



LAY HONG BERHAD (107129-H)  
Incorporated in Malaysia

Condensed Consolidated Income Statements

	3 months ended		3 months ended	
	30 June 2008 Unaudited	30 June 2007 Unaudited	30 June 2008 Unaudited	30 June 2007 Unaudited
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	84,643	64,335	84,643	64,335
Operating expenses	(84,368)	(64,468)	(84,368)	(64,468)
Other Income	295	287	295	287
Finance costs	(1,554)	(1,680)	(1,554)	(1,680)
Profit before tax	(984)	(1,526)	(984)	(1,526)
Income tax expense	356	392	356	392
Profit for the period	(628)	(1,134)	(628)	(1,134)
Attributable to:				
Equity holders of the parent	(1,553)	(2,595)	(1,553)	(2,595)
Minority interest	925	1,461	925	1,461
	(628)	(1,134)	(628)	(1,134)
Earnings/(loss) per share attributable to equity holders of the parent (sen):				
Basic	(3.36)	(5.61)	(3.36)	(5.61)
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 2008 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 30 June 2008 Unaudited	As at 31 Mar 2008 Audited
	RM' 000	RM' 000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	144,927	140,615
Prepaid lease payments	7,001	7,030
Intangible assets	2,842	2,866
Other investments	2,119	2,119
Deferred tax assets	4,072	4,028
	<b>160,961</b>	<b>156,658</b>
<b>Current assets</b>		
Biological assets	21,252	20,797
Inventories	30,239	28,652
Trade receivables	48,745	47,841
Other receivables	4,249	4,528
Short term investment	4,245	4,214
Cash and bank balances	1,445	2,252
	<b>110,175</b>	<b>108,284</b>
<b>TOTAL ASSETS</b>	<b>271,136</b>	<b>264,942</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent		
Share capital	46,240	46,240
Reserves	27,761	29,314
	<b>74,001</b>	<b>75,554</b>
Minority interests	12,367	11,442
<b>Total equity</b>	<b>86,368</b>	<b>86,996</b>
<b>Non-current liabilities</b>		
Long term borrowings	45,051	42,270
Due to corporate shareholders	2,251	2,309
Deferred tax liabilities	12,936	13,503
	<b>60,238</b>	<b>58,082</b>
<b>Current liabilities</b>		
Short term borrowings	54,282	52,665
Trade payables	55,032	55,315
Other payables	14,904	11,771
Due to corporate shareholders	113	113
Income tax payable	199	-
	<b>124,530</b>	<b>119,864</b>
<b>Total liabilities</b>	<b>184,768</b>	<b>177,946</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>271,136</b>	<b>264,942</b>

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

1.6004

1.6340

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to this interim financial statements.



Condensed Consolidated Statement of Changes in Equity

	Attributable to Equity Holders of the Parent				Minority Interest	Total Equity
	Share Capital	Revaluation Reserve	Retained Profits	Total		
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 April 2008	46,240	11,801	17,513	75,554	11,442	86,996
Transfer to distributable reserve on realisation of revaluation reserve	-	(111)	111	-	-	-
Profit/(loss) for the period	-	-	(1,553)	(1,553)	925	(628)
At 30 June 2008	46,240	11,690	16,071	74,001	12,367	86,368
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	-	(79)	79	-	-	-
Profit/(loss) for the period	-	-	(2,595)	(2,595)	1,461	(1,134)
At 30 June 2007	46,240	11,977	13,274	71,491	9,279	80,770

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.



LAY HONG BERHAD (107129-H)  
Incorporated in Malaysia

Condensed Consolidated Cash Flow Statements

	3 months Ended 30 June 2008 Unaudited RM' 000	3 months Ended 30 June 2007 Unaudited RM' 000
Net cash used in operating activities	2,296	1,642
Net cash (used in)/generated from investing activities	(1,593)	(3,831)
Net cash (used in)/generated from financing activities	(1,217)	1,355
Net decrease in cash and cash equivalents	(514)	(834)
Cash and cash equivalents at beginning of financial period	4	3,412
Cash and cash equivalents at end of financial period	(510)	2,578
<b>Cash and cash equivalents at the end of the financial period comprise the following:</b>		
Short term investment	4,245	7,407
Deposits with licensed bank	400	2,920
Cash and bank balances	1,045	247
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(6,200)	(7,996)
	(510)	2,578

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2008 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 accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 March 2008, except for the adoption of the following new/revised FRSs that have become effective for the current financial year :

Amendment to FRS 107, Cash Flow Statements

Amendment to FRS 111, Construction Contracts

Amendment to FRS 112, Income Taxes

Amendment to FRS 118, Revenue

Amendment to FRS 120, Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

Amendment to FRS 134, Interim Financial Reporting, and

Amendment to FRS 137, Provisions, Contingent Liabilities and Contingent Assets

FRS 111 is not applicable to the Group. The adoptions of the other FRSs do not have a material impact on the disclosure in this Interim Report.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report of the previous annual financial year ended 31 March 2008 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 30 June 2008.

**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 in the current quarter.

**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 2008.



**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 in the current financial quarter.

**11. Subsequent Events**

There were no events subsequent to 30 June 2008 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 30 June 2008 is as follows:

	RM'000
Approved and contracted for	7,263
Approved but not contracted for	<u>0</u>
	<u>7,263</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 in the quarter ended 30 June 2008 increased 31.5% to RM84.6 million compared with RM64.5 million in the corresponding quarter last year. This increase is attributed to increased sales of eggs and processed food products.

The Group however suffered a pre-tax loss of RM984,000 in the current quarter due largely to the surge in raw material prices and the low selling prices of chicken eggs.

**2. Comparison with Immediate Preceding Quarter's Result**

The Group's revenue in the current quarter of RM83.7 million is almost unchanged from the RM84.6 million recorded in the immediate preceding quarter.

The Group suffered a higher pre-tax loss of RM984,000 in the current quarter compared with a loss of RM277,000 in the immediate preceding quarter due to the low selling prices of chicken eggs during the current quarter.

**3. Current Year Prospects**

Raw material prices are expected to remain high in the foreseeable future. The Group will continue to improve production efficiency and find alternative sources of raw materials to mitigate the effects of increased raw material prices. Barring any unforeseen circumstances, the Board expects that the Group's results in subsequent quarters will be better than the current quarter.

**4. Profit Forecast or Profit Guarantee**

Not applicable.

**5. Income Tax Expense**

	Current quarter RM'000	Year-to- date RM'000
Current Tax	255	255
Deferred Tax	(611)	(611)
	<u>(356)</u>	<u>(356)</u>

**6. Sale of Unquoted Investments and Properties**

There were no sales of unquoted investments and properties during the current quarter.

**7. Sale of Quoted Investments**

There were no purchase or disposal of quoted securities during the current quarter.

Investment in quoted securities as at 30 June 2008 :

	RM'000
At cost	<u>6</u>
At book value	<u>1</u>
Market value as at 31 March 2008	<u>2</u>

**8. Status of Corporate Proposals**

Not applicable

**9. Borrowings**

The Group's borrowings as at 30 June 2008 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short Term</b>			
Overdraft	2,800	3,400	6,200
Bankers' Acceptances	15,238	19,979	35,217
Hire Purchase	4,112	-	4,112
Term Loan	8,239	514	8,753
Total	<u>30,389</u>	<u>23,893</u>	<u>54,282</u>
<b>Long Term</b>			
Hire Purchase	6,991	-	6,991
Term Loan	16,500	21,560	38,060
Total	<u>23,491</u>	<u>21,560</u>	<u>45,051</u>
<b>Grand Total</b>	<u>53,880</u>	<u>45,453</u>	<u>99,333</u>

**10. Off Balance Sheet Financial Instruments**

The Group did not enter into any contracts involving off balance sheet financial instruments during the financial year-to-date ended 30 June 2008, other than the following operating lease commitments :

	RM'000
Not later than 1 year	359
Later than 1 year and not later than 5 years	1,361
Later than 5 years	<u>1,082</u>
	<u>2,802</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 does 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		3 months ended	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to ordinary equity holders of the parent (RM'000)	<u>(1,553)</u>	<u>(2,595)</u>	<u>(1,553)</u>	<u>(2,595)</u>
Weighted average number of ordinary shares in issue ('000)	<u>46,240</u>	<u>46,240</u>	<u>46,240</u>	<u>46,240</u>
Basic earnings/(loss) per share (sen)	<u>(3.36)</u>	<u>(5.61)</u>	<u>(3.36)</u>	<u>(5.61)</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 29 August 2008.