



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

	3 months ended		9 months ended	
	31 Dec 2010 Unaudited	31 Dec 2009 Unaudited	31 Dec 2010 Unaudited	31 Dec 2009 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	110,310	101,316	311,295	293,696
Operating expenses	(101,411)	(95,255)	(291,502)	(275,914)
Other Income	525	324	1,379	1,026
Finance costs	(1,357)	(1,379)	(4,101)	(4,095)
Profit before tax	8,067	5,006	17,071	14,713
Income tax	(1,680)	(1,282)	(4,150)	(2,604)
Profit for the period	6,387	3,724	12,921	12,109
Other comprehensive income, net of tax				
Fair value of available-for sale financial assets	82	-	209	-
Other comprehensive income for the period	82	-	209	-
Total comprehensive income for the period	6,469	3,724	13,130	12,109
Profit attributable to:				
Owners of the parent	4,922	3,200	11,089	9,318
Minority interest	1,465	524	1,832	2,791
	6,387	3,724	12,921	12,109
Total comprehensive income attributable to :				
Owners of the parent	5,004	3,200	11,298	9,318
Minority interest	1,465	524	1,832	2,791
	6,469	3,724	13,130	12,109
Earnings per share (sen) :				
Basic	10.30	6.92	23.45	20.15
Diluted	10.03	NA	22.61	NA

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 31 Dec 2010 Unaudited RM'000	As at 31 Mar 2010 Restated RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	164,625	168,902
Intangible assets	2,807	2,671
Other investments	419	1,119
Deferred tax assets	5,306	6,331
	173,157	179,023
Current assets		
Biological assets	22,463	21,124
Inventories	42,862	41,520
Trade receivables	45,115	38,030
Other receivables	6,727	4,923
Short term investment	16,345	10,061
Cash and bank balances	5,887	5,455
	139,399	121,113
TOTAL ASSETS	312,556	300,136
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	48,778	46,240
Reserves	56,529	46,323
	105,307	92,563
Minority interest	17,997	17,468
Total equity	123,304	110,031
Non-current liabilities		
Long term borrowings	35,975	39,135
Due to corporate shareholders	-	1,093
Deferred tax liabilities	16,530	18,370
	52,505	58,598
Current liabilities		
Short term borrowings	56,249	56,229
Trade payables	60,060	59,849
Other payables	15,578	15,301
Due to corporate shareholders	128	128
Income tax payable	4,732	-
	136,747	131,507
Total liabilities	189,252	190,105
TOTAL EQUITY AND LIABILITIES	312,556	300,136

Net assets per share attributable to ordinary equity holders of the parent (RM)	2.1589	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	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	-	(109)	-	109	-	-	-
Total comprehensive income for the period	-	-	209	11,089	11,298	1,832	13,130
Issue of new ESOS shares	2,538	-	-	-	2,538	-	2,538
Dilution of MI in subsidiary	-	-	-	-	-	(289)	(289)
Dividend	-	-	-	(1,092)	(1,092)	(1,014)	(2,106)
At 31 Dec 2010	48,778	10,645	239	45,645	105,307	17,997	123,304
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	-	(144)	-	144	-	-	-
Total comprehensive income for the period	-	-	-	9,318	9,318	2,791	12,109
Dividend	-	-	-	(433)	(433)	-	(433)
At 31 Dec 2009	46,240	11,346	-	33,939	91,525	17,770	109,295

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

	9 months ended 31 Dec 2010 Unaudited RM'000	9 months ended 31 Dec 2009 Unaudited RM'000
Net cash generated from operating activities	17,332	20,312
Net cash used in investing activities	(5,923)	(8,897)
Net cash used in financing activities	(4,136)	(7,871)
Net increase/(decrease) in cash and cash equivalents	7,273	3,544
Cash and cash equivalents at beginning of year	4,241	(3,799)
Cash and cash equivalents at end of period	11,514	(255)
Cash and cash equivalents at the end of the period comprises :		
Short term investment	16,345	3,322
Cash and bank balances	2,456	2,156
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(7,287)	(5,733)
	11,514	(255)

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 March 2010. 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 (revised)

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 at 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 31 Dec 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

The company issued additional 442,700 new ordinary shares of RM1.00 each pursuant to the Employees Share Option Scheme (ESOS) in the current quarter. The cumulative additional new ordinary shares issued pursuant to the ESOS amounted to 2,537,700 as at 31 December 2010. There were no other issuances, cancellations, repurchases, resale or repayment of debt and equity securities.

7. Dividends paid

The final dividend for the year ended 31 March 2010 of 3.0% less 25% income tax, was paid to shareholders on 3rd November 2010.

8. Segmental information

	3 months ended 31 Dec 2010		9 months ended 31 Dec 2010	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	90,990	7,993	257,215	16,646
Retail supermarket	22,130	74	60,698	425
	<u>113,121</u>	<u>8,067</u>	<u>317,913</u>	<u>17,071</u>
Inter-segment eliminations	(2,811)	-	(6,618)	-
	<u>110,310</u>	<u>8,067</u>	<u>311,295</u>	<u>17,071</u>

All business operations are conducted in Malaysia.

9. Subsequent events

There were no events subsequent to 31 Dec 2010 that would have a material effect on the interim financial statement of the current quarter.

10. Changes in composition of the Group

In the current financial quarter, Sri Tawau Farming Sdn Bhd, a 50% owned subsidiary of the Group acquired an additional 200,000 shares in Evergrowth Marketing Sdn Bhd for a cash consideration of RM500,000, thus raising the Group's effective equity interest in Evergrowth Marketing Sdn Bhd from 30% to 40%. There were no other changes in the composition of the Group.



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11. Changes in contingent liabilities

Credit facilities amounting to RM29.0 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 31 Dec 2010 amounted as follows:

	RM'000
Approved and contracted for	4,340
Approved but not contracted for	-
	<u>4,340</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	110,310	101,316	8,994	8.88
Profit before tax	8,067	5,006	3,061	61.15

The Group recorded a higher revenue of RM110.3 million compared with RM101.3 million recorded in the corresponding quarter last year, due mainly to higher retail supermarket sales and sales of processed food products in the current quarter.

The Group's pre-tax profit increased from RM5.0 million in the corresponding quarter last year to RM8.1 million in the current quarter due mainly to higher selling prices of poultry products.

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	110,310	104,817	5,493	5.24
Profit before tax	8,067	5,660	2,407	42.53

The Group's revenue in the current quarter of RM110.3 million is higher than the RM104.8 million recorded in the immediate preceding quarter, due mainly to higher retail supermarket sales and sales of processed food products in the current quarter.

The Group's recorded a pretax profit of RM8.1 million compared to RM5.7 million in the immediate preceding quarter due mainly to higher selling prices of poultry products.

3. Current year prospects

The current uptrend in prices of grains in the world market is expected to increase the Group's production costs in the coming months thus impacting the Group's results in the fourth quarter of this financial year. Nevertheless, with the ongoing cost mitigation measures, the Directors are confident that the Group will remain profitable.

4. Profit forecast or profit guarantee

Not applicable.

5. Income tax

	Current quarter RM'000	Year-to- date RM'000
Current tax	1,001	4,991
Deferred tax	679	(841)
	<u>1,680</u>	<u>4,150</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 31 Dec 2010 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Overdraft	5,149	2,138	7,287
Bankers' Acceptances	20,078	21,140	41,218
Hire Purchase	4,579	-	4,579
Term Loan	2,577	588	3,165
	32,383	23,866	56,249
Long term			
Hire Purchase	8,814	-	8,814
Term Loan	7,063	20,098	27,161
	15,877	20,098	35,975
Grand Total	48,260	43,964	92,224

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 Dec 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

	3 months ended		9 months ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Profit attributable to ordinary equity holders of the parent (RM'000)	4,922	3,200	11,089	9,318
Weighted average number of ordinary shares ('000)	47,804	46,240	47,284	46,240
Basic earnings per share (sen)	10.30	6.92	23.45	20.15
Weighted average number of ordinary shares (diluted) ('000)	49,096	NA	49,037	NA
Diluted earnings per share (sen)	10.03	NA	22.61	NA

Basic earnings per share is computed based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is computed based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period after adjustment for full conversion of the ESOS.



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13. Earnings per share (cont'd)

The diluted earnings per share for the comparative period last year is not presented as it was anti-dilutive as at 31 Dec 2009.

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 17 Feb 2011.