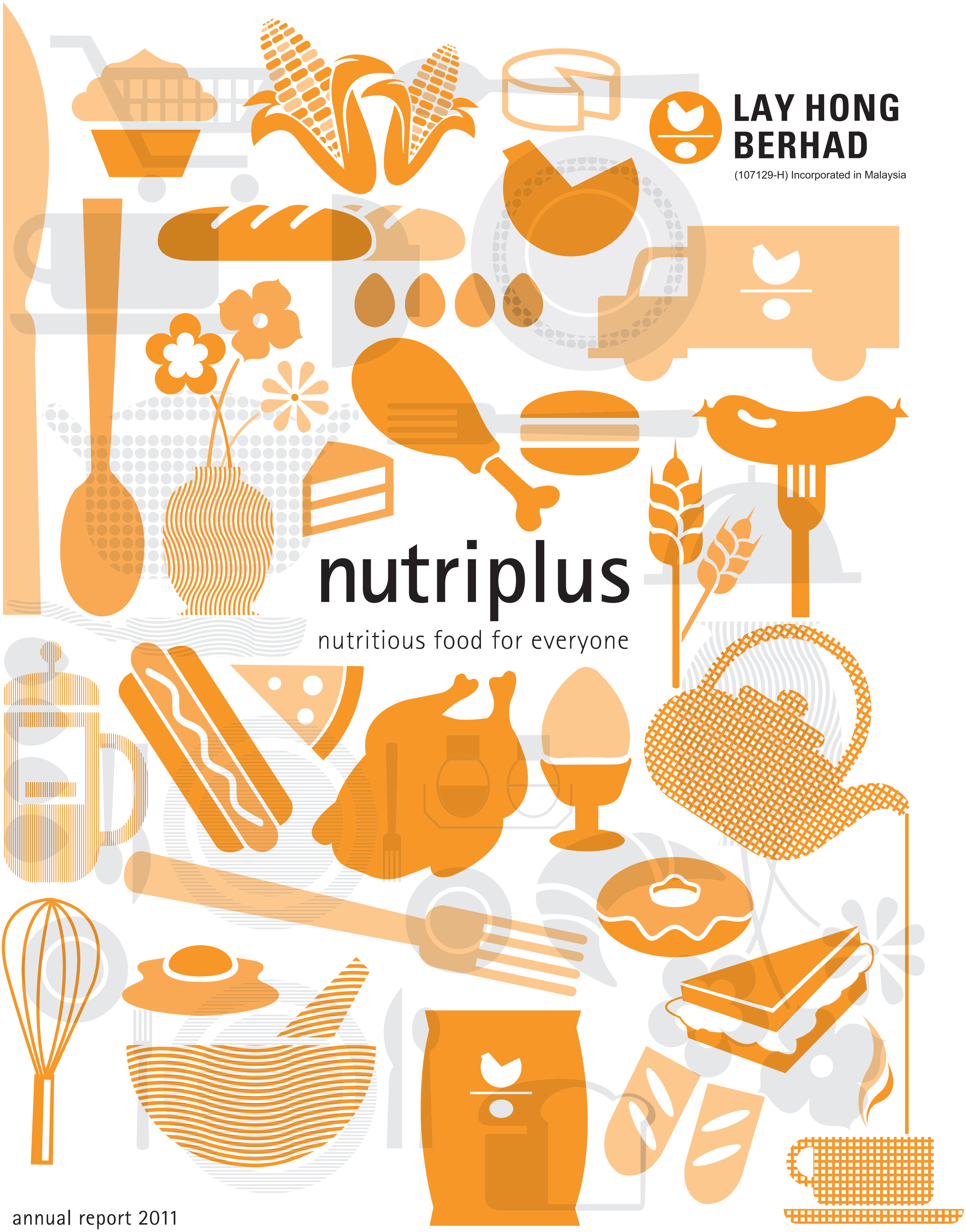


LAY HONG BERHAD

(107129-H) Incorporated in Malaysia

nutriplus

nutritious food for everyone

annual report 2011

contents

Cover Rationale

Lay Hong Berhad has seen its reputation grow, based initially on the success of our egg business. Over the years, to continue to provide nutritious food, we have broadened our range to chicken meat and a variety of processed chicken products.
The cover of this year's annual report graphically illustrates our expanded product range marketed under Nutriplus and Wise Choice.

our mission

to promote

a healthier lifestyle and diet among Malaysians by developing highly nutritious and hygienic products utilizing the highest quality processing standards.

to provide

a caring and rewarding environment for our employess, one which can help fulfill their career goals and inculcate a sense of participation, team spirit and loyalty which will benefit all.

to become

an increasingly important supplier or processed chicken, chicken related products and eggs by expanding market share, developing new products, and building trust and reliability among consumers.

to work

diligently and consistently to enhance value for our shareholders, to deliver out products fresh on time to our partners and consumers, and to be a responsible corporate citizen.

By constantly developing new products and maintaining premium quality, we are expanding our market share and maximizing the growth potential of our business. We have strategized ourselves well and we are now a major supplier in the food chain.

corporate information

board of directors

Yap Hoong Chai
Chairman And Group Managing Director
non-independent executive Director

Yeap Weng Hong
non-independent executive Director

Yip Kim Hoong
non-independent non-executive Director

Yeap Fock Hoong
non-independent non-executive Director

Abdul Hamid
bin Mohamed Ghows
independent non-executive Director

Dato' Dr Abdul Aziz Bin Mangkat
independent non-executive Director

Cheng Chin Hong
(appointed 23 February 2011)
independent non-executive Director

Chia Mak Hooi
(appointed 6 July 2011)
non-independent non-executive Director

audit committee

Abdul Hamid
bin Mohamed Ghows
Chairman

Dato' Dr Abdul Aziz Bin Mangkat
independent non-executive Director

Cheng Chin Hong
(appointed 23 February 2011)
independent non-executive Director

nomination committee

Abdul Hamid
bin Mohamed Ghows

Dato' Dr Abdul Aziz Bin Mangkat

remuneration committee

Yap Hoong Chai

Abdul Hamid
bin Mohamed Ghows

Dato' Dr Abdul Aziz Bin Mangkat

share registrar

Securities Services (Holdings)
Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
tel: 03 2084 9000
fax: 03 2094 9940

company secretaries

Lim King Hua
(MAICSA 0798613)

Lim Kui Suang
(MAICSA 0783327)

Kam Jin Leong
(MIA 6285)

registered office

No.9 Jalan Bayu Tinggi 2A/KS6
Taipan 2, Batu Unjur
41200 Klang, Selangor
tel: 03 3323 1916
fax: 03 3323 3584

corporate office

No.2, Level 10-12
Wisma Lay Hong, Jalan Empayar,
off Persiaran Sultan Ibrahim /
KU1
41150 Klang, Selangor
tel: 03 3343 4888
fax: 03 3343 8839

auditors

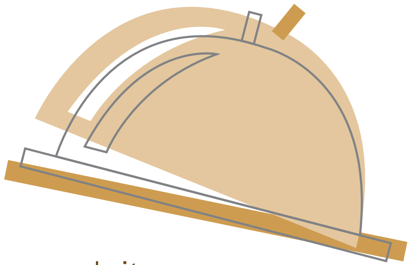
Ong Boon Bah & Co
B-10-1 Megan Avenue 1
189 Jalan Tun Razak
50400 Kuala Lumpur

principal bankers

Malayan Banking Berhad
CIMB Bank Berhad
United Overseas Bank
(Malaysia) Bhd
Bank of China (Malaysia) Berhad
Bangkok Bank Berhad

stock exchange listing

Bursa Malaysia Securities Berhad
Main Market
Stock Code: Lay Hong
Stock No: 9385



website

www.layhong.com.my

Careful handling and superlative quality control are virtues in our industry, practiced daily in our integrated poultry business operations and ingrained throughout all our food manufacturing activities and in everything we do.

group financial highlights

RM'000	2007	2008	2009	2010	2011
Revenue	232,746	317,523	350,546	388,753	**423,105**
Profit before tax	2,357	5,123	11,775	15,193	**19,656**
Total assets	242,543	270,370	289,863	300,105	**326,524**
Paid-up capital	46,240	46,240	46,240	46,240	**48,778**
Net assets (NA)	74,086	75,554	82,640	92,532	**121,213**
NA per share (RM)	1.602	1.634	1.787	2.001	**2.485**
Basic earnings per share – sen	3.22	3.03	15.33	22.33	**30.27**

group structure and operations

LAY HONG BERHAD
investment holding and integrated livestock farming

100%	Hing Hong Sdn Berhad - Breeder farm, Hatchery & Layer farm
100%	Eminent Farm Sdn Bhd - Breeder farm, Hatchery & Broiler farm
100%	Lay Hong Liquid Egg Sdn Bhd - Liquid egg production
100%	Lay Hong Food Corporation Sdn Bhd - Chicken processing and Food manufacturing
100%	G-mart Borneo Retail Sdn Bhd (formerly known as Innobrid Marketing Sdn Bhd) - Retail supermarket
100%	JT Trading Sdn Bhd - Trading
97%	Innobrid Sdn Bhd - Broiler farm
70.6%	Evergreen Organic Fertilisers Sdn Berhad - Organic fertiliser production
70%	Innofarm (Klang) Sdn Bhd - Layer farm
50.17%	STF Agriculture Sdn Bhd - Integrated livestock farming
50%	Sri Tawau Farming Sdn Bhd - Investment holding and trading
43.3%	Evergrowth Marketing Sdn Bhd - Processing and distribution of poultry products

From research through to production and delivery, we employ the latest and best technology and the highest manufacturing standards. By ensuring hygienic production methods and optimal nutritional value, we daily provide Malaysians with healthy, fresh, high quality HALAL products.

chairman's statement

I am very happy to report that the Group recorded a 29.4% increase in pre-tax profit from RM15.2 million in 2010 to RM19.6 million in the financial year ended 31 March 2011. Based on this improved performance, basic earnings per share has grown from 22.3 sen to 30.3 sen.

Group revenue also increased from RM388.7 million in the previous financial year to RM 423.1 million due to higher sales of integrated poultry products and additional contribution from retail supermarkets during the financial year.

The Group's shareholders fund grew from RM92.5 million to RM121.2 million, primarily attributed to the increase in retained earnings and revaluation reserves, the latter a result of a revaluation of the Group's landed properties that was due and carried out during the financial year. Net asset per share attributable to ordinary equity holders of the parent has enhanced from RM2.00 last year to RM2.49. During the financial year, the issued and paid up capital of the Company has also increased by RM 2.5 million from RM46.2 million to RM48.7 million from the subscription by employees of the Company's Executive Share Option Scheme (ESOS).

The Group's gearing has significantly improved from a high of 1.26 times in 2008 to a comfortable level of 0.66 times in 2011. Despite the material improvement in gearing, the Group still relies on short term banking facilities to finance its operations, due in a large part to the industry-wide practice of granting reasonable credit terms to its customers, in particular the hypermarket/supermarket chains and distributors nationwide.

Business Review

Integrated Livestock Business

The integrated livestock business in the Group consists of animal feed manufacturing, breeding of layer and broiler parent stocks, production of fresh table eggs and live broilers. It also includes the processing of pasteurised liquid egg, processing of broilers and the manufacturing of downstream chicken products. Total revenue derived from this core business amounted to RM346.6 million in 2011 compared to RM322.9 million in the previous financial year, an increase of RM23.7 million or 7.3%.

During the financial year, total revenue from sales of fresh table eggs increased from RM119.4 million to RM124.6 million due to more favourable market conditions, whilst the sale of pasteurised liquid egg recorded a decrease from RM17.0 million to RM12.4 million. This reduction was largely due to the sudden cessation of offtake by one of our major customer and a substantial shareholder who ceased its shareholding in the Company during the year.

The quantity of live broilers produced decreased marginally from 23.6 million kilograms last year to 22.6 million kilograms in the current financial year. All of the live broilers produced by the Group are processed internally at our plants in Peninsular Malaysia and Sabah. They are subsequently sold as dressed chilled chicken, special cuts for food processing companies and chicken parts. In addition, a substantial portion is utilised and processed into downstream food products such as frankfurters, nuggets and fried chicken. These products are then sold to end consumers through supermarkets, hypermarket and distributors throughout the country. The sales of these downstream chicken products had increased by 31 % from RM35.1 million in financial year 2010 to RM46.0 million in the current financial year under review. The increase was largely a result of expanded production at the Group's upgraded production facilities as well as concerted efforts by our sales/marketing department in increasing its sales channels. The Group will continue to focus on this area for growth going forward.

Retail Supermarket

The contribution to Group revenue of the retail supermarket business branded as G*MART stores has increased from RM72.5 million last year to RM84.1 million this financial year. However, even though the revenue registered is quite sizable, the profit contribution is still small at the current moment as the newly opened stores still lagged behind and faced some operational issues. The total number of outlets has increased to ten, plus one distribution centre, with the opening of an additional outlet in Keningau, Sabah during the year.

The Group plans to further expand the number of retail outlets in the near future. The resulting increase in sales volume should lead to lower costs through quantity discounts and better economies of scale.

Capital Expenditure

During the financial year under review, the Group invested a sum of RM13.9 million in capital expenditure to expand its production capability. Some major investments include the acquisition of a new broiler farm in Sandakan, Sabah, the construction of a new layer farm in Jeram, Selangor, expansion of the pullet house for layers in Jeram plus improvements and upgrading of our existing layer farms in Kapar and Ijok. The Group also spent RM1.6 million to expand production capacity at our chicken processing plant in Tanjung Karang, Selangor, as well as RM2.2 million for new and existing G*Mart retail outlets in Sabah.

chairman's statement cont'd

Prospects

The prices of raw materials, especially grains, have been on the uptrend at the beginning of 2011, but have since moderated in recent months. The higher cost will impact the Group's profitability going forward. Nevertheless, the Board and the management has and will implement appropriate measures to mitigate this cost increase and are confident that the momentum of growth of the Group's revenue and profits will be maintained.

Dividend

The Board is pleased to recommend a final dividend of 5.0% per share less Malaysian income tax of 25% for the financial year ended 31 March 2011. Subject to approval by shareholders at the forthcoming Annual General Meeting, this dividend will be paid on 3 November 2011.

Directorate

During the year, Dato' Sri Liew Yew Chung, a non-independent non-executive Director and his alternate Director Dato' Liew Kuek Hin resigned from the Board. Dato' Sri Liew Yew Chung also resigned as a member of the Audit Committee. On behalf of the Board, I wish thank them for their invaluable contributions during their tenure in office.

On 23 February 2011, Mr Cheng Chin Hong joined the Board as an independent non-executive Director and a member of the Audit Committee. Mr Cheng is a Chemist by training and an experienced production professional. On behalf of the Board, I welcome him on board.

I would also like to extend a warm welcome to Mr Chia Mak Hooi, a corporate representative from QL Resources Berhad who joined the Board on 6 July 2011 as non-independent non-executive Director. With his vast experience in the agribusiness, I strongly believe that Mr Chia will be able to contribute significantly to the future business growth of the Group.

Appreciation

On behalf of the Board of Directors, I wish to express my sincere gratitude to the management and staff for their dedication and commitment to the Group. I would also like to thank our many valued customers, business associates, government authorities, bankers and shareholders for their continued support, trust and confidence in the Group.

Last but not least, I also extend my personal thanks to my fellow Directors for their support and distinguished contribution in their respective capacities.

Yap Hoong Chai
Chairman and Group Managing Director

profile of directors

Yap Hoong Chai
Malaysian, aged 61

is the Chairman and Group Managing Director and a founder member of the Lay Hong Berhad Group. He was appointed to the Board of Directors of Lay Hong Berhad on 27 September 1983. Under his stewardship for the past 36 years, the Group has grown from a small family concern into one of Malaysia's largest and most successful integrated poultry farming and food processing Group. He also sits on the Board of Directors of several private limited companies. He had served as a past President of the Selangor Livestock Association, Egg Division and is currently the Chairman – Layer unit of Federation of Livestock Farmers' Associations of Malaysia (FLFAM).

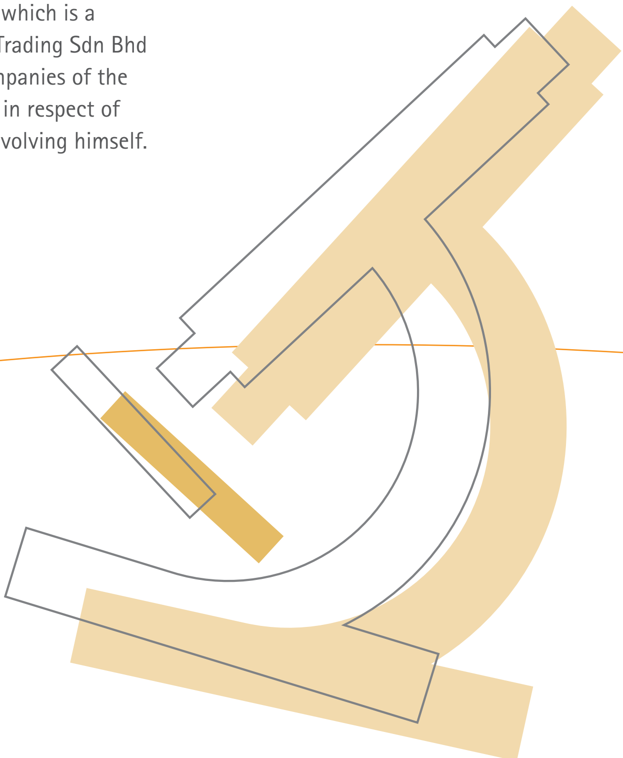
He is the brother of Yeap Fock Hoong, Yip Kim Hoong and Yeap Weng Hong, who are also Directors of the Company.

He holds 600,000 shares of RM1/- each fully paid in Lay Hong Berhad. He is a Director and shareholder in Innofarm Sdn Bhd which is a substantial shareholder of the Company and Mackan Trading Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Yeap Weng Hong
Malaysian, aged 53

is an executive Director of Lay Hong Berhad. He was appointed to the Board of Directors of Lay Hong Berhad on 18 April 1986. He has more than 25 years experience in poultry farming and is currently in-charge of the Group's farm activities and new projects in West Malaysia. He also sits on the Board of Directors of several private limited companies. He is the brother of Yeap Fock Hoong, Yip Kim Hoong and Yap Hoong Chai, who are also Directors of the Company.

He holds 207,200 shares of RM1/- each fully-paid in Lay Hong Berhad. He is a Director and shareholder in Innofarm Sdn Bhd which is a substantial shareholder of the Company and Mackan Trading Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.



profile of directors cont'd

Yip Kim Hoong

Malaysian, aged 63

is a non-executive Director of Lay Hong Berhad. He was appointed to the Board of Directors of Lay Hong Berhad on 20 August 1984. He has more than 20 years experience in poultry farming, having previously served as an Executive Director in the Group. He also sits on the Board of Directors of several private limited companies. He is the brother of Yap Hoong Chai, Yeap Fock Hoong and Yeap Weng Hong, who are also Directors of the Company.

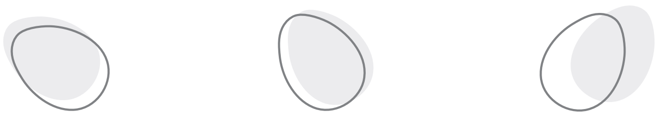
He holds 1,801,657 shares of RM1/- each fully-paid in Lay Hong Berhad. He is a Director and shareholder in Mackan Trading Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

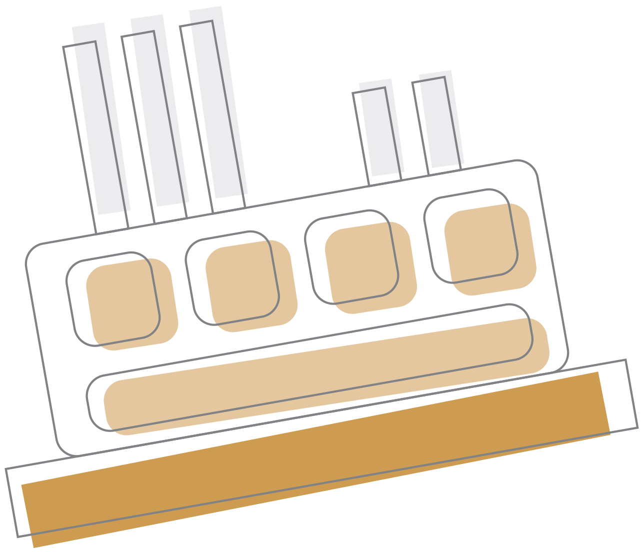
Yeap Fock Hoong

Singaporean, aged 57

is a non-executive Director of Lay Hong Berhad and was appointed to the Board of Directors of Lay Hong Berhad on 18th January 1994. He has been a commercial pilot since 1973 and currently holds the position of a management pilot for a major airline. He also sits on the Board of Directors of several private limited companies. He is the brother of Yip Kim Hoong, Yap Hoong Chai and Yeap Weng Hong, who are also Directors of the Company.

He holds 12,000 shares of RM1/- each fully-paid in Lay Hong Berhad. He is also a Director and shareholder in Innofarm Sdn Bhd which is a substantial shareholder of the Company and Mackan Trading Sdn Bhd which are major shareholders of certain subsidiary companies of the Group. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.





Abdul Hamid bin Mohamed Ghows

Malaysian, aged 60

was appointed independent non-executive Director of Lay Hong Berhad on 11 October 2001. He was appointed Chairman of the Lay Hong Berhad Nomination & Remuneration Committees on 18 March 2005 and Chairman of Audit Committee on 30 November 2006. He is a fellow member of the Institute of Chartered Accountants in England and Wales, the Chartered Institute of Management Accountants, UK and a member of the Malaysian Institute of Accountants. From 1974 to 2000, he served in various senior capacities with Price Waterhouse, Kenmore Asia Pte Ltd and Drexel Oilfields Services in Singapore and the Rothmans International Tobacco Group in Holland, United Kingdom and Malaysia. From 2000 to 2004 he was Director – Risk Management at Rashid Hussein Berhad Group. He was Group Chief Executive Officer of the Perisai Petroleum Teknologi Bhd from 2005 to March 2006.

He has no family relationship with any Director and/or major shareholders. He does not hold any shares, direct or indirect in Lay Hong Berhad or its subsidiaries.

Dato' Dr. Abdul Aziz bin Mangkat DIMP, KMN ASK

Malaysian, aged 61

was appointed independent non-executive Director of Lay Hong Berhad on 3 July 2006. He was also appointed a member to the Audit, Nomination as well as Remuneration Committee. He graduated as a Doctor of Veterinary Medicine from University of Agriculture, Bogor in Indonesia and a Master of Science in Tropical Veterinary Medicine from University of Edinburgh, Scotland. He also attended an Advanced Leadership and Management Course in INTAN. Prior to joining Lay Hong Berhad, he worked for 30 years with the Department of Veterinary Services, Ministry of Agriculture and Agro-Based Industry, holding various positions and rose to the position of Deputy Director General 1 before his retirement in May, 2006.

He has no family relationship with any Director and/or major shareholders. He does not hold any shares, direct or indirect in Lay Hong Berhad or its subsidiaries.

Cheng Chin Hong

Malaysian, aged 66

was appointed independent non-executive Director of Lay Hong Berhad on 23 February 2011. He was also appointed a member to the Audit, Nomination. He graduated with a Diploma in Applied Chemistry from Victoria Institute of Technology, Melbourne, Australia.

He joined Monsanto Chemical in Australia as a Chemist in the Quality Control Lab and later moved to Rothmans (Malaysia) Berhad as a Quality Officer, rising through the ranks to the position of Factory Manager. He has also worked in Federal Cables, Wires & Metal Manufacturing Berhad and the Sampoena Group. He is currently the Chief Executive Officer in Tai Chong Tobacco Sdn Bhd.

He would be attending the Mandatory Accreditation Programme ("MAP") on 7 September 2011 and 8 September 2011.

He has no family relationship with any Director and/or major shareholders. He does not hold any shares, direct or indirect in Lay Hong Berhad or its subsidiaries.

Chia Mak Hooi

Malaysian, aged 46

was appointed non-independent non-executive Director of Lay Hong Bhd on 6 July, 2011. He is a Board representative of QL Resources Berhad which is a substantial shareholder of Lay Hong Berhad.

He graduated from Arizona State University, with a degree in Accounting and Finance in 1988. He started his career in 1989 as an Assistant Accountant at Concept Enterprises Inc. In 1991, he joined QL Feedingstuffs Sdn Bhd as Finance Manager where he was mainly responsible for the accounts, tax and audit planning, and cash management and liased with bankers for banking facilities. In 1996, he was appointed Finance Director and was involved in the proposed listing of the company on the second board of Bursa Malaysia. He was later appointed Finance Director of QL Resources Berhad in 2000 where he is actively involved in group corporate activities and strategic business planning.

Besides, he is also actively involved in QL group's integrated livestock division business expansion programs both locally and overseas.

He is currently a Director and shareholder of several private companies. He has no family relationship with any Director. He has indirect interest in Lay Hong Berhad by virtue of being a Director and shareholder in QL Resources Berhad which is a substantial shareholder of Lay Hong Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

The summary of Directors' attendance at Board meetings is set out on page 16 of this Annual Report. None of the Directors have any conviction for any offence within the past 10 years.

statement on corporate governance

The Board of Directors fully appreciates the importance of adopting high standards of corporate governance within Lay Hong Berhad Group to enhance shareholders value. The Board has taken steps, as far as practicable, towards compliance with the recommendations in the Malaysia Code on Corporate Governance (hereinafter referred to as the "Code").

The Board

The Board is responsible for ensuring that shareholders' interests are protected and that shareholders values are enhanced. Various processes and systems are in place to facilitate the Board in carrying out this stewardship responsibility.

Composition of the Board

The current Board comprises eight (8) Directors who are entrepreneurs and professionals of calibre and credibility and who possess skills and experience relevant to the business operations of the Group.

The composition of the Board is broadly balanced to reflect the interests of major shareholders, management and minority shareholders.

Of the eight (8) Directors, two (2) are executives and non-independent namely Mr Yap Hoong Chai & Mr Yeap Weng Hong, three (3) are non-independent non-executive namely Mr Yip Kim Hoong, Mr Yeap Fock Hoong and Mr Chia Mak Hooi. Dato' Dr. Abdul Aziz Bin Mangkat, Encik Abdul Hamid Bin Mohamed Ghows and Cheng Chin Hong are non-executive independent Directors. The Board is headed by Chairman Mr Yap Hoong Chai, who is also the Group Managing Director. The presence of a sufficient number of independent Directors provide a strong element of independence to the Board.

The two (2) executive Directors are hands-on and have over two decades of working experience in the integrated livestock farming and food production business. Of the three (3) independent Directors, one is a professional accountant by training with extensive experience in both the corporate and financial service environment, the other a former Deputy Director General of the Department of Veterinary Services in the Ministry of Agriculture & Agro-Based Industry, and the third a chemist with vast experience in manufacturing. Of the remaining three (3) non-executive non-independent Directors, one is a professional pilot with a major airline, the other a businessman and the third a Board representative of a public listed company which is a substantial shareholder of the Company.

The profile of each Director is presented on pages 11 to 14 of this Annual Report.

Apart from statutory responsibilities, the Board is overall responsible for the Corporate Governance of the Group, including the strategic directions and review of key initiatives and decisions of the Group.

Board Responsibility

The Board has full control of the Group and oversees its business affairs. It approves strategic plans, key business initiatives, major investments and funding decisions, reviews financial performances, develops corporate objectives, determines succession plans for senior management and ensures adequate internal controls. These actions are carried out directly by the Board and through Board Committees.

Five (5) Board meetings were held during the financial year.

Board Meetings are held every three (3) months with additional meetings held whenever necessary. All Directors fulfilled the requirements of the Articles of Association with respect to board meeting attendance.

The attendance record of Directors during the financial year are as follows:

Director	Attendance
Yap Hoong Chai	5 of 5 meetings
Yip Kim Hoong	5 of 5 meetings
Yeap Weng Hong	5 of 5 meetings
Yeap Fock Hoong	3 of 5 meetings
Abdul Hamid Bin Mohamed Ghows	5 of 5 meetings
Dato' Dr Abdul Aziz Bin Mangkat	5 of 5 meetings
Cheng Chin Hong (appointed 23 February 2011)	–
Chia Mak Hooi (appointed 6 July 2011)	-

The Board has also delegated certain responsibilities to the Audit Committee, which operates within clearly defined terms of reference. The Chairman of the Audit Committee reports the outcome of Audit Committee meetings to the Board. The Audit Committee Report is presented on pages 20 to 24 of this Annual Report.

Supply of information

All scheduled meetings held during the year were preceded by a formal agenda issued by the company secretary in consultation with the Chairman. The agenda for each of the meetings was accompanied by the minutes of preceding Board meetings, reports on Group financial performance, industry trends, business plans and proposals, quarterly result announcements and other relevant information.

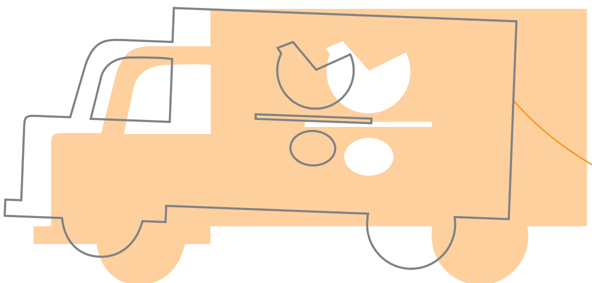
The Directors have access to all information within the Group in furtherance of their duty. They also have access to the advice and services of the Company secretary and independent professionals as and when required.

Appointments to the Board and Re-election

The Board has in place its Nomination Committee which is responsible for recommending the appointment of any new Director(s). It also reviews the Board's structure, size and composition, as well as the Board's succession plans.

The committee comprises exclusively of two (2) Independent non-executive Directors.

Procedures relating to the appointment and re-election of Directors are contained in the Company's Articles of Association. At the Annual General Meeting, one third of the Directors for the time being retire from office. The Directors who retire every year are those who have been longest in office since their last appointment or election.



Directors' Training

The Company complies with the requirements set out in Bursa Malaysia's Listing Requirements by regularly assessing the training needs of its Directors to ensure that they are equipped with the requisite knowledge and competencies to make effective contribution to the board's functioning. Directors are encouraged nevertheless to continue attending various training programmes that are relevant to the discharge of their responsibilities.

All new Directors will be given comprehensive briefing of the Group's operations. Throughout their tenure in office, they are constantly updated on the Group's business, the competitive and regulatory environment in which it operates and other changes. They are also advised on their obligations as Directors of a listed Company.

Directors' Remuneration

The non-executive Directors are provided with a fixed annual Directors' fees, which are approved by the shareholders at the Annual General Meeting based on the recommendation of the Board.

The Remuneration Committee comprises two Independent Directors and one Executive Director. This Committee is entrusted with the role of determining and recommending suitable policies in respect of salary packages for Executive Directors and will meet as and when required. The remuneration packages of non-executive Directors are determined by the Board.

Dato' Dr Abdul Aziz Bin Mangkat who is an independent non-executive Director, received consultation fees amounting to RM48,000 during the financial year.

The breakdown of Directors remuneration during the financial year is presented on page 88 of this Annual Report.

Shareholders Communication

The Group recognises the importance of effective communication with shareholders and the investment community, and adheres strictly to the disclosure requirements of Bursa Malaysia.

Quarterly reports on the Group's results and announcements can be accessed from our website www.layhong.com.my as well as Bursa Malaysia's website. In addition, the Group's Annual Report contains a detailed review of its financial and operational performance.

The Annual General Meeting (AGM) is the principal forum for dialogue with shareholders. At the AGM, the Directors present a review of the Group's progress and performance and provides ample opportunities for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to respond to questions from shareholders during these meetings. The external auditors are also present to provide professional and independent clarification on issues and concerns raised by shareholders.

statement on corporate governance cont'd

Accountability And Audit

Financial Reports

The Board is responsible to ensure that financial statements prepared for each financial year give a true and fair view of the Group's state of affairs. The Directors take due care and reasonable steps to ensure that the requirements of accounting standards are fully met. Quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors prior to their release to Bursa Malaysia.

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 33 of this Annual Report.

Internal Control

The Code requires the Board to maintain a sound system of internal control to safeguard shareholder's investment and the Group's assets. The Statement on Internal Control set out on page 26 of this Annual Report provides an overview of the state of internal control within the Group.

Relationship with auditors

The external auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal controls and the data contained in the financial statements to the extent necessary to express their audit opinion. They discuss with management the reporting of operational results and the financial condition of the Group, and present their findings to the Audit Committee.

Through the Audit Committee, the Group maintains a transparent and professional relationship with the external auditors in seeking advice and ensuring compliance with accounting and other requirements in Malaysia.

Statements of compliance with Best Practices of the Code

The Directors are committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set in the Code.

Other Information

Executive Share Options Scheme (ESOS)

2,537,700 share options were exercised under the ESOS scheme during the financial year at a subscription price of RM1.00 each.

Non-Audit Fees

Non-audit fees payable to the external auditors for the financial year ended 31 March 2011 is RM5,000.

Revaluation Policy on Landed Properties

The Group has adopted a policy to revalue its land and buildings at least once in every five years. During the year, the Group carried out a revaluation exercise and the surplus adjusted to the revaluation reserve.

Material Contracts

There were no material contracts of the Company or its subsidiaries involving Directors and major shareholders during or at the end of the financial year, other than those disclosed in the financial statements.

Disclosure on Corporate Social Responsibility (CSR)

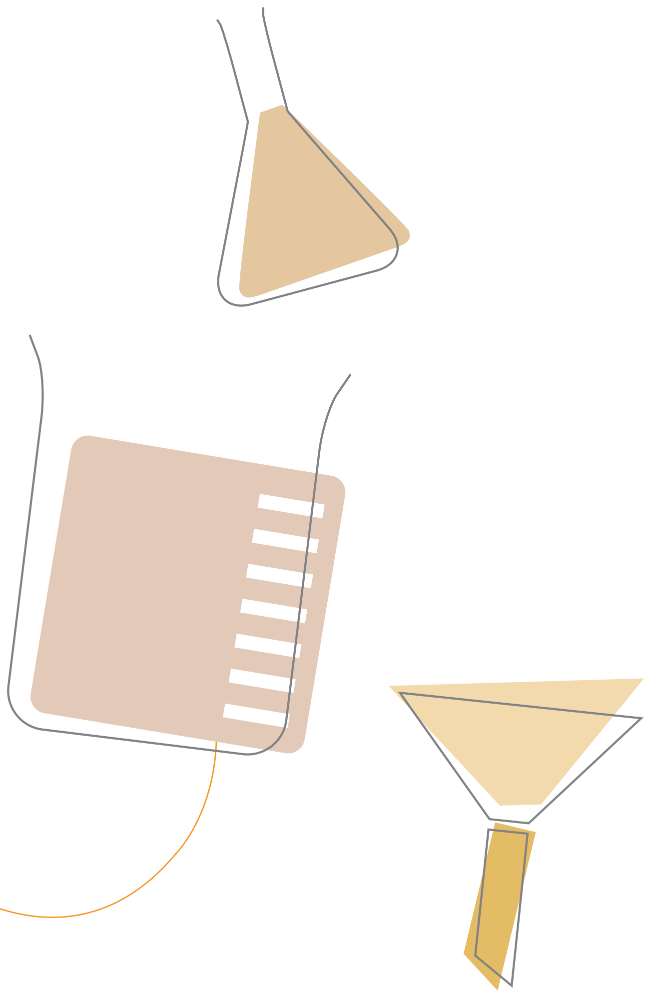
The Group is fully aware of its corporate social responsibilities. Some aspects of CSR observed by the Group include:

(a) compliance with all relevant laws and regulations governing food safety and quality, including Skim Akriditasi Ladang Ternakan (SALT or Good Farm Practices Scheme) certification for layer and broiler farms, Veterinary Health Mark (VHM) certification for chilled/frozen chicken, frankfurters & liquid egg, Hazard Analysis and Critical Control Point (HACCP) certification for liquid egg processing, HALAL certification for chilled chicken, frankfurters, liquid egg & nuggets and Good Manufacturing Practices (GMP) certification for feedmill. Our high-tech air-chilled chicken processing facilities reduces the hazard of cross contamination and ensures the highest quality chicken products for the consumers;

(b) proper waste disposal and environmental management procedures. The Group has in place proper waste treatment facilities at its chicken processing plant to avoid environmental contamination from its production effluents. Wastes from the Group's poultry rearing activity are also recycled into organic fertilisers for use in the agriculture industry, thus reducing environmental contamination and contributing to lesser use of chemical fertilisers. In addition, the Group uses recycled waste paper as raw materials for the paper egg containers used in transporting egg products;

(c) provision of adequate health benefits for all employees and complies fully with statutory contributions to the Employees Provident Fund Board (EPF) and Social Security Organisation (SOCSO) for its employees; and

(d) donations made to needy community organisations and institutions, including the Kiwanis Down Syndrome Foundation and the Selangor Dayspring Society for Persons with Learning Difficulties.



audit committee report

Members Of The Audit Committee

The Audit Committee of the Company comprises the following members:-

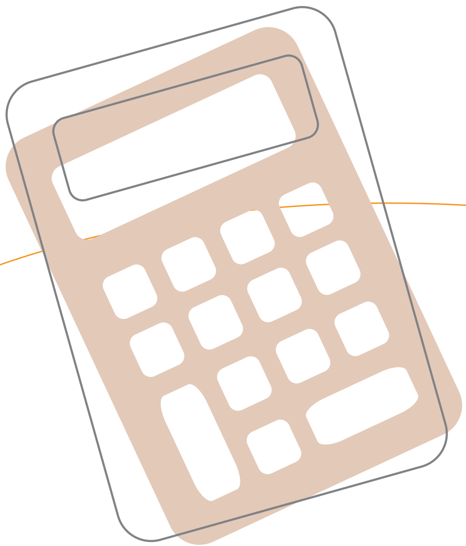
Abdul Hamid Bin Mohamed Ghows
Chairman, independent non-executive Director

Dato' Dr Abdul Aziz Bin Mangkat
independent non-executive Director

Cheng Chin Hong (appointed 23 February 2011)
independent non-executive Director

Terms Of Reference Of The Audit Committee

The terms of reference of the Audit Committee was updated to incorporate amendments made by Bursa Malaysia Securities Berhad ("Bursa Malaysia") in January 2008, and adopted by the Board of Directors on April 1, 2008.



1. Composition

1.1 The Board of Directors shall elect an Audit Committee from amongst its Directors which fulfils the following requirements:-

(a) the Audit Committee must be composed of no fewer than 3 members;

(b) all the Audit Committee members must be non-executive Directors with a majority of them being independent Directors; and

(c) at least one member of the Audit Committee:-

(i) must be a member of the Malaysian Institute of Accountants; or

(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-

(aa) the must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(bb) he must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

(iii) To fulfill such other requirements as prescribed or approved by Bursa Malaysia

1.2 No Alternate Director is to be appointed as a member of the Audit Committee.

audit committee report cont'd

2. Chairman

The members of an Audit Committee shall elect a Chairman from among their number who shall be an independent Director.

3. Functions

An Audit Committee shall, amongst others, discharge the following functions:-

3.1 review the following and report the same to the Board of Directors:-

(a) with the external auditors, the audit plan;

(b) with the external auditors, their evaluation of the system of internal controls;

(c) with the external auditors, their audit report;

(d) the assistance given by the employees of the Company to the external auditors;

(e) the adequacy of the scope, functions, competency and resources of the internal audit function who reports directly to the Audit Committee and that it has the necessary authority to carry out its work;

(f) the internal audit programme, process the results of the internal audit programme process or investigation undertaken and whether or not and where appropriate, action is taken on the recommendations of the internal audit function;

(g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

(i) changes in or implementation of major accounting policy changes;

(ii) significant and unusual events; and

(iii) compliance with accounting standards and other legal requirements;

(h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions or management integrity;

(i) any letter of resignation from the external auditors of the Company; and

(j) whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment; and

3.2 recommend the nomination of a person or persons as external auditors.

4. Procedure

The Audit Committee shall regulate its own procedure, as follows:-

(a) the Audit Committee is authorised to meet at least four times a year, and as many times as the Committee deems necessary. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The Secretary to the Committee shall report on each meeting to the Board. The Secretary to the Committee shall be the Company Secretary;

(b) in order to form a quorum in respect of an Audit Committee, the majority of members present must be independent Directors;

(c) a resolution in writing signed by all the committee members shall be as effective as a resolution passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more of the Committee;

(d) in the event of any vacancy in an Audit Committee resulting in the non-compliance of subparagraph 15.10(1) of the Bursa Malaysia Listing Requirements, the Company must fill the vacancy within 3 months;

(e) upon the request of external auditor, the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or Shareholders,

(f) to ensure that other Directors and employees attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

5. Report

The Audit Committee report must be clearly set out in the Annual Report of the Company and shall include the following:-

(a) the composition of the Audit Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);

(b) the terms of reference of the Audit Committee;

(c) the number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member;

(d) a summary of the activities of the Audit Committee in the discharge of its functions and duties for the financial year of the Company; and

(e) a summary of the activities of the internal audit function or activity.

6. Reporting Of Breaches To The Exchange

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Listing Requirements, the Audit Committee must promptly report such matter to Bursa Malaysia.

7. Rights

Whenever necessary and reasonable for the performance of its duties, the Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company;

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

8. Review Of The Audit Committee

The terms of office and performance of the Audit Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Summary Of Activities Of The Audit Committee For The Financial Year Ended 31 March 2011

During the financial year ended 31 March 2011, the attendance of Audit Committee members at Committee meetings is as follows :

	Attendance
Abdul Hamid Bin Mohamed Ghows	5 of 5
Dato' Dr Abdul Aziz Bin Mangkat	5 of 5
Cheng Chin Hong (appointed 23 February 2011)	–

The activities of the Audit Committee during the financial year ended 31 March 2011 included the following:

1. reviewed the unaudited quarterly financial statements and the annual audited financial statement of the Group and recommending the same for approval by the Board. The review was to ensure that the financial reporting and disclosure requirements of relevant authorities had been complied with. Any significant issues resulting from the audit of the financial statements raised by the external auditors were discussed and brought to the attention of the Board and resolved at the Board level.

2. reviewed the external auditors' scope of work and audit plan for the financial year 2011,

3. reviewed the internal audit reports which highlighted the audit issues, recommendations and management's response. Follow up audits were also reviewed to ensure that appropriate actions were taken and recommendations were implemented,

4. reviewed and approved the annual internal audit plan for year 2011,

5. reviewed the related party transactions of the Company,

6. verified the allocation of options pursuant to the criteria set out in the Executive Share Option Scheme (ESOS) and found the same to be in compliance with the criteria referred to in the ESOS Bye Laws. The ESOS Bye-Laws do not provide any options for the non-executive Directors and therefore none are allocated,

7. reviewed the extent of application and compliance of principles and best practices set out in the Malaysian Code on Corporate Governance,

8. reviewed the corporate governance statement for inclusion in the Company's Annual Report.

Internal Audit Function

The Group's internal audit function is performed in-house. The internal audit function reviews critical business processes and identifies internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.

In carrying out its audit assignments relating to the Group, the principal responsibility of the internal auditors is to provide independent assessments for adequate, efficient and effective internal control systems to ensure compliance with systems and standard operating procedures in each of the operations in the Group.

Throughout the financial year, audit assignments, investigations and follow-up audits were carried out on Lay Hong Berhad and its subsidiary Companies by the internal auditors. Two audit reports were issued during the financial year. The resulting report of the audit undertaken was presented and reviewed by the Audit Committee and forwarded to the management for action.

Costs incurred for the internal audit function amounted to RM141,000 for the financial year ended 31 March 2011.

Our investment in research and development exemplifies our commitment to growing the business through meticulous preparation and planning. It is this approach that will enable us to achieve sustainable returns and create value for all our stakeholders.

statement on internal control

Board's Responsibility

The Board acknowledges its responsibility for the adequacy and integrity of the Group's system of internal controls. The system of internal controls, by its nature, can only provide reasonable and not absolute assurance against any material loss or fraud. It is also recognised that risks cannot be completely eliminated. As such, the systems and procedures put in place are aimed at minimising and managing risks.

Key Processes

The Board confirms that there is an ongoing process in identifying, evaluating and managing significant risks faced by the Group; that the process has been in place up to the date of this statement; that this process is reviewed by the Board and is in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

The key processes that the Directors have established in reviewing the adequacy and integrity of the system of internal controls are as follows:

1. A Risk Management Committee is in place to identify key risks facing the Group and to formulate appropriate measures to address those risks. The Risk Management Committee comprises the Managing Director and senior management team and is supported by a sub-committee comprising operational managers of major departments. During the year, all major risks that have an impact on the Group such as market, economic, legislative and financial risks, have been identified, prioritised and monitored closely on an on going basis. The risk assessment process includes areas of protection of livestock against adverse climatic conditions and diseases as well as recruitment and retention of employees and adequate allowance made for doubtful trade debts.

2. The internal audit function reports directly to the Audit Committee. Two (2) reports on the internal audit findings were issued to the Audit Committee during the year. The internal audit function reviews critical business processes and identifies internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.

3. The Board has put in place an organisational structure with defined roles, responsibilities and delegation of authority. There are also established policies and procedures in terms of future planning, capital expenditure, development of information and reporting systems, and constant monitoring of the Group's business operations and its performance. Operational policies and procedures are communicated to the management and staff as to what is expected of them and to ensure that the required discretion is exercised in the carrying out of their duties.

4. All major decisions require the final approval of the Board and are only made after appropriate in-depth analysis. The Board receives regular and comprehensive information in relation to all businesses within the Group.

5. Monthly Executive Committee meetings are held and attended by all Executive Directors and senior management to discuss the Group's operational matters.

6. Detailed budgets are prepared by the finance department and approved by the Board. The monitoring of actual performance against what is budgeted is performed on a timely basis. When major variances are observed, further investigation is performed and follow-up management actions are taken where necessary.

This statement is made in accordance with the resolution of the Board dated 28 July 2011.

financial statement

directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2011.

principal activities

The principal activities of the Company are that of investment holding and integrated livestock farming. The principal activities of its subsidiaries are disclosed in Note 4 to the financial statements. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries during the financial year.

results

	Group RM	Company RM
Net profit for the year	16,937,822	5,688,267
Net profit attributable to:		
Owners of the Company	14,763,384	5,688,267
Minority interests	2,174,438	–
	16,937,822	5,688,267

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

dividends

The Company paid a final dividend of 3.0% less 25% income tax amounting to RM1,091,835 in respect of the financial year ended 31 March 2010, on 3 November 2010. The Directors propose a final dividend of 5.0% less 25% income tax in respect of the financial year ended 31 March 2011, to be approved at the forthcoming Annual General Meeting.

issue of shares

During the financial year, the Company increased its issued and paid up ordinary share capital from RM46,240,000 to RM48,777,700 with the allotment of 2,537,700 new ordinary shares of RM1.00 each under the Executive Shares Option Scheme (ESOS).

directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Yap Hoong Chai
Yip Kim Hoong
Yeap Weng Hong
Yeap Fock Hoong
Abdul Hamid bin Mohamed Ghows
Dato' Dr Abdul Aziz bin Mangkat
Cheng Chin Hong (appointed on 23 February 2011)
Chia Mak Hooi (appointed on 6 July 2011)
Dato' Sri Liew Yew Chung (resigned on 23 August 2010)
Dato' Sri Liew Kuek Hin (alternate to Dato' Sri Liew Yew Chung) (ceased on 23 August 2010)

directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Executive Share Option Scheme (ESOS).

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 25 to the financial statements or the fixed salary of a fulltime employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

executive share option scheme

The Lay Hong Berhad Executive Share Option Scheme (ESOS) is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 28 September 2005. The ESOS was implemented on 23 November 2005 and is to be in force for a period of 5 years from the date of implementation. Pursuant to the Extension of Time, the ESOS would be in force until 10 November 2015.

The salient features and other terms of the ESOS are disclosed in Note 12 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 400,000 ordinary shares of RM1 each. The list of employees granted options to subscribe for 400,000 or more ordinary shares of RM1 each during the financial year are as follows:

				No. of Share Options		
Name	Grant date	Expiry date	Exercise price	At 1 April 2010	Exercised	At 31 March 2011
Ng Kim Tian	23/11/2005	10/11/2015	1.00	400,000	–	**400,000**
Yap Chor How	23/11/2005	10/11/2015	1.00	400,000	(400,000)	**–**

Details of options granted to Directors are disclosed in the section on Directors' Interest in this report.

directors' interest

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	At 1 April 2010	Bought	Sold	At 31 March 2011
The Company				
Direct Interest–				
Yap Hoong Chai	–	600,000	–	**600,000**
Yeap Fock Hoong	12,000	–	–	**12,000**
Yeap Weng Hong	7,200	200,000	–	**207,200**
Yip Kim Hoong	2,726,657	–	(425,000)	**2,301,657**
Indirect Interest–				
Yap Hoong Chai	18,900,000	–	–	**18,900,000**
Yeap Fock Hoong	18,900,000	–	–	**18,900,000**
Yeap Weng Hong	18,900,000	–	–	**18,900,000**

directors' interest cont'd

	Number of Ordinary Shares of RM1 Each At 1 April 2010	Bought	Sold	At 31 March 2011
Subsidiaries:				
Evergreen Organic Fertilisers Sdn Bhd				
Indirect Interest–				
Yap Hoong Chai	147,000	–	–	**147,000**
Yeap Fock Hoong	147,000	–	–	**147,000**
Yeap Weng Hong	147,000	–	–	**147,000**
Yip Kim Hoong	147,000	–	–	**147,000**
Sri Tawau Farming Sdn Bhd				
Indirect Interest–				
Yap Hoong Chai	500,001	–	–	**500,001**
Yeap Fock Hoong	500,001	–	–	**500,001**
Yeap Weng Hong	500,001	–	–	**500,001**
Yip Kim Hoong	500,001	–	–	**500,001**

	Grant date	Expiry date	Number of Options Over Ordinary Shares of RM1 Each At 1 April 2010	Granted	Exercised	Lapsed	At 31 March 2011
Yap Hoong Chai	23/11/2005	10/11/2015	600,000	–	(600,000)	–	**–**
Yeap Weng Hong	23/11/2005	10/11/2015	400,000	–	(200,000)	–	**200,000**

Yap Hoong Chai, Yeap Fock Hoong and Yeap Weng Hong by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest. Chia Mak Hooi, who was appointed on 6 July 2011 is deemed interested by virtue of his interest in QL Resources Berhad, a substantial shareholder of the Company.

Other than as stated above, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

other statutory information

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

other statutory information cont'd

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

 (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

 (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

 (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

auditors

The auditors, Ong Boon Bah & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 July 2011.

YAP HOONG CHAI
Director

YEAP WENG HONG
Director

statement by directors
pursuant to section 169(15) of the companies act, 1965

We, YAP HOONG CHAI and YEAP WENG HONG, being two of the Directors of LAY HONG BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 36 to 98 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2011 and of the financial performance and cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 July 2011.

YAP HOONG CHAI
Director

YEAP WENG HONG
Director

statutory declaration
pursuant to section 169(16) of the companies act, 1965

I, NG KIM TIAN, being the officer primarily responsible for the financial management of LAY HONG BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 36 to 98 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above-named NG KIM TIAN in Klang, Selangor Darul Ehsan on 28 July 2011.

Before me,

Commissioner for Oaths

independent auditors' report
to the members of lay hong berhad

report on the financial statements

We have audited the financial statements of LAY HONG BERHAD, which comprises the statements of financial position as at 31 March 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 36 to 98.

directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2011, and of their financial performance and cash flows for the year then ended.

report on other legal and requlatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on the following:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and the auditors' reports of all the subsidiaries for which we have not acted as auditors, which are indicated in Note 4 to the financial statements;

(c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes;

(d) the audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

other reporting responsibilities

The supplementary information set out in Note 34 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ONG BOON BAH & CO
AF: 0320
Chartered Accountants

WONG SOO THIAM
1315/12/11 (J)
Chartered Accountant

Kuala Lumpur
28 July 2011

statement of financial position
as at 31 march 2011

		Group		
			Restated	Restated
		31.03.2011	31.03.2010	01.04.2009
	Note	RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment	3	**188,297,390**	168,901,784	164,853,141
Investments	4	**1,098,791**	1,118,791	2,118,791
Intangible assets	5	**2,894,732**	2,671,104	2,768,726
Deferred tax assets	6	**5,348,324**	6,330,668	9,698,257
		197,639,237	179,022,347	179,438,915
Current assets				
Biological assets	7	**22,476,418**	21,123,629	21,938,499
Inventories	8	**44,299,129**	41,519,855	35,972,553
Trade and other receivables	9	**49,197,373**	42,952,966	48,883,883
Short term investment	10	**6,972,405**	10,031,353	1,212,260
Cash and bank balances	11	**5,939,289**	5,455,300	2,417,381
		128,884,614	121,083,103	110,424,576
TOTAL ASSETS		**326,523,851**	300,105,450	289,863,491
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	12	**48,777,700**	46,240,000	46,240,000
Other reserves		**23,014,952**	10,753,972	11,490,347
Retained earnings	13	**49,420,826**	35,538,448	24,910,135
		121,213,478	92,532,420	82,640,482
Minority interests		**20,493,756**	17,468,323	14,979,130
Total equity		**141,707,234**	110,000,743	97,619,612
Non-current liabilities				
Long term borrowings	14	**26,294,829**	39,135,259	42,743,415
Due to corporate shareholders	15	**–**	1,093,057	1,706,057
Deferred tax liabilities	6	**24,815,975**	18,369,852	20,071,127
		51,110,804	58,598,168	64,520,599
Current liabilities				
Trade and other payables	16	**76,926,474**	75,149,286	71,815,098
Due to corporate shareholders	15	**128,018**	128,018	128,018
Current tax liability		**1,802,911**	–	11,262
Short term borrowings	14	**54,848,410**	56,229,235	55,768,902
		133,705,813	131,506,539	127,723,280
Total liabilities		**184,816,617**	190,104,707	192,243,879
TOTAL EQUITY AND LIABILITIES		**326,523,851**	300,105,450	289,863,491

The accompanying notes form an integral part of the financial statements.

statement of financial position cont'd
as at 31 march 2011

	Note	Company 31.03.2011 RM	Restated 31.03.2010 RM	Restated 01.04.2009 RM
ASSETS				
Non-current assets				
Property, plant and equipment	3	**65,051,426**	64,257,677	62,163,598
Investments	4	**20,846,649**	17,416,648	18,416,648
Deferred tax assets	6	**7,134**	20,671	679,646
		85,905,209	81,694,996	81,259,892
Current assets				
Biological assets	7	**11,729,856**	11,014,855	11,948,521
Inventories	8	**6,346,526**	6,798,301	6,322,462
Trade and other receivables	9	**62,086,476**	66,093,209	75,570,997
Short term investments	10	**6,462,889**	10,061,151	1,212,260
Cash and bank balances	11	**310,212**	35,581	173,655
		86,935,959	94,003,097	95,227,895
TOTAL ASSETS		**172,841,168**	175,698,093	176,487,787
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	12	**48,777,700**	46,240,000	46,240,000
Other reserves		**9,983,152**	5,909,252	6,379,189
Retained earnings	13	**20,808,692**	16,163,761	15,091,812
Total equity		**79,569,544**	68,313,013	67,711,001
Non-current liabilities				
Long term borrowings	14	**19,837,547**	31,461,656	33,358,128
Deferred tax liabilities	6	**9,664,657**	7,240,675	7,701,095
		29,502,204	38,702,331	41,059,223
Current liabilities				
Trade and other payables	16	**34,867,880**	41,654,123	40,341,836
Current tax liability		**1,351,216**	–	–
Short term borrowings	14	**27,550,324**	27,028,626	27,375,727
		63,769,420	68,682,749	67,717,563
Total liabilities		**93,271,624**	107,385,080	108,776,786
TOTAL EQUITY AND LIABILITIES		**172,841,168**	175,698,093	176,487,787

The accompanying notes form an integral part of the financial statements.

statement of comprehensive income
for the year ended 31 march 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	18	**423,105,368**	388,753,593	**203,673,648**	194,990,266
Cost of sales		**(348,025,406)**	(323,798,484)	**(177,290,962)**	(175,989,860)
Gross profit		**75,079,962**	64,955,109	**26,382,686**	19,000,406
Other operating income	19	**3,339,186**	1,632,527	**2,581,633**	1,489,087
Selling and distribution expenses		**(36,831,291)**	(27,189,926)	**(9,466,842)**	(7,257,030)
Administrative expenses		**(16,591,255)**	(18,778,394)	**(8,756,692)**	(7,848,700)
Profit from operations	20	**24,996,602**	20,619,316	**10,740,785**	5,383,763
Finance costs	21	**(5,340,551)**	(5,426,476)	**(3,427,051)**	(3,581,472)
Profit before taxation		**19,656,051**	15,192,840	**7,313,734**	1,802,291
Tax expenses	22	**(2,718,229)**	(2,378,209)	**(1,625,467)**	(796,577)
Profit for the year		**16,937,822**	12,814,631	**5,688,267**	1,005,714
Other comprehensive income, net of tax					
Fair value of available-for-sale financial assets		**53,685**	–	**50,162**	–
Other comprehensive income, net of tax		**53,685**	–	**50,162**	–
Total comprehensive income for the year		**16,991,507**	12,814,631	**5 ,738,429**	1,005,714
Net profit attributable to:					
Owners of the Company		**14,763,384**	10,325,438	**5,688,267**	1,005,714
Minority interests		**2,174,438**	2,489,193	**–**	–
		16,937,822	12,814,631	**5 ,688,267**	1,005,714
Total comprehensive income attributable to:					
Owners of the Company		**14,817,069**	10,325,438	**5,738,429**	1,005,714
Minority interests		**2,174,438**	2,489,193	**–**	–
		16,991,507	12,814,631	**5,738,429**	1,005,714
Earnings per share attributable to equity holders to the Company (sen)					
Basic	23	**30.27**	22.33		
Diluted	23	**29.48**	NA		

The accompanying notes form an integral part of the financial statements.

consolidated statement of changes in equity
for the year ended 31 march 2011

	Attributable to owners of the Company						
	Non-Distributable			Distributable			
	Share Capital RM	Revaluation Reserve RM	Fair Value Reserve RM	Retained Earnings RM	Total RM	Minority Interests RM	Total Equity RM
At 1 April 2009	46,240,000	11,490,347	–	24,910,135	82,640,482	14,979,130	97,619,612
Total comprehensive income for the financial year	–	–	–	10,325,438	10,325,438	2,489,193	12,814,631
Transfer to distributable reserve on realisation of revaluation reserve	–	(736,375)	–	736,375	–	–	–
Dividends to owners of the Company	–	–	–	(433,500)	(433,500)	–	(433,500)
At 31 March 2010/ 1 April 2010	46,240,000	10,753,972	–	35,538,448	92,532,420	17,468,323	110,000,743
Effect of adopting FRS 139	–	–	29,798	–	29,798	–	29,798
At 1 April 2010 restated	46,240,000	10,753,972	29,798	35,538,448	92,562,218	17,468,323	110,030,541
Total comprehensive income for the financial year	–	–	53,685	14,763,384	14,817,069	2,174,438	16,991,507
Transfer to distributable reserve on realisation of revaluation reserve	–	(210,829)	–	210,829	–	–	–
Dividends to owners of the Company	–	–	–	(1,091,835)	(1,091,835)	(1,013,750)	(2,105,585)
Revaluation surplus	–	12,388,326	–		12,388,326	2,650,533	15,038,859
Acquisition of additional equity interest in subsidiaries	–	–	–	–	–	(785,788)	(785,788)
Issue of ordinary shares pursuant to ESOS (Note 12 (b))	2,537,700	–	–	–	2,537,700	–	2,537,700
At 31 March 2011	**48,777,700**	**22,931,469**	**83,483**	**49,420,826**	**121,213,478**	**20,493,756**	**141,707,234**

The accompanying notes form an integral part of the financial statements.

company statement of changes in equity
for the year ended 31 march 2011

	Non-Distributable Share Capital RM	Revaluation Reserve RM	Fair Value Reserve RM	Distributable Retained Earnings RM	Total RM
At 1 April 2009	46,240,000	6,379,189	–	15,091,812	67,711,001
Total comprehensive income for the financial year	–	–	–	1,005,714	1,005,714
Transfer to distributable reserve on realisation of revaluation reserve	–	(499,735)	–	499,735	–
Dividends to owners of the Company	–	–	–	(433,500)	(433,500)
At 31 March 2010/ 1 April 2010	46,240,000	5,879,454	–	16,163,761	68,283,215
Effect of adopting FRS 139	–	–	29,798	–	29,798
At 1 April 2010 restated	46,240,000	5,879,454	29,798	16,163,761	68,313,013
Total comprehensive income for the financial year	–	–	50,162	5,688,267	5,738,429
Transfer to distributable reserve on realisation of revaluation reserve	–	(48,499)	–	48,499	–
Revaluation surplus	–	4,072,237	–	–	4,072,237
Dividends to owners of the Company	–	–	–	(1,091,835)	(1,091,835)
Issue of ordinary sharespursuant to ESOS (Note 12 (b))	2,537,700	–	–	–	2,537,700
At 31 March 2011	**48,777,700**	**9 ,903,192**	**79,960**	**20,808,692**	**79,569,544**

The accompanying notes form an integral part of the financial statements.

statement of cash flow
for the year ended 31 march 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash Flows from Operating Activities				
Profit before taxation	**19,656,051**	15,192,840	7,313,734	1,802,291
Adjustments for:				
Amortisation of intangible assets	**97,622**	97,622	**–**	–
Depreciation of property, plant and equipment	**15,017,879**	14,370,521	**5,362,379**	5,545,261
Dividend income	**(450)**	(300)	**(1,125,450)**	(300)
Net loss/(gain) on disposal of property, plant and equipment	**330,324**	(130,550)	**249,709**	(140,545)
Property, plant and equipment written off	**1,572,905**	777,756	**781,590**	171,953
Interest expense	**5,340,551**	5,426,476	**3,427,051**	3,581,472
Interest income	**(22,594)**	(45,650)	**(567)**	(37,438)
Net unrealised foreign exchange (gains)/losses	**(27,869)**	44,675	**(28,537)**	82,682
Allowance for doubtful debts	**1,745,025**	876,673	**804,620**	–
Allowance for doubtful debts written back	**(539,860)**	(127,781)	**(75,176)**	(120,462)
Bad debts written off	**724,831**	17,261	**–**	–
Impairment losses on unquoted bonds	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Changes in fair value of financial asset	**83,483**	–	**79,960**	–
Excess of fair value of net assets acquired over consideration paid	**(448,524)**	–	**–**	–
Operating profit before working capital changes	**44,529,374**	37,499,543	**17,789,313**	11,884,914
(Increase)/decrease in inventories and biological assets	**(3,179,759)**	(4,732,432)	**(263,226)**	457,827
(Increase)/decrease in trade and other receivables	**(8,438,306)**	4,915,363	**2,790,138**	11,943,328
(Decrease)/increase in trade and other payables	**(284,513)**	3,289,513	**(6,757,706)**	(1,412,453)
Decrease in amount due to corporate shareholders	**(1,093,057)**	(613,000)	**–**	–
Cash generated from operations	**31,533,739**	40,358,987	**13,558,519**	22,873,616
Interest paid	**(5,340,551)**	(5,426,476)	**(3,427,051)**	(3,581,472)
Income tax paid	**(870,948)**	(473,756)	**(441,364)**	(301,041)
Net cash inflow from operating activities	**25,322,240**	34,458,755	**9,690,104**	18,991,103

statement of cash flow cont'd
for the year ended 31 march 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash Flows from Investing Activities				
Acquisition of an associate	**(980,000)**	–	**(980,000)**	–
Acquisition of a subsidiary, net of cash and cash equivalent acquired (Note 31)	**99,468**	–	**(850,000)**	–
Additional investment in subsidiaries	**(500,000)**	–	**(2,600,001)**	–
Purchase of property, plant and equipment	**(9,372,875)**	(13,556,624)	**(2,570,664)**	(4,894,569)
Proceeds from disposal of property, plant and equipment	**1,130,269**	1,540,129	**272,086**	1,220,921
Disposal of property, plant and equipment to a subsidiary	**–**	–	**3,928,571**	–
Interest received	**22,594**	45,650	**567**	37,438
Decrease/(increase) in deposits pledged to licensed bank	**1,008,608**	(3,000,000)	**–**	–
Dividend paid to minority shareholders of a subsidiary	**(1,013,750)**	–	**–**	–
Dividend received	**450**	300	**1,125,450**	300
Net cash outflow from investing activities	**(9,605,236)**	(14,970,545)	**(1,673,991)**	(3,635,910)
Cash Flows from Financing Activities				
Drawdown of bankers' acceptances	**2,671,000**	1,831,000	**3,815,000**	465,000
Proceeds from issue of ordinary shares	**2,537,700**	–	**2,537,700**	–
Repayment of term loans	**(15,712,344)**	(7,697,510)	**(14,344,432)**	(4,021,100)
Repayment of hire purchase financing	**(4,561,083)**	(5,148,833)	**(1,669,257)**	(1,248,755)
Dividends paid to owners of the parent	**(1,091,835)**	(433,500)	**(1,091,835)**	(433,500)
Net cash outflow from financing activities	**(16,156,562)**	(11,448,843)	**(10,752,824)**	(5,238,355)
Net Decrease in Cash and Cash Equivalents	**(439,558)**	8,039,367	**(2,736,711)**	10,116,838
Cash and Cash Equivalents at Beginning of the Year	**4,240,746**	(3,798,621)	**8,102,753**	(2,014,085)
Cash and Cash Equivalents at End of the Year (Note 11)	**3,801,188**	4,240,746	**5,366,042**	8,102,753

The accompanying notes form an integral part of the financial statements.

notes to the financial statements
as at 31 march 2011

1. corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and integrated livestock farming. The principal activities of its subsidiaries are as disclosed in Note 4 to the financial statements. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 July 2011.

2. significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods on or after 1 April 2010 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, unless otherwise stated in the accounting policies below.

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entities.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in the statements of comprehensive income.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(a) Subsidiaries and basis of consolidation cont'd

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in statements of comprehensive income on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

The investment in associates is accounted for in the consolidated financial statements using the equity method of accounting, unless it is classified as held for sale. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates from the date that the significant influence commences until the date that the significant influnce ceases. Where there has been a change recognised directly in the equity of the associated Company, the Group recognises its share of such changes.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(b) Associates cont'd

Goodwill relating to the associates is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of each of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and recognition of further losses is discontinued except to the extend that the Group has an obligation or has made payments on behalf of the associate.

In the Company's separate financial statements, investment in associated Company is stated at cost less any accumulated impairment losses.

(c) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The policy for the recognition and measurement of impairment losses for goodwill is in accordance with Note 2.2(h) to the financial statements.

(ii) Research and development costs

All research costs are recognised in the statements of comprehensive income as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years. The development costs are amortised when the future economic benefits starts flowing to the Group. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each reporting date.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statements of comprehensive income during the financial year in which they are incurred.

Subsequent to initial recognition, freehold land is stated at cost/valuation. All other property, plant and equipment are stated at cost /valuation less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h) to the financial statements.

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Buildings are stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers.

Revaluations on land and buildings are performed once in every five years.

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statements of comprehensive income, in which case the increase is recognised in the statements of comprehensive income to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in the statements of comprehensive income. Upon disposal or retirement of an asset, any revalution reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land is not depreciated as it has an infinite life. Leased assets are depreciated over shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Capital work-in-progress comprises office space, expenditure incurred on the installation of construction and extension of buildings, plant and machinery which are in progress/under construction as at year end. Capital work-in-progress are not depreciated as these assets are not yet available for use.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(d) Property, plant and equipment cont'd

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 10%
Plant and machinery	3% - 20%
Motor vehicles	20%
Office equipment	10% - 20%
Furniture and fittings	5% - 20%
Renovations	10%

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statements of comprehensive income and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

Each year an amount equal to the depreciation charge for the year on the surplus on revaluation of relevant assets is transferred from revaluation reserve to retained earnings. Upon the disposal of a revalued asset, the attributable revaluation surplus (net of depreciation, where applicable) is transferred from revaluation reserve to retained earnings.

(e) Biological assets

Livestocks comprise breeders and layers and are stated at the lower of cost or amortised cost and net realisable value.

(i) Layer breeders

Cost includes cost of parent stock plus all attributable costs to the point of lay at week 22. The total estimated economic useful life of breeders is 72 weeks and accordingly, the cost is amortised over the breeder's estimated economic life of 50 weeks.

(ii) Broiler breeders

Cost includes cost of parent stock plus all attributable costs to the point of lay at week 24. The total estimated economic useful life of breeders is 65 weeks and accordingly, the cost is amortised over the breeder's estimated economic life of 41 weeks.

notes to the financial statements cont'd
as at 31 march 2011

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(e) Biological assets cont'd

(iii) Layers

Cost includes cost of pullet plus all attributable costs including relevant overheads in breeding the pullet to the point of lay at week 21. The total estimated economic life of layers is 77 weeks and accordingly, the cost is amortised over the layer's estimated economic life of 56 weeks.

(f) Inventories

(i) Livestocks

Livestocks comprise broilers held for trading and is stated at the lower of cost or amortised cost and net realisable value. Costs include purchase costs and other directly attributable costs of acquisition.

(ii) Broilers

Cost is stated at lower of cost and net realisable value. Cost of broilers include direct production costs and appropriate production overheads.

(iii) Eggs, organic fertilisers, packing materials, raw materials, processed and frozen products

Eggs, organic fertilisers, raw materials, processed and frozen products are stated at the lower of cost and net realisable value. Cost of eggs, organic fertilisers, packing materials, processed and frozen products include direct production costs and appropriate production overheads and is determined on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(iv) Trading merchandise

Trading mechandise are valued at the lower of cost and net realisable value. Cost comprises the weighted average cost of merchandise arrived at using the Retail Inventory method. Weighted average cost includes related charges incurred in purchasing such merchandise.

Net realisable value is arrived at after due allowances made for obsolete or slow moving inventories.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(g) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and any accumulated impairment losses. The corresponding liability is included in the statements of financial portion as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the statements of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(d).

(iii) Operating leases

In the previous years, a leasehold land that normally had an indefinite economic life and title has not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments. The Group has adopted the amendments made to FRS117, Leases in 2010 in relation to the classification of Lease of Land. Leasehold land which in substance is a Finance Lease has been reclassified and measured as such retrospectively.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(h) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Impairment losses are recognised in the statements of comprehensive income if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro-rate basis.

Impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reversed the effect of that event.

Impairment losses, if any, recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss has been recognised. Reversals of impairment losses are credited to the statements of comprehensive income in the year in which the reversals are recognised.

(i) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in statements of comprehensive income except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(i) Income taxes cont'd

Deferred tax is provided for, using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or an expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Where there is a change in the carrying amount of asset arising from revaluation, the tax effects of the asset revaluation are credited or charged to equity. Where amounts are transferred from revaluation surplus to revenue reserve, the related deferred tax is also transferred. Upon the disposal of the related asset, the attributable portion of the tax effect arising from revaluation is credited or charged to statements of comprehensive income.

(j) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia (RM), which is the Company's functional and presentation currency.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(j) Foreign currencies cont'd

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

The principal closing rate used in translation of every unit of foreign currency amounts are as follows:

Foreign Currencies	2011 RM	2010 RM
Euro (EUR)	**4.2762**	4.3995
Singapore Dollar (SGD)	**2.3990**	2.3288
United State Dollar (USD)	**3.0259**	3.2600

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, on the following bases:

(i) Sale of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, is recognised net of returns and discounts and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Interest income

Interest income is recognised on a time preparation basis using the effective interest rate applicable.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(k) Revenue recognition cont'd

(iv) Rental income

Rental income is accounted for on a straight-line basis when services are rendered.

(v) Management fees

Management fees are recognised on an accrual basis when services are rendered.

(l) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 April 2010, financial instruments are categorised and measured using accounting policies as described below:

Financial assets

Financial assets are recognised in the financial statements when and only when the Group and the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent measurement of financial assets depends on the classification of the financial assets which are determined at initial recognition.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statements of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(l) Financial instruments cont'd

Financial assets cont'd

(ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any other category.

Investments in equity instruments that do not have a quoted market price in an active market and those whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at fair value, with the gain or loss recognised in other comprehesive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses from hedged items attributable to hedge risks of fair value hedges which are recognised in profit and loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest income using the effective interest method is recognised as profit or loss. Dividends on an available-for-sale equity financial instrument is recognised in profit or loss when the Company's right to receive the payment is establised.

Investment in equity instruments whose fair value cannot be reliable measured are measures at cost less impairment losses.

All financial assets, except those measured at fair value through profit or loss are subject to review for impairment.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities within the scope of FRS 139 are recognised in the financial statements when and only when the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gain and losses are recognised in the statements of comprehensive income when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statements of comprehensive income.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(m) Impairment of financial assets

All financial assets (except for investment in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivable is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

(n) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care and other employee related expenses are charged to the statements of comprehensive income as and when incurred.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statements of comprehensive income as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(n) Employee benefits cont'd

(iii) Share-based compensation

The Lay Hong Berhad Employee Share Option Scheme (ESOS), an equity-settled, share-based compensation plan, allows the Group's executives to acquire ordinary shares of the Company. FRS 2, Share-Based Payments requires the total fair value of share options granted to executives be recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the estimate of the number of options that are expected to become exercisable on vesting date is revised. The impact of the revision of original estimates, if any, is recognised in the statements of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

Proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2. significant accounting policies cont'd

2.2 Summary of significant accounting policies cont'd

(p) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy as described in Note 2.2(l)

(q) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(r) Segment reporting

Previously a segment was defined as a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8 Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other component. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. significant accounting policies cont'd

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 132	Financial Instruments: Presentation
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Improvements to FRSs (2009)	

FRS 4 Insurance Contracts, IC Interpretation 13 Customer Loyalty Programmes and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for financial periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

(a) FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

2. significant accounting policies cont'd

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs cont'd

(b) FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

(c) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 April 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 April 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

(i) Investments in equity securities and other short-term investments

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates, and other short-term investments were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates, and other short-term investments are now categorised and measured as available-for-sale.

(ii) Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. There was no impact to opening retained earnings arising from the change in accounting policy for impairment of trade receiveables.

2. significant accounting policies cont'd

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs cont'd

(c) FRS 139 Financial Instruments: Recognition and Measurement cont'd

(iii) Inter-company loans

During the current and prior years, the Group granted interest-free or low-interest loans and advances to its subsidiaries and associates. Prior to 1 April 2010, these loans and advances were recorded at cost in the Group's financial statements. Upon the adoption of FRS 139, the interest-free or low interest loans or advances are recorded initially at a fair value that is lower than cost. Subsequent to initial recognition, the loans and advances are measured at amortised cost.

(d) FRS 8, Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, requires segment information to be presented on a similar basis to that used for internal reporting purposes. The Group's segmental reporting is presented based on the internal reporting to management and the Board of Directors. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114.

The change in accounting policy does not have any impact on earnings per share.

(e) FRS 117, Leases

The Group has adopted amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The change in accounting policy does not have any impact on earnings per share.

At the date of authorisation of these financial statements, the following new FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Company:

Effective for financial periods beginning on or after 1 March 2010:

Amendments to FRS 132	Classification of Right Issues

2. significant accounting policies cont'd

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs cont'd

Effective for financial periods beginning on or after 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-Based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Improvements to FRSs (2010)	

Effective for financial periods beginning on or after 1 July 2011:

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

Effective for financial periods beginning on or after 1 January 2012:

FRS 124	Related Party Disclosures (revised)
IC Interpretation 15	Agreements for the Construction of Real Estate

The above new FRSs, Amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

2. significant accounting policies cont'd

2.4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a siginificant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 5.

(b) Impairment of property, plant and equipment

The Group assess at each reporting date the carrying amount of its property, plant and equipment. The Group carries out the impairment test based on value-in-use of the CGU to which the plant and equipment are allocated, and estimate the expected future cash flow from the CGU and choose a suitable discount rate to calculate the present value of the cash flows. As for its property, the Group had performed an impairment review to ensure the market value of the properties have not declined significantly more than would be expected as a result of passage of time or normal use.

(c) Impairment of investments

At reporting date, management determines whether the carrying amount of its investments are impaired. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the current market value indicators and recent arms-length market transactions. These estimates provide reasonable approximations to the computation of recoverable amounts.

In performing discounted cash flow analysis, discount rate and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The discount rate applied is 7.5% whereas the growth rates used to project cash flows for the following year approximate the performances of the investment based on the latest approved budgets. The growth rates used to extrapolate the cash flows beyond the following year reflect a progressive decline to a rate lower than industry average.

Based on management's review, the investments of the Group are not impaired as at balance sheet date.

2. significant accounting policies cont'd

2.4 Critical accounting estimates and judgements cont'd

(d) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management reviews the remaining useful lives of these plant and machinery to be within 10 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(e) Deferred tax assets

Deferred tax assets are recognised for all the unused tax losses and unutilised capital allowances to the extent that it is probable that future taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(f) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that the receivables is impaired. To determine whether there is objective evidence of the impairment, the Group considers factors such as probability of insolvency or significant financial difficultirs of the debtor and and default or significant delay in payment.

3. property, plant and equipment

Group	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and Machinery RM	Motor Vehicles RM	Office Equipment, Furniture, Fittings and Renovations RM	Capital Work-In-Progress RM	Total RM
2011									
Cost/Valuation									
At 1 April 2010									
Cost	1,186,272	6,643,276	686,045	35,859,748	119,002,701	14,090,881	13,418,414	4,430,311	195,317,648
Valuation	16,423,096	–	–	64,333,868	–	–	–	–	80,756,964
	17,609,368	6,643,276	686,045	100,193,616	119,002,701	14,090,881	13,418,414	4,430,311	276,074,612
Additions	750,000	–	–	1,110,533	2,387,341	1,581,642	1,644,884	6,406,439	13,880,839
Acquisition of subsidiary	–	–	–	–	–	–	840,614	–	840,614
Adjustment for revaluation	5,545,631	2,860,918	104,873	32,530,825	–	–	–	–	41,042,247
Disposals	–	–	(54,000)	(582,000)	(1,215,310)	(218,183)	(102,000)	(1,590)	(2,173,083)
Transfers	–	1,006,584	(100,117)	(1,648,984)	3,221,924	–	–	(2,479,407)	–
Write offs	–	–	–	(793,272)	(3,444,779)	(342,000)	(23,538)	–	(4,603,589)
At 31 March 2011	23,904,999	10,510,778	636,801	130,810,718	119,951,877	15,112,340	15,778,374	8,355,753	325,061,640
Cost	–	–	–	10,980,052	119,951,877	15,112,340	15,778,374	8,355,753	170,178,396
Valuation	23,904,999	10,510,778	636,801	119,830,666	–	–	–	–	154,883,244
	23,904,999	10,510,778	636,801	130,810,718	119,951,877	15,112,340	15,778,374	8,355,753	325,061,640

3. property, plant and equipment cont'd

Group cont'd	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and Machinery RM	Motor Vehicles RM	Office Equipment, Furniture, Fittings and Renovations RM	Capital Work–In–Progress RM	Total RM
2011									
Accumulated depreciation									
At 1 April 2010	–	173,452	35,912	35,438,296	58,160,830	9,476,448	3,887,890	–	107,172,828
Charge for the year	–	51,263	22,456	2,972,536	9,362,637	1,597,996	1,010,991	–	15,017,879
Acquisition of subsidiary	–	–	–	–	–	–	67,340	–	67,340
Adjustment for revaluation	–	122,898	13,679	18,112,800	–	–	–	–	18,249,377
Disposals	–	–	(15,500)	(40,350)	(450,560)	(189,928)	(16,152)	–	(712,490)
Transfers	–	102,720	4,702	(270,488)	163,066	–	–	–	–
Write offs	–	–	–	(280,076)	(2,599,168)	(141,073)	(10,367)	–	(3,030,684)
At 31 March 2011	–	450,333	61,249	55,932,718	64,636,805	10,743,443	4,939,702	–	136,764,250
Cost	–	–	–	4,038,653	64,636,805	10,743,443	4,939,702	–	8 4,358,603
Valuation	–	450,333	61,249	51,894,065	–	–	–	–	5 2,405,647
	–	450,333	61,249	55,932,718	64,636,805	10,743,443	4,939,702	–	1 36,764,250
Net carrying amounts									
Cost	–	–	–	6,941,399	55,315,072	4,368,897	10,838,672	8,355,753	85,819,793
Valuation	23,904,999	10,060,445	575,552	67,936,601	–	–	–	–	102,477,597
At 31 March 2011	23,904,999	10,060,445	575,552	74,878,000	55,315,072	4,368,897	10,838,672	8,355,753	188,297,390

3. property, plant and equipment cont'd

Group cont'd	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and Machinery RM	Motor Vehicles RM	Office Equipment, Furniture, Fittings and Renovations RM	Capital Work-In-Progress RM	Total RM
2010									
Cost/Valuation									
At 1 April 2009									
Cost	533,772	6,643,276	453,545	22,165,547	113,669,282	12,755,685	9,194,122	11,525,986	176,941,215
Valuation	16,838,096	–	–	65,234,268	–	–	–	–	82,072,364
	17,371,868	6,643,276	453,545	87,399,815	113,669,282	12,755,685	9,194,122	11,525,986	259,013,579
Additions	65,250	–	232,500	2,631,935	4,727,880	2,058,369	4,806,673	6,083,891	20,606,498
Disposals	(415,000)	–	–	(971,978)	(65,000)	(723,173)	(99,469)	–	(2,274,620)
Transfers	587,250	–	–	11,133,844	683,209	–	169,460	(12,573,763)	–
Write offs	–	–	–	–	(12,670)	–	(652,372)	(605,803)	(1,270,845)
At 31 March 2010	17,609,368	6,643,276	686,045	100,193,616	119,002,701	14,090,881	13,418,414	4,430,311	2 76,074,612
Cost	1,186,272	6,643,276	686,045	35,859,748	119,002,701	14,090,881	13,418,414	4,430,311	195,317,648
Valuation	16,423,096	–	–	64,333,868	–	–	–	–	80,756,964
	17,609,368	6,643,276	686,045	100,193,616	119,002,701	14,090,881	13,418,414	4,430,311	276,074,612
Accumulated depreciation									
At 1 April 2009	–	122,228	13,416	32,700,730	49,290,389	8,478,037	3,555,637	–	94,160,437
Charge for the year	–	51,224	22,496	3,044,599	8,878,430	1,487,249	886,523	–	14,370,521
Disposals	–	–	–	(307,033)	(5,983)	(488,838)	(63,187)	–	(865,041)
Write offs	–	–	–	–	(2,006)	–	(491,083)	–	(493,089)
At 31 March 2010	–	173,452	35,912	35,438,296	58,160,830	9,476,448	3,887,890	–	107,172,828
Cost	–	173,452	35,912	6,502,330	58,160,830	9,476,448	3,887,890	–	78,236,862
Valuation	–	–	–	28,935,966	–	–	–	–	28,935,966
	–	173,452	35,912	35,438,296	58,160,830	9,476,448	3,887,890	–	107,172,828
Net carrying amounts									
Cost	1,186,272	6,469,824	650,133	29,357,418	60,841,871	4,614,433	9,530,524	4,430,311	117,080,786
Valuation	16,423,096	–	–	35,397,902	–	–	–	–	51,820,998
At 31 March 2010	17,609,368	6,469,824	650,133	64,755,320	60,841,871	4,614,433	9,530,524	4,430,311	168,901,784

3. property, plant and equipment cont'd

Company	Freehold Land RM	Long term leasehold RM	Buildings RM	Plant and Machinery RM	Motor Vehicles RM	Office Equipment, Furniture and Fittings RM	Capital Work-In-Progress RM	Total RM
2011								
Cost/Valuation								
At 1 April 2010								
Cost	652,500	328,000	12,563,446	47,784,824	6,809,509	4,197,035	4,249,096	76,584,410
Valuation	9,343,097	–	22,177,702	–	–	–	–	31,520,799
	9,995,597	328,000	34,741,148	47,784,824	6,809,509	4,197,035	4,249,096	108,105,209
Additions	–	–	7,200	115,720	317,747	66,398	3,716,999	4,224,064
Adjustment for revaluation	1,824,403	4,644	10,683,731	–	–	–	–	12,512,778
Disposals	–	–	–	(910,494)	(186,250)	–	(3,930,161)	(5,026,905)
Transfers	–	–	–	1,826,274	–	–	(1,826,274)	–
Write offs	–	–	–	(3,307,664)	(69,800)	(8,752)	–	(3,386,216)
At 31 March 2011	11,820,000	332,644	45,432,079	45,508,660	6,871,206	4,254,681	2,209,660	116,428,930
Cost	–	–	775,717	45,508,660	6,871,206	4,254,681	2,209,660	59,619,924
Valuation	11,820,000	332,644	44,656,362	–	–	–	–	56,809,006
	11,820,000	332,644	45,432,079	45,508,660	6,871,206	4,254,681	2,209,660	116,428,930

3. property, plant and equipment cont'd

Company cont'd	Freehold Land RM	Long term leasehold RM	Buildings RM	Plant and Machinery RM	Motor Vehicles RM	Office Equipment, Furniture and Fittings RM	Capital Work-In-Progress RM	Total RM
2011								
Accumulated depreciation								
At 1 April 2010	–	17,895	8,989,298	27,286,197	5,077,387	2,476,755	–	43,847,532
Charge for the year	–	4,432	1,076,657	3,352,523	592,813	335,954	–	5,362,379
Adjustment for revaluation	–	317	5,348,441	–	–	–	–	5,348,758
Disposals	–	–	–	(418,543)	(157,996)	–	–	(576,539)
Write offs	–	–	–	(2,527,890)	(69,800)	(6,936)	–	(2,604,626)
At 31 March 2011	–	22,644	15,414,396	27,692,287	5,442,404	2,805,773	–	51,377,504
Cost	–	–	166,004	27,692,287	5,442,404	2,805,773	–	36,106,468
Valuation	–	22,644	15,248,392	–	–	–	–	15,271,036
	–	22,644	15,414,396	27,692,287	5,442,404	2,805,773	–	51,377,504
Net carrying amounts								
Cost	–	–	609,713	17,816,373	1,428,802	1,448,908	2,209,660	23,513,456
Valuation	11,820,000	310,000	29,407,970	–	–	–	–	41,537,970
At 31 March 2011	11,820,000	310,000	30,017,683	17,816,373	1,428,802	1,448,908	2,209,660	65,051,426

3. property, plant and equipment cont'd

Company cont'd	Freehold Land RM	Long term leasehold RM	Buildings RM	Plant and Machinery RM	Motor Vehicles RM	Office Equipment, Furniture and Fittings RM	Capital Work-In-Progress RM	Total RM
2010								
Cost/Valuation								
At 1 April 2009								
Cost	–	328,000	1,990,543	47,449,003	6,193,618	3,773,743	9,037,978	68,772,885
Valuation	9,758,097	–	23,078,102	–	–	–	–	32,836,199
	9,758,097	328,000	25,068,645	47,449,003	6,193,618	3,773,743	9,037,978	101,609,084
Additions	65,250	–	1,541,405	348,491	942,497	1,159,180	4,834,846	8,891,669
Disposals	(415,000)	–	(900,400)	–	(326,606)	(88,496)	–	(1,730,502)
Transfers	587,250	–	9,031,498	–	–	4,980	(9,623,728)	–
Write offs	–	–	–	(12,670)	–	(652,372)	–	(665,042)
At 31 March 2010	9,995,597	328,000	34,741,148	47,784,824	6,809,509	4,197,035	4,249,096	108,105,209
Cost	652,500	328,000	12,563,446	47,784,824	6,809,509	4,197,035	4,249,096	76,584,410
Valuation	9,343,097	–	22,177,702	–	–	–	–	31,520,799
	9,995,597	328,000	34,741,148	47,784,824	6,809,509	4,197,035	4,249,096	108,105,209
Accumulated depreciation								
At 1 April 2009	–	13,463	8,195,450	23,705,016	4,834,317	2,697,240	–	39,445,486
Charge for the year	–	4,432	1,076,778	3,583,187	549,676	331,188	–	5,545,261
Disposals	–	–	(282,930)	–	(306,606)	(60,590)	–	(650,126)
Write offs	–	–	–	(2,006)	–	(491,083)	–	(493,089)
At 31 March 2010	–	17,895	8,989,298	27,286,197	5,077,387	2,476,755	–	43,847,532
Cost	–	17,895	425,782	27,286,197	5,077,387	2,476,755	–	35,284,016
Valuation	–	–	8,563,516	–	–	–	–	8,563,516
	–	17,895	8,989,298	27,286,197	5,077,387	2,476,755	–	43,847,532
Net carrying amounts								
Cost	652,500	310,105	12,137,664	20,498,627	1,732,122	1,720,280	4,249,096	41,300,394
Valuation	9,343,097	–	13,614,186	–	–	–	–	22,957,283
At 31 March 2010	9,995,597	310,105	25,751,850	20,498,627	1,732,122	1,720,280	4,249,096	64,257,677

3. property, plant and equipment cont'd

(a) Freehold & leasehold land of certain subsidiaries with net carrying amounts of RM9,850,000 (2010: RM6,083,166) have been pledged to financial institutions as security for borrowings as disclosed in Note 14.

(b) Specific debenture has been created on certain poultry equipment with net carrying amounts of RM3,768,351 (2010: RM4,540,352).

(c) The land and buildings were revalued on 03 March 2011 by Sidsapesan Sittampalam, a registered valuer with PPC International Sdn Bhd on the basis of open market values on existing use basis.

The carrying amounts of the revalued freehold land and buildings that would have been included in the financial statements had these properties been carried at cost less accumulated depreciation are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Freehold land	**9,959,342**	8,773,070	**4,792,479**	4,139,979
Leasehold land	**5,214,122**	7,119,957	**305,672**	310,105
Buildings	**48,947,817**	35,243,326	**23,442,396**	12,919,236
	64,121,281	51,136,353	**28,540,547**	17,369,320

(d) The net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Motor vehicles	**3,539,627**	3,580,215	**1,349,628**	1,677,780
Office equipment	**381,044**	242,820	**–**	–
Plant and machinery	**14,035,068**	17,963,709	**4,676,351**	5,960,190

(e) Acquisition of property, plant and equipment during the financial year were made by the following means:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash	**9,372,875**	13,556,624	**2,570,664**	4,894,569
Hire purchase	**4,507,964**	5,749,874	**1,653,400**	2,697,100
Term loan	**–**	1,300,000	**–**	1,300,000
	13,880,839	20,606,498	**4,224,064**	8,891,669

4. investments

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
(a) Subsidiaries				
Unquoted shares at cost	**–**	–	**19,748,253**	16,298,252
(b) Associates				
Unquoted shares at cost	**980,000**	–	**980,000**	–
(c) Other investments				
Quoted shares at cost in Malaysia	**5,600**	5,600	**2,799**	2,799
Impairment losses	**(4,810)**	(4,810)	**(2,404)**	(2,404)
	790	790	**395**	395
Unquoted bonds	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Impairment losses	**(2,000,000)**	(1,000,000)	**(2,000,000)**	(1,000,000)
	–	1,000,000	**–**	1,000,000
Unquoted shares	**118,001**	118,001	**118,001**	118,001
Total investments	**1,098,791**	1,118,791	**20,846,649**	17,416,648
Market value of shares quoted in Malaysia	**1,720**	980	**860**	490

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Share Capital	Effective Interest Held (%) 2011	Effective Interest Held (%) 2010	Principal Activities
Hing Hong Sdn Berhad	Malaysia	2,000,000	**100**	100	Poultry farming
Innofarm (Klang) Sdn Bhd	Malaysia	400,000	**70**	70	Poultry farming
Evergreen Organic Fertilisers Sdn Bhd	Malaysia	500,000	**70.6**	51	Production of organic fertiliser
Sri Tawau Farming Sdn Bhd + and its subsidiary	Malaysia	1,000,002	**50**	50	Investment holding and trading
- Evergrowth Marketing Sdn Bhd	Malaysia	1,500,000	**43.3**	30	Poultry processing and marketing
Innobrid Sdn Bhd	Malaysia	4,000,000	**97**	97	Poultry farming
G-mart Borneo Retail Sdn Bhd (formerly known as Innobrid Marketing Sdn Bhd)	Malaysia	4,000,000	**100**	97.7	Retail supermarket

4. investments cont'd

Name of subsidiaries	Country of Incorporation	Share Capital	Effective Interest Held (%) 2011	2010	Principal Activities
Eminent Farm Sdn Bhd	Malaysia	1,000,000	**100**	100	Poultry farming
Lay Hong Liquid Egg Sdn Bhd	Malaysia	900,000	**100**	100	Production of liquid egg
Lay Hong Food Corporation Sdn Bhd	Malaysia	4,000,000	**100**	100	Food manufacturing
STF Agriculture Sdn Bhd	Malaysia	12,000,000	**50.17**	51	Integrated livestock farming
JT Trading Sdn Bhd #	Malaysia	850,000	**100**	–	Trading

Details of the associate is as follows:

Name of associate	Country of Incorporation	Share Capital	Effective Interest Held (%) 2011	2010	Principal Activities
Kaite Greenpac Sdn Bhd	Malaysia	2,000,000	**49**	–	Manufacturing of paper egg cartons

+ Equity interest of 50% plus one special rights ordinary share

Audited by a firm of auditors other than Ong Boon Bah & Co

(i) Acquisition of additional equity interest in subsidiaries

During the financial year, Sri Tawau Farming Sdn Bhd (STFSB) acquired an additional 200,000 shares and subscribed for 500,000 additional shares in Evergrowth Marketing Sdn Bhd for a total cash consideration of RM1,000,000, thus raising the Group's effective equity interest in Evergrowth Marketing Sdn Bhd from 30% to 43.3%.

STFSB also 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%.

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

Lay Hong Berhad subscribed to additional 2,400,000 shares in G-mart Borneo Retail Sdn Bhd (formerly known as Innobrid Marketing Sdn Bhd) a wholly owned subsidiary of the Group at a consideration of RM2,400,000.

Lay Hong Berhad further acquired 1,208,000 shares in G-mart Borneo Retail Sdn Bhd (formerly known as Innobrid Marketing Sdn Bhd) at a nominal consideration of RM1.00 from Innobrid Sdn Berhad, thus making Gmart Borneo Retail Sdn Bhd a wholly owned subsidiary of Lay Hong Berhad.

4. investments cont'd

(ii) Acquisition of equity interest in a new subsidiary

During the financial year, Lay Hong Berhad acquired 100% interest in JT Trading Sdn Bhd with the subscription of 850,000 shares in JT Trading Sdn Bhd for a cash consideration of RM850,000 (see Note 31).

(iii) Acquisition of equity interest in a new associate

During the current financial year, Lay Hong Berhad acquired a 49% equity interest in Kaite Greenpac Sdn Bhd with the subscription of 980,000 shares in Kaite Greenpac Sdn Bhd for a cash consideration of RM980,000.

Unquoted bonds

This represents a Subordinated Bond subscribed by the Company pursuant to the Primary Collaterised Loan Obligations Transaction in connection with the Unsecured Fixed Rate Term Loan Facility.

5. intangible assets

Group	Goodwill RM	Development Costs RM	Total RM
Cost			
At 1 April 2009 / 31 March 2010	2,237,673	714,049	2,951,722
Acquisition of additional equity interest in a subsidiary	321,250	–	321,250
At 31 March 2011	**2,558,923**	**714,049**	**3,272,972**
Accumulated impairment losses and amortisation			
At 1 April 2009	–	182,996	182,996
Additions	–	97,622	97,622
At 31 March 2010	–	280,618	280,618
Additions	–	97,622	97,622
At 31 March 2011	**–**	**378,240**	**378,240**
Net carrying amount			
At 31 March 2011	**2,558,923**	**335,809**	**2,894,732**
At 31 March 2010	2,237,673	4 33,431	2,671,104

The goodwill arising on consolidation is attributable to the acquisition of Sri Tawau Farming Sdn Bhd, Innobrid Sdn Bhd, Innobrid Marketing Sdn Bhd, Evergrowth Marketing Sdn Bhd and JT Trading Sdn Bhd.

Goodwill has been allocated to the Group's CGU according to the subsidiaries concerned.

5. intangible assets cont'd

Impairment Test for Goodwill

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for each of the CGU's value-in-use calculations are:

	2011	2010
Budgeted gross margin	**5%**	5%
Growth rate	**6%**	6%
Discount rate	**7.5%**	7.5%

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for expected internal resource efficiency improvements, market and economic conditions.

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

(iii) Discount rate

The discount rates approximate the CGU's average cost of funds.

In assessing goodwill impairment, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the units to materially deviate from their recoverable amounts.

6. deferred taxation

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At beginning of year	**12,039,184**	10,372,870	**7,220,004**	7,021,449
Acquired in business combination	**(40,729)**	–	**–**	–
Recognised in income statement (Note 22)	**(284,815)**	1,666,314	**(654,265)**	198,555
Recognised in equity	**7,754,011**	–	**3,091,784**	–
At end of year	**19,467,651**	12,039,184	**9,657,523**	7,220,004
Presented after offsetting as follows:				
Deferred tax liabilities	**24,815,975**	18,369,852	**9,664,657**	7,240,675
Deferred tax assets	**(5,348,324)**	(6,330,668)	**(7,134)**	(20,671)
	19,467,651	12,039,184	**9,657,523**	7,220,004

6. deferred taxation cont'd

	Accelerated Capital Allowances RM	Revaluation Reserve RM	Others RM	Total RM
Deferred Tax Liabilities of the Group:				
At 1 April 2009	18,667,949	1,270,081	133,097	20,071,127
Recognised in income statement	(1,563,597)	(113,544)	(24,134)	(1,701,275)
At 31 March 2010	17,104,352	1,156,537	108,963	18,369,852
Recognised in income statement	(1,348,156)	65,095	(24,827)	(1,307,888)
Recognised in equity	–	7,754,011	–	7,754,011
At 31 March 2011	**15,756,196**	**8,975,643**	**84,136**	**24,815,975**

	Accelerated Capital Allowances RM	Revaluation Reserve RM	Total RM
Deferred Tax Liabilities of the Company:			
At 1 April 2009	7,455,035	246,060	7,701,095
Recognised in income statement	(388,097)	(72,323)	(460,420)
At 31 March 2010	7,066,938	173,737	7,240,675
Recognised in income statement	(761,939)	94,137	(667,802)
Recognised in equity	–	3,091,784	3,091,784
At 31 March 2011	**6,304,999**	**3,359,658**	**9,664,657**

	Unutilised Tax Losses and Unabsorbed Capital Allowances RM	Others RM	Total RM
Deferred Tax Assets of the Group:			
At 1 April 2009	(9,007,415)	(690,842)	(9,698,257)
Recognised in income statement	3,323,083	44,506	3,367,589
At 31 March 2010	(5,684,332)	(646,336)	(6,330,668)
Acquired in business combination	(40,729)	–	(40,729)
Recognised in income statement	839,149	183,924	1,023,073
At 31 March 2011	**(4,885,912)**	**(462,412)**	**(5,348,324)**

6. deferred taxation cont'd

Deferred Tax Assets of the Company:

At 1 April 2009	(659,625)	(20,021)	(679,646)
Recognised in income statement	659,625	(650)	658,975
At 31 March 2010	–	(20,671)	(20,671)
Recognised in income statement	–	13,537	13,537
At 31 March 2011	**–**	**(7,134)**	**(7,134)**

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries of the Group are subject to no substantial changes in the shareholdings of these subsidiaries under the Income Tax Act, 1967 and guidelines issued by tax authority. Deferred tax assets are not recognised in subsidiaries that have a recent history of losses and are not expected to generate sufficient future taxable profits against which the benefits can be utilised.

7. biological assets

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At cost:				
Layer breeders	**725,955**	792,370	**–**	–
Broiler breeders	**4,565,980**	5,193,439	**–**	–
Layers	**17,184,483**	15,137,820	**11,729,856**	11,014,855
	22,476,418	21,123,629	**11,729,856**	11,014,855

8. inventories

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At cost:				
Livestocks	**4,113,476**	4,803,815	**–**	–
Eggs	**2,312,637**	1,997,193	**861,012**	717,126
Raw materials	**8,083,025**	9,071,447	**3,917,711**	4,417,415
Organic fertilisers	**568,888**	733,596	**–**	–
Processed and frozen products	**7,390,578**	9,154,230	**2,155**	1,203
Retail merchandise	**17,519,710**	11,484,596	**–**	–
Consumables and packing materials	**4,310,815**	4,274,978	**1,565,648**	1,662,557
	44,299,129	41,519,855	**6,346,526**	6,798,301

9. trade and other receivables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables				
Third parties	**45,794,180**	41,297,451	**8,988,863**	8,754,446
Allowance for impairment	**(3,789,015)**	(3,267,551)	**(828,281)**	(98,837)
	42,005,165	38,029,900	**8,160,582**	8,655,609
Other receivables				
Prepayments	**1,375,055**	1,264,264	**683,083**	607,748
Sundry receivables	**798,339**	634,850	**42,919**	382,312
Deposits	**3,055,723**	2,439,810	**407,321**	436,051
Tax recoverable	**254,960**	584,142	**–**	487,152
	5,484,077	4,923,066	**1,133,323**	1,913,263
Amounts due from subsidiaries				
Trade	**–**	–	**3,836,525**	8,700,920
Non-trade	**–**	–	**47,247,915**	44,181,358
	–	–	**51,084,440**	52,882,278
Amounts due from associate				
Non-trade	**1,708,131**	–	**1,708,131**	–
	49,197,373	42,952,966	**62,086,476**	63,451,150

The Group's normal credit term for trade receivables ranges from 30 days to 60 days (2010: 30 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

The amounts due from subsidiaries and associates are unsecured, interest-free and are repayable in cash on demand, except for trade transactions which are subject to normal trade credit terms.

Amount due from subsidiaries amounting to RM19.8 million (2010: RM9.8 million) are pledge to subordinated financial institutions as securities for credit facilities granted to certain subsidiaries as disclosed in Note 14.

9. trade and other receivables cont'd

Ageing analysis of trade receivables:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Neither past due nor impared	**26,476,226**	24,846,104	**5,284,879**	5,505,244
Up to 30 days past due not impaired	**8,119,749**	7,021,263	**1,647,835**	1,470,822
31 to 60 days past due not impaired	**3,034,726**	2,060,406	**404,156**	297,502
61 to 90 days past due not impaired	**664,266**	696,872	**240,867**	229,744
More than 90 days past due not impaired	**3,710,198**	3,405,255	**582,845**	1,152,297
	15,528,939	13,183,796	**2,875,703**	3,150,365
Impaired	**3,789,015**	3,267,551	**828,281**	98,837
	45,794,180	41,297,451	**8,988,863**	8,754,446

10. short term investment

The amount represents investment in short-term fixed income unit trust fund which provides a stream of monthly income by investing in money market and fixed income instruments. Interest received from the investment is exempted from tax.

Short term investment is highly liquid which have an insignificant risk of changes in value which attracts a weighted average effective interest rate at the balance sheet date of 2.44% (2010: 2.44%).

11. cash and cash equivalents

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash on hand and at banks	**3,516,994**	2,024,396	**310,212**	35,581
Deposits with licensed bank	**2,422,296**	3,430,904	**–**	–
Cash and bank balances	**5,939,289**	5,455,300	**310,212**	35,581
Short term investment (Note 10)	**6,972,405**	10,031,353	**6,462,889**	10,031,353
Less: Bank overdrafts (Note 14)	**(6,688,211)**	(7,815,003)	**(1,407,058)**	(1,964,181)
Cash and cash equivalents	**6,223,484**	7,671,650	**5,366,042**	8,102,753
Deposits pledged to licensed bank	**(2,422,296)**	(3,430,904)	**–**	–
	3,801,188	4,240,746	**5,366,042**	8,102,753

11. cash and cash equivalents cont'd

The deposits with licensed bank of the Group amounting to RM2,422,296 (2010: RM3,430,904) have been pledged for banking facilities used by certain subsidiaries. RM80,000 of the deposits do not generate interest, whilst the balance of the deposits as at balance sheet date have a weighted average effective interest rate of 2.38% (2010: 2.38%) .

The deposits with licensed bank as at the end of the financial year have a maturity of 365 days (2010: 365 days).

12. share capital

	Number of Ordinary Shares of RM1 each		Company	
	2011	2010	2011 RM	2010 RM
Authorised share capital				
At beginning/end of year	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Issued and fully paid				
At beginning of year	**46,240,000**	46,240,000	**46,240,000**	46,240,000
Issued during the year - Pursuant to ESOS	**2,537,700**	–	**2,537,700**	–
At end of year	**48,777,700**	46,240,000	**48,777,700**	46,240,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Salient features of the Executive Share Options Scheme ("ESOS")

The Company's ESOS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 28 September 2005. The ESOS was implemented on 23 November 2005 and is to be in force for a period of 5 years from the date of implementation. On 11 October 2010, the Directors approve the extension of the ESOS for a further 5 years to 10 November 2015.

The main features of the ESOS are as follows:

(a) the maximum number of new shares which may be available under the ESOS shall not exceed in aggregate fifteen percent (15%) of the total issued and paid-up share capital of the Company at the point of granting of the option and subject always to the following:

(i) the number of new shares allocated, in aggregate, to the Directors and senior management of the Group must not exceed fifty percent (50%) of the new shares available under the scheme; and

(ii) the number of new shares allotted to any individual Eligible Executive must not exceed ten percent (10%) of the aggregate shares available under the scheme where the Eligible Executive, either singly or collectively through persons connected with the Eligible Executive, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.

12. share capital cont'd

(b) the ESOS shall be in force for a period of five (5) years, unless terminated earlier or extended in accordance with the terms of By-Laws of the ESOS.

(c) the subscription price shall be the higher of the following:

(i) the weighted average market price (WAMP) of the shares for the five (5) market days immediately preceding the offer date, with a discount of not more than ten percent (10%) at the Option Committee's discretion; or

(ii) the par value of the shares.

(d) the new shares to be issued and alloted upon the exercise of any option will upon issue and allotment rank pari passu in all respects with the existing issued ordinary shares of the Company except that the new shares will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment.

Information with respect to the number of options granted under ESOS is as follows:

		Number of options over ordinary shares of RM1 each				
	Exercise price	At 1 April		During the year		At 31 March
Grant date	RM	2010	Granted	Exercised	Lapsed	2011
23 Nov 2005	1.00	6,260,000	–	(2,537,700)	(1,650,000)	**2,072,300**

* The share options were granted on 23 November 2005 and will expire on 10 November 2015.

13. retained profits

Prior to the year of assessment 2009, Malaysian companies adopted the full imputation tax system. The Finance Act 2007 introduced a single-tier company income tax system with effect from year of assessment 2008. The Section 108 tax credit will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier. Companies also have an irrevocable option to disregard the Section 108 balance and opt for the single-tier system.

As at the financial year end, the Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2011, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

14. borrowings

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Short Term Borrowings				
Secured:				
Bank overdrafts	**5,281,153**	5,850,822	**–**	–
Bankers' acceptances	**17,910,000**	19,054,000	**–**	–
Term loans	**1,808,011**	5,125,006	**744,706**	3,749,250
Hire purchase payables (Note 17)	**4,913,796**	4,473,332	**1,870,168**	1,553,301
	29,912,960	34,503,160	**2,614,874**	5,302,551
Unsecured:				
Bank overdrafts	**1,407,058**	1,964,181	**1,407,058**	1,964,181
Bankers' acceptances	**23,069,000**	19,254,000	**23,069,000**	19,254,000
Term loans	**459,392**	507,894	**459,392**	507,894
	24,935,450	21,726,075	**24,935,450**	21,726,075
	54,848,410	56,229,235	**27,550,324**	27,028,626
Long Term Borrowings				
Secured:				
Term loans	**6,598,826**	8,398,994	**6,188,334**	6,933,040
Hire purchase payables (Note 17)	**9,622,752**	10,116,335	**3,575,962**	3,908,686
	16,221,578	18,515,329	**9,764,296**	10,841,726
Unsecured:				
Term loans	**10,073,251**	20,619,930	**10,073,251**	20,619,930
	26,294,829	39,135,259	**19,837,547**	31,461,656
Total Borrowings				
Bank overdrafts (Note 11)	**6,688,211**	7,815,003	**1,407,058**	1,964,181
Bankers' acceptances	**40,979,000**	38,308,000	**23,069,000**	19,254,000
Term loans	**18,939,480**	34,651,824	**17,465,683**	31,810,114
Hire purchase payables (Note 17)	**14,536,548**	14,589,667	**5,446,130**	5,461,987
	81,143,239	95,364,494	**47,387,871**	58,490,282
Maturity of borrowings (excluding hire purchase):				
Within one year	**49,934,614**	51,846,430	**25,680,156**	25,565,852
More than 1 year and less than 2 years	**11,221,129**	22,271,481	**10,862,204**	21,202,401
More than 2 years and less than 5 years	**1,753,968**	2,059,726	**1,715,491**	1,694,423
5 years or more	**3,696,980**	4,597,190	**3,683,890**	4,565,619
	66,606,691	80,774,827	**41,941,741**	53,028,295

14. borrowings cont'd

The weighted average effective interest rate at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Bank overdrafts	**7.70**	7.13	**7.50**	7.00
Bankers' acceptances	**4.23**	3.55	**4.20**	3.68
Term loans	**7.31**	7.52	**7.26**	7.55

The credit facilities of the Company are secured by way of negative pledge on the assets of the Company, specific debentures on poultry equipment and subordination of an investment bond of RM2 million (2010 : RM2 million).

The credit facilities of the subsidiaries are secured by way of corporate guarantees from the Company and a corporate shareholder, fixed charges on certain landed properties as disclosed in Note 3, deposits as disclosed in Note 11, subordination of corporate shareholders' loan as disclosed in Note 15, and amount due from subsidiaries of RM19.8 million (2010 : RM9.8 million) as disclosed in Note 9.

15. due to corporate shareholders

This represents amounts due to Innofarm Sdn Bhd and Lay Hong Holdings Sdn Bhd, corporate shareholders of the Company and of a subsidiary respectively, in which certain Directors have interest.

	Group	
	2011 RM	2010 RM
Amounts due to corporate shareholders	**128,018**	1,221,075
Less: current portion due within one year	**(128,018)**	(128,018)
Non-current portion due after one year	**–**	1,093,057

Amounts due to corporate shareholders are unsecured, interest-free and are repayable in cash on demand.

The portion due after one year is subordinated for credit facilities granted to a subsidiary by a financial institution. The amounts are unsecured, interest-free and are repayable in cash after twelve months.

16. trade and other payables

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade payables				
Third parties	**61,951,455**	59,848,678	**31,068,926**	31,995,101
Other payables				
Accruals	**4,727,254**	5,641,261	**1,484,367**	2,126,909
Sundry payables	**10,247,765**	9,659,347	**1,879,245**	2,508,884
	14,975,019	15,300,608	**3,363,612**	4,635,793
Amounts due to subsidiaries				
Trade	**–**	–	**184,432**	3,236,071
Non-trade	**–**	–	**250,911**	(854,901)
	–	–	**435,342**	2,381,170
	76,926,474	75,149,286	**34,867,880**	39,012,064

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 days to 90 days (2010 : 30 days to 90 days).

The amounts due to subsidiaries are unsecured, interest-free and are repayable in cash on demand, except for trade transactions which are subject to normal trade credit terms.

17. hire purchase and finance lease liabilities

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Future minimum lease payments				
Not later than 1 year	**5,712,449**	5,317,184	**2,170,452**	1,876,723
Later than 1 year and not later than 2 years	**4,472,512**	5,718,256	**1,488,335**	1,794,672
Later than 2 years and not later than 5 years	**5,995,267**	5,292,151	**2,431,965**	2,454,923
Later than 5 years	**–**	73,294	**–**	61,325
	16,180,228	16,400,885	**6,090,752**	6,187,643
Less: Future finance charges	**(1,643,680)**	(1,811,218)	**(644,622)**	(725,656)
Present value of finance leases (Note 14)	**14,536,548**	14,589,667	**5,446,130**	5,461,987

17. hire purchase and finance lease liabilities cont'd

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Analysis of present value of finance lease liabilities:				
Not later than 1 year	**4,913,796**	4,473,332	**1,870,168**	1,553,301
Later than 1 year and not later than 2 years	**3,989,785**	4,056,653	**1,306,961**	1,585,682
Later than 2 years and not later than 5 years	**5,632,967**	5,987,916	**2,269,001**	2,262,829
Later than 5 years	**–**	71,766	**–**	60,175
	14,536,548	14,589,667	**5,446,130**	5,461,987
Analysed as:				
Amount due within 12 months (Note 14)	**4,913,796**	4,473,332	**1,870,168**	1,553,301
Amount due after 12 months (Note 14)	**9,622,752**	10,116,335	**3,575,962**	3,908,686
	14,536,548	14,589,667	**5,446,130**	5,461,987

Other information on financial risks of hire purchase and finance lease liabilities are disclosed as follows:

	Type	2011 %	2010 %	Maturity
Group				
Hire purchase and finance lease liabilities	Fixed	**4.26 – 8.61**	4.26 - 8.61	2011 to 2016
Company				
Hire purchase and finance lease liabilities	Fixed	**4.39 – 7.68**	4.39 - 8.41	2011 to 2016

18. revenue

Revenue of the Group and of the Company consists of the following:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Eggs	**124,635,533**	119,394,984	**127,207,333**	123,297,287
Livestocks	**25,386,294**	25,762,053	**4,409,169**	2,367,349
Ready feed	**–**	25,600	**70,777,377**	67,889,918
Processed and frozen products	**180,153,527**	167,823,176	**30,278**	19,852
Others	**8,789,721**	3,237,709	**1,249,491**	1,415,860
Retail supermarket	**84,140,293**	72,510,071	**–**	–
	423,105,368	388,753,593	**203,673,648**	194,990,266

19. other operating income

Included in other operating income of the Group and of the Company are the following:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Gain on disposal of property, plant and equipment	**41,025**	151,325	**–**	140,545
Rental income:				
- Subsidiary	**–**	–	**1,800**	3,600
- Others	**971,351**	701,319	**131,090**	269,059
Dividend from unquoted investments (gross)	**450**	300	**1,125,450**	300
Interest income	**22,594**	45,650	**567**	37,438
Insurance claim	**223,000**	11,938	**30,000**	11,938
Management fees from subsidiaries	**–**	–	**876,000**	876,000
Allowance for doubtful debts written back	**539,860**	127,781	**75,176**	120,462
Bad debts recovered	**–**	24,691	**–**	–
Gain on disposal of unquoted investment	**287,570**	–	**281,576**	–
Excess of fair value of net assets acquired over consideration paid	**448,524**	–	**–**	–
Gain on foreign exchange:				
- Realised	**19,105**	11,497	**–**	–
- Unrealised	**41,371**	71,894	**28,537**	–

20. profit from operations

Profit from operations is arrived at after charging/(crediting).

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Directors' fees:				
- Current year	**140,000**	138,000	**140,000**	138,000
- Underprovision in prior years	**2,000**	–	**2,000**	–
Statutory audits:				
- Current year	**73,200**	66,200	**20,000**	20,000
- (Over)/underprovision in prior years	**(80)**	(30,550)	**–**	(10,000)
- Other services	**–**	(6,000)	**–**	(6,000)
Amortisation of intangible assets	**97,622**	97,622	**–**	–
Depreciation of property, plant and equipment	**15,017,879**	14,370,521	**5,362,379**	5,545,261
Property, plant and equipment written off	**1,572,905**	777,756	**781,590**	171,953
Loss on disposal of property, plant and equipment	**371,349**	20,775	**249,709**	–
Hire of plant and machinery	**175,601**	232,865	**35,225**	25,324
Loss on foreign exchange:				
- Realised	**86,100**	394,919	**51,614**	275,375
- Unrealised	**13,502**	116,569	**–**	82,682
Allowance for doubtful debts	**1,745,025**	876,673	**804,620**	–
Bad debts written off	**724,831**	17,261	**–**	–
Rental:				
- Third parties	**3,911,790**	2,734,097	**130,804**	150,324
- A subsidiary	**–**	–	**30,000**	30,000
Impairment losses on unquoted bonds	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Operating lease payments for office equipment	**–**	7,407	**–**	7,407

21. finance costs

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest expenses on:				
- Bank borrowings	**4,307,819**	4,280,001	**3,069,675**	3,284,839
- Hire purchase liabilities	**980,880**	981,921	**357,376**	296,633
- Others	**51,852**	164,554	**–**	–
	5,340,551	5,426,476	**3,427,051**	3,581,472

22. income tax expense

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Tax expense for the year	**3,301,801**	687,508	**2,513,991**	595,510
(Over)/underprovision of tax in prior year	**(298,757)**	24,387	**(234,259)**	2,512
	3,003,044	711,895	**2,279,732**	598,022
Deferred tax (Note 6):				
Relating to origination and reversal of deferred tax	**(213,501)**	2,932,005	**(675,474)**	296,753
(Over)/underprovision of tax in prior year	**(71,314)**	(1,265,691)	**21,209**	(98,198)
	(284,815)	1,666,314	**(654,265)**	198,555
	2,718,229	2,378,209	**1,625,467**	796,577

A reconciliation of income tax expense/(credit) applicable to profit before taxation at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company are as follows:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Profit before taxation	**19,656,051**	15,192,840	**7,313,734**	1,802,291
Taxation at Malaysian statutory tax rate of 25%	**4,914,013**	3,798,210	**1,828,434**	450,573
Income not subject to tax	**(2,720,015)**	(1,197,516)	**(432,262)**	–
Expenses not deductible for tax purposes	**3,095,346**	1,674,120	**442,345**	441,690
Under/(over) provision in prior years:				
- Income tax	**(326,256)**	24,387	**(234,259)**	2,512
- Deferred tax	**(471,650)**	(1,265,691)	**21,209**	(98,198)
Derecognition of deferred tax asset	**–**	66,333	**–**	–
Utilisation of previously unrecognised deferred tax asset	**(1,773,209)**	(721,634)	**–**	–
Income tax expense for the year	**2,718,229**	2,378,209	**1,625,467**	796,577

23. earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares assuming full conversion of outstanding ESOS.

	Group	
	2011 RM	2010 RM
Profit attributable to ordinary equity holders of the Company	**14,763,384**	10,325,438
Weighted average number of ordinary shares in issue (basic)	**48,777,700**	46,240,000
Effect of conversion of outstanding ESOS	**1,300,778**	#
Weighted average number of ordinary shares in issue (diluted)	**50,078,478**	#
Basic earnings per share (sen)	**30.27**	22.33
Diluted earnings per share (sen)	**29.48**	#

The average market value of the Company's shares for the purpose of calculating the dilutive effects of the ESOS was based on quoted market prices during which the options were outstanding.

The diluted earnings per share for the comparative year is anti-dilutive as the market price of the shares was lower than the exercise price.

24. employee benefits expense

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries, wages and bonus	**23,461,822**	20,686,850	**7,325,867**	6,086,363
Defined contribution plans	**2,273,270**	1,857,843	**805,987**	577,358
Other employee benefits	**7,944,123**	7,647,667	**2,617,483**	2,226,952
	33,679,215	30,192,360	**10,749,337**	8,890,673

Included in employee benefits expense are Directors' remuneration (excluding Directors' fees and benefits-in-kind) as follows (further disclosed in Note 25):

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors' remuneration	**1,384,320**	1,112,440	**1,159,200**	869,400

25. directors' remuneration

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	**859,200**	761,400	**859,200**	761,400
Fees	**60,000**	39,000	**60,000**	39,000
Bonus	**300,000**	108,000	**300,000**	108,000
Benefits-in-kind	**41,325**	41,325	**41,325**	41,325
	1,260,525	949,725	**1,260,525**	949,725
Non-executive:				
Fees	**80,000**	99,000	**80,000**	99,000
Other emoluments	**48,000**	48,000	**48,000**	48,000
	128,000	147,000	**128,000**	147,000
Other Directors				
Salaries and other emoluments	**205,200**	218,040	**–**	–
Bonus	**19,920**	25,000	**–**	–
	225,120	243,040	**–**	–
Total	**1,613,645**	1,339,765	**1,388,525**	1,096,725
Analysis of Directors' remuneration excluding benefits-in-kind:				
Executive Directors	**1,219,200**	908,400	**1,219,200**	908,400
Non-executive Directors	**353,120**	390,040	**128,000**	147,000
Total	**1,572,320**	1,298,440	**1,347,200**	1,055,400

The number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors 2011 RM	Number of Directors 2010 RM
Executive Directors:		
RM700,001 – RM750,001	**1**	–
RM600,001 – RM650,000	**–**	1
RM350,001 – RM400,000	**1**	–
RM300,001 – RM350,000	**–**	1
Non-Executive Directors:		
RM50,001 - RM100,000	**1**	1
RM1 to RM50,000	**3**	4

26. operating lease arrangements

The lease commitment as at balance aheet date is as follows:-

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Future minimum rentals payments:				
Not later than 1 year	**480,673**	459,833	**122,064**	107,224
Later than 1 year and not later than 5 years	**1,212,431**	1,460,931	**235,894**	247,894
Later than 5 years	**574,683**	1,092,824	**8,271**	57,894
	2,267,787	3,013,588	**366,229**	413,012

27. capital commitments

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Approved and contracted for				
- Property, plant and equipment	**1,816,000**	839,000	**1,006,000**	121,500

28. contingent liabilities

	Company 2011 RM	Company 2010 RM
Unsecured		
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiaries	**27,104,100**	30,835,788

29. segment information

Group

The primary reporting format is based on business segments.

The Group is organised into two major business segments, namely:
i) Integrated livestock farming, and
ii) Retail supermarket

No segment information by geographic area is presented as the Group operates predominantly in Malaysia.

29. segment information cont'd

	Integrated livestock farming	Retail supermarket	Elimination	Consolidated
2011				
Revenue				
External sales	338,965,076	84,140,292	–	423,105,368
Inter-segment sales	7,607,897	–	(7,607,897)	–
	346,572,973	84,140,292	(7,607,897)	423,105,368
Results				
Profit from operations	24,175,781	820,821	–	24,996,602
Finance costs				(5,340,551)
				19,656,051
Taxation				(2,718,229)
Profit for the financial year				16,937,822
Other information				
Total segment assets	278,785,486	35,849,236	–	314,634,722
Unallocated corporate assets				11,889,129
Total assets				326,523,851
Total segment liabilities	133,709,105	34,174,472	–	167,883,577
Unallocated corporate liabilities				16,933,040
Total liabilities				184,816,617
Depreciation and amortisation	13,951,453	1,164,048	–	15,115,501
Capital expenditure	11,638,925	2,241,914	–	13,880,839
Non-cash expenses other than depreciation and amortisation	2,537,086	–	–	2,537,086

29. segment information cont'd

	Integrated livestock farming	Retail supermarket	Elimination	Consolidated
2010				
Revenue				
External sales	316,243,522	72,510,071	–	388,753,593
Inter-segment sales	6,716,392	–	(6,716,392)	–
	322,959,914	72,510,071	(6,716,392)	388,753,593
Results				
Profit from operations	20,279,413	339,903	–	20,619,316
Finance costs				(5,426,476)
				15,192,840
Taxation				(2,378,209)
Profit for the financial year				12,814,631
Other information				
Total segment assets	260,437,609	27,146,826	–	287,584,435
Unallocated corporate assets				12,521,015
Total assets				300,105,450
Total segment liabilities	133,972,616	28,494,043	–	162,466,659
Unallocated corporate liabilities				27,638,048
Total liabilities				190,104,707
Depreciation and amortisation	13,701,873	766,270	–	14,468,143
Capital expenditure	14,702,708	5,671,290	–	20,373,998
Non-cash expenses other than depreciation and amortisation	1,689,964	2,500	–	1,692,464

30. significant related party transactions

	2011 RM	2010 RM
Company		
Purchases from subsidiaries:		
- Innofarm (Klang) Sdn Bhd	**12,517,409**	12,630,096
- Hing Hong Sdn Berhad	**19,591,082**	17,518,438
- Lay Hong Food Corporation Sdn Bhd	**–**	4,275
Sales to subsidiaries:		
- Innofarm (Klang) Sdn Bhd	**11,648,727**	11,525,056
- Innobrid Sdn Bhd	**28,148,778**	28,307,155
- Evergreen Organic Fertilisers Sdn Berhad	**420,000**	720,000
- Eminent Farm Sdn Bhd	**16,636,484**	14,662,181
- Hing Hong Sdn Berhad	**15,595,074**	14,572,182
- Lay Hong Liquid Egg Sdn Bhd	**8,789,062**	12,146,022
- Lay Hong Food Corporation Sdn Bhd	**2,201,171**	50,459
- STF Agriculture Sdn Bhd	**80,871**	21,496
- JT Trading Sdn Bhd	**860,565**	–
Management fees receivable from subsidiaries:		
- Innofarm (Klang) Sdn Bhd	**120,000**	120,000
- Evergreen Organic Fertilisers Sdn Berhad	**36,000**	36,000
- Hing Hong Sdn Berhad	**180,000**	180,000
- Eminent Farm Sdn Bhd	**180,000**	180,000
- Lay Hong Food Corporation Sdn Bhd	**180,000**	180,000
- STF Agriculture Sdn Bhd	**180,000**	180,000
Rental income receivable from a subsidiary		
- Evergreen Organic Fertilisers Sdn Berhad	**1,800**	3,600
Rental expenses payable to a subsidiary		
- Hing Hong Sdn Berhad	**30,000**	30,000

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 March 2010/2011 are disclosed in Note 9 and Note 16.

Compensation of key management personnel

The members of key management are also the Directors of the Company. Directors remuneration is disclosed in Note 25.

31. acquisition of a new subsidiary

During the financial year, Lay Hong Berhad acquired 100% interest in JT Trading Sdn Bhd with the subscription of 850,000 shares in JT Trading Sdn Bhd for a cash consideration of RM850,000. The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

Group	**RM**
Property, plant and equipment	773,274
Deferred tax asset	40,729
Inventories	952,304
Trade and other receivables	65,278
Trade and other payables	(2,089,568)
Cash and cash equivalent	949,468
Net asset acquired	691,485
Goodwill on acquisition	158,515
Consideration paid	850,000
less cash and cash equivalent acquired	(949,468)
Net cash inflow	(99,468)

The effects of the acquisition of the subsidiary to the current year financial results of the Group are as follows:

	RM
Revenue	5,229,772
Cost of sales	(4,692,469)
Gross profit	537,303
Selling and distribution expenses	(462,784)
Profit from operations/profit before tax	74,519

32. financial instruments

Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions. The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long-term interest-bearing assets as at 31 March 2011. The investments in financial assets, if any are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on effective interest rates of financial assets and financial liabilities are disclosed in their respective notes.

(b) Foreign exchange risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Euro, United Stated Dollars (USD) and Singapore Dollars (SGD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptance level.

32. financial instruments cont'd

Financial risk management objectives and policies cont'd

(b) Foreign exchange risk cont'd

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net Financial Assets/(Liabilities) held in Non-Functional Currencies			
	Euro	United States Dollars	Singapore Dollars	Total
Functional currency of the Group				
At 31 March 2011				
Ringgit Malaysia	**889,923**	**(172,560)**	**1,327,951**	**2,045,314**
At 31 March 2010				
Ringgit Malaysia	367,032	(85,749)	799,514	1,080,797
Functional currency of the Company				
At 31 March 2011				
Ringgit Malaysia	**562,220**	**(166,948)**	**1,331,716**	**1,726,988**
At 31 March 2010				
Ringgit Malaysia	95,432	(102,013)	799,514	792,932

(c) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital market and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(d) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

32. financial instruments cont'd

Fair values

The aggregate net carrying amounts of financial assets and financial liabilities which are not carried at fair values of the Group and of the Company are represented as follows:

		Group		Company	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
31 March 2011					
Financial assets					
Due from subsidiaries	9	–	–	51,084,440	*
Financial liabilities					
Due to subsidiaries	16	–	–	435,342	*
Term loans	14	18,939,480	18,223,428	17,465,683	16,749,631
Due to corporate shareholders	15	128,018	*	–	–
		19,067,498	18,223,428	17,901,024	16,749,631
31 March 2010					
Financial assets					
Due from subsidiaries	9	–	–	52,882,278	*
Financial liabilities					
Due to subsidiaries	16	–	–	2,381,170	*
Term loans	14	34,651,824	33,040,893	31,810,114	30,199,645
Due to corporate shareholders	15	1,221,075	*	–	–
		35,872,899	33,040,893	34,191,284	30,199,645

* It is not practical to estimate the fair values of amounts due from/(to) subsidiaries and amounts due to corporate shareholders due principally to a lack of fixed repayment terms entered into by the parties involved.

32. financial instruments cont'd

Fair values cont'd

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, trade and other receivables/payables and short term borrowings.

The carrying amounts of trade receivables and payables subject to normal trade credit terms approximate fair values.

The carrying amounts of cash and cash equivalents, other receivables/payables and short term borrowings approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Marketable securities

The fair value of quoted shares is determined by reference to the stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

33. comparative figures

FRS 101 (revised), Presentation of Financial Statements

Arising from the adoption of FRS 101 (revised), Presentation of Financial Statements, income statements, balance sheets and cash flow statements for the year ended 31 March 2010 have been represented as statement of comprehensive income, statement of financial position and statements of cash flows respectively.

FRS 117, Leases

Following the adoption of FRS 117, Leases, certain comparative figures have been re-presented as follows:

	31.03.2010		01.04.2009	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Statement of financial position				
Group				
Property, plant and equipment	168,901,784	161,781,827	164,853,141	157,891,965
Prepaid land lease payments	–	7,119,957	–	6,961,176
Company				
Property, plant and equipment	64,257,677	63,947,572	62,163,598	61,849,061
Prepaid land lease payments	–	310,105	–	314,537

34. supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries:		
- Realised	90,503,107	32,214,536
- Unrealised	(24,173,183)	(11,405,844)
	66,329,924	20,808,692
Consolidation adjustments	(16,909,098)	–
Retained earnings as per statement of financial position	49,420,826	20,808,692

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010. The disclosure of realised and unrealised profits is solely for complying with the disclosure requirements as stipulated by Bursa Malaysia and should not be applied for any other purpose.

analysis of shareholders
as at 01 august 2011

Authorised Shared Capital	: RM 100,000,000
Issued & Fully Paid-up Capital	: RM 49,678,000
Class of Shares	: RM 1.00 Ordinary Share
Voting Rights	: One Vote per share

thirty largest securities accounts holders
(as per record of depositors)

	Name of Accounts Holders	No. of Share	%
1.	Innofarm Sdn Bhd	18,900,000	38.05
2.	QL Resources Berhad	11,877,000	23.91
3.	Yip Kim Hoong	1,801,657	3.63
4.	Cheng Ying Ying	1,434,043	2.89
5.	Yap Hoong Chai	600,000	1.21
6.	Lai Kum Sim	548,000	1.10
7.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Lai Kum Sim (PB)	459,000	0.92
8.	Yap Chor How	424,800	0.85
9.	Liu Fui Moy	400,000	0.80
10.	Axiom Enterprises (M) Sdn Bhd	382,600	0.77
11.	Ng Kim Tian	300,000	0.60
12.	Mayban Securities Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd for Ong Tiong Bee	220,000	0.44
13.	HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Wong Yee Hui	217,900	0.44
14.	Yeap Weng Hong	207,200	0.42
15.	Affin Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Sew Hoey (Tan Siew Hoey) (TAN6986M)	200,000	0.40
16.	Ng Chew Kee	200,000	0.40
17.	Ban Seng Guan Sdn Bhd	189,600	0.38
18.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Yoong Fui Kien	184,000	0.37
19.	HDM Nominees (Asing) Sdn Bhd Phillip Securities Pte Ltd for Tan Siew Lan	172,000	0.35
20.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Koh Kin Lip (MY0502)	152,100	0.31
21.	Ng See Hock	149,500	0.30
22.	Lim Kwong Hon	145,100	0.29
23.	Pong Sook Teng	122,500	0.25
24.	Chia Soon Ker @ Chua Soon Ker	120,000	0.24
25.	Lau Lai Chee	120,000	0.24
26.	Ong Wah Seng	110,400	0.22
27.	Low Saw Tin	102,000	0.21
28.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities account for Lim Chin Horng (473474)	100,000	0.20
29.	Eng Siew Yong	100,000	0.20
30.	Low Lay Ean	98,100	0.20
	Total	40,281,600	80.59

analysis of shareholders cont'd
as at 01 august 2011

Size of Shareholding	No. of Shareholders	% Shareholders	No. of Shares Held	% of Issued Share Capital
1 – 99	91	6.34	1,394	0.00
100 – 1,000	126	8.78	82,183	0.17
1,001 – 10,000	983	68.45	3,706,193	7.46
10,001 – 100,000	209	14.55	6,148,830	12.38
100,001 – 2,483,899 *	25	1.74	8,962,400	18.04
2,483,900 and above **	2	0.14	30,777,000	61.95
	1,436	100.00	49,678,000	100.00

Remark:

* - less than 5% of issued shares

** - 5% and above of issued shares

list of substantial shareholders
(as per register of substantial shareholders)

Name of Substantial Shareholder	Direct No. of shares held	Direct %	Indirect No. of shares held	Indirect %
Yap Hoong Chai	600,000	1.21	18,900,000	38.05
Yeap Fock Hoong	12,000	0.02	18,900,000	38.05
Yeap Weng Hong	207,200	0.42	18,900,000	38.05
Chia Mak Hooi	–	–	11,877,000	23.91
Innofarm Sdn Bhd	18,900,000	38.05	–	–
QL Resources Berhad	11,877,000	23.91	–	–

list of directors' shareholdings
(as per register of Directors' shareholdings)

Name of Director	Direct No. of shares held	Direct %	Indirect No. of shares held	Indirect %
Yap Hoong Chai	600,000	1.21	18,900,000	38.05
Yeap Fock Hoong	12,000	0.02	18,900,000	38.05
Yeap Weng Hong	207,200	0.42	18,900,000	38.05
Yip Kim Hoong	1,801,657	3.63	–	–
Chia Mak Hooi	–	–	11,877,000	23.91
Abdul Hamid bin Mohamed Ghows	–	–	–	–
Dato' Dr. Abdul Aziz bin Mangkat	–	–	–	–
Cheng Chin Hong	–	–	–	–

properties owned by lay hong berhad group of companies
as at 31 march 2011

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition/ Revaluation
SELANGOR						
Lot Nos. 4857 Mukim of Jeram District of Kuala Selangor	Layer Farm & Feedmill	25	Freehold	12-27	4,200	3/3/2011
Lot No. 559 Mukim of Ijok Kuala Selangor	Layer Farm & Fertiliser Plant	34	Freehold	12-19	10,760	3/3/2011
Lot No. 1640 Mukim of Ijok Kuala Selangor	Chick Farm	5	Freehold	9-20	1,400	3/3/2011
Lot No. 1954 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	9	3,900	3/3/2011
Lot No. 3095 Mukim of Jeram District of Kuala Selangor	Pullet Farm	5	Freehold	9	2,740	3/3/2011
Lot No. 1555 Mukim of Jeram District of Kuala Selangor	Layer Farm	6	Freehold	7	4,550	3/3/2011
Lot 1933 Mukim of Jeram District of Kuala Selangor	Pullet Farm	5	Land under Tenant's Lease	7	610	16/3/2005
Lot No. 1868 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	3-6	3,000	3/3/2011
Lot Nos. 16458/9 Mukim of Tanjung Karang District of Kuala Selangor	Vacant Land	2	Leasehold Aug 2080	–	310	3/3/2011 (S & P)

properties owned by lay hong berhad group of companies cont'd
as at 31 march 2011

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition/ Revaluation
Lot 26 & 27- New Office Jalan Empayar off Persiaran Sultan Ibrahim, 41150 Klang	Office Building	31,212 sq. ft.	Freehold	2	10,100	3/3/2011
GM2040, Lot 1847 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	2	770	3/3/2011
Lot Nos. 4847/8 Mukim of Jeram District of Kuala Selangor	Layer Farm	26	Land Under Tenant's Lease	12-24	287	1/9/1986
Lot No. 4859 Mukim of Jeram District of Kuala Selangor	Fertilizer Plant & Building	4	Land Under Tenant's Lease	1-17	1,481	1/12/1994
Lot No. 1942 Mukim of Jeram District of Kuala Selangor	Fertiliser Plant & Building	3	Land under Tenant's Lease	2-8	283	1/10/2002
Lot Nos. 1632/3 Mukim of Ijok Kuala Selangor	Breeder Farm & Hatchery	10	Freehold	10-19	2,050	3/3/2011
Lot No. 807 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	1-16	1,120	3/3/2011
Lot No. 681 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	1-16	1,230	3/3/2011
Lot Nos. 708/9 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	10	Freehold	1-15	2,400	3/3/2011
Lot No. 969 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	1-14	1,200	3/3/2011

properties owned by lay hong berhad group of companies cont'd
as at 31 march 2011

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition/ Revaluation
Lot Nos. 683/4 & 685 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	15	Land Under Tenant's Lease	1-14	1,915	19/5/1997
Lot Nos. 1475/6 Lot Nos. 253 & 244 Mukim Pasangan Kuala Selangor	Breeder Farm & Hatchery	19	Freehold	9-13	5,770	3/3/2011
Lot No. 1011 Mukim Pasangan Kuala Selangor	Vacant Land	3	Freehold	–	200	3/3/2011
Lot Nos.16456/7&16486 Mukim Tanjong Karang District of Kuala Selangor	Processing Plant	3	Leasehold Nov 2080 (16456/7) July 2080 (16486)	1-7	4,400	3/3/2011
Lot Nos. 739/40 & 741 Mukim Api-Api District of Kuala Selangor	Breeder Farm	15	Freehold	8	6,100	3/3/2011
No. 29, Jalan Perindustrian Off Jalan Haji Abdul Manan Batu 5 1/2, Jalan Meru 41050 Klang Selangor	Liquid Egg Plant	1158 m^2	Freehold	8	1,660	3/3/2011
Lot No. 16465 Mukim Tanjong Karang District of Kuala Selangor	Vacant Land	1	Leasehold Nov 2080	–	130	3/3/2011
PERAK						
Lot 2394/2554 Mukim Hulu Bernam Timor District of Batang Padang Perak	Broiler Farm	9	Freehold	1-3	2,901	3/3/2011

properties owned by lay hong berhad group of companies cont'd
as at 31 march 2011

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition/ Revaluation
MELAKA						
Lot Nos. 1717/8/9 & 1720 Mukim of Ayer Panas Jasin, Melaka	Layer Farm, Fertiliser Plant & Building	40	Freehold	17-26	6,600	3/3/2011
SABAH						
CL 045169248 Kampung Indai Tuaran, Sabah	Broiler Farm	11	Leasehold Jan 2060	14	1,250	3/3/2011
NT No. 043176030 Lubok Bagiang Tuaran, Sabah	Broiler Farm	6	Leasehold June 2094	14	1,551	3/3/2011
NT No. 043171651 Kampung Serusup Tuaran, Sabah	Vacant Land	9	Leasehold June 2094	-	260	3/3/2011
CL 045115928 Tuaran, Sabah	Layer Farm & Feedmill	89	Leasehold Jan 2938	3-20	5,100	3/3/2011
CL 025308043 Papar, Sabah	Breeder Farm	19	Leasehold Jan 2063	3-13	4,365	3/3/2011
CL 025166714 Papar, Sabah	Vacant Land	19	Leasehold Jan 2056	–	847	3/3/2011
CL 025166705 Papar, Sabah	Vacant Land	20	Leasehold Jan 2056	–	888	3/3/2011
NT No. 043140905 Kampung Serusop Tuaran, Sabah	Broiler Farm	5	Leasehold Feb 2099	2-8	1,212	3/3/2011

properties owned by lay hong berhad group of companies cont'd
as at 31 march 2011

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition/ Revaluation
NT No. 043140914 Kampung Lok Bagiang Tuaran, Sabah	Broiler Farm	3	Leasehold Aug 2098	2-8	654	3/3/2011
CL 015580104 (KKIP) Kota Kinabalu, Sabah	Feedmill	3	Leasehold Dec 2096	3-8	5,700	3/3/2011
NT. No. 044018224 Tuaran, Sabah	Broiler Farm	4	Leasehold Jul 2031	2-8	969	3/3/2011
NT. No. 043081625 Tamparuli, Sabah	Vacant Land	9	Leasehold Feb 2037	-	410	3/3/2011
CL 045311706 Kg Kauluan Tuaran, Sabah	Broiler Farm	5	Rented	5	353	4/1/2006
CL 105479105, Mile 8 ½ Jalan Tiku, Tawau	Broiler Farm	3	Rented	3	218	30/4/2008
NT. No. 04398018 Kg Kiwatu, Sabah	Land with warehouse	1	Leasehold 2038	7-8	625	3/3/2011
CL 075320795 Jln Labuk, Miles 12 Sungai Manila, Sandakan Sabah	Broiler Farm	12	Leasehold 2908	2	2,950	3/3/2011

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE BERKELEY BALLROOM, PRESCOTT HOTEL, 18A, LEBOH ENGGANG OFF PERSIARAN SULTAN IBRAHIM, 41050 KLANG, SELANGOR ON THURSDAY, 29 SEPTEMBER 2011 AT 11.30 AM FOR THE FOLLOWING PURPOSES:-

ordinary business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2011, together with the Reports of the Directors and Auditors thereon.

2. To declare a Final Dividend of 5.0% less tax at 25% for the year ended 31 March 2011 **Resolution 1**

3. To approve Directors' Fees for the year ended 31 March 2011 **Resolution 2**

4. To re-elect the following Directors who are retiring under Article 71 of the Company's Articles of Association

   a) Encik Abdul Hamid Bin Mohamed Ghows **Resolution 3**

   b) Mr Yeap Fock Hoong **Resolution 4**

5. To re-elect the following Directors who are retiring under Article 72 of the Company's Articles of Association

   a) Mr Cheng Chin Hong **Resolution 5**

   b) Mr Chia Mak Hooi **Resolution 6**

6. To re-appoint Messrs Ong Boon Bah & Co. as Auditors to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Directors **Resolution 7**

special business

To consider and, if thought fit, adopt the following Ordinary Resolutions with or without amendment:

7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs")

"That subject always to the Listing Requirement of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary Companies to enter into the categories of recurrent transactions of a revenue or trading nature and with those Related Parties as specified in Section 2.4 of the Circular to Shareholders dated 5 September 2011 subject further to the following:-

i. That the transactions are in the ordinary course of business and are on terms that are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;

ii. That the transactions are made on an arm's length basis and on normal commercial terms; and

iii. That disclosure shall be made in the Annual Report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, based on the following information:-

- the type of the Recurrent Related Party Transactions made; and
- the names of the Related Parties involved in each type of the Recurrent Related Party Transactions entered into and their relationships with the Company.

iv. That such approvals shall only continue to be in force until:-

- the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
- the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
- revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier. **Resolution 8**

8. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

"That subject always to the Companies Act, 1965, and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 9**

9. Renewal of Authority for Proposed Share Buy-Back

"THAT, subject to compliance with the Companies Act, 1965, the Companies Regulations 1966, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), provisions of the Company's Memorandum and Articles of Association and the regulations of any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company as at the date of the share buy-back ("Proposed Share Buy-Back")

AND THAT an amount of the funds not exceeding the retained profits and share premium reserve of the Company as at the date of the share buy-back, be utilised for the Proposed Share Buy-Back

AND THAT the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Malaysia, or a combination of any of the above, at the absolute discretion of the Directors;

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until :-

a) the conclusion of the next Annual General meeting ("AGM") of the company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

b) the expiration of the period within which the next AGM of the company is required by law to be held; or

c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Malaysia or any other relevant authorities;

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Share Buy-Back with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities." **Resolution 10**

notice of books closure

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 5.0% less tax at 25% per share of RM1/- each will be payable on 3 November 2011 to depositors who are registered in the Record of Depositors at the close of business on 18 October 2011 if approved by members at the Twenty-Seventh Annual General Meeting on 29 September 2011.

A depositor shall qualify for entitlement only in respect of:-

a) shares transferred into the depositors Securities Account before 4.00 pm on 18 October 2011 in respect of ordinary transfers; and

b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Secretary
LIM KING HUA, FCIS
MAICSA 0798613

5 September 2011
Klang

NOTES

1 Every member entitled to attend and vote at the Meeting is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. The Proxy Form in the case of an individual shall be signed by the appointer or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorized.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

4. Proxies or other instruments shall not be treated as valid unless they are deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the holding of the poll.

explanatory notes on special business

1. Proposed Shareholders' Mandate For Recurrent Related Party Transactions ("RRPT") (Resolution 8)

The proposed Ordinary Resolution 8, if passed, will authorise the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of Company. Please refer to the Circular to Shareholders dated 5 September 2011, which is dispatched together with the Company's Annual Report 2011, for more information.

2. Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 9)

The proposed Ordinary Resolution 9, is for the purpose of granting a renewed general mandate for issuance of shares by the Company under Section 132D of the Act. The resolution, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company.

The Company had, at the 26th Annual General Meeting held on 28 September 2010, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any new shares pursuant to this mandate obtained as at the date of this notice. The Ordinary Resolution 9 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, an announcement will be made by the Company in respect of the purpose and utilisation of proceeds arising from such issue.

The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

3. Renewal of Authority for Proposed Share Buy-Back (Resolution 10)

The proposed Ordinary Resolution 10, if passed, will renew the authority for the Company to purchase, through Bursa Malaysia Securities Berhad, such number of ordinary shares in the Company up to an aggregate amount not exceeding ten percentum (10%) of the issued and paid-up share capital of the Company. The renewed authority from the shareholders will be effective immediately upon passing of the ordinary resolution and shall continue to be in force until :-

i) the conclusion of the next Annual General Meeting ("AGM"); or
ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first.

Please refer to the Circular to Shareholders dated 5 September 2011, which is dispatched together with the Company's Annual Report 2011, for more information.

statement accompanying the notice of twenty-seventh annual general meeting of lay hong berhad

A. Names of the Directors who are standing for re-election:

(a) Encik Abdul Hamid Bin Mohamed Ghows (retiring pursuant to Article 71 of the Company's Articles of Association).

(b) Mr Yeap Fock Hoong (retiring pursuant to Article 71 of the Company's Articles of Association).

(c) Mr Cheng Chin Hong (retiring pursuant to Article 72 of the Company's Articles of Association)

(d) Mr Chia Mak Hooi (retiring pursuant to Article 72 of the Company's Articles of Association)

Details of the four (4) Directors seeking re-election and/or re-appointment are set out in the Directors' Profile on pages 11 to 14, and the Directors' Shareholdings on page 100 of the Annual Report.

B. Details of attendance of directors at board meetings

5 Board Meetings were held during the financial year ended 31st March 2011. All meetings were held at the Office Premises, No 2, Level 10-12, Wisma Lay Hong, Jalan Empayar Off Persiaran Sultan Ibrahim/KU1, 41150 Klang, Selangor.

The attendance record of each Director is as follows:-

	Attendance	Percentage (%)
Executive Directors		
Yap Hoong Chai	5/5	100%
Yeap Weng Hong	5/5	100%
Non-Executive Directors		
Yip Kim Hoong	5/5	100%
Yeap Fock Hoong	3/5	60%
Abdul Hamid Bin Mohamed Ghows	5/5	100%
Dato' Dr Abdul Aziz Bin Mangkat DIMP KMN ASK	5/5	100%
Dato' Liew Yew Chung DIMP (resigned on 23/8/2010)	-	-
Cheng Chin Hong (appointed on 23/2/2011)	-	-
Chia Mak Hooi (appointed on 6/7/2011)	-	-

C. The Twenty-Seventh Annual General Meeting will be held at Berkeley Ballroom, Prescott Hotel, 18A Leboh Enggang off Persiaran Sultan Ibrahim, 41050 Klang, Selangor on Thursday, 29 September 2011 at 11.30 am.

notes

form of proxy

I/We .... of

....

NRIC No./Co. No. ....

being a member/members of Lay Hong Berhad hereby appoint ....

....

of ....

NRIC No. ....

or failing him/her ....

of ....

NRIC No. ....

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at the Berkeley Ballroom, Prescott Hotel, 18A Leboh Enggang off Persiaran Sultan Ibrahim, 41050 Klang, Selangor on Thursday, 29 September 2011 at 11.30 am, and at any adjournment thereof. My/our proxy is to vote as indicated below:

Resolution	Ordinary Resolutions	For	Against
1.	To declare a Final Dividend of 5.0% less tax at 25% for the year ended 31st March 2011.		
2.	To approve Directors' Fees for the financial year ended 31st March 2011.		
3.	To re-elect Encik Hamid Bin Mohamed Ghows as Director under Article 71.		
4.	To re-elect Mr Yeap Fock Hoong as Director under Article 71.		
5.	To re-elect Mr Cheng Chin Hong as Director under Article 72.		
6.	To re-elect Mr Chia Mak Hooi as Director under Article 72.		
7.	To re-appoint Messrs Ong Boon Bah & Co. as Auditors.		
8.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
9.	To approve the Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965.		
10.	To approve the Renewal of Authority for Proposed Share Buy-back of up to ten percent (10%) of the issued and paid-up share capital of the Company.		

(Please indicate with an `X' in the appropriate spaces how you wish to cast your vote. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

Signed this .... day of .... 2011.

.... No. of shares held

Signature of Shareholder or Common Seal

NOTES

1 Every member entitled to attend and vote at the Meeting is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The Proxy Form in the case of an individual shall be signed by the appointer or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorized.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. Proxies or other instruments shall not be treated as valid unless they are deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the holding of the poll.

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stamp

Lay Hong Berhad

No. 9 Jalan Bayu Tinggi 2A/KS6
Taipan 2 Batu Unjur
41200 Klang
Selangor, Malaysia

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www.layhong.com.my