



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Income Statements

| | 3 months ended | | 9 months ended | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 Dec 2007 Unaudited | 31 Dec 2006 Unaudited | 31 Dec 2007 Unaudited | 31 Dec 2006 Unaudited |
| | RM' 000 | RM' 000 | RM' 000 | RM' 000 |
| Revenue | 94,959 | 63,258 | 233,789 | 168,543 |
| Operating expenses | (87,858) | (61,704) | (224,044) | (161,429) |
| Other Income | 307 | 268 | 821 | 517 |
| Finance costs | (1,757) | (1,306) | (5,166) | (3,973) |
| Profit before tax | 5,651 | 516 | 5,400 | 3,658 |
| Income tax expense | (1,241) | (184) | (1,304) | (1,116) |
| Profit for the period | 4,410 | 332 | 4,096 | 2,542 |
| Attributable to: | | | | |
| Equity holders of the parent | 2,526 | 147 | 1,040 | 2,817 |
| Minority interest | 1,884 | 185 | 3,056 | (275) |
| | 4,410 | 332 | 4,096 | 2,542 |
| Earnings/(loss) per share attributable to equity holders of the parent (sen): | | | | |
| Basic | 5.46 | 0.33 | 2.25 | 6.60 |
| Diluted | N/A | N/A | N/A | N/A |

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Balance Sheets

| | As at 31 Dec 2007 Unaudited | As at 31 Mar 2007 Audited |
|--|-----------------------------------|---------------------------------|
| | RM' 000 | RM' 000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 137,577 | 134,363 |
| Prepaid lease payments | 7,053 | 6,717 |
| Intangible assets | 2,569 | 2,633 |
| Other investments | 2,119 | 2,119 |
| Deferred tax assets | 11,876 | 10,041 |
| | 161,194 | 155,873 |
| Current assets | | |
| Biological assets | 20,060 | 19,282 |
| Inventories | 22,082 | 17,951 |
| Trade receivables | 49,893 | 34,132 |
| Other receivables | 6,028 | 4,959 |
| Short term investment | 4,684 | 9,549 |
| Cash and bank balances | 1,158 | 797 |
| | 103,905 | 86,670 |
| TOTAL ASSETS | 265,099 | 242,543 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 46,240 | 46,240 |
| Reserves | 28,886 | 27,846 |
| | 75,126 | 74,086 |
| Minority interests | 10,874 | 7,818 |
| Total equity | 86,000 | 81,904 |
| Non-current liabilities | | |
| Long term borrowings | 43,208 | 47,752 |
| Due to corporate shareholders | 2,489 | 2,898 |
| Deferred tax liabilities | 21,805 | 19,522 |
| | 67,502 | 70,172 |
| Current liabilities | | |
| Short term borrowings | 56,728 | 49,013 |
| Trade payables | 43,575 | 30,632 |
| Other payables | 10,148 | 10,570 |
| Due to corporate shareholders | 113 | 215 |
| Income tax payable | 1,033 | 37 |
| | 111,597 | 90,467 |
| Total liabilities | 179,099 | 160,639 |
| TOTAL EQUITY AND LIABILITIES | 265,099 | 242,543 |

| | | |
|---|--------|--------|
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 1.6247 | 1.6022 |
|---|--------|--------|

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Changes in Equity

| | Attributable to Equity Holders of the Parent | | | | Minority Interest RM '000 | Total Equity RM '000 |
|---|--|--------------------------------|-----------------------------|------------------|------------------------------|-------------------------|
| | Share Capital RM '000 | Revaluation Reserve RM '000 | Retained Profits RM '000 | Total RM '000 | | |
| At 1 April 2007 | 46,240 | 12,056 | 15,790 | 74,086 | 7,818 | 81,904 |
| Transfer to distributable reserve on realisation of revaluation reserve | - | (237) | 237 | - | - | - |
| Profit/(loss) for the period | - | - | 1,040 | 1,040 | 3,056 | 4,096 |
| At 31 December 2007 | 46,240 | 11,819 | 17,067 | 75,126 | 10,874 | 86,000 |
| At 1 April 2006 | 42,000 | 11,887 | 14,000 | 67,887 | 7,146 | 75,033 |
| Effects of adopting FRS 3 | - | - | 368 | 368 | - | 368 |
| Transfer to distributable reserve on realisation of revaluation reserve | 42,000 | 11,887 | 14,368 | 68,255 | 7,146 | 75,401 |
| Profit/(loss) for the period | - | (240) | 240 | - | - | - |
| Dividend | - | - | 2,817 | 2,817 | (275) | 2,542 |
| Dividend | - | - | (302) | (302) | - | (302) |
| Issue of ordinary shares | 4,200 | - | - | 4,200 | - | 4,200 |
| At 31 December 2006 | 46,200 | 11,647 | 17,123 | 74,970 | 6,871 | 81,841 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Cash Flow Statements

| | 9 months Ended 31 Dec 2007 Unaudited RM' 000 | 9 months Ended 31-Dec-2006 Unaudited RM' 000 |
|---|--|--|
| Net cash used in operating activities | 4,740 | 812 |
| Net cash (used in)/generated from investing activities | (8,101) | (3,116) |
| Net cash (used in)/generated from financing activities | (1,796) | 732 |
| Net decrease in cash and cash equivalents | (5,157) | (1,572) |
| Cash and cash equivalents at beginning of financial period | 3,412 | (2,591) |
| Cash and cash equivalents at end of financial period | (1,745) | (4,163) |
| | | |
| Cash and cash equivalents at the end of the financial period comprise the following: | | |
| Short term investment | 4,684 | - |
| Deposits with licensed bank | 400 | 400 |
| Cash and bank balances | 758 | 701 |
| Bank overdrafts (included within the short term borrowings in Part B Note 9) | (7,587) | (5,264) |
| | (1,745) | (4,163) |
| | | |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to this interim financial statements.



PART A : EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2007.

The accounting policies and method of computation adopted in this interim financial report are the same as that in the annual financial statements for the financial year ended 31 March 2007, except for the following new/revised Financial Reporting Standards ("FRS") :

- FRS 117 Leases
- FRS 124 Related Party Disclosures

The adoption of FRS 124 does not have significant impact on the Group. The principal effect of the changes in accounting policies resulting from the adoption of FRS 117 is discussed below:

FRS 117: Leases

Leasehold land held for own use

Prior to 1 April 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost/valuation less accumulated depreciation and any accumulated impairment losses. With the adoption of the revised FRS 117, leases of land are classified as operating leases or finance leases in the same way as leases of other assets, and the land element of a lease of land is considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 April 2007, the unamortised amount of leasehold land of RM6,717,000 is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and comparatives have been restated. This change has no effect on the consolidated income statement for the current quarter and year to date ended 31 December 2007.

Restatement of comparatives:-

| | As previously stated RM'000 | Increase/ (Decrease) RM'000 | As restated RM'000 |
|-------------------------------|-----------------------------------|-----------------------------------|-----------------------|
| Property, plant and equipment | 141,080 | (6,717) | 134,363 |
| Prepaid lease payments | - | 6,717 | 6,717 |

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the previous annual financial year ended 31 March 2007 was not subject to any qualification.

3. Segmental Information

The Group's activities are primarily in one industry segment of poultry farming and are conducted in Malaysia.

4. Unusual Items due to their Nature, Size or Incidence

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2007.

5. Changes in Estimates

As required under the revised FRS 116: Property, Plant & Equipment (“PPE”), the Group reviews the residual value and remaining useful life of PPE at least at each financial year end. For the current quarter, there are no major changes in accounting estimates.

6. Comments about Seasonality or Cyclical Factors

The Group’s business operations were not affected by any seasonal and cyclical factors.

7. Dividends Paid

There were no dividends paid during the current quarter ended 31 December 2007.

8. Carrying Amount of Revalued Assets

The valuation of property, plant and equipment have been brought forward without any amendments from the financial statements for the year ended 31 March 2007.

9. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the current financial quarter.

10. Changes In Composition of the Group

There were no changes in the composition of the Group which includes business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing of operations for the current financial quarter.

11. Subsequent Events

There were no events subsequent to 31 December 2007 that would have a material effect on the interim financial statement of the current quarter.

12. Changes In Contingent Liabilities

Credit facilities amounting to RM32.2 million granted to subsidiaries by financial institutions are secured by corporate guarantees from Lay Hong Berhad.

13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2007 is as follows:

| | RM'000 |
|---------------------------------|--------------|
| Approved and contracted for | 7,619 |
| Approved but not contracted for | 0 |
| | <u>7,619</u> |



**PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

1. Review of Performance

The Group's revenue for the quarter ended 31 December 2007 increased 50.1% to RM94.96 million from RM63.26 million in the corresponding quarter last year as the Group enjoyed higher sales volume and better selling prices for its products. The higher sales in East Malaysia and of processed chicken and related food products also contributed positively.

Profit before tax in the current quarter is RM5.65 million compared with RM0.52 million recorded in the corresponding quarter last year in line with the higher sales.

2. Comparison with Immediate Preceding Quarter's Result

The Group recorded revenue of RM94.96 million in the current quarter compared with RM74.49 million recorded in the immediate preceding quarter, an increase of 27.5%. Demand for the Group's products increased during the festive celebrations in the current quarter.

Profit before tax increased to RM5.65 million this quarter from RM1.27 million in the immediate preceding quarter in line with higher sales and better selling prices for the Group's products.

3. Current Year Prospects

The Group's operations in the fourth quarter of this financial year will be challenging as prices of raw materials used in poultry feed continue to rise, thus increasing our cost of production. The Board will focus on cost containment and production efficiency in order to maintain profitability.

4. Profit Forecast or Profit Guarantee

Not applicable.

5. Income Tax Expense

| | Current quarter RM'000 | Year-to- date RM'000 |
|--------------|------------------------------|----------------------------|
| Current Tax | 820 | 856 |
| Deferred Tax | 421 | 448 |
| | <u>1,241</u> | <u>1,304</u> |

The effective tax rate for the financial year-to-date is lower than statutory tax rate principally due to the utilisation of certain tax incentives by certain subsidiaries within the Group.

6. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the current quarter ended 31 December 2007.

7. Sale of Quoted Investments

There were no purchase or disposal of quoted securities during the quarter ended 31 December 2007.

Investment in quoted securities as at 31 December 2007

| | RM'000 |
|-------------------------------------|----------|
| At cost | <u>6</u> |
| At book value | <u>1</u> |
| Market value as at 31 December 2007 | <u>2</u> |

8. Status of Corporate Proposals

Not applicable

9. Borrowings

The Group's borrowings as at 31 December 2007 are as follows:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------|---------------------------|-----------------------------|-------------------------|
| Short Term | | | |
| Overdraft | 4,187 | 3,400 | 7,587 |
| Bankers' Acceptances | 16,830 | 19,488 | 36,318 |
| Hire Purchase | 3,662 | - | 3,662 |
| Term Loan | 8,667 | 494 | 9,161 |
| Total | <u>33,346</u> | <u>23,382</u> | <u>56,728</u> |
| Long Term | | | |
| Hire Purchase | 7,417 | - | 7,417 |
| Term Loan | 13,968 | 21,823 | 35,791 |
| Total | <u>21,385</u> | <u>21,823</u> | <u>43,208</u> |
| Grand Total | <u>54,731</u> | <u>45,205</u> | <u>99,936</u> |

10. Off Balance Sheet Financial Instruments

Other than the operating lease as disclosed below, the Group did not enter into any contracts involving off balance sheet financial instruments during the financial year-to-date ended 31 December 2007.

| | Future minimum lease payments RM'000 |
|--|--|
| Not later than 1 year | 28 |
| Later than 1 year and not later than 5 years | - |
| | <u>28</u> |

11. Changes in Material Litigation

There was no pending material litigation against the Group as at the date of this report.

12. Dividend

The Board did not recommend any interim dividend for the current quarter under review.

13. Earnings Per Share**a) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period.

| | 3 months ended | | 9 months ended | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 30/12/2007 RM'000 | 30/12/2006 RM'000 | 30/12/2007 RM'000 | 30/12/2006 RM'000 |
| Profit/(loss) attributable to ordinary equity holders of the parent (RM'000) | <u>2,526</u> | <u>147</u> | <u>1,040</u> | <u>2,817</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>46,240</u> | <u>44,100</u> | <u>46,240</u> | <u>42,700</u> |
| Basic earnings/(loss) per share (sen) | <u>5.46</u> | <u>0.33</u> | <u>2.25</u> | <u>6.60</u> |

b) Diluted earnings per share

The fully diluted earnings per share for the Group assuming full conversion of the ESOS is not presented as it is anti-dilutive.

14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2008.