,000)**	4,000,000	**(2,500,000)**	4,000,000
Net repayment of term loans	**(2,834,687)**	(5,102,345)	**(2,277,007)**	(2,161,357)
Net repayment of finance lease liabilities	**(7,190,296)**	(5,847,610)	**(1,935,956)**	(1,355,123)
Dividends paid to owners of the parent	**(2,523,850)**	–	**(2,523,850)**	–
Net cash outflow from financing activities	**(16,552,833)**	(9,151,955)	**(9,732,813)**	(3,458,480)
Net Increase/(Decrease) in Cash and Cash Equivalents	**8,162,925**	(6,660,298)	**1,960,983**	(1,980,470)
Exchange differences arising from retranslation of financial statements in foreign currency	**21,796**	72,857	**–**	–
Cash and Cash Equivalents at Beginning of the Financial Year	**(11,965,358)**	(5,377,917)	**(2,631,278)**	(650,808)
Cash and Cash Equivalents at End of the Financial Year (Note 13)	**(3,780,637)**	(11,965,358)	**(670,295)**	(2,631,278)

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

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 20 July 2015.

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 2014 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.

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.

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).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

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

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(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.

(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.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.2 Summary of significant accounting policies (cont'd)

(g) Impairment of non-financial assets (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(h) Income taxes (cont'd)

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.

(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;

	2015 RM	2014 RM
Foreign Currencies		
Euro (EUR)	**3.9716**	4.4934
Singapore Dollar (SGD)	**2.6923**	2.5930
United State Dollar (USD)	**3.7035**	3.2685

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(i) Foreign currencies (cont'd)

(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 accumuluted 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.

(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 recoganition and the categories include loans and receivables and available for sale financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(k) Financial assets (cont'd)

(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.

(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 comprehesive 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 establised.

Investment in equity instruments whose fair value cannot be reliable measured are measures 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(l) Financial liabilities (cont'd)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(n) Employee benefits (cont'd)

(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").

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(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).

(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 occurance or non-occurance 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 2014, the Group and the Company adopted the followings Amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual financial periods beginning on or after 1 July 2014.

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to FRSs 2010 - 2012 Cycle	
Annual Improvements to FRSs 2011 - 2013 Cycle	

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

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 for issue of these financial statements, the following new FRSs and Amendments to FRSs were issued but not yet effective and have not been applied by the Group and the Company:

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

Amendments to FRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 11	Joint Arrangments: Accounting for Acquisitions of interests in Joint Operations
FRS 14	Regulatory Deferral Accounts
Amendments to FRS 101	Presentation of Financial Statements: Disclosure Initiative
Amendments to FRS 116	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Consolidated Financial Statements: Equity Method in Separate Financial Statements
Amendments to FRS 128	Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 138	Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 10, FRS 12, and FRS 128	Investment Entities: Applying the Consolidation Exception

Annual Improvements to FRSs 2012 - 2014 Cycle

Effective for financial periods beginning on or after 1 January 2018:

FRS 9	Financial Instruments

In November 2014, MASB issued and final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous version of FRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

Malaysian Financial Reporting Standards

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, including its parent, significant investor and venturer ("Transitioning Entities").

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 (cont'd)

On 2 September 2014, Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group and the Company falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 March 2018. In presenting its first MFRS financial statements, the Group and the Company 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 accumulated losses/retained earnings.

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 siginificant 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Critical accounting estimates and judgements (cont'd)

(c) Impairment of investments (cont'd)

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.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM	LONG TERM LEASEHOLD LAND RM	SHORT TERM LEASEHOLD LAND RM	BUILDINGS RM	PLANT AND MACHINERY RM	MOTOR VEHICLES RM	OFFICE EQUIPMENT, FURNITURE, FITTINGS AND RENOVATIONS RM	CAPITAL WORK-IN-PROGRESS RM	TOTAL RM
2015									
Cost/Valuation									
At 1 April 2014									
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
Additions	1,656,836	–	–	8,037,343	4,512,564	2,634,928	5,183,945	7,165,762	29,191,378
Disposals	–	–	–	(1,284,380)	(2,903,477)	(351,366)	(207,646)	–	(4,746,869)
Transfers	–	–	–	2,440,453	5,330,160	–	–	(7,770,613)	–
Written off	–	–	–	–	(1,278,265)	–	(59,916)	–	(1,338,181)
At 31 March 2015	26,324,484	12,966,369	1,494,617	166,803,490	176,487,390	22,625,352	30,365,635	4,313,547	441,380,884
Cost	3,169,485	1,240,776	868,551	67,704,733	176,487,390	22,625,352	30,365,635	4,313,547	306,775,469
Valuation	23,154,999	11,725,593	626,066	99,098,757	–	–	–	–	134,605,415
	26,324,484	12,966,369	1,494,617	166,803,490	176,487,390	22,625,352	30,365,635	4,313,547	441,380,884
Accumulated depreciation									
At 1 April 2014	–	924,182	158,398	59,243,204	92,494,621	13,674,441	8,429,194	–	174,924,040
Charge for the financial year	–	18,187	–	5,254,014	13,157,743	2,380,141	1,400,780	–	22,210,865
Disposals	–	–	–	(74,154)	(420,799)	(307,852)	(31,413)	–	(834,218)
Written off	–	–	–	–	(254,725)	–	(24,146)	–	(278,871)
Exchange differences	–	–	–	–	5,365	–	72	–	5,437
At 31 March 2015	–	942,369	158,398	64,423,064	104,982,205	15,746,730	9,774,487	–	196,027,253
Cost	–	7,464	3,978	12,716,147	104,982,205	15,746,730	9,774,487	–	143,231,011
Valuation	–	934,905	154,420	51,706,917	–	–	–	–	52,796,242
	–	942,369	158,398	64,423,064	104,982,205	15,746,730	9,774,487	–	196,027,253
Accumulated impairment loss									
At 1 April 2014	–	–	–	–	–	–	–	–	–
Additions	–	–	–	–	1,841,259	–	–	–	1,841,259
At 31 March 2015	–	–	–	–	1,841,259	–	–	–	1,841,259
Net carrying amounts									
Cost	3,169,485	1,233,312	864,573	54,988,586	69,663,926	6,878,622	20,591,148	4,313,547	161,703,199
Valuation	23,154,999	10,790,688	471,646	47,391,840	–	–	–	–	81,809,173
At 31 March 2015	26,324,484	12,024,000	1,336,219	102,380,426	69,663,926	6,878,622	20,591,148	4,313,547	243,512,372

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP (CONT'D)	FREEHOLD LAND RM	LONG TERM LEASEHOLD LAND RM	SHORT TERM LEASEHOLD LAND RM	BUILDINGS RM	PLANT AND MACHINERY RM	MOTOR VEHICLES RM	OFFICE EQUIPMENT, FURNITURE, FITTINGS AND RENOVATIONS RM	CAPITAL WORK-IN-PROGRESS RM	TOTAL RM
2014									
Cost/Valuation									
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)	–
Written off	–	–	–	(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
Accumulated depreciation									
At 1 April 2013	–	755,208	133,291	54,716,455	80,793,823	12,107,164	7,054,492	–	155,560,433
Charge for the financial year	–	168,974	25,107	4,781,889	11,984,310	2,224,405	1,381,541	–	20,566,226
Disposals	–	–	–	–	(294,335)	(560,660)	2,785	–	(852,210)
Transfers	–	–	–	–	–	(96,468)	–	–	(96,468)
Written off	–	–	–	(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
Net carrying amounts									
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

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY	FREEHOLD LAND RM	LONG TERM LEASEHOLD LAND RM	BUILDINGS RM	PLANT AND MACHINERY RM	MOTOR VEHICLES RM	OFFICE EQUIPMENT, FURNITURE, FITTINGS AND RENOVATIONS RM	CAPITAL WORK-IN-PROGRESS RM	TOTAL RM
2015								
Cost/Valuation								
At 1 April 2014								
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
Additions	1,656,836	–	6,329,155	4,116,760	890,986	989,760	2,291,168	16,274,665
Disposals	–	–	–	(1,149,252)	(58,535)	–	–	(1,207,787)
Transfers	–	–	40,053	2,673,292	–	–	(2,713,345)	–
Written off	–	–	–	(1,273,628)	–	–	–	(1,273,628)
At 31 March 2015	13,476,836	520,125	53,271,913	56,717,955	9,566,018	5,986,012	2,204,934	141,743,793
Cost	1,656,836	187,481	9,044,222	56,717,955	9,566,018	5,986,012	2,204,934	85,363,458
Valuation	11,820,000	332,644	44,227,691	–	–	–	–	56,380,335
	13,476,836	520,125	53,271,913	56,717,955	9,566,018	5,986,012	2,204,934	141,743,793
Accumulated depreciation								
At 1 April 2014	–	36,484	19,672,880	35,354,561	6,678,098	3,505,928	–	65,247,951
Charge for the financial year	–	7,336	1,325,769	3,589,470	750,300	312,279	–	5,985,154
Disposals	–	–	–	(153,234)	(58,535)	–	–	(211,769)
Written off	–	–	–	(254,725)	–	–	–	(254,725)
At 31 March 2015	–	43,820	20,998,649	38,536,072	7,369,863	3,818,207	–	70,766,611
Cost	–	3,195	485,030	38,536,072	7,369,863	3,818,207	–	50,212,367
Valuation	–	40,625	20,513,619	–	–	–	–	20,554,244
	–	43,820	20,998,649	38,536,072	7,369,863	3,818,207	–	70,766,611
Accumulated impairment loss								
At 1 April 2014	–	–	–	–	–	–	–	–
Additions	–	–	–	1,841,259	–	–	–	1,841,259
At 31 March 2015	–	–	–	1,841,259	–	–	–	1,841,259
Net carrying amounts								
Cost	1,656,836	184,286	8,559,192	16,340,624	2,196,155	2,167,805	2,204,934	33,309,832
Valuation	11,820,000	292,019	23,714,072	–	–	–	–	35,826,091
At 31 March 2015	13,476,836	476,305	32,273,264	16,340,624	2,196,155	2,167,805	2,204,934	69,135,923

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY (CONT'D)	FREEHOLD LAND RM	LONG TERM LEASEHOLD LAND RM	BUILDINGS RM	PLANT AND MACHINERY RM	MOTOR VEHICLES RM	OFFICE EQUIPMENT, FURNITURE, FITTINGS AND RENOVATIONS RM	CAPITAL WORK-IN-PROGRESS RM	TOTAL RM
2014								
Cost/Valuation								
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)	–
Written off	–	–	(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
Accumulated depreciation								
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)
Written off	–	–	(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
Net carrying amounts								
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

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Freehold & leasehold land and buildings of certain subsidiary companies with net carrying amounts of RM39,853,148 (2014: RM39,137,093) 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Motor vehicles	**6,614,519**	6,545,396	**2,087,575**	2,039,293
Office equipment	**3,079,592**	1,161,674	**312,999**	–
Plant and machinery	**15,100,313**	16,226,715	**1,295,476**	1,359,828

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash	**23,293,121**	16,786,179	**4,647,270**	2,312,091
Finance lease	**5,898,257**	12,076,850	**1,427,634**	1,888,613
Term loans	**–**	13,903,927	**–**	–
Inter-company transfer	**–**	–	**10,199,761**	–
	29,191,378	42,766,956	**16,274,665**	4,200,704

4. INVESTMENTS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
(a) Subsidiary companies				
Unquoted shares at cost	**–**	–	**22,846,230**	22,684,480
(b) Other investments				
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
Club Membership, at cost	**193,000**	193,000	**118,000**	118,000
Total investments	**194,075**	194,075	**22,964,625**	22,802,875
Market value of shares quoted in Malaysia	**2,368**	1,540	**1,184**	770

4. INVESTMENTS (CONT'D)

Details of the subsidiary companies are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	SHARE CAPITAL	EFFECTIVE INTEREST HELD (%) 2015	EFFECTIVE INTEREST HELD (%) 2014	PRINCIPAL ACTIVITIES
Hing Hong Sdn Bhd	Malaysia	2,000,000	**100**	100	Poultry farming
Innofarm (Klang) Sdn Bhd	Malaysia	400,000	**70**	70	Poultry farming
Evergreen Organic Fertilisers Sdn Bhd	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

5. INTANGIBLE ASSETS

GROUP	GOODWILL RM	DEVELOPMENT COSTS RM	TOTAL RM
Cost			
At 1 April 2013	3,448,923	714,049	4,162,972
Additions	–	97,868	97,868
At 31 March 2014	3,448,923	811,917	4,260,840
Written off	–	(673,013)	(673,013)
At 31 March 2015	**3,448,923**	**138,904**	**3,587,827**
Accumulated impairment losses and amortisation			
At 1 April 2013	100,000	504,522	604,522
Additions	72,800	27,781	100,581
At 31 March 2014	172,800	532,303	705,103
Additions	150,000	27,781	177,781
Written off	–	(488,109)	(488,109)
At 31 March 2015	**322,800**	**71,975**	**394,775**
Net carrying amount			
At 31 March 2015	**3,126,123**	**66,929**	**3,193,052**
At 31 March 2014	3,276,123	279,614	3,555,737

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:

	2015 RM	2014 RM
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.

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 TAX (ASSETS)/LIABILITIES

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
At 1 April	**17,999,707**	15,242,086	**6,760,054**	5,373,946
Recognised in profit or loss (Note 25)	**4,007,467**	2,757,621	**596,238**	1,386,108
At 31 March	**22,007,174**	17,999,707	**7,356,292**	6,760,054
Presented after offsetting as follows:				
Deferred tax liabilities	**25,503,858**	26,837,874	**7,356,292**	8,040,101
Deferred tax assets	**(3,496,684)**	(8,838,167)	**-**	(1,280,047)
	22,007,174	17,999,707	**7,356,292**	6,760,054

	ACCELERATED CAPITAL ALLOWANCES RM	REVALUATION RESERVE RM	OTHERS RM	TOTAL RM
Deferred Tax Liabilities of the Group:				
At 1 April 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	19,373,061	7,415,031	49,782	26,837,874
Recognised in profit or loss	(762,901)	(582,411)	11,296	(1,334,016)
At 31 March 2015	**18,610,160**	**6,832,620**	**61,078**	**25,503,858**

6. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

	ACCELERATED CAPITAL ALLOWANCES RM	REVALUATION RESERVE RM	OTHERS RM	TOTAL RM
Deferred Tax Liabilities of the Company:				
At 1 April 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	5,151,550	2,888,551	–	8,040,101
Recognised in profit or loss	(598,891)	(87,642)	2,724	(683,809)
At 31 March 2015	**4,552,659**	**2,800,909**	**2,724**	**7,356,292**

	UNUTILISED TAX LOSSES AND UNABSORBED CAPITAL ALLOWANCES RM	OTHERS RM	TOTAL RM
Deferred Tax Assets of the Group:			
At 1 April 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	(7,774,211)	(1,063,956)	(8,838,167)
Recognised in profit or loss	4,859,618	481,865	5,341,483
At 31 March 2015	**(2,914,593)**	**(582,091)**	**(3,496,684)**

	UNUTILISED TAX LOSSES AND UNABSORBED CAPITAL ALLOWANCES RM	OTHERS RM	TOTAL RM
Deferred Tax Liabilities of the Company:			
At 1 April 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	(1,286,304)	6,257	(1,280,047)
Recognised in profit or loss	1,286,304	(6,257)	1,280,047
At 31 March 2015	**–**	**–**	**–**

6. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Unused tax losses	**5,438,114**	707,764	**–**	–
Unabsorbed capital allowances	**–**	54,820	**–**	–
	5,438,114	762,584	**–**	–

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	
	2015 RM	2014 RM	2015 RM	2014 RM
At cost:				
Layer breeders	**769,944**	764,852	**–**	–
Broiler breeders	**5,039,940**	4,128,872	**–**	–
Layers	**20,306,947**	20,653,617	**14,547,422**	10,454,225
	26,116,831	25,547,341	**14,547,422**	10,454,225

8. INVENTORIES

	GROUP 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
At cost:				
Livestocks	**6,962,578**	6,853,137	**–**	–
Eggs	**2,481,126**	3,078,869	**1,090,587**	1,828,282
Raw materials	**11,153,425**	13,697,851	**3,969,364**	4,644,646
Organic fertilisers	**719,880**	841,184	**–**	–
Processed and frozen products	**14,648,718**	10,162,521	**–**	–
Retail merchandise	**21,394,966**	20,712,849	**–**	–
Trading items	**921,507**	891,668	**–**	–
Consumables and packing materials	**7,253,142**	5,291,706	**2,871,477**	2,029,579
	65,535,342	61,529,785	**7,931,428**	8,502,507

9. TRADE RECEIVABLES

	GROUP 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
Trade receivables				
Third parties	**71,395,641**	64,498,679	**12,777,732**	11,054,951
Allowance for impairment losses	**(5,591,570)**	(5,796,504)	**(40,898)**	–
	65,804,071	58,702,175	**12,736,834**	11,054,951

The Group's normal credit term for trade receivables ranges from 45 days to 75 days after the month of invoicing (2014: 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 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
Neither past due nor impaired	**61,043,318**	56,550,927	**12,392,554**	10,641,026
Up to 90 days past due not impaired	**1,976,156**	809,417	**142,045**	50,850
More than 90 days past due not impaired	**2,784,597**	1,341,831	**202,235**	363,075
	4,760,753	2,151,248	**344,280**	413,925
Impaired	**5,591,570**	5,796,504	**40,898**	–
	71,395,641	64,498,679	**12,777,732**	11,054,951

9. TRADE RECEIVABLES (CONT'D)

Ageing analysis of trade receivables (cont'd)

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 RM4,760,753 (2014: RM2,151,248) and RM344,280 (2014: RM413,925) respectively that are past due at the reporting date and not impaired. The analysis of secured and unsecured past due and not impaired trade receivables are as follows;

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Secured past due and not impaired trade receivables	**1,005,645**	827,255	**25,793**	413,925
Unsecured past due and not impaired trade receivables	**3,755,108**	1,323,993	**318,487**	–
	4,760,753	2,151,248	**344,280**	413,925

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

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
At 1 April 2014	**5,796,504**	5,568,633	**–**	723,661
Charge for the financial year	**749,766**	1,354,268	**40,898**	–
Reversal of impairment losses	**(954,700)**	(1,126,397)	**–**	(723,661)
At 31 March 2015	**5,591,570**	5,796,504	**40,898**	–

10. OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Other receivables				
Prepayments	**2,500,278**	2,267,871	**880,819**	885,217
Sundry receivables	**2,779,750**	1,238,580	**774,058**	53,933
Deposits	**4,358,151**	5,266,756	**234,241**	180,861
Tax recoverable	**248,377**	924,833	**–**	151,131
	9,886,556	9,698,040	**1,889,118**	1,271,142

Included in sundry receivables is an amount of RM200,943 (2014: RM280,943) 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	
	2015 RM	**2014 RM**
Subsidiary companies		
Trade	**22,593,317**	15,269,184
Non-trade	**50,929,417**	51,320,867
	73,522,734	66,590,051

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 RM4.48 million (2014: RM2.80 million) are subordinated to financial institutions as securities for credit facilities granted to certain subsidiary companies as disclosed in Note 16.

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 3.69% (2014: 2.80%).

13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Cash on hand and at banks	**4,135,268**	4,280,698	**396,592**	425,788
Deposits with licensed bank	**451,515**	437,733	**–**	–
Cash and bank balances	**4,586,783**	4,718,431	**396,592**	425,788
Short term investment (Note 12)	**5,048,526**	3,420,057	**5,025,072**	3,397,516
Less: Bank overdrafts (Note 16)	**(12,964,431)**	(19,666,113)	**(6,091,959)**	(6,454,582)
	(3,329,122)	(11,527,625)	**(670,295)**	(2,631,278)
Deposits pledged to licensed bank	**(451,515)**	(437,733)	**–**	–
Cash and cash equivalents	**(3,780,637)**	(11,965,358)	**(670,295)**	(2,631,278)

The deposits with licensed bank of the Group amounting to RM451,515 (2014: RM437,733) 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 3.30% (2014: 3.15%).

The deposits with licensed bank as at the end of the financial year have a maturity of 365 days (2014: 365 days).

14. SHARE CAPITAL

	GROUP AND COMPANY NUMBER OF ORDINARY SHARES OF RM1.00 EACH	
	2015 RM	2014 RM
Authorised share capital		
At 1 April / 31 March	**100,000,000**	100,000,000
Issued and fully paid		
At 1 April	**49,780,000**	49,780,000
Issued during the financial year		
- Pursuant to ESOS	**1,050,000**	–
At 31 March	**50,830,000**	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.

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 alloted 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.

14. SHARE CAPITAL (CONT'D)

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

		NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM1.00 EACH				
GRANT DATE	**EXERCISE PRICE RM**	**AT 1 APRIL 2014**	**GRANTED**	**DURING THE YEAR EXERCISED**	**LAPSED**	**AT 31 MARCH 2015**
23 Nov 2005	1.00	1,070,000	–	(1,050,000)	(20,000)	–

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

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. LOAN AND BORROWINGS

	GROUP 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
Current				
Secured:				
Bank overdrafts	**6,872,472**	13,211,531	**–**	–
Bankers' acceptances	**36,299,000**	37,307,000	**–**	–
Term loans	**6,975,251**	5,820,985	**919,043**	881,710
Finance lease liabilities (Note 20)	**6,377,101**	6,317,384	**1,442,516**	1,833,245
	56,523,824	62,656,900	**2,361,559**	2,714,955
Unsecured:				
Bank overdrafts	**6,091,959**	6,454,582	**6,091,959**	6,454,582
Bankers' acceptances	**41,083,000**	42,629,000	**41,083,000**	42,629,000
Term loans	**1,496,577**	1,400,665	**1,496,575**	1,400,665
Revolving credit	**3,500,000**	6,000,000	**3,500,000**	6,000,000
	52,171,536	56,484,247	**52,171,534**	56,484,247
	108,695,360	119,141,147	**54,533,093**	59,199,202
Non-current				
Secured:				
Term loans	**22,492,055**	25,086,807	**2,741,828**	3,661,967
Finance lease liabilities (Note 20)	**13,125,048**	14,476,806	**2,730,889**	2,848,482
	35,617,103	39,563,613	**5,472,717**	6,510,449
Unsecured:				
Term loans	**1,495,911**	2,986,022	**1,495,911**	2,986,022
	37,113,014	42,549,635	**6,968,628**	9,496,471

Total Borrowings	GROUP 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
Bank overdrafts (Note 13)	**12,964,431**	19,666,113	**6,091,959**	6,454,582
Bankers' acceptances	**77,382,000**	79,936,000	**41,083,000**	42,629,000
Term loans	**32,459,794**	35,294,479	**6,653,357**	8,930,364
Revolving credit	**3,500,000**	6,000,000	**3,500,000**	6,000,000
Finance lease liabilities (Note 20)	**19,502,149**	20,794,190	**4,173,405**	4,681,727
	145,808,374	161,690,782	**61,501,721**	68,695,673

16. LOAN AND BORROWINGS (CONT'D)

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Maturity of borrowings (excluding finance lease liabilities):				
Within one year	**102,318,259**	112,823,763	**53,090,577**	57,365,957
More than 1 year and less than 2 years	**8,074,433**	7,438,033	**2,482,813**	2,447,228
More than 2 years and less than 5 years	**10,866,414**	14,218,491	**1,690,651**	3,513,710
5 years or more	**5,047,119**	6,416,305	**64,275**	687,051
	126,306,225	140,896,592	**57,328,316**	64,013,946

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

	GROUP		COMPANY	
	2015 %	2014 %	2015 %	2014 %
Bank overdrafts	**8.02**	7.69	**7.87**	7.64
Bankers' acceptances	**4.90**	4.43	**4.90**	4.40
Term loans	**7.11**	6.98	**6.41**	6.35
Revolving credit	**5.19**	4.97	**5.19**	4.97

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 RM4.48 million (2014: RM2.8 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 (2014: 30 days to 90 days).

18. OTHER PAYABLES

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Other payables				
Accruals	**13,304,382**	10,822,019	**5,708,112**	3,126,018
Sundry payables	**15,886,830**	12,937,060	**2,762,717**	2,202,294
	29,191,212	23,759,079	**8,470,829**	5,328,312

Included in sundry payables is an amount of RM128,018 (2014: 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.

19. DUE TO SUBSIDIARY COMPANIES

	COMPANY	
	2015 RM	**2014 RM**
Subsidiary companies		
Trade	**6,599,476**	2,124,281
Non-trade	**15,874,157**	794,579
	22,473,633	2,918,860

The amounts due to 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 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
Future minimum lease payments				
Not later than 1 year	**7,450,822**	7,468,471	**1,688,404**	2,071,574
Later than 1 year and not later than 2 years	**7,841,279**	6,290,141	**1,201,393**	1,381,828
Later than 2 years and not later than 5 years	**6,212,032**	9,538,733	**1,639,113**	1,716,423
Later than 5 years	**109,345**	–	**109,345**	–
	21,613,478	23,297,345	**4,638,255**	5,169,825
Less: Future finance charges	**(2,111,329)**	(2,503,155)	**(464,850)**	(488,098)
Present value of finance leases (Note 16)	**19,502,149**	20,794,190	**4,173,405**	4,681,727
Analysis of present value of finance lease liabilities:				
Not later than 1 year	**6,377,101**	6,317,384	**1,442,516**	1,833,245
Later than 1 year and not later than 2 years	**5,776,732**	5,487,914	**1,062,799**	1,244,381
Later than 2 years and not later than 5 years	**7,243,833**	8,988,892	**1,563,607**	1,604,101
Later than 5 years	**104,483**	–	**104,483**	–
	19,502,149	20,794,190	**4,173,405**	4,681,727
Analysed as:				
Amount due within 12 months (Note 16)	**6,377,101**	6,317,384	**1,442,516**	1,833,245
Amount due after 12 months (Note 16)	**13,125,048**	14,476,806	**2,730,889**	2,848,482
	19,502,149	20,794,190	**4,173,405**	4,681,727

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

	TYPE	2015 %	2014 %	MATURITY
Group				
Finance lease liabilities	Fixed	**5.20 - 6.56**	5.22 - 6.52	2015 to 2022
Company				
Finance lease liabilities	Fixed	**4.56 - 7.42**	4.55 - 7.42	2015 to 2022

21. REVENUE

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

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Eggs	**163,975,292**	139,724,743	**168,474,253**	148,262,682
Livestocks	**28,660,138**	24,174,771	**5,021,108**	5,345,216
Ready feed	**19,571,280**	1,398,373	**104,884,543**	94,710,730
Processed and frozen products	**273,153,256**	240,144,363	**–**	–
Trading	**23,000,228**	23,053,270	**–**	–
Others	**19,566,226**	20,294,531	**4,465,090**	3,231,411
Retail supermarket	**143,774,386**	130,433,220	**–**	–
	671,700,806	579,223,271	**282,844,994**	251,550,039

22. OTHER OPERATING INCOME

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

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Gain on disposal of property, plant and equipment	**95,553**	93,899	**–**	–
Rental income:				
- Others	**836,871**	882,502	**–**	–
Dividend from unquoted investments (gross)	**461**	793	**461**	571
Interest income	**18,796**	33,853	**–**	–
Insurance claim	**59,617**	69,177	**1,238**	16,882
Reversal of other investment	**–**	81,000	**–**	81,000
Management fees from subsidiary companies	**–**	–	**1,011,000**	876,000
Reversal of impairment losses on trade receivables	**954,700**	1,126,397	**–**	723,661
Gain on disposal of unquoted investment	**–**	10,710	**–**	10,710
Gain on foreign exchange:				
- Realised	**249,103**	286,964	**185,130**	28,295
- Unrealised	**30,171**	64,162	**10,891**	25,028

23. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging:

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors' fees:				
- Current year	**232,000**	208,000	**200,000**	176,000
- Underprovision in prior years	**24,000**	6,000	**24,000**	6,000
Statutory audits:				
- Current year	**116,498**	94,500	**28,000**	23,000
- Underprovision in prior years	**18,198**	17,700	**5,000**	3,000
- Other services	**6,000**	6,000	**6,000**	6,000
Internal auditors' remuneration	**66,905**	–	**20,000**	–
Amortisation of intangible assets	**27,781**	27,781	**–**	–
Depreciation of property, plant and equipment	**22,216,302**	20,566,226	**5,985,154**	5,861,158
Deposit forfeited	**150,000**	–	**–**	–
Property, plant and equipment written off	**1,059,310**	202,444	**1,018,903**	178,032
Loss on disposal of property, plant and equipment	**936,024**	580,725	**925,031**	568,247
Hire of plant and machinery	**540,920**	310,011	**73,896**	42,731
Loss on foreign exchange:				
- Realised	**32,414**	2,020	**–**	–
- Unrealised	**81,044**	–	**–**	–
Impairment losses on trade receivables	**749,766**	1,354,268	**40,898**	–
Impairment on property, plant and equipment	**1,841,259**	–	**1,841,259**	–
Bad debts written off	**–**	27,050	**–**	23,661
Inventories written off	**–**	1,036,049	**–**	932,687
Rental expenses:				
- Third parties	**8,879,231**	6,147,882	**668,874**	647,524
- A subsidiary	**–**	–	**30,000**	30,000
Goodwill and other investment written off	**334,904**	72,800	**–**	–

24. FINANCE COSTS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest expenses on:				
- Bank borrowings	**7,072,818**	6,816,744	**2,953,049**	3,004,247
- Finance lease liabilities	**1,366,004**	1,253,349	**277,142**	281,684
- Others	**231,508**	46,472	**4,114**	35,608
	8,670,330	8,116,565	**3,234,305**	3,321,539

25. TAX EXPENSES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Tax expenses for the financial year	**3,900,419**	329,213	**2,223,401**	–
Under provision in prior years	**287,119**	109,098	**228,050**	–
	4,187,538	438,311	**2,451,451**	–
Deferred tax (Note 6):				
Relating to origination and reversal of deferred tax	**1,458,922**	2,638,092	**285,417**	1,094,787
Derecognition of deferred tax asset	**–**	309,486	**–**	–
Under/(Over) provision of tax in prior year	**2,548,545**	(189,957)	**310,821**	291,321
	4,007,467	2,757,621	**596,238**	1,386,108
	8,195,005	3,195,932	**3,047,689**	1,386,108

A reconciliation of income tax expenses applicable to profit before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax	**27,864,394**	10,382,374	**7,815,552**	3,395,958
Tax at statutory tax rate of 25% (2014: 25%)	**6,966,099**	2,595,594	**1,953,888**	848,989
Income not subject to tax	**–**	–	**–**	–
Expenses not deductible for tax purposes	**1,215,056**	892,714	**554,930**	245,798
Under/(Over) provision in prior years:				
- Income tax	**287,119**	109,098	**228,050**	–
- Deferred tax	**2,548,545**	(189,957)	**310,821**	291,321
Derecognition of deferred tax asset	**–**	345,563	**–**	–
Derecognition of deferred tax in prior year	**–**	77,626	**–**	–
Utilisation of previously unrecognised deferred tax asset	**(2,821,814)**	(666,323)	**–**	–
Effect of change in tax rate	**–**	31,617	**–**	–
Tax expenses for the financial year	**8,195,005**	3,195,932	**3,047,689**	1,386,108

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit 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 per share is calculated by dividing the profit 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	
	2015 RM	2014 RM
Profit attributable to ordinary equity holders of the Company	**18,605,255**	7,158,450
Weighted average number of ordinary shares in issue (basic)	**50,190,723**	49,780,000
Effect of conversion of outstanding ESOS	**234,700**	806,963
Weighted average number of ordinary shares in issue (diluted)	**50,425,423**	50,586,963
Basic earnings per share (sen)	**37.07**	14.38
Diluted earnings per share (sen)	**36.90**	14.15

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	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, wages and bonus	**46,351,907**	37,858,661	**11,763,686**	8,603,656
Defined contribution plans	**4,574,209**	3,742,366	**1,451,363**	977,077
Other employee benefits	**11,325,216**	9,933,740	**3,152,870**	2,688,907
	62,251,332	51,534,767	**16,367,919**	12,269,640

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors' remuneration	**2,566,478**	1,544,620	**2,566,478**	1,544,620

28. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	**2,566,478**	1,544,620	**2,566,478**	1,544,620
Fees	**88,000**	64,000	**72,000**	48,000
Benefits-in-kind	**29,372**	35,400	**29,372**	35,400
	2,683,850	1,644,020	**2,667,850**	1,628,020
Non-executive:				
Fees	**112,000**	136,000	**104,000**	128,000
Other emoluments	**78,000**	78,000	**78,000**	78,000
	190,000	214,000	**182,000**	206,000
Other Directors				
Fees	**8,000**	8,000	**–**	–
Total	**2,881,850**	1,866,020	**2,849,850**	1,834,020

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

	GROUP 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
Executive Directors	**2,654,478**	1,608,620	**2,638,478**	1,592,620
Non-executive Directors	**198,000**	222,000	**182,000**	206,000
Total	**2,852,478**	1,830,620	**2,820,478**	1,798,620

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

	NUMBER OF DIRECTORS	
	2015 RM	2014 RM
Executive Directors:		
RM700,001 - RM800,000	**1**	1
RM600,001 - RM700,000	**–**	–
RM500,001 - RM600,000	**1**	–
RM400,001 - RM500,000	**2**	–
RM300,001 - RM400,000	**–**	1
RM200,001 - RM300,000	**–**	2
Non-Executive Directors:		
RM50,001 - RM110,000	**1**	1
RM1 to RM50,000	**4**	5

29. OPERATING LEASE ARRANGEMENTS

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Future minimum rentals payments:				
Not later than 1 year	**7,043,977**	7,225,504	**487,221**	631,124
Later than 1 year and not later than 5 years	**10,795,309**	14,615,398	**199,121**	534,894
Later than 5 years	**494,090**	1,463,221	**158,250**	92,259
	18,333,376	23,304,123	**844,592**	1,258,277

30. CAPITAL COMMITMENTS

The Group and the Company have the following commitments:

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Approved and contracted for				
- Property, plant and equipment	**9,785,000**	6,857,000	**1,535,000**	282,000
Approved but not contracted for				
- Property, plant and equipment	**742,000**	–	**742,000**	–

31. CONTINGENT LIABILITIES

	COMPANY	
	2015 RM	2014 RM
Unsecured		
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiary companies	**81,386,288**	89,045,542

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.

2015	INTEGRATED LIVESTOCK FARMING	RETAIL SUPERMARKET	ELIMINATION	CONSOLIDATED
Revenue				
External sales	527,926,420	143,774,386	–	671,700,806
Inter-segment sales	18,612,097	–	(18,612,097)	–
	546,538,517	143,774,386	(18,612,097)	671,700,806
Results				
Profit from operations	36,006,306	528,418	–	36,534,724
Finance costs				(8,670,330)
				27,864,394
Tax expense				(8,195,005)
Profit for the financial year				19,669,389
Other information				
Total segment assets	366,666,262	49,133,795	–	415,800,057
Unallocated corporate assets				11,574,235
Total assets				427,374,292
Total segment liabilities	220,802,122	45,749,446	–	266,551,568
Unallocated corporate liabilities				–
Total liabilities				266,551,568
Depreciation and amortisation	20,370,720	1,870,885	–	22,241,605
Capital expenditure	23,976,521	5,214,857	–	29,191,378
Non-cash expenses other than depreciation and amortisation	655,565	–	–	655,565

32. SEGMENT INFORMATION (CONT'D)

2014	INTEGRATED LIVESTOCK FARMING	RETAIL SUPERMARKET	ELIMINATION	CONSOLIDATED
Revenue				
External sales	448,790,051	130,433,220	–	579,223,271
Inter-segment sales	17,928,387	–	(17,928,387)	–
	466,718,438	130,433,220	(17,928,387)	579,223,271
Results				
Profit from operations	17,560,080	938,859	–	18,498,939
Finance costs				(8,116,565)
				10,382,374
Tax expense				(3,195,932)
Profit for the financial year				7,186,442
Other information				
Total segment assets	363,030,095	45,554,569	–	408,584,664
Unallocated corporate assets				10,969,660
Total assets				419,554,324
Total segment liabilities	225,926,055	42,379,167	–	268,305,222
Unallocated corporate liabilities				8,930,364
Total liabilities				277,235,586
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

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	COMPANY	
	2015 RM	2014 RM
Purchases from subsidiary companies:		
- Innofarm (Klang) Sdn Bhd	**15,078,305**	12,484,943
- Hing Hong Sdn Bhd	**43,321,315**	36,316,874
Sales to subsidiary companies:		
- Innofarm (Klang) Sdn Bhd	**11,962,957**	11,590,519
- Innobrid Sdn Bhd	**27,106,590**	28,432,441
- Evergreen Organic Fertilisers Sdn Berhad	**720,000**	1,027,200
- Eminent Farm Sdn Bhd	**36,587,956**	28,054,463
- Hing Hong Sdn Berhad	**32,220,728**	29,597,265
- Lay Hong Liquid Egg Sdn Bhd	**15,976,085**	12,047,708
- Lay Hong Food Corporation Sdn Bhd	**1,512,201**	1,627,054
- STF Agriculture Sdn Bhd	**907,087**	564,997
- JT Trading Sdn Bhd	**10,023,631**	11,708,085
Management fees receivable from subsidiary companies:		
- Innofarm (Klang) Sdn Bhd	**120,000**	120,000
- Evergreen Organic Fertilisers Sdn Bhd	**36,000**	36,000
- Hing Hong Sdn Bhd	**180,000**	180,000
- Eminent Farm Sdn Bhd	**180,000**	180,000
- Lay Hong Food Corporation Sdn Bhd	**180,000**	180,000
- STF Agriculture Sdn Bhd	**180,000**	180,000
- Lay Hong Liquid Egg Sdn Bhd	**135,000**	–
Corporate guarantee fees receivable from subsidiary companies:		
- STF Agriculture Sdn Bhd	**–**	752,960
- ST Food Sdn Bhd	**–**	160,240
Rental expenses payable to a subsidiary company		
- Hing Hong Sdn Bhd	**30,000**	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 2015/2014 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.

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 2015. 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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(a) Interest rate risk (cont'd)

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's and the Company's profit or loss for the year ended 31 March 2015 and 2014 would increase/decrease as follows:

	GROUP		COMPANY	
Effects on profit after taxation	**2015 RM INCREASE / (DECREASE)**	**2014 RM INCREASE / (DECREASE)**	**2015 RM INCREASE / (DECREASE)**	**2014 RM INCREASE / (DECREASE)**
(i) 10 basis points higher				
Bank overdrafts	**(1,785)**	(5,974)	**(479)**	(1,831)
Bankers' acceptance	**(74,654)**	(176,204)	**(91,454)**	(209,598)
Revolving credit	**(288)**	(338)	**(1,190)**	(1,209)
Term loans	**(29,838)**	(83,332)	**(1,611)**	(20,650)
(ii) 10 basis points lower				
Bank overdrafts	**1,785**	5,974	**479**	1,831
Bankers' acceptance	**74,654**	176,204	**91,454**	209,598
Revolving credit	**288**	338	**1,190**	1,209
Term loans	**29,838**	83,332	**1,611**	20,650

(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:

	GROUP		COMPANY	
Net Financial Assets/(liabilities) held in Non-Functional Currencies	**2015 RM**	**2014 RM**	**2015 RM**	**2014 RM**
Euro	**745,259**	280,125	**246,600**	143,703
United states Dollars	**(313,895)**	707,201	**(467,912)**	343,988
Singapore Dollars	**2,190,630**	1,401,584	**1,627,285**	1,330,729
Brunei Dollars	**–**	815,965	**–**	–
Total	**2,621,994**	3,204,875	**1,405,973**	1,818,420

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(b) Foreign exchange risk (cont'd)

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.

		GROUP		COMPANY	
Effects on profit/(loss) after taxation		**2015 RM INCREASE / (DECREASE)**	**2014 RM INCREASE / (DECREASE)**	**2015 RM INCREASE / (DECREASE)**	**2014 RM INCREASE / (DECREASE)**
Euro/RM	- strengthened 5% (2014: 5%)	**37,262**	14,006	**12,330**	7,185
	weakened 5% (2014: 5%)	**(37,262)**	(14,006)	**(12,330)**	(7,185)
USD/RM	- strengthened 5% (2014: 5%)	**15,695**	35,360	**23,395**	25,134
	weakened 5% (2014: 5%)	**(15,695)**	(35,360)	**(23,395)**	(25,134)
SGD/RM	- strengthened 5% (2014: 5%)	**109,531**	76,412	**81,364**	66,536
	weakened 5% (2014: 5%)	**(109,531)**	(76,412)	**(81,364)**	(66,536)
BRD/RM	- strengthened 5% (2014: 5%)	**–**	40,798	**–**	–
	weakened 5% (2014: 5%)	**–**	(40,798)	**–**	–

(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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's 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
Group					
2015					
Financial liabilities:					
Trade payables	**63,622,387**	**63,622,387**	**63,622,387**	**–**	**–**
Other payables	**29,191,212**	**15,886,830**	**15,886,830**	**–**	**–**
Bank overdrafts	**12,964,431**	**12,964,431**	**12,964,431**	**–**	**–**
Banker's acceptances	**77,382,000**	**77,382,000**	**77,382,000**	**–**	**–**
Finance lease liabilities	**19,502,149**	**21,613,478**	**7,450,822**	**14,053,311**	**109,345**
Term loans	**32,459,794**	**40,146,166**	**10,572,145**	**23,695,434**	**5,878,409**
Revolving credit	**3,500,000**	**3,500,000**	**3,500,000**	**–**	**–**
Total undiscounted financial liabilities	**238,621,973**	**235,115,292**	**191,378,615**	**37,748,745**	**5,987,754**
2014					
Financial liabilities:					
Trade payables	64,862,110	64,862,110	64,862,110	–	–
Other payables	23,759,079	12,937,060	12,937,060	–	–
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	23,297,345	7,468,471	15,828,874	–
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	250,311,971	248,947,766	200,123,287	44,921,253	3,903,227

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

	CARRYING AMOUNT RM	CONTRACTUAL CASH FLOW RM	WITHIN ONE YEAR RM	FROM TWO TO FIVE YEARS RM	MORE THAN 5 YEARS RM
Company					
2015					
Financial liabilities:					
Trade payables	**25,483,097**	**25,483,097**	**25,483,097**	**–**	**–**
Other payables	**8,470,829**	**2,762,717**	**2,762,717**	**–**	**–**
Due to subsidiary companies	**22,473,633**	**6,599,476**	**6,599,476**	**–**	**–**
Bank overdrafts	**6,091,959**	**6,091,959**	**6,091,959**	**–**	**–**
Banker's acceptances	**41,083,000**	**41,083,000**	**41,083,000**	**–**	**–**
Finance lease liabilities	**4,173,405**	**4,638,255**	**1,688,404**	**2,840,506**	**109,345**
Term loans	**6,653,357**	**7,299,183**	**2,783,688**	**4,450,311**	**65,184**
Revolving credit	**3,500,000**	**3,500,000**	**3,500,000**	**–**	**–**
Total undiscounted financial liabilities	**117,929,280**	**97,457,687**	**89,992,341**	**7,290,817**	**174,529**
2014					
Financial liabilities:					
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	2,124,281	2,124,281	–	–
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	5,169,825	2,071,574	3,098,251	–
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	102,737,321	100,453,568	90,059,895	10,341,134	52,539

(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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(e) Market risks

Market risks 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:

		GROUP		COMPANY	
31 MARCH 2015	**NOTE**	**CARRYING AMOUNT RM**	**FAIR VALUE RM**	**CARRYING AMOUNT RM**	**FAIR VALUE RM**
Financial assets					
Quoted shares in Malaysia		**1,075**	**2,368+**	**395**	**1,184+**
Due from subsidiary companies	**11**	**–**	**–**	**73,522,734**	*****
Financial liabilities					
Due to subsidiary companies	**19**	**–**	**–**	**22,473,633**	*****
Term loans	**16**	**32,459,794**	**32,569,233**	**6,653,357**	**6,725,115**
Finance lease liabilities	**16**	**19,502,149**	**19,464,329**	**4,173,405**	**4,180,987**
		51,961,943	**52,033,562**	**33,300,395**	**10,906,102**
31 March 2014					
Financial assets					
Quoted shares in Malaysia		1,075	1540+	395	770+
Due from subsidiary companies	11	–	–	66,590,051	*
Financial liabilities					
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
		56,088,669	56,174,548	16,530,951	13,678,816

+ 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.

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.

35. FINANCIAL INSTRUMENTS (CONT'D)

(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	LEVEL 4 RM
Group				
As at 31 March 2015				
Financial asssets:				
Marketable securities	**5,048,526**	**–**	**–**	**5,048,526**
Group				
As at 31 March 2014				
Financial asssets:				
Marketable securities	3,420,057	–	–	3,420,057
Company				
As at 31 March 2015				
Financial asssets:				
Marketable securities	**5,025,072**	**–**	**–**	**5,025,072**
Company				
As at 31 March 2014				
Financial asssets:				
Marketable securities	3,397,516	–	–	3,397,516

The fair value measurement hierachies used to measure financial assets carried at fair value in the statements of financial position as at 31 March 2015 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 2015.

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	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Total loans and borrowings (Note 16)	**145,808,374**	161,690,782	**61,501,721**	68,695,673
Less : Cash and bank balances (Note 13)	**(4,135,268)**	(4,280,698)	**(396,592)**	(425,788)
Net debt	**141,673,106**	157,410,084	**61,105,129**	68,269,885
Total equity	**136,799,217**	119,528,243	**81,125,841**	77,704,272
Debt-to-equity ratio	**1.04**	1.32	**0.75**	0.88

The Group did not breach any gearing requirements during the financial years ended 31 March 2015 and 31 March 2014.

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 2015 and 31 March 2014.

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 Directors do not expect the outcome of the action to have a material impact on the Group's financial position.

38. 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 2015, 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	**112,662,969**	**28,395,653**
- Unrealised	**(27,226,521)**	**(7,027,455)**
	85,436,448	**21,368,198**
Consolidation adjustments	**(17,721,962)**	**–**
Retained earnings as per statement of financial position	**67,714,486**	**21,368,198**

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 27 JULY 2015

Authorised Shared Capital	:	RM100,000,000
Issued & Fully Paid-up Capital	:	RM51,430,000
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	QL RESOURCES BERHAD	14,449,000	28.09
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR INNOFARM SDN BHD (PB)	10,900,000	21.19
3	QL RESOURCES BERHAD	5,408,700	10.52
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN BHD	4,000,000	7.78
5	RHB NOMINEES (TEMPATAN) SDN BHD BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN BHD	4,000,000	7.78
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SINCERE GOLDYEAR SDN BHD	1,539,900	2.99
7	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING (CHE3060M)	1,162,809	2.26
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING (6000268)	800,000	1.56
9	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP HOONG CHAI (YAP2110M)	600,000	1.17
10	LAI KUM SIM	548,000	1.07
11	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHOR HOW (YAP2107M)	424,800	0.83
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LAI KUM SIM (PB)	400,000	0.78
13	TARGETLINK SDN BHD	400,000	0.78
14	LIM YOKE SIM	396,000	0.77
15	WARISAN HARTA SABAH SDN BHD	336,500	0.65
16	LAU TUANG NGUANG	303,000	0.59
17	NG CHEW KEE	256,800	0.50
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP SHOR YEE	239,400	0.47
19	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR ONG TIONG BEE	230,000	0.45
20	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOMBINASI EMAS SDN BHD	222,400	0.43
21	YEAP WENG HONG	207,200	0.40
22	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEAP WENG HONG (MARGIN)	200,000	0.39
23	BAN SENG GUAN SDN BHD	189,600	0.37
24	LAU LAI CHEE	180,000	0.35
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHUA KIAP WITE (E-KTN)	163,800	0.32

	NAME OF ACCOUNTS HOLDERS	NO. OF SHARE	%
26	WARISAN HARTA SABAH SDN BHD	143,500	0.28
27	YAP CHOR WEN	130,000	0.25
28	NG KIM TIAN	122,000	0.24
29	YAP MUI CHENG ANGELA	96,200	0.19
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YE YU @ YE KIM ONN (471503)	90,000	0.18
		48,139,609	93.63

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF HOLDERS	%
1 - 99	149	18.06	1,833	0.00
100 - 1,000	109	13.21	57,095	0.11
1,001 - 10,000	476	57.70	1,640,933	3.19
10,001 - 100,000	63	7.64	1,776,730	3.45
100,001 - 2,571,499(*)	23	2.79	9,195,709	17.88
2,571,500 AND ABOVE(**)	5	0.61	38,757,700	75.36
TOTAL	**825**	**100.00**	**51,430,000**	**100.00**

Remark : * less than 5% of issued holdings
: ** 5% and above of issued holdings

LIST OF SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT NO. OF SHARES HELD	DIRECT %	INDIRECT NO. OF SHARES HELD	INDIRECT %
QL Resources Berhad	19,857,700	38.61	–	–
Innofarm Sdn Bhd	18,900,000	36.75	–	–

LIST OF DIRECTORS' SHAREHOLDING

NAME OF DIRECTOR	DIRECT NO. OF SHARES HELD	DIRECT %	INDIRECT NO. OF SHARES HELD	INDIRECT %
Yap Hoong Chai	600,000	1.17	21,731,266	42.26(*)
Yap Chor How	459,700	0.90	–	–
Yeap Weng Hong	407,200	0.79	–	–
Ng Kim Tian	122,000	0.24	–	–
Yeap Fock Hoong	12,000	0.02	–	–
Dato' Dr. Abdul Aziz Bin Mangkat	–	–	–	–
Cheng Chin Hong	–	–	–	–
Gan Lian Peng	–	–	–	–
Tan Ooi Jin	–	–	–	–

Remark:

(*) Deemed interested in 2,831,266 shares held by spouse, children, siblings and spouse of sibling and 18,900,000 shares by virtue of Innofarm Sdn Bhd which holds 36.75% equity interest in Lay Hong Berhad.

PROPERTIES OWNED BY LAY HONG BERHAD GROUP OF COMPANIES

AS AT 31ST MARCH 2015

LOCATION	DESCRIPTION & EXISTING USE	APPROXIMATE AREA (ACRES)	TENURE & EXPIRY DATE	AGE OF BUILDING (YEARS)	NBV (RM'000)	DATE OF ACQUISITION/ REVALUATION
SELANGOR						
Lot Nos. 4857 Mukim of Jeram District of Kuala Selangor	Layer Farm & Feedmill	25.0	Freehold	3-31	3,551	3/3/11
Lot No. 559 Mukim of Ijok Kuala Selangor	Layer Farm & fertiliser plant & building	34	Freehold	3-23	9,683	3/3/11
Lot No. 1640 Mukim of Ijok Kuala Selangor	Chick Farm	5	Freehold	12-23	962	3/3/11
Lot No. 1954 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	13	3,375	3/3/11
Lot No. 3095 Mukim of Jeram District of Kuala Selangor	Pullet Farm	5	Freehold	4-13	2,842	3/3/11
Lot No. 1555 Mukim of Jeram District of Kuala Selangor	Layer Farm	6	Freehold	11	3,920	3/3/11
Lot No. 1868 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	7-10	2,654	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)	–	476	3/3/11
Lot 26 & 27 Jalan Empayar off Persiaran Sultan Ibrahim, 41150 Klang	Corporate Building	31,212 sq. ft.	Freehold	6	9,259	3/3/11
GM2040, Lot 1847 Mukim of Jeram District of Kuala Selangor	Layer Farm	2.0361 hectare	Freehold	3-6	5,679	3/3/11

LOCATION	DESCRIPTION & EXISTING USE	APPROXIMATE AREA (ACRES)	TENURE & EXPIRY DATE	AGE OF BUILDING (YEARS)	NBV (RM'000)	DATE OF ACQUISITION/ REVALUATION
GM1134, Lot 2809, Mukim of Jeram District of Kuala Selangor	Layer Farm WIP	2.0234	Freehold	–	1,657	Apr-14
Lot Nos. 1632/3 Mukim of Ijok Kuala Selangor	Breeder Farm & Hatchery	10	Freehold	4-23	1,604	3/3/11
Lot No. 807 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	5-20	1,084	3/3/11
Lot No. 681 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	5-20	1,038	3/3/11
Lot Nos. 708/9 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	10	Freehold	1-19	2,092	3/3/11
Lot No. 969 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	5-18	1,039	3/3/11
Lot Nos. 1475/6 Lot Nos. 253 & 244 Mukim Pasangan Kuala Selangor	Breeder Farm & Hatchery	18.5	Freehold	13-17	5,237	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)	1-11	8,533	3/3/11
Lot Nos. 739/40 & 741 Mukim Api-Api District of Kuala Selangor	Breeder Farm	15	Freehold	2-12	7,509	3/3/11
No. 29, Jalan Perindustrian 5 Off Jalan Haji Abdul Manan Batu 5 1/2, Jalan Meru 41050 Klang Selangor	Liquid Egg Manufacturing Plant	1158 m^2	Freehold	1-12	1,660	3/3/11

PROPERTIES OWNED BY LAY HONG BERHAD GROUP OF COMPANIES

AS AT 31ST MARCH 2015 (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. 16465 Mukim Tanjong Karang District of Kuala Selangor	Vacant Land	1	Leasehold Nov 2080	–	122	3/3/11
PERAK						
Lot 2394/2554 Mukim Hulu Bernam Timor Daerah Batang Padang Behrang	Broiler Farm	9.387	Freehold	1-7	3,315	3/3/11
Lot 2356/1677 Mukim Hulu Bernam Timor Daerah Batang Padang, Behrang	Broiler Farm	11	Freehold	1-4	5,284	7/9/11
MELAKA						
Lot Nos. 1717/8/9 & 1720 Mukim of Ayer Panas Jasin, Melaka	Layer Farm & Fertiliser Plant & Building	40.4	Freehold	4-30	3,946	3/3/11
SABAH						
CL 045169248 Kampung Indai Tuaran, Sabah	Broiler Farm	10.7	Leasehold Jan 2060	4-18	2,062	3/3/11
NT No. 043176030 Lubok Bagiang Tuaran, Sabah	Broiler Farm	6.4	Leasehold June 2094	18	1,921	3/3/11
NT No. 043171651 Kampung Serusup Tuaran, Sabah	Vacant Land	9.4	Leasehold June 2094	–	250	3/3/11
CL 045115928 Tuaran, Sabah	Layer Farm & Feedmill	89	Leasehold Jan 2938	4-23	4,721	3/3/11
CL 025308043 Papar, Sabah	Breeder Farm	19.2	Leasehold Jan 2063	7-17	3,536	3/3/11

LOCATION	DESCRIPTION & EXISTING USE	APPROXIMATE AREA (ACRES)	TENURE & EXPIRY DATE	AGE OF BUILDING (YEARS)	NBV (RM'000)	DATE OF ACQUISITION/ REVALUATION
CL 025166714 Papar, Sabah	Vacant Land	18.8	Leasehold Jan 2056	–	785	3/3/11
CL 025166705 Papar, Sabah	Vacant Land	19.7	Leasehold Jan 2056	–	821	3/3/11
NT No. 043140905 Kampung Serusop Tuaran, Sabah	Broiler Farm	5	Leasehold Feb 2099	6-12	807	3/3/11
NT No. 043140914 Kampung Lok Bagiang Tuaran, Sabah	Broiler Farm	2.7	Leasehold Aug 2098	6-12	439	3/3/11
CL 015580104 (KKIP) Kota Kinabalu, Sabah	Feedmill	2.7	Leasehold Dec 2096	4-12	5,662	3/3/11
NT. No. 044018224 Tuaran, Sabah	Broiler Farm	4	Leasehold Jul 2031	6-12	625	3/3/11
NT. No. 043081625 Tamparuli, Sabah	Layer Farm	9.1	Leasehold Feb 2037	3	8,417	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	2	2,022	14/12/11
NT 04309843 Kg. Kauluan, Tamparuli	Vacant Land	0.2	Leasehold 2042	–	53	15/8/11
NT 9549 Kg. Kauluan, Tamparuli	Vacant Land	0.2	Leasehold 2042	–	46	15/8/11
CL 105400217 Kg. Kinabutan, Tawau	Broiler Farm	4	Long term leasehold	–	1,107	22/2/13
NT133049724 Kg. Linggawon, Keningau	Vacant Land	11.21	Leasehold 2043	–	512	14/11/13
NT043130114 Kg. Bubuk Tuaran	Vacant Land	6.16	Leasehold 2943	–	251	15/8/12

PROPERTIES OWNED BY LAY HONG BERHAD GROUP OF COMPANIES

AS AT 31ST MARCH 2015 (CONT'D)

LOCATION	DESCRIPTION & EXISTING USE	APPROXIMATE AREA (ACRES)	TENURE & EXPIRY DATE	AGE OF BUILDING (YEARS)	NBV (RM'000)	DATE OF ACQUISITION/ REVALUATION
CL 075320795 Jln Labuk, Miles 12 Sungai Manila, Sandakan	Processing Plant & farm	11.88	Long term leasehold 2908	2-7	3,625	3/3/11
NT 043096288 Kg Kauluan, Tamapruli	Vacant Land	7.037	Leasehold 2044		443	31/10/14
NT 043197726 Kg Serusup	Broiler Farm	4.75	Leasehold 2038	18	963	18/11/14
CL 0152821038 Tamparuli	Vacant land	5.31	Leasehold 2062	–	384	3/11/14
NT. No. 04398018 Kg Kiwatu, Sabah	Processing Plant & Warehouse	0.93	Leasehold 2038	11-13	2,265	3/3/11
Grace Court Apartment Unit No.3-1-1, 1st Floor, Block C (formely known as Unit 201, Block U, Grace Ville) Kota Kinabalu, Sabah	Apartment	900 sq. ft.	Leasehold	3	251	1/9/12
Lot No S2, Rose Garden Plaza, Kinarut, District of Papar, Sabah	Shoplot for rental income	2666 sq. ft.	Leasehold	4 mths	796	29/11/13
Lot No S3, Rose Garden Plaza, Kinarut, District of Papar, Sabah	Shoplot for rental income	2666 sq. ft.	Leasehold	4 mths	796	29/11/13

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTY-FIRST ANNUAL GENERAL MEETING OF LAY HONG BERHAD (COMPANY NO. 107129-H) WILL BE HELD AT THE BALLROOM 1, GROUND FLOOR, PREMIERE HOTEL, BANDAR BUKIT TINGGI 1/KS6, JALAN LANGAT, 41200 KLANG, SELANGOR ON MONDAY, 14 SEPTEMBER 2015 AT 11.30 AM FOR THE FOLLOWING PURPOSES:-

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31st March 2015 together with the Reports of the Directors and Auditors thereon.	Note 1
2.	To approve Directors' Fees for the year ended 31st March 2015.	Ordinary Resolution 1
3.	To re-elect the following Directors who are retiring under Article 71 of the Company's Articles of Association	
	(a) Mr Yap Hoong Chai	Ordinary Resolution 2
	(b) Mr Yeap Weng Hong	Ordinary Resolution 3
4.	To re-elect Mr Tan Ooi Jin who is retiring under Article 72 of the Company's Articles of Association	Ordinary Resolution 4
5.	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.	Ordinary Resolution 5

SPECIAL BUSINESS

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

6. 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 21 August 2015 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

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 earlier. **Ordinary Resolution 6**

7. 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." **Ordinary Resolution 7**

BY ORDER OF THE BOARD

Secretaries
LIM KING HUA (MAICSA 0798613)
LIM KUI SUANG (MAICSA 0783327)
WONG KEO ROU (MAICSA 7021435)

Selangor Darul Ehsan
Date: 21 August 2015

NOTES

1. Agenda No 1 is meant for discussion only. The provisions 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 attorney (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

3. A member may appoint up to two (2) proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy.

4. The instrument appointing a proxy will not be treated as valid unless the instrument and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of that power or authority, is or are deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

5. Where a member is an exempt authorised nominee which holds ordinary shares on the Company for multiple beneficial owners in one securities account (“Omnibus Account”) there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 8 September 2015, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

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

The proposed Resolution 6, 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 the Company.

Please refer to the Section A of the Circular to Shareholders dated 21 August 2015, which is dispatched together with the Company's Annual Report 2015, for more information.

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

The proposed Resolution 7, 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 7, 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 30th Annual General Meeting held on 22 September 2014, 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 7 proposed under item 7 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).

STATEMENT ACCOMPANYING THE NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING

OF LAY HONG BERHAD

(A) Names of the Directors who are standing for re-election are as follows:-

(i) Mr Yap Hoong Chai (retiring pursuant to Article 71 of the Company's Articles of Association).

(ii) Mr Yeap Weng Hong (retiring pursuant to Article 71 of the Company's Articles of Association).

(iii) Mr Tan Ooi Jin (retiring pursuant to Article 72 of the Company's Articles of Association).

The details of the three (3) Directors seeking re-election are set out in the Directors' Profile from pages 9 to 11 and the Directors' Shareholdings in the Company on page 92 of the Annual Report.

(B) Details of Attendance of Directors at Board Meetings

8 Board Meetings were held during the financial year ended 31st March 2015. 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 (%)
Executive Director		
Yap Hoong Chai	8/8	100%
Yeap Weng Hong	8/8	100%
Yap Chor How	8/8	100%
Ng Kim Tian	8/8	100%
Non-Executive Director		
Yeap Fock Hoong	5/8	62.5%
Dato' Dr Abdul Aziz Bin Mangkat DIMP KMN ASK	8/8	100%
Cheng Chin Hong	5/8	62.5%
Chia Mak Hooi (ceased on 22/9/2014)	3/3	100%
Gan Lian Peng	8/8	100%
Tan Ooi Jin (appointed on 27/1/2015)	1/1	100%

(C) The Thirty-First Annual General Meeting will be held at The Ballroom 1, Ground Floor, Premiere Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor on Monday, 14 September 2015 at 11.30AM.

NOTES

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 Thirty-First Annual General Meeting of the Company to be held at The Ballroom 1, Ground Floor, Premiere Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor on Monday, 14 September 2015 at 11.30 AM and at any adjournment thereof. My/our proxy is to vote as indicated below:

RESOLUTION	ORDINARY RESOLUTIONS	FOR	AGAINST
Ordinary 1	To approve Directors' Fees for the financial year ended 31st March 2015.		
Ordinary 2	To re-elect Mr Yap Hoong Chai as Director under Article 71.		
Ordinary 3	To re-elect Mr Yeap Weng Hong as Director under Article 71.		
Ordinary 4	To re-elect Mr Tan Ooi Jin as Director under Article 72.		
Ordinary 5	To re-appoint Messrs Ong Boon Bah & Co. as Auditors.		
Ordinary 6	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
Ordinary 7	To approve the Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965.		

(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 2015

....

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 8 September 2015. Only a depositor whose name appears on the General Meeting Record of Depositors as at 8 September 2015 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 attorney (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
2. A member may appoint up to two (2) proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy.
3. The instrument appointing a proxy will not be treated as valid unless the instrument and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of that power or authority, is or are deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
4. Where a member is an exempt authorised nominee which holds ordinary shares on the Company for multiple beneficial owners in one securities account ("Omnibus Account") there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 8 September 2015, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

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