



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Income Statements

	3 months ended		6 months ended	
	30 Sept 2008 Unaudited	30 Sept 2007 Unaudited	30 Sept 2008 Unaudited	30 Sept 2007 Unaudited
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	92,108	74,495	176,751	138,830
Operating expenses	(88,437)	(71,718)	(172,805)	(136,186)
Other Income	264	227	559	514
Finance costs	(1,583)	(1,729)	(3,137)	(3,409)
Profit before tax	2,352	1,275	1,368	(251)
Income tax expense	571	(455)	927	(63)
Profit for the period	2,923	820	2,295	(314)
Attributable to:				
Equity holders of the parent	987	1,109	(566)	(1,486)
Minority interest	1,936	(289)	2,861	1,172
	2,923	820	2,295	(314)
Earnings/(loss) per share attributable to equity holders of the parent (sen):				
Basic	2.13	2.40	(1.22)	(3.21)
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.



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Condensed Consolidated Balance Sheets

	As at 30 Sept 2008 Unaudited	As at 31 Mar 2008 Audited
	RM' 000	RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	144,181	140,615
Prepaid lease payments	6,973	7,030
Intangible assets	2,425	2,866
Other investments	2,119	2,119
Deferred tax assets	3,956	4,028
	159,654	156,658
Current assets		
Biological assets	21,864	20,797
Inventories	31,643	28,652
Trade receivables	49,228	47,841
Other receivables	5,454	4,528
Short term investment	3,776	4,214
Cash and bank balances	2,683	2,252
	114,648	108,284
TOTAL ASSETS	274,302	264,942
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	46,240	46,240
Reserves	28,748	29,314
	74,988	75,554
Minority interests	13,911	11,442
Total equity	88,899	86,996
Non-current liabilities		
Long term borrowings	43,725	42,270
Due to corporate shareholders	2,031	2,309
Deferred tax liabilities	12,262	13,503
	58,018	58,082
Current liabilities		
Short term borrowings	56,850	52,665
Trade payables	57,279	55,315
Other payables	12,944	11,771
Due to corporate shareholders	113	113
Income tax payable	199	-
	127,385	119,864
Total liabilities	185,403	177,946
TOTAL EQUITY AND LIABILITIES	274,302	264,942

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

1.6217

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.



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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	-	(156)	156	-	-	-
Dilution of minority interest in a subsidiary	-	-	-	-	(392)	(392)
Profit/(loss) for the period	-	-	(566)	(566)	2,861	2,295
At 30 Sept 2008	46,240	11,645	17,103	74,988	13,911	88,899
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	-	(159)	159	-	-	-
Profit/(loss) for the period	-	-	(1,486)	(1,486)	1,172	(314)
At 30 Sept 2007	46,240	11,897	14,463	72,600	8,990	81,590

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)
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Condensed Consolidated Cash Flow Statements

	6 months Ended 30 Sept 2008 Unaudited RM' 000	6 months Ended 30 Sept 2007 Unaudited RM' 000
Net cash used in operating activities	4,116	(215)
Net cash (used in)/generated from investing activities	(2,787)	(5,943)
Net cash (used in)/generated from financing activities	(1,870)	1,019
Net decrease in cash and cash equivalents	(540)	(5,139)
Cash and cash equivalents at beginning of financial period	4	3,412
Cash and cash equivalents at end of financial period	(536)	(1,727)
Cash and cash equivalents at the end of the financial period comprise the following:		
Short term investment	3,776	4,650
Deposits with licensed bank	400	400
Cash and bank balances	2,283	395
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(6,994)	(7,172)
	(535)	(1,727)

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 adoption 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 September 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

On 01 July 2008, Lay Hong Berhad (LHB) entered into a share sale agreement to acquire 880,000 ordinary shares of RM1.00 each in Innobrid Sdn Bhd (ISB) for a nominal cash consideration of RM1.00. As a result of this acquisition, LHB's equity interest in ISB increased from 75% to 97%.

There were no other 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 Sept 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 Sept 2008 is as follows:

	RM'000
Approved and contracted for	5,861
Approved but not contracted for	<u>2,200</u>
	<u>8,061</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 September 2008 increased 23.6% to RM92.1 million compared with RM74.5 million in the corresponding quarter last year. This increase is attributed to increased volume and price of eggs and processed food sales.

The Group recorded a pre-tax profit of RM2.35 million in the current quarter compared to RM1.27 million in the corresponding quarter last year, due to the higher sales volume and higher selling prices for chicken eggs and meat in the current quarter.

2. Comparison with Immediate Preceding Quarter's Result

The Group's revenue in the current quarter of RM92.1 million is 8.8% higher than the RM84.6 million recorded in the immediate preceding quarter, due mainly higher volume of processed food sales in the current quarter.

The Group recorded a pre-tax profit of RM2.35 million in the current quarter compared to a loss of RM984,000 in the immediate preceding quarter, as selling prices for chicken eggs and meat improved in the current quarter.

3. Current Year Prospects

Cost of production in the poultry industry has decreased due to lower prices of raw materials such as corn and soybean. Barring any unforeseen circumstances, the Group expects its performance for the remaining two quarters to remain positive.

**4. Profit Forecast or Profit Guarantee**

Not applicable.

5. Income Tax Expense

	Current quarter RM'000	Year-to- date RM'000
Current Tax	(12)	243
Deferred Tax	(559)	(1,170)
	<u>(571)</u>	<u>(927)</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 Sept 2008 :

	RM'000
At cost	<u>6</u>
At book value	<u>1</u>
Market value as at 30 Sept 2008	<u>2</u>

8. Status of Corporate Proposals

Not applicable

9. Borrowings

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term			
Overdraft	3,594	3,400	6,994
Bankers' Acceptances	18,055	19,728	37,783
Hire Purchase	4,163	-	4,163
Term Loan	7,385	525	7,910
Total	<u>33,197</u>	<u>23,653</u>	<u>56,850</u>
Long Term			
Hire Purchase	6,786	-	6,786
Term Loan	15,514	21,425	36,939
Total	<u>22,300</u>	<u>21,425</u>	<u>43,725</u>
Grand Total	<u>55,497</u>	<u>45,078</u>	<u>100,575</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 Sept 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	1,343
Later than 5 years	<u>1,037</u>
	<u><u>2,739</u></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		6 months ended	
	30/09/2008 RM'000	30/09/2007 RM'000	30/09/2008 RM'000	30/09/2007 RM'000
Profit/(loss) attributable to ordinary equity holders of the parent (RM'000)	<u>987</u>	<u>1,109</u>	<u>(566)</u>	<u>(1,486)</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>2.13</u>	<u>2.40</u>	<u>(1.22)</u>	<u>(3.21)</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 27 November 2008.