



LAY HONG BERHAD (107129-H)  
Incorporated in Malaysia

Condensed Consolidated Income Statements

	3 months ended		9 months ended	
	31 Dec 2008 Unaudited	31 Dec 2007 Unaudited	31 Dec 2008 Unaudited	31 Dec 2007 Unaudited
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	87,933	94,959	264,684	233,789
Operating expenses	(84,283)	(87,858)	(257,088)	(224,044)
Other Income	1,989	307	2,548	821
Finance costs	(1,562)	(1,757)	(4,699)	(5,166)
Profit before tax	4,077	5,651	5,445	5,400
Income tax	(241)	(1,241)	686	(1,304)
Profit for the period	3,836	4,410	6,131	4,096
Attributable to:				
Equity holders of the parent	2,392	2,526	1,826	1,040
Minority interest	1,444	1,884	4,305	3,056
	3,836	4,410	6,131	4,096
Earnings per share attributable to equity holders of the parent (sen):				
Basic	5.17	5.46	3.95	2.25
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 31 Dec 2008 Unaudited	As at 31 Mar 2008 Audited
	RM' 000	RM' 000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	145,688	140,615
Prepaid lease payments	6,945	7,030
Intangible assets	2,401	2,866
Other investments	2,119	2,119
Deferred tax assets	3,766	4,028
	<b>160,919</b>	<b>156,658</b>
<b>Current assets</b>		
Biological assets	22,981	20,797
Inventories	32,087	28,652
Trade receivables	47,739	47,841
Other receivables	6,272	4,528
Short term investment	2,203	4,214
Cash and bank balances	2,915	2,252
	<b>114,197</b>	<b>108,284</b>
<b>TOTAL ASSETS</b>	<b>275,116</b>	<b>264,942</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	46,240	46,240
Reserves	31,140	29,314
	<b>77,380</b>	<b>75,554</b>
<b>Minority interests</b>	15,354	11,442
<b>Total equity</b>	<b>92,734</b>	<b>86,996</b>
<b>Non-current liabilities</b>		
Long term borrowings	42,328	42,270
Due to corporate shareholders	1,871	2,309
Deferred tax liabilities	12,488	13,503
	<b>56,687</b>	<b>58,082</b>
<b>Current liabilities</b>		
Short term borrowings	55,515	52,665
Trade payables	59,740	55,315
Other payables	10,263	11,771
Due to corporate shareholders	113	113
Income tax payable	64	-
	<b>125,695</b>	<b>119,864</b>
<b>Total liabilities</b>	<b>182,382</b>	<b>177,946</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>275,116</b>	<b>264,942</b>

Net assets per share attributable to ordinary equity holders of the parent (RM)	1.6734	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.



LAY HONG BERHAD (107129-H)  
Incorporated in Malaysia

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	-	(202)	202	-	-	-
Dilution of minority interest in a subsidiary	-	-	-	-	(393)	(393)
Profit for the period	-	-	1,826	1,826	4,305	6,131
At 31 December 2008	46,240	11,599	19,541	77,380	15,354	92,734
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 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

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

	9 months Ended 31 Dec 2008 Unaudited RM' 000	9 months Ended 31 Dec 2007 Unaudited RM' 000
Net cash generated from operating activities	10,194	4,740
Net cash used in investing activities	(5,260)	(8,101)
Net cash used in financing activities	(5,351)	(1,796)
Net decrease in cash and cash equivalents	(417)	(5,157)
Cash and cash equivalents at beginning of financial period	4	3,412
Cash and cash equivalents at end of financial period	(413)	(1,745)
<b>Cash and cash equivalents at the end of the financial period comprise the following:</b>		
Short term investment	2,203	4,684
Deposits with licensed bank	431	400
Cash and bank balances	2,484	758
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(5,531)	(7,587)
	(413)	(1,745)

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 31 December 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 3 December 2008, the Group entered into a sale and purchase agreement to acquire supermarket assets in Sabah for a total cash consideration of RM6 million. The acquisition does not have any effect on the issued and paid-up share capital of Lay Hong Berhad nor is expected to have any material effect on the earnings per share of the Group for the financial year ending 31 March 2009.

Except for the above, there were no other changes in the composition of the Group in the current financial quarter.

**11. Subsequent Events**

There were no events subsequent to 31 December 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 RM28.2 million granted to subsidiaries by financial institutions are secured by corporate guarantees from Lay Hong Berhad.

**13. Capital Commitments**

Commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2008 amounted as follows:

	RM'000
Approved and contracted for	16,615
Approved but not contracted for	1,894
	<u>18,509</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 31 December 2008 of RM87.9 million is 7.4% lower than the RM94.9 million recorded in the corresponding quarter last year. This decline is mainly due to mainly to the lower sales of live broilers and ready feed to contract farmers.

The Group recorded a pre-tax profit of RM4.08 million in the current quarter compared to RM5.65 million in the corresponding quarter last year, in line with the lower sales in the current quarter.

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

The Group's revenue in the current quarter of RM87.9 million is 4.5% lower than the RM92.1 million recorded in the immediate preceding quarter, due mainly lower sales of processed chicken.

The Group recorded a pre-tax profit of RM4.08 million in the current quarter compared to RM2.35 million in the immediate preceding quarter, attributed mainly to the higher selling price for eggs coupled with lower feed cost in the current quarter.

**3. Current Year Prospects**

The price of raw materials has settled down to a reasonable level and is expected to remain at this level in the near future. This augers well for the poultry business and barring any unforeseen circumstances, the Group is expected to remain profitable for the remainder of this financial year.

**4. Profit Forecast or Profit Guarantee**

Not applicable.

**5. Income Tax**

	Current quarter RM'000	Year-to- date RM'000
Current Tax	(176)	67
Deferred Tax	416	(754)
	<u>241</u>	<u>(686)</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 31 December 2008 :

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

**8. Status of Corporate Proposals**

Not applicable

**9. Borrowings**

The Group's borrowings as at 31 December 2008 are as follows :

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short Term</b>			
Overdraft	2,131	3,400	5,531
Bankers' Acceptances	17,833	20,100	37,933
Hire Purchase	4,256	-	4,256
Term Loan	7,255	540	7,795
Total	<u>31,475</u>	<u>24,040</u>	<u>55,515</u>
<b>Long Term</b>			
Hire Purchase	7,641	-	7,641
Term Loan	13,404	21,283	34,687
Total	<u>21,045</u>	<u>21,283</u>	<u>42,328</u>
<b>Grand Total</b>	<u>52,520</u>	<u>45,323</u>	<u>97,843</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 31 December 2008, other than the following operating lease commitments :

	<u>RM'000</u>
Not later than 1 year	359
Later than 1 year and not later than 5 years	1,325
Later than 5 years	990
	<u>2,674</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.

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>31 Dec 2008</b>	<b>31 Dec 2007</b>	<b>31 Dec 2008</b>	<b>31 Dec 2007</b>
Profit/(loss) attributable to ordinary equity holders of the parent (RM'000)	<u>2,392</u>	<u>2,526</u>	<u>1,826</u>	<u>1,040</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>5.17</u>	<u>5.46</u>	<u>3.95</u>	<u>2.25</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 19 February 2009.