



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

	3 months ended		3 months ended	
	30 Jun 2010 Unaudited	30 Jun 2009 Unaudited	30 Jun 2010 Unaudited	30 Jun 2009 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	96,168	92,215	96,168	92,215
Operating expenses	(91,912)	(86,769)	(91,912)	(86,769)
Other Income	462	325	462	325
Finance costs	(1,374)	(1,390)	(1,374)	(1,390)
Profit before tax	3,344	4,381	3,344	4,381
Income tax	(1,254)	(600)	(1,254)	(600)
Profit for the period	2,090	3,781	2,090	3,781
Other comprehensive income, net of tax				
Fair value of available-for sale financial assets	80	-	80	-
Other comprehensive income for the period	80	-	80	-
Total comprehensive income for the period	2,170	3,781	2,170	3,781
Profit attributable to:				
Owners of the parent	2,363	2,343	2,363	2,343
Minority interest	(273)	1,438	(273)	1,438
	2,090	3,781	2,090	3,781
Total comprehensive income attributable to :				
Owners of the parent	2,443	2,343	2,443	2,343
Minority interest	(273)	1,438	(273)	1,438
	2,170	3,781	2,170	3,781
Earnings per share (sen) :				
Basic	5.11	5.07	5.11	5.07
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 2010 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (107129-H)
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Condensed Consolidated Statement of Financial Position

	As at 30 Jun 2010 Unaudited RM'000	As at 31 Mar 2010 Restated RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	166,511	168,902
Intangible assets	2,647	2,671
Other investments	1,119	1,119
Deferred tax assets	6,177	6,331
	176,454	179,023
Current assets		
Biological assets	21,250	21,124
Inventories	40,676	41,520
Trade receivables	41,692	38,030
Other receivables	5,739	4,923
Short term investment	10,142	10,061
Cash and bank balances	3,773	5,455
	123,272	121,113
TOTAL ASSETS	299,726	300,136
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	46,240	46,240
Reserves	48,766	46,323
	95,006	92,563
Minority interest	17,195	17,468
Total equity	112,201	110,031
Non-current liabilities		
Long term borrowings	37,533	39,135
Due to corporate shareholders	929	1,093
Deferred tax liabilities	17,848	18,370
	56,310	58,598
Current liabilities		
Short term borrowings	59,871	56,229
Trade payables	53,810	59,849
Other payables	16,285	15,301
Due to corporate shareholders	128	128
Income tax payable	1,121	-
	131,215	131,507
Total liabilities	187,525	190,105
TOTAL EQUITY AND LIABILITIES	299,726	300,136

Net assets per share attributable to ordinary equity holders of the parent (RM)	2.0546	2.0018
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The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to this interim financial statements.



LAY HONG BERHAD (107129-H)
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Condensed Consolidated Statement of Changes in Equity

	Attributable to Owners of the Parent					Minority Interest	Total Equity
	Share capital	Revaluation reserve	Fair value reserve	Retained profits	Total		
	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000
At 1 April 2010							
- as previously stated	46,240	10,754	-	35,539	92,533	17,468	110,001
- effects of adopting FRS139	-	-	30	-	30	-	30
As restated	46,240	10,754	30	35,539	92,563	17,468	110,031
Transfer to distributable reserve on realisation of revaluation reserve	-	(36)		36	-	-	-
Total comprehensive income for the period	-	-	80	2,363	2,443	(273)	2,170
At 30 June 2010	46,240	10,718	110	37,938	95,006	17,195	112,201
At 1 April 2009	46,240	11,490	-	24,910	82,640	14,979	97,619
Transfer to distributable reserve on realisation of revaluation reserve	-	(60)	-	60	-	-	-
Total comprehensive income for the period	-	-	-	2,343	2,343	1,438	3,781
At 30 June 2009	46,240	11,430	-	27,313	84,983	16,417	101,400

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2010 the accompanying explanatory notes attached to the interim financial statements.



LAY HONG BERHAD (107129-H)
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Condensed Consolidated Statement of Cash Flows

	3 months ended 30 Jun 2010 Unaudited RM'000	3 months ended 30 Jun 2009 Unaudited RM'000
Net cash generated from operating activities	(2,347)	6,985
Net cash used in investing activities	(1,005)	(3,642)
Net cash used in financing activities	(441)	(4,092)
Net increase/(decrease) in cash and cash equivalents	(3,793)	(749)
Cash and cash equivalents at beginning of year	4,241	(3,799)
Cash and cash equivalents at end of year	448	(4,548)
Cash and cash equivalents at the end of the period comprises :		
Short term investment	10,142	1,219
Cash and bank balances	342	2,274
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(10,036)	(8,041)
	448	(4,548)

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2010 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 of the Group for the financial year ended 31 December 2009. 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 2010.

2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 March 2010, except for the adoption of the following with effect from 01 April 2010 :

FRSs, Amendments to FRSs and Interpretations

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs (revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events after Reporting Period
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 132	Financial Instruments : Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 126	Impairment of Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions

The adoption of the above FRSs and Interpretations do not have a significant impact on the interim financial statements of the Group. The principal effects of the changes are described below :

a) FRS 101 Presentation of Financial Statements

With the adoption of revised FRS 101, the financial statements now comprises a statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements. The statement of comprehensive income consists of profit and loss for the period and other comprehensive income. All non-owner changes in equity previously presented in statement in changes in equity are now presented as components in the statement of comprehensive income. The comparative figures have been adjusted to conform to current presentation.

b) FRS 117 Leases

Previously, leasehold land were treated as operating leases and classified as prepaid lease payments. With the adoption of Amendments to FRS 117, the Group has reassessed and determined that all its leasehold land are in substance finance lease. Accordingly, the leasehold land have been reclassified as property, plant and equipment.

The changes were made restropective in accordance with the transitional provisions of the amendment. Comparative figures have been restated as follows :

	31 March 2010 (RM'000)	
	As restated	As previously stated
Property, plant and equipment	168,902	161,782
Prepaid lease payments	-	7,120



c) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 sets out the principles for recognising and measuring financial assets and financial liabilities. As allowed under the transitional provisions, the standard is not applied retrospectively.

i) Financial assets

The Group's financial assets include unquoted bonds, quoted and unquoted shares, short-term investments, cash, deposits, receivables and prepayments. Unquoted bonds are classified as held-to-maturity (HTM) investment and stated amortised cost, less impairment if any. Quoted and unquoted shares and short-term investments, are classified as available-for-sale (AFS) financial assets and are stated at fair value, unless the fair value cannot be measured reliably, in which case it is measured at cost. Changes in fair value of AFS financial assets are recognised in other comprehensive income in the statement of comprehensive income. Other financial assets are classified as loans and receivables and measured at amortised cost using the effective interest method.

ii) Financial liabilities

Financial liabilities include loans and borrowings, trade and other payables, and are stated at amortised cost.

As at the balance sheet date, the Group does not have derivative financial instruments.

3. Comments about seasonality or cyclical factors

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

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 2010.

5. Changes in estimates

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. Debt and equity securities

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

7. Dividends paid

No dividend was paid in the current quarter.

8. Segmental information

	3 months ended 30 June 2010	
	Segment revenue	Segment results
	RM'000	
Integrated livestock farming	78,299	3,213
Retail supermarket	19,411	131
	97,710	3,344
Inter-segment eliminations	(1,542)	-
	96,168	3,344

All business operations are conducted in Malaysia.

9. Subsequent events

There were no events subsequent to 30 June 2010 that would have a material effect on the interim financial statement of the current quarter.

10. Changes in composition of the Group

There were no material changes in the composition of the Group in the current financial quarter.



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11. Changes in contingent liabilities

Credit facilities amounting to RM32.7 million granted by financial institutions and utilised by subsidiaries are secured by corporate guarantees from Lay Hong Berhad.

12. Capital commitments

Commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2010 amounted as follows:

	RM'000
Approved and contracted for	1,500
Approved but not contracted for	-
	<u>1,500</u>

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

1. Review of performance

	Current quarter <u>RM'000</u>	Corresponding quarter last year <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Revenue	96,168	92,215	3,953	4.29
Profit before tax	3,344	4,381	(1,037)	(23.67)

The Group recorded a higher revenue of RM96.2 million compared with RM92.2 million recorded in the corresponding quarter last year, due mainly to higher contribution from our retail supermarket chain and higher sales of poultry products.

The Group's pre-tax profit declined from RM4.3 million in the corresponding quarter last year to RM3.3 million in the current quarter due mainly to reduced contribution from our Sabah operations.

2. Comparison with immediate preceding quarter's results

	Current quarter <u>RM'000</u>	Immediate preceding quarter <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Revenue	96,168	95,058	1,110	1.17
Profit before tax	3,344	480	2,864	596.67

The Group's revenue in the current quarter of RM96.2 million is higher than the RM95.1 million recorded in the immediate preceding quarter, due mainly to higher sales of poultry products.

The Group's recorded a pretax profit of RM3.3 million compared to RM0.5 million in the immediate preceding quarter due mainly to additional allowances made for doubtful debts and inventories in the immediate preceding quarter.

3. Current year prospects

Barring any adverse changes in market prices for poultry products, the Directors are confident that the financial performance of the Group will continue to improve in the coming quarters 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	1,623	1,623
Deferred Tax	(368)	(368)
	<u>1,254</u>	<u>1,254</u>

**6. Profit/(loss) on disposal of unquoted investments and properties**

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

7. Purchase or disposal of quoted investments

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

8. Status of corporate proposals

Not applicable

9. Borrowings

The Group's borrowings as at 30 June 2010 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Overdraft	6,958	3,077	10,035
Bankers' Acceptances	21,080	19,527	40,607
Hire Purchase	4,414	-	4,414
Term Loan	4,209	606	4,815
	<u>36,661</u>	<u>23,210</u>	<u>59,871</u>
Long term			
Hire Purchase	9,284	-	9,284
Term Loan	7,872	20,377	28,249
	<u>17,156</u>	<u>20,377</u>	<u>37,533</u>
Grand Total	<u>53,817</u>	<u>43,587</u>	<u>97,404</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 2010.

11. Changes in material litigation

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

12. Dividend

The Directors do not propose dividend payment 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	
	30 June 2010	30 June 2009
Profit attributable to ordinary equity holders of the parent (RM'000)	2,363	2,343
Weighted average number of ordinary shares in issue ('000)	46,240	46,240
Basic earnings per share (sen)	<u>5.11</u>	<u>5.07</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 as at 30 June 2010.



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14. Auditors' report on preceding annual financial statements

The auditors' report of the previous annual financial year ended 31 March 2010 was not subject to any qualification.

15. 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 26 August 2010.