



LAY HONG BERHAD (107129-H)
Incorporated in Malaysia

Condensed Consolidated Statement of Comprehensive Income

	3 months ended		12 months ended	
	31 Mar 2011 Unaudited	31 Mar 2010 Unaudited	31 Mar 2011 Unaudited	31 Mar 2010 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	111,810	95,058	423,105	388,754
Operating expenses	(109,952)	(93,854)	(401,454)	(369,768)
Other Income	1,966	607	3,345	1,633
Finance costs	(1,240)	(1,331)	(5,341)	(5,426)
Profit before tax	2,584	480	19,655	15,193
Income tax	1,624	226	(2,526)	(2,378)
Profit for the period	4,208	706	17,129	12,815
Other comprehensive income, net of tax				
Fair value of available-for sale financial assets	(155)	-	53	-
Other comprehensive income for the period	(155)	-	53	-
Total comprehensive income for the period	4,053	706	17,182	12,815
Profit attributable to:				
Owners of the parent	3,895	1,008	14,984	10,326
Minority interest	313	(302)	2,145	2,489
	4,208	706	17,129	12,815
Total comprehensive income attributable to :				
Owners of the parent	3,740	1,008	15,037	10,326
Minority interest	313	(302)	2,145	2,489
	4,053	706	17,182	12,815
Earnings per share (sen) :				
Basic	7.99	2.18	31.44	22.33
Diluted	7.78	NA	30.42	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)
Incorporated in Malaysia

Condensed Consolidated Statement of Financial Position

	As at 31 Mar 2011 Unaudited RM'000	As at 31 Mar 2010 Restated RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	188,297	168,902
Intangible assets	2,895	2,671
Investment in associates	980	-
Other investments	119	1,119
Deferred tax assets	4,958	6,331
	197,249	179,023
Current assets		
Biological assets	22,476	21,124
Inventories	44,299	41,520
Trade receivables	42,005	38,030
Other receivables	5,436	4,923
Due from associate	1,708	-
Short term investment	8,484	10,061
Cash and bank balances	4,426	5,455
	128,834	121,113
TOTAL ASSETS	326,083	300,136
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	48,778	46,240
Reserves	72,657	46,323
	121,435	92,563
Minority interest	20,464	17,468
Total equity	141,899	110,031
Non-current liabilities		
Long term borrowings	26,295	39,135
Due to corporate shareholders	128	1,221
Deferred tax liabilities	24,445	18,370
	50,868	58,726
Current liabilities		
Short term borrowings	54,848	56,229
Trade payables	61,964	59,849
Other payables	14,961	15,301
Income tax payable	1,543	-
	133,316	131,379
Total liabilities	184,184	190,105
TOTAL EQUITY AND LIABILITIES	326,083	300,136

Net assets per share attributable to ordinary equity holders of the parent (RM)	2.4895	2.0018
---	--------	--------

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)
Incorporated in Malaysia

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 profit	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	-	(211)	-	211	-	-	-
Revaluation of land and building	-	12,388	-	-	12,388	2,650	15,038
Total comprehensive income for the period	-	-	53	14,984	15,037	2,145	17,182
Issue of new ESOS shares	2,538	-	-	-	2,538	-	2,538
Dilution of MI in subsidiary	-	-	-	-	-	(785)	(785)
Dividend	-	-	-	(1,092)	(1,092)	(1,014)	(2,106)
At 31 March 2011	48,778	22,931	83	49,642	121,435	20,464	141,899
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	-	(736)	-	736	-	-	-
Total comprehensive income for the period	-	-	-	10,326	10,326	2,489	12,815
Dividend	-	-	-	(433)	(433)	-	(433)
At 31 March 2010	46,240	10,754	-	35,539	92,533	17,468	110,001

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)
Incorporated in Malaysia

Condensed Consolidated Statement of Cash Flows

	12 months ended 31 Mar 2011 Unaudited RM'000	12 months ended 31 Mar 2010 Unaudited RM'000
Net cash generated from operating activities	25,239	34,459
Net cash used in investing activities	(8,468)	(14,970)
Net cash used in financing activities	(17,170)	(11,449)
Net increase in cash and cash equivalents	(399)	8,040
Cash and cash equivalents at beginning of year	4,241	(3,799)
Cash and cash equivalents at end of year	3,842	4,241
Cash and cash equivalents at the end of the period comprises :		
Short term investment	8,484	10,031
Cash and bank balances	4,426	5,455
Bank overdrafts (included within the short term borrowings in Part B Note 9)	(6,688)	(7,815)
Deposit pledged to licensed bank	(2,380)	(3,430)
	3,842	4,241

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 March 2011.

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 immediate preceding quarter. The cumulative additional new ordinary shares issued pursuant to the ESOS amounted to 2,537,700 as at 31 March 2011. There were no other issuances, cancellations, repurchases, resale or repayment of debt and equity

7. Dividends paid

The was no dividend paid to shareholders of the Company in the current quarter.

8. Segmental information

	3 months ended 31 March 2011		12 months ended 31 March 2011	
	Segment revenue	Segment results	Segment revenue	Segment results
	RM'000		RM'000	
Integrated livestock farming	89,396	2,384	346,611	19,030
Retail supermarket	23,442	200	84,140	625
	<u>112,838</u>	<u>2,584</u>	<u>430,751</u>	<u>19,655</u>
Inter-segment eliminations	(1,028)	-	(7,646)	-
	<u>111,810</u>	<u>2,584</u>	<u>423,105</u>	<u>19,655</u>

All business operations are conducted in Malaysia.

9. Subsequent events

There were no events subsequent to 31 March 2011 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 :

i. Sri Tawau Farming Sdn Bhd (STF), a 50% owned subsidiary of the Group acquired an additional 500,000 shares in Evergrowth Marketing Sdn Bhd (EMSB) for a cash consideration of RM500,000, thus raising the Group's effective equity interest in EMSB from 40% to 43.3%.



LAY HONG BERHAD (107129-H)

10. Changes in composition of the Group (con't)

ii. STF subscribed for 10,000,000 additional shares in STF Agriculture Sdn Bhd for a consideration of RM10,000,000, resulting in the Group's effective equity interest in STF Agriculture reducing from 51% to 50.17%.

iii. Lay Hong Berhad subscribed to an additional 200,000 shares in Evergreen Organic Fertilisers Sdn Bhd (EOF) at a consideration of RM200,000, thus increasing the Group's effective equity interest in EOF from 51% to 70.6%.

iv. Lay Hong Berhad acquired a 100% interest in JT Trading Sdn Bhd (JTT) with the subscription of 850,000 shares in JTT for a cash consideration of RM850,000.

v. Lay Hong Berhad also participated in a 49% joint venture in Kaite Greenpac Sdn Bhd (KG) with the subscription of 980,000 shares in KG for a cash consideration of RM980,000.

11. Changes in contingent liabilities

Credit facilities amounting to RM27.1 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 Mar 2011 amounted as follows:

	RM'000
Approved and contracted for	1,816
Approved but not contracted for	-
	<u>1,816</u>

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

1. Review of performance

	Current quarter RM'000	Corresponding quarter last year RM'000	Variance RM'000	Variance %
Revenue	111,810	95,058	16,752	17.62
Profit before tax	2,584	480	2,104	438.33

The Group recorded a higher revenue of RM111.8 million compared with RM95.1 million recorded in the corresponding quarter last year, due mainly to higher prices of eggs and higher production of processed food products in the current financial quarter.

The Group's pre-tax profit increased from RM480,000 in the corresponding quarter last year to RM2.6 million in the current quarter due mainly to higher selling prices of poultry products.

2. Comparison with immediate preceding quarter's results

	Current quarter RM'000	Immediate preceding quarter RM'000	Variance RM'000	Variance %
Revenue	111,810	110,310	1,500	1.36
Profit before tax	2,584	8,067	(5,483)	(67.97)

The Group's revenue in the current quarter of RM111.8 million is marginally higher than the RM110.3 million recorded in the immediate preceding quarter. However, pretax profit declined from RM8.1 million in the immediate preceding quarter to RM2.6 million in the current quarter due mainly to additional allowances made for trade debts, stock adjustments and the effects of higher raw material prices.

3. Current year prospects

The price of grains has been increasing in recent months. This trend is expected to continue gradually in the near future and will impact on the Group's profitability in the new financial year. Nevertheless, the Directors are confident that the Group will remain profitable with careful cost controls and increased production efficiency.

4. Profit forecast or profit guarantee

Not applicable.



LAY HONG BERHAD (107129-H)

5. Income tax

	Current quarter RM'000	Year-to- date RM'000
Current tax	(2,173)	2,818
Deferred tax	549	(292)
	<u>(1,624)</u>	<u>2,526</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 March 2011 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Overdraft	5,281	1,407	6,688
Bankers' Acceptances	17,910	23,069	40,979
Hire Purchase	4,914	-	4,914
Term Loan	1,808	459	2,267
	<u>29,913</u>	<u>24,935</u>	<u>54,848</u>
Long term			
Hire Purchase	9,623	-	9,623
Term Loan	6,599	10,073	16,672
	<u>16,222</u>	<u>10,073</u>	<u>26,295</u>
Grand Total	<u>46,135</u>	<u>35,008</u>	<u>81,143</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 March 2011.

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 any dividend for the current quarter.

13. Earnings per share

	3 months ended		12 months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
Profit attributable to ordinary equity holders of the parent (RM'000)	<u>3,895</u>	<u>1,008</u>	<u>14,984</u>	<u>10,326</u>
Weighted average number of ordinary shares ('000)	<u>48,778</u>	<u>46,240</u>	<u>47,654</u>	<u>46,240</u>
Basic earnings per share (sen)	<u>7.99</u>	<u>2.18</u>	<u>31.44</u>	<u>22.33</u>
Weighted average number of ordinary shares (diluted) ('000)	<u>50,078</u>	<u>NA</u>	<u>49,251</u>	<u>NA</u>
Diluted earnings per share (sen)	<u>7.78</u>	<u>NA</u>	<u>30.42</u>	<u>NA</u>



LAY HONG BERHAD (107129-H)

13. Earnings per share (cont'd)

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.

The diluted earnings per share for the comparative period last year is not presented as it was anti-dilutive as at 31 March 2010.

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 30 May 2011.