



**LAY HONG
BERHAD**

(107129-H) Incorporated in Malaysia

recipe

for success



ANNUAL REPORT 2010



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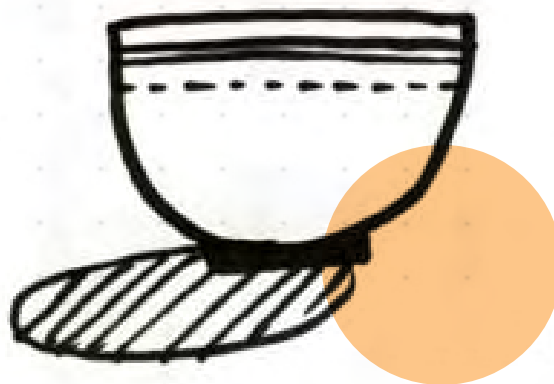
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form of proxy



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 become

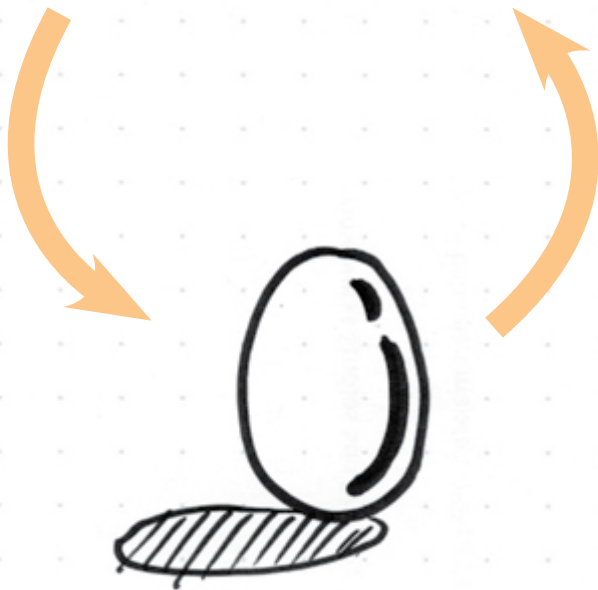
an increasingly important supplier of processed chicken, chicken related products and eggs by expanding market share, developing new products, and building trust and reliability among consumers.

to provide

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

to work

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



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

Audit Committee

Abdul Hamid bin Mohamed
Ghows
CHAIRMAN

Dato' Dr Abdul Aziz Bin
Mangkat

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 Damantela
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)

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

CIMB Bank Bhd
Malayan Banking Bhd
RHB Bank Berhad

Stock Exchange Listing

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

Website

www.layhong.com.my



by lay hong

Recipe No.1

Tomato Tart Flavoured
Galangal Poached Egg

ingredients //

(a)

Tomato & galangal puree:
 500g onion, 500ml olive oil
 2*3kg whole peeled tomatoes
 (de-seed tomatoes & blend flesh) balsamic
 100g fresh galangal (juice only)
 3sprigs fresh thyme
 3tsp sugar
 salt, pepper

(b)

Poached eggs
 10 med eggs
 20ml white vinegar balsamic vinegar reduction
 500ml balsamic vinegar

directions //

(a)

- 1 Fry minced onion in olive oil & cooked for 20mins.
- 2 Add in all the rest of the ingredients, stir from time to time and cooked till dry.
- 3 Remove thyme & keep aside.

(b)

- 1 Add vinegar to a pot of boiling water, add in eggs and cook for 5mins.
- 2 Remove and place in cold water for 5mins and peel, keep aside.

(c)

- 1 Place all ingredients in a food processor & blend until mixture forms into a ball.
- 2 Roll out the ball of dough to ½ cm thick & cut out circles with ring no.2.
- 3 Bake the circles on silicone sheet for 15mins in an oven pre-heated 160°C.
- 4 Once cooked, cut again with ring no.2 & leave to cool.
- 5 Keep in air tight box, good for a week.

(d)

- 1 Blend to puree all the ingredients

10mins before serving:-

- 1 Place a ring no.2 on the top of the parmesan tart, pour in 2 large tablespoon of hot puree(a) & press down. Remove ring and bake for 10mins in a oven preheated 150°C.
- 2 At the 9th min place the egg in the oven to heat up.
- 3 Place the egg on top of the tart and add a teaspoon of black olive pate.
- 4 Garnish with shaved parmesan and one chive.
- 5 Serve immediately.

(c)

Parmesan cheese tart
 150g flour
 150g grated p cheese
 150g unsalted butter (cube)

(d)

Black olive pate
 100g black olives (pitted)
 10g thyme leaves,pepper

Serve 10
 Hands-On Time:
 30mins
 Total Time:
 40mins

profile of directors

Yap Hoong Chai
 Malaysian, aged 60

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 27th September 1983.

Under his stewardship for the past 35 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 Yip Kim Hoong, Yeap Weng Hong and Yeap Fock Hoong, 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 52

is an Executive Director of Lay Hong Berhad. He was appointed to the Board of Directors of Lay Hong Berhad on 18th April 1986. He has more than 25 years experience in poultry farming and 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 Yip Kim Hoong, Yap Hoong Chai and Yeap Fock Hoong, who are also Directors of the Company.

He holds 7,200 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.



Yip Kim Hoong
 Malaysian, aged 62

is a Non-Executive Director of Lay Hong Berhad. He was appointed to the Board of Directors of Lay Hong Berhad on 20th 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 Weng Hong and Yeap Fock Hoong, who are also Directors of the Company.

He holds 2,601,657 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 56

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.

profile of directors (cont'd)

Abdul Hamid Bin Mohamed Ghows
Malaysian, aged 59

was appointed Independent Non-Executive Director of Lay Hong Berhad on 11th October 2001. He was appointed Chairman of the Lay Hong Berhad Nomination & Remuneration Committees on March 18, 2005 and Chairman of Audit Committee on November 30, 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 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 60

was appointed Independent Non-Executive Director of Lay Hong Bhd on 3rd 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.

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

Dato' Sri Liew Yew Chung (resigned 23 August 2010)
NON - 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) he 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.

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:-

audit committee report (cont'd)

- (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 on 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.

audit committee report (cont'd)

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 2010

During the financial year ended 31 March 2010, 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
Dato' Sri Liew Yew Chung (resigned 23 August 2010)	4 of 5

The activities of the Audit Committee during the financial year ended 31 March 2010 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 year 2010,
- (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 2010,
- (5) reviewed the related party transactions of the Company,
- (6) verified the allocation of options pursuant to the criteria set out in the 2006 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.

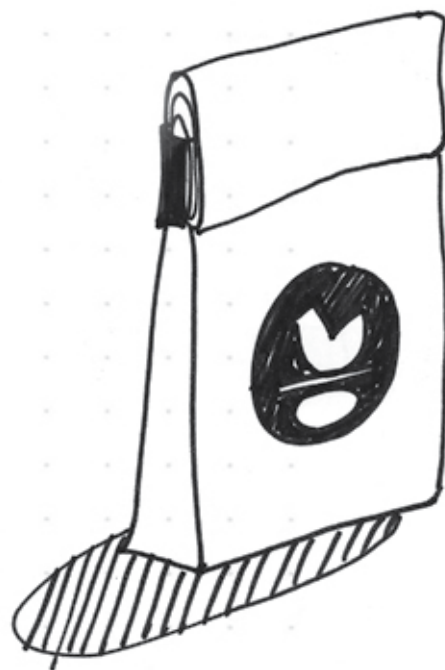
Internal Audit Function

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. One audit report was issued during the financial year. This report was presented to and reviewed by the Audit Committee and forwarded to the management for action.

Costs incurred for the internal audit function amounted to RM95,900 for the financial year ended 31 March 2010.





by lay hong

Recipe No.2

Cashew Nuts
Creamed Chicken

ingredients //

- 8 pieces of Nutriplus Air-Chilled Chicken (drumstick only)
- 3 pieces of lemon grass, pounded
- 5 pieces of garlic, finely chopped
- 10 pieces of shallots, finely chopped
- 20g prawn paste
- 2 pieces of lime (its squeezed juices only)
- 120ml coconut milk
- 1/2 teaspoon salt
- 1/2 teaspoon sugar
- 100g cashew nuts (fried without oil)
- 1 piece of red chilli, finely cut
- Cooking oil

directions //

- 1 Heat-up 120ml cooking oil. Fry the garlic to golden brown. Then dish out.
- 2 Use the same oil, fry the shallots till crispy, then dish out.
- 3 Fry the drumstick till cook, then dish out. Fry the prawn paste till fragrant. Add the coconut oil together with the lemon grass and bring to boil.
- 4 Then add the drumstick, 1/2 portion of shallots and garlic.
- 5 Add salt, sugar, lime juice and mix well.
- 6 Serve onto plate, garnish with the rest of garlic, shallots, chilli and cashew nuts.

Serves 5
Hands-On Time:
25mins
Total Time:
45mins

chairman's statement

On behalf of the Board of Directors, I would like to extend our gratitude to the Group's valued customers, business associates, government authorities, bankers and shareholders for their continued support, trust and confidence in the Group.



Dear shareholders,

I am very happy to report that after several years of planned diversification into synergistic downstream activities, the Group's financial position has been fortified and is now in a better position to withstand any downturn in the poultry and poultry related business. Benefiting from this diversification, the Group's revenue for the financial year ended 31 March 2010 has increased to RM388.8 million from RM350.5 million previously. Pre-tax profit also improved from RM11.8 million last year to RM15.2 million this financial year, a 28.8% improvement.

The Group's shareholders' fund has grown from RM82.6 million to RM92.5 million and net assets per share increasing from RM1.79 to RM2.00.

The Group's turnover increased largely due to contribution from additional new retail supermarket outlets opened during the financial year, whilst pre-tax profit increased mainly due to the combined effects of lower production cost and higher selling prices for table eggs, manufactured chicken and chicken related products.

Business Review

Layers

The Group produced 491.3 million table eggs during the financial year compared to 492.2 million in the previous year. Total revenue from sales of table eggs decreased from RM126.2 million in 2009 to RM119.4 million in 2010. The reduction was largely due to a reduction in intakes of layer hens at our Malacca farm which resulted in reduced egg production.

Broilers

During the financial year, the quantity of live broilers produced decreased from 25.9 million to 23.6 million kilograms. The reduction was primarily due to lower production from our East Malaysia operations resulting from upgrading of broiler houses at our Serusup farm in Sabah.



The virus has since been identified and detoxified and production has returned to normal. Meanwhile, sales of branded speciality eggs under the NUTRIPLUS brand has continued to grow, albeit at a slower pace, as the local market matures. Besides exporting to Hong Kong, we are also looking towards other markets in Asia.

Food manufacturing

In line with the lower production of broilers for the financial year ended 31 March 2010, sales of fresh dressed chilled chicken, chicken parts and chicken related products such as frankfurters, nuggets and fried chickens have accordingly reduced from RM102.0 million in the previous year to RM96.8 million in the current financial year under review.

The liquid egg business had also registered an increase in sales from RM14.4 million in the previous year to RM 17.1 million due to higher demand from confectionaries. Due to unfavourable pricing, export to the Middle East market has been temporarily stopped.

chairman's statement (cont'd)

Retail Supermarket

5 new retail outlets were added to the existing 4 outlets in Sabah during the financial year. New outlets opened are located in suburban towns of Beaufort, Inanam, Ranau, Kota Belut and Lokawi. The retail supermarket business contributed RM72.5 million to the Group's revenue, compared to the meager RM4.7 million in the previous year. As at 31 March, 2010, a total of 9 retail outlets are operating, plus one distribution centre located in Tuaran. With this number of outlets currently operating, the business has now reached a critical mass and size where bulk purchases and cost savings are possible. During the year, this division managed to record a small contribution to profit of RM0.206 million.



Prospects

The Group is planning to introduce more new products and widen its existing distribution channels in particular for its manufactured food products to enhanced earnings. With the current adverse weather conditions in the raw material producing countries, raw material prices are expected to be volatile in the current financial year thus affecting the Group's profitability. Nevertheless, the Group has taken the appropriate measures to mitigate the risks and to maintain the momentum of growth in revenue and earnings.

Dividend

The Board is pleased to recommend a final dividend of 3.00% per share less Malaysian income tax of 25% for the financial year ended 31 March, 2010. Subject to approval by shareholders at the forthcoming Annual General Meeting, this dividend will be paid on 3 November 2010.





Directorate

On 23 August 2010, Dato' Sri Liew Yew Chung and his alternate Dato' Sri Liew Kuek Hin have resigned as Directors of the Company.

Dato' Sri Liew Yew Chung has also resigned as a member of the Audit Committee. On behalf of the Board, I wish to extend our sincere appreciation for their invaluable contributions during their tenure as Directors.

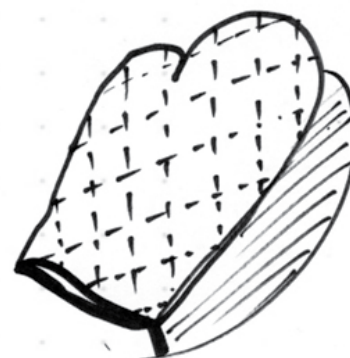
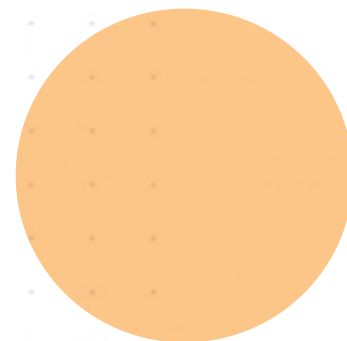
Appreciation

On behalf of the Board of Directors, I would like to extend our gratitude to the Group's valued customers, business associates, government authorities, bankers and shareholders for their continued support, trust and confidence in the Group.

I would also like thank all our dedicated and loyal staff for all their hard work and commitment throughout the year.

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





by lay hong

Recipe No.3
Fruits Tart
with Custard Filling

ingredients //**Pastry**

130g butter
65g icing sugar
250g plain flour
30g eggs

Custard Filling

5 egg yolks
30g brown sugar
1 tsp cornstarch
80g low fat milk
1tbsp butte

Fruits for topping

Blueberries
Raspberries
Strawberries
or any combination of tropical fruits
mint leaves for garnusg

directions //**To make the pastry**

- 1 Cream butter and icing sugar until fluffy, add in flour and egg until dough is formed.
- 2 Press dough into tart moulds and bake in preheated oven at 180°C for 15-25mins or until cooked. Keep tart shell until ready to use.

To make the custard cream

- 1 Mix egg yolks, sugar and cornstarch until creamy, add in milk and butter. Cook the mixture over low heat until it becomes thick.

To assemble

- 1 Fill the custard into the tart shells, keep chilled for 30mins and top with berries before serving.

Makes 24
Hands-On Time:
35mins
Total Time:
1 hour

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 of 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 six (6) 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 current six (6) Directors, two (2) are executives and non-independent namely Mr Yap Hoong Chai & Mr Yeap Weng Hong. Two (2) are non-independent non-executive namely Mr Yip Kim Hoong and Mr Yeap Fock Hoong. Dato' Dr. Abdul Aziz Bin Mangkat and Encik Abdul Hamid Bin Mohamed Ghows are non-executive independent Directors. The Board is headed by Chairman Mr Yap Hoong Chai, who is also the Group Managing Director. Dato' Sri Liew Yew Chung resigned as non-independent non-executive Director on 23 August 2010.

The presence of a sufficient number of independent Directors provide a strong element of independence of the Board.

The two (2) executive Directors are all hands-on and have over two decades of working experience in the integrated livestock farming and food production business. One of the independent Directors is a professional accountant by training who has extensive experience in both the corporate and financial service environment whilst the other was formerly the Deputy Director General of the Department of Veterinary Services in the Ministry of Agriculture & Agro-Based Industry. Of the remaining two (2) non-executive non-independent Directors, one is a professional pilot with a major airline and the other a businessman.

The profile of each Director is presented on pages 8 to 10 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	5 of 5 meetings
Abdul Hamid	
Bin Mohamed Ghows	5 of 5 meetings
Dato' Dr Abdul Aziz	
Bin Mangkat	5 of 5 meetings
Dato' Sri Liew Yew Chung (resigned 23 August 2010)	4 of 5 meetings

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 11 to 15 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 of 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.

statement on corporate governance (cont'd)

The breakdown of Directors remuneration during the financial year is presented on page 92 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 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.

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 40 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 30 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 financial 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 standards 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 ("ESOS") Scheme

No share option were exercised under the ESOS scheme during the financial year.

Non-Audit Fees

Non-audit fees payable to the external auditors for the financial year ended 31 March 2010 is RM3,000.

Revaluation Policy on Landed Properties

The Group has adopted a policy to revalue its land and buildings at least once in every five years.

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 Akreditasi 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 ensure 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.





by lay hong

Recipe No.4
Grapes Roasted
Frankfurters

ingredients //

- 1 pack NutriPlus Honey & Chili Chicken Frank
- 1 pack NutriPlus Smoked Chicken Frank
- 2 tbsp butter
- 1 tbsp olive oil
- 6 cups red or green seedless grapes, stems removed
- 1 French loaf, sliced
- Balsamic vinegar to taste

directions //

- 1 Preheat the oven to 500°F. Simmer or steam the sausages, covered, for 7-8mins so they are partially cooked.
- 2 Melt the butter and oil in a large, flameproof roasting pan, add the garlic, and cook for 1-2mins or until garlic releases its aroma but is not turning brown. Add the grapes and toss to coat.
- 3 With tongs, transfer the partially-cooked sausages to the roasting pan and push them down into the grapes so the sausages will not brown too quickly. Roast in the preheated oven, turning the sausages once, until the grapes are soft and the sausages have browned about 20-25mins.
- 4 Arrange the bread on the bottom of a heated serving platter. With a slotted spoon, transfer the sausages and grapes to the platter, mounding them over the bread.
- 5 Place the roasting pan on top of the stove over a medium high heat and add the balsamic vinegar. Scrape up any browned bits on the bottom of the roasting pan and allow the vinegar and juices to reduce until they are syrupy.
- 6 Pour the sauce over the sausages and grapes and serve immediately.

Serves 4-6
Hands-On Time:
35mins
Total Time:
35mins

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

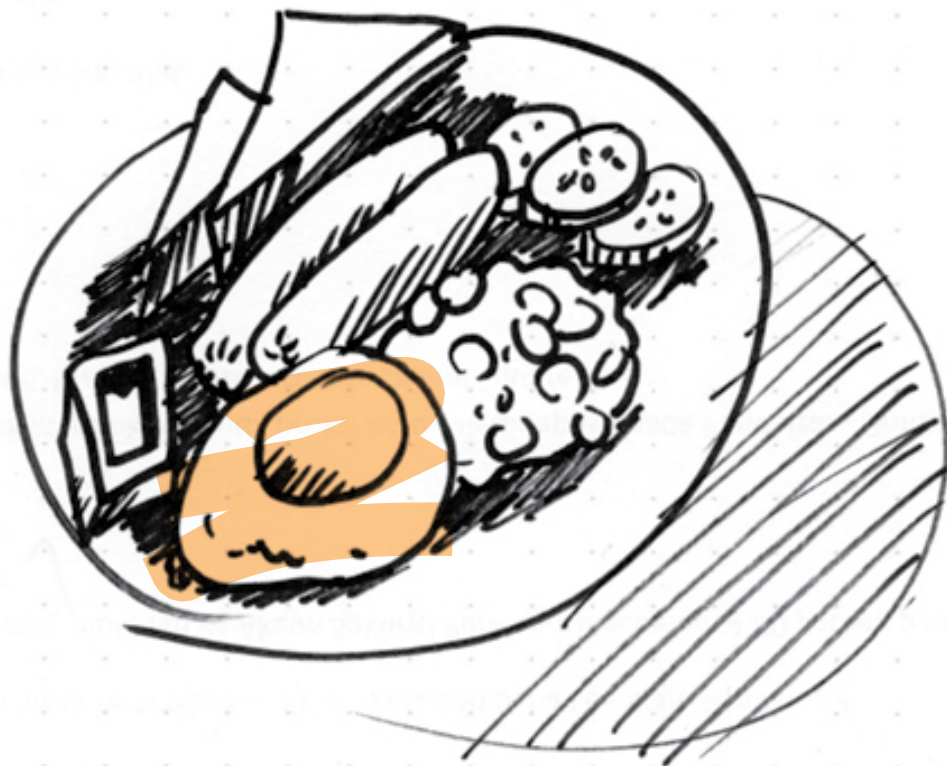
The Board confirms that there is an ongoing process in identifying, evaluating and managing significant risks faced by the Group; that the process has been in place up to the date of this statement; that this process is reviewed by the Board and is in accordance with the Statement on Internal Control: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

- 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 the provision for doubtful trade debts.
- The internal audit function reports directly to the Audit Committee. One report 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.
- 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.
- 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.
- Monthly Executive Committee meetings are held and are attended by all Executive Directors and senior management to discuss the Group's operational matters.
- 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.

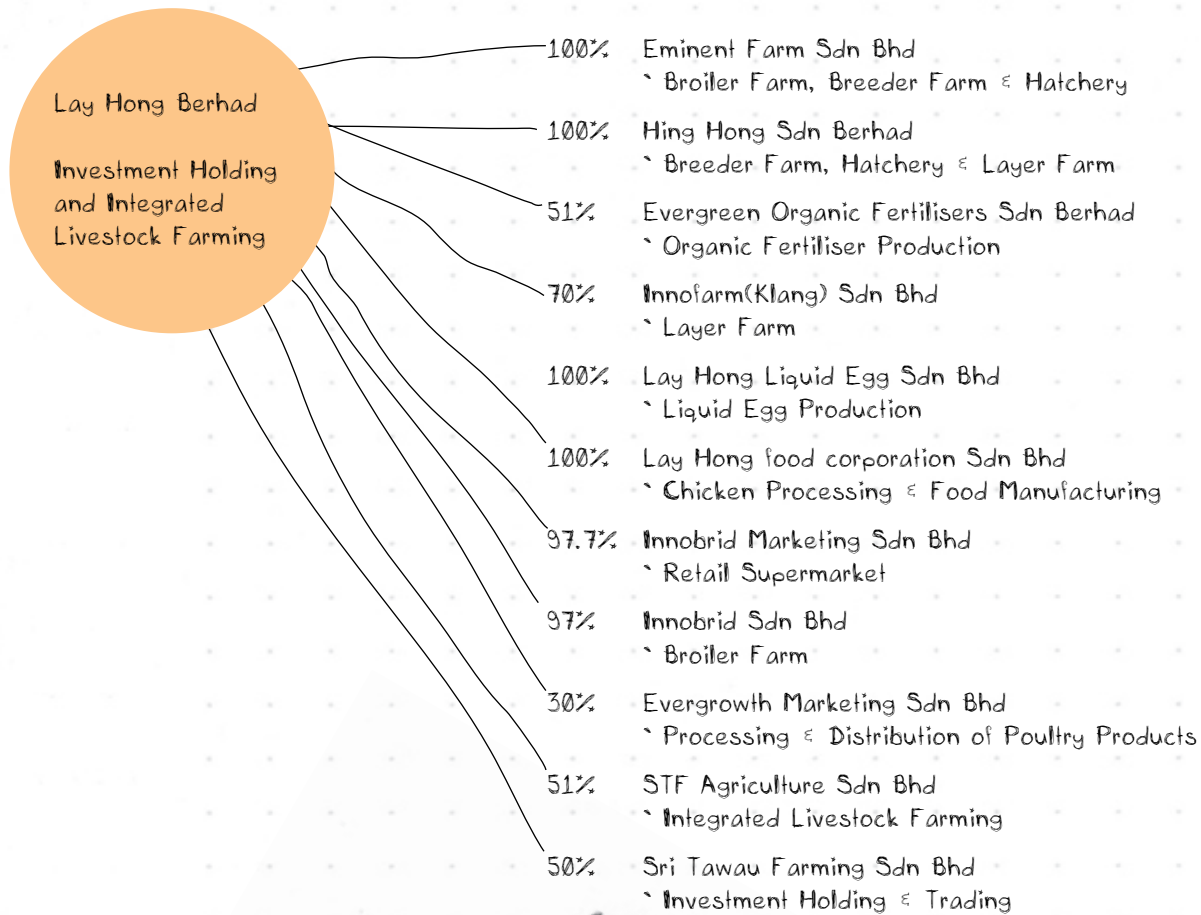
This statement is made in accordance with the resolution of the Board dated 22 July 2010.

group financial highlights



<u>In RM' 000</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenue	226,597	232,746	317,523	350,546	388,753
Profit/(loss) before tax	10,237	2,357	5,123	11,775	15,193
Total assets	219,273	242,543	270,370	289,863	300,105
Paid-up capital	42,000	46,240	46,240	46,240	46,240
Net Assets (NA)	67,888	74,086	75,554	82,640	92,532
NA per share (RM)	1.616	1.602	1.634	1.787	2.001
Earnings per share-sen	15.81	3.22	3.03	15.33	22.33

group structure & operations



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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 2010.

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 5 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
Profit for the year	12,814,631	1,005,715
Attributable to:		
Equity holders of the Company	10,325,438	1,005,714
Minority interests	2,489,193	–
	12,814,631	1,005,714

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 1.25% less 25% income tax amounting to RM433,500 in respect of the financial year ended 31 March 2009, on 3 November 2009. The Directors propose a final dividend of 3.0% less 25% income tax in respect of the financial year ended 31 March 2010, to be approved at the forthcoming Annual General Meeting.

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
Dato' Sri Liew Yew Chung
Dato' Sri Liew Kuek Hin (alternate to Dato' Sri Liew Yew Chung)

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.

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 29 to the financial statements or the fixed salary of a full-time 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 34 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.

The salient features and other terms of the ESOS are disclosed in Note 15 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:

directors' report (cont'd)

EXECUTIVE SHARE OPTION SCHEME (cont'd)

Name	Grant date	Expiry date	Exercise price	No. of Share Options		
				At 1 April 2009	Exercised	At 31 March 2010
Ng Kim Tian	23/11/2005	10/11/2010	1.00	400,000	–	400,000
Yap Chor How	23/11/2005	10/11/2010	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 2009	Bought	Sold	At 31 March 2010
The Company				
Direct Interest				
Yeap Fock Hoong	12,000	–	–	12,000
Yeap Weng Hong	7,200	–	–	7,200
Yip Kim Hoong	2,836,657	–	110,000	2,726,657
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
Dato' Sri Liew Yew Chung	11,372,200	–	–	11,372,200
Dato' Sri Liew Kuek Hin	11,372,200	–	–	11,372,200

DIRECTORS' INTEREST (cont'd)

	Number of Ordinary Shares of RM1 Each			At 31 March 2010
	At 1 April 2009	Bought	Sold	

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

Name	Grant date	Expiry date	Number of Options over Ordinary Shares of RM 1 each				At 31 March 2010
			At 1 April 2009	Granted	Exercised	Lapsed	
Yap Hoong Chai	23/11/2005	10/11/2010	600,000	–	–	–	600,000
Yeap Weng Hong	23/11/2005	10/11/2010	400,000	–	–	–	400,000

Yap Hoong Chai, Yeap Fock Hoong, Yeap Weng Hong, Dato' Sri Liew Yew Chung and Dato' Sri Liew Kuek Hin 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.

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.

directors' report (cont'd)

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements 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.
- (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.

OTHER STATUTORY INFORMATION (cont'd)

(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 22 July 2010.

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 43 to 100 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 2010 and of the results and the 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 22 July 2010.

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 accompanying financial statements set out on pages 43 to 100 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
abovenamed NG KIM TIAN in Klang,
Selangor Darul Ehsan on 22 July 2010.

NG KIM TIAN

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 balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 100.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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 the 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 2010, and of its performance and cash flows of the year then ended.

independent auditors' report (cont'd)

to the members of Lay Hong Berhad

Report on Other Legal and Regulatory 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 have been properly kept in accordance with the provisions of the Act.
- (b) we are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements of the Company 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.
- (c) our 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 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

1315/12/10 (J)

Chartered Accountant

Kuala Lumpur

22 July 2010

balance sheets

as at 31 March 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Assets					
Non-current assets					
Property, plant and equipment	3	161,781,827	157,891,965	63,947,572	61,849,061
Prepaid land lease payments	4	7,119,957	6,961,176	310,105	314,537
Investments	5	1,118,791	2,118,791	17,416,648	18,416,648
Intangible assets	6	2,671,104	2,768,726	–	–
Deferred tax assets	7	6,330,668	9,698,257	20,671	679,646
		179,022,347	179,438,915	81,694,996	81,259,892
Current assets					
Biological assets	8	21,123,629	21,938,499	11,014,855	11,948,521
Inventories	9	41,519,855	35,972,553	6,798,301	6,322,462
Trade receivables	10	38,029,900	41,468,808	8,655,609	9,496,556
Other receivables	11	4,923,066	7,415,075	1,913,263	3,545,318
Due from subsidiaries	12	–	–	52,882,278	62,529,123
Short term investment	13	10,031,353	1,212,260	10,031,353	1,212,260
Cash and bank balances	14	5,455,300	2,417,381	35,581	173,655
		121,083,103	110,424,576	91,331,240	95,227,895
Total assets		300,105,450	289,863,491	173,026,236	176,487,787
Equity and Liabilities					
Equity attributable to equity holders of the Company					
Share capital	15	46,240,000	46,240,000	46,240,000	46,240,000
Other reserves		10,753,972	11,490,347	5,879,454	6,379,189
Retained earnings	16	35,538,448	24,910,135	16,163,761	15,091,812
		92,532,420	82,640,482	68,283,215	67,711,001
Minority interests		17,468,323	14,979,130	–	–
Total equity		110,000,743	97,619,612	68,283,215	67,711,001

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

balance sheets (cont'd)

as at 31 March 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Non-current liabilities					
Long term borrowings	17	39,135,259	42,743,415	31,461,656	33,358,128
Due to corporate shareholders	18	1,093,057	1,706,057	–	–
Deferred tax liabilities	7	18,369,852	20,071,127	7,240,675	7,701,095
		58,598,168	64,520,599	38,702,331	41,059,223
Current liabilities					
Trade payables	19	59,848,678	57,037,581	31,995,101	36,044,602
Other payables	20	15,300,608	14,777,517	4,635,793	1,848,399
Due to subsidiaries	12	–	–	2,381,170	2,448,835
Due to corporate shareholders	18	128,018	128,018	–	–
Income tax payable		–	11,262	–	–
Short term borrowings	17	56,229,235	55,768,902	27,028,626	27,375,727
		131,506,539	127,723,280	66,040,690	67,717,563
Total liabilities		190,104,707	192,243,879	104,743,021	108,776,786
Total Equity and Liabilities		300,105,450	289,863,491	173,026,236	176,487,787

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

income statements

for the year ended 31 March 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	22	388,753,593	350,545,615	194,990,266	214,501,380
Cost of sales		(323,798,484)	(301,317,734)	(175,989,860)	(199,787,858)
Gross profit		64,955,109	49,227,881	19,000,406	14,713,522
Other operating income	23	1,632,527	3,543,297	1,489,087	2,778,261
Selling and distribution expenses		(27,189,926)	(23,188,108)	(7,257,030)	(6,352,398)
Administrative expenses		(18,778,394)	(11,635,912)	(7,848,700)	(5,825,853)
Profit from operations	24	20,619,316	17,947,158	5,383,763	5,313,532
Finance costs	25	(5,426,476)	(6,172,502)	(3,581,472)	(3,882,167)
Profit before taxation		15,192,840	11,774,656	1,802,291	1,431,365
Tax expenses	26	(2,378,209)	(758,404)	(796,577)	(255,641)
Profit for the financial year		12,814,631	11,016,252	1,005,714	1,175,724
Attributable to:					
Equity holders of the Company		10,325,438	7,086,776	1,005,714	1,175,724
Minority interests		2,489,193	3,929,476	-	-
		12,814,631	11,016,252	1,005,714	1,175,724
Earnings per share attributable to equity holders to the Company (sen)					
Basic	27	22.33	15.33		

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

consolidated statement of changes in equity

for the year ended 31 March 2010

← Attributable to Equity Holders of the Company →

	Share Capital RM	Non- Distributable Revaluation Reserve RM	Distributable Retained Earnings RM	Total RM	Minority Interests RM	Total Equity RM
At 1 April 2008	46,240,000	11,801,168	17,512,538	75,553,706	11,442,125	86,995,831
Transfer to distributable reserve on realisation of revaluation reserve	–	(310,821)	310,821	–	–	–
Net (expense)/income recognised directly in equity	–	(310,821)	310,821	–	–	–
Profit for the financial year	–	–	7,086,776	7,086,776	3,929,476	11,016,252
Acquisition of additional equity interest in a subsidiary company	–	–	–	–	(392,471)	(392,471)
At 31 March 2009	46,240,000	11,490,347	24,910,135	82,640,482	14,979,130	97,619,612
Transfer to distributable reserve on realisation of revaluation reserve	–	(736,375)	736,375	–	–	–
Net (expense)/income recognised directly in equity	–	(736,375)	736,375	–	–	–
Profit for the financial year	–	–	10,325,438	10,325,438	2,489,193	12,814,631
Dividends	–	–	(433,500)	(433,500)	–	(433,500)
At 31 March 2010	46,240,000	10,753,972	35,538,448	92,532,420	17,468,323	110,000,743

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

company statement of changes in equity

for the year ended 31 March 2010

	Share Capital RM	Non- Distributable Revaluation Reserve RM	Distributable Retained Earnings RM	Total RM
At 1 April 2008	46,240,000	6,435,923	13,859,354	66,535,277
Transfer to distributable reserve				
on realisation of revaluation reserve	-	(56,734)	56,734	-
Net (expense)/income recognised directly in equity	-	(56,734)	56,734	-
Profit for the financial year	-	-	1,175,724	1,175,724
At 31 March 2009	46,240,000	6,379,189	15,091,812	67,711,001
Transfer to distributable reserve				
on realisation of revaluation reserve	-	(499,735)	499,735	-
Net (expense)/income recognised directly in equity	-	(499,735)	499,735	-
Profit for the financial year	-	-	1,005,714	1,005,714
Dividends	-	-	(433,500)	(433,500)
At 31 March 2010	46,240,000	5,879,454	16,163,761	68,283,215

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

cash flow statements

for the year ended 31 March 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash Flows From Operating Activities				
Profit before taxation	15,192,840	11,774,656	1,802,291	1,431,365
Adjustments for:				
Amortisation of prepaid land lease payments	73,720	68,637	4,432	4,432
Amortisation of intangible assets	97,622	97,622	-	-
Depreciation of property, plant and equipment	14,296,801	12,753,263	5,540,829	5,426,798
Dividend income	(300)	(250)	(300)	(250)
Net (gain)/loss on disposal of property, plant and equipment	(130,550)	(8,551)	(140,545)	8,735
Property, plant and equipment written off	777,756	112,002	171,953	13,356
Interest expense	5,426,476	6,172,502	3,581,472	3,882,167
Interest income	(45,650)	(114,118)	(37,438)	(98,510)
Net unrealised foreign exchange (gains)/losses	44,675	(114,693)	82,682	(80,086)
Allowance for doubtful debts	876,673	1,033,282	-	79,530
Bad debts written off	17,261	11,847	-	-
Allowance for doubtful debts written back	(127,781)	(913,449)	(120,462)	-
Impairment losses on unquoted bonds	1,000,000	-	1,000,000	-
Excess of fair value of net assets acquired over consideration paid	-	(392,470)	-	-
Operating profit before working capital changes	37,499,543	30,480,280	11,884,914	10,667,537
Decrease/(increase) in inventories and biological assets	(4,732,432)	(8,462,559)	457,827	(638,516)
Decrease/(increase) in trade and other receivables	4,915,363	3,408,256	2,296,483	(2,028,888)
Increase/(decrease) in trade and other payables	3,289,513	4,843,758	(1,344,788)	(3,227,742)
Decrease/(increase) in intercompany balances	-	-	9,579,180	(126,820)
Decrease in amount due to corporate shareholders	(613,000)	(588,200)	-	-
Cash generated from operations	40,358,987	29,681,535	22,873,616	4,645,571
Interest paid	(5,426,476)	(6,172,502)	(3,581,472)	(3,882,167)
Taxes (paid)/refunded	(473,756)	96,561	(301,041)	138,994
Net cash inflow from operating activities	34,458,755	23,605,594	18,991,103	902,398

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	(13,324,124)	(17,542,801)	(4,894,569)	(1,197,019)
Additions to prepaid land lease payments	(232,500)	–	–	–
Proceeds from disposal of property, plant and equipment	1,540,129	346,079	1,220,921	117,681
Additional investment in a subsidiary	–	–	–	(1)
Interest received	45,650	114,118	37,438	98,510
Increase in deposits pledged to licensed bank	(3,000,000)	(15,384)	–	–
Dividend received	300	250	300	250
Net cash outflow from investing activities	(14,970,545)	(17,097,738)	(3,635,910)	(980,579)
Cash Flows From Financing Activities				
Drawdown of bankers' acceptances	1,831,000	3,442,000	465,000	666,000
Repayment of term loans	(7,697,510)	(8,814,460)	(4,021,100)	(3,525,061)
Repayment of hire purchase financing	(5,148,833)	(4,522,705)	(1,248,755)	(1,133,259)
Dividends paid	(433,500)	–	(433,500)	–
Net cash outflow from financing activities	(11,448,843)	(9,895,165)	(5,238,355)	(3,992,320)
Net Decrease In Cash And Cash Equivalents	8,039,367	(3,387,309)	10,116,838	(4,070,501)
Cash And Cash Equivalents At Beginning Of The Year	(3,798,621)	(411,312)	(2,014,085)	2,056,416
Cash And Cash Equivalents At End Of The Year (Note 14)	4,240,746	(3,798,621)	8,102,753	(2,014,085)

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

notes to the financial statements

31 March 2010

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 5 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 22 July 2010.

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.

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 entity.

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 income statements.

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 balance sheet 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 income statements.

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.

notes to the financial statements (cont'd)

31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(b) 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(g) to the financial statements.

(ii) Research and development costs

All research costs are recognised in the income statements 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 balance sheet date.

(c) 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 income statements during the financial year in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment (cont'd)

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(g) 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 income statements, in which case the increase is recognised in the income statements 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 income statements. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land is not depreciated as it has an infinite life.

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.

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%

notes to the financial statements (cont'd)

31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment (cont'd)

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 income statements 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.

(d) 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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) 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 merchandise 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.

notes to the financial statements (cont'd)

31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) 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 balance sheets 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 income statements 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(c).

(iii) Operating leases

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.

The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease periods expiring ranging from 21 to 928 years.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) 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 balance sheet 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 income statements 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-rata 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 income statements in the year in which the reversals are recognised.

(h) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. 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 balance sheet date.

notes to the financial statements (cont'd)

31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Income taxes (cont'd)

Deferred tax is provided for, using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statement. 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 that have been enacted or substantively enacted at the balance sheet 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.

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 income statements.

(i) 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)

(i) 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 income statements.

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

	2010 RM	2009 RM
Foreign Currencies		
Euro (EUR)	4.3995	5.0600
Singapore Dollar (SGD)	2.3288	2.4500
United State Dollar (USD)	3.2600	3.6700

(j) 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 is recognised net of discounts upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is recognised to the extent that it is possible that the economic benefits will flow to the Group and the Company, and the revenue can be measured reliably.

(ii) Dividend income

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

notes to the financial statements (cont'd)

31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Revenue recognition (cont'd)

(iii) Interest income

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

(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.

(k) Financial instruments

Financial instruments are recognised in the balance sheets when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are changed directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less any accumulated impairment losses. Upon disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in income statements.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in income statements. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in income statements.

(iv) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off in the period in which they are identified. Allowance for bad and doubtful debts is made for based on estimates of possible losses which may arise from non-collection of certain receivables.

(v) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

notes to the financial statements (cont'd)

31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(I) 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 income statement 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 income statements as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(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. The total fair value of share options granted to executives is 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 balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognise the impact of the revision of original estimates, if any, in the income statements, 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.

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in income statements in the period in which they are incurred.

2.3 Standards and Interpretations issued but not yet effective

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 Group and the Company:

FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 8	Operating Segments	1 July 2009
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101	Presentation of Financial Statements (revised)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2	Share-based Payment -Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 8	Operating Segments	1 January 2010
Amendments to FRS 107	Statement of Cash Flows	1 January 2010
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendments to FRS 110	Events After the Reporting Period	1 January 2010
Amendments to FRS 116	Property,Plant and Equipment	1 January 2010

notes to the financial statements (cont'd)

31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards and Interpretations issued but not yet effective (cont'd)

<u>FRSs, Amendments to FRSs and Interpretations</u>	<u>Effective for financial periods beginning on or after</u>	
Amendments to FRS 117	Leases	1 January 2010
Amendments to FRS 118	Revenue	1 January 2010
Amendments to FRS 119	Employee Benefits	1 January 2010
Amendments to FRS 120	Accounting for Government Grants and Disclosures of Government Assistance	1 January 2010
Amendments to FRS 123	Borrowing Costs	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 128	Investment in Associates	1 January 2010
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendments to FRS 131	Interests in Joint Ventures	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 134	Interim Financial Reporting	1 January 2010
Amendments to FRS 136	Impairment of Assets	1 January 2010
Amendments to FRS 138	Intangible Assets	1 January 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 140	Investment Property	1 January 2010
Improvement to FRSs 2009	Improvement to FRSs (2009)	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 -Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 -The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
TRi-3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 March 2010
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combination (revised)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (amended)	1 July 2010

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards and Interpretations issued but not yet effective (cont'd)

FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS7 Disclosure for First-time Adopters	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011

The above new FRSs, Amendments to FRSs and IC Interpretations above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application, except for the changes in disclosures arising from the adoption of FRS 7, FRS 101 and FRS 139.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements of the Group and of the Company upon the initial application of FRSs 7 and 139.

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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

notes to the financial statements (cont'd)

31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Critical accounting estimates and judgements (cont'd)

(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 balance sheet date is disclosed in Note 6.

(b) Impairment of property, plant and equipment

The Group assess at each balance sheet 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 balance sheet 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) Allowance for doubtful debts

The Group and the Company make allowance for doubtful debts based on assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such differences will impact carrying value of receivables.

notes to the financial statements (cont'd)

31 March 2010

3 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold 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	22,165,547	113,669,282	12,755,685	9,194,122	11,525,986	169,844,394
Valuation	16,838,096	65,234,268	-	-	-	-	82,072,364
Additions	17,371,868	87,399,815	113,669,282	12,755,685	9,194,122	11,525,986	251,916,758
Disposals	65,250	2,631,935	4,727,880	2,058,369	4,806,673	6,083,891	20,373,998
Transfers	(415,000)	(971,978)	(65,000)	(723,173)	(99,469)	-	(2,274,620)
Write offs	587,250	11,133,844	683,209	-	169,460	(12,573,763)	-
	-	-	(12,670)	-	(652,372)	(605,803)	(1,270,845)
At 31 March 2010	17,609,368	100,193,616	119,002,701	14,090,881	13,418,414	4,430,311	268,745,291
Cost	1,186,272	35,859,748	119,002,701	14,090,881	13,418,414	4,430,311	187,988,327
Valuation	16,423,096	64,333,868	-	-	-	-	80,756,964
	17,609,368	100,193,616	119,002,701	14,090,881	13,418,414	4,430,311	268,745,291
Accumulated depreciation							
At 1 April 2009							
Reclassification	-	32,700,730	49,290,389	8,478,037	3,555,637	-	94,024,793
	-	-	-	-	-	-	-
Charge for the year	-	32,700,730	49,290,389	8,478,037	3,555,637	-	94,024,793
Disposals	-	3,044,599	8,878,430	1,487,249	886,523	-	14,296,801
Write offs	-	(307,033)	(5,983)	(488,838)	(63,187)	-	(865,041)
	-	-	(2,006)	-	(491,083)	-	(493,089)
At 31 March 2010	-	35,438,296	58,160,830	9,476,448	3,887,890	-	106,963,464
Cost	-	6,502,330	58,160,830	9,476,448	3,887,890	-	78,027,498
Valuation	-	28,935,966	-	-	-	-	28,935,966
	-	35,438,296	58,160,830	9,476,448	3,887,890	-	106,963,464
Net carrying amounts							
Cost	1,186,272	29,357,418	60,841,871	4,614,433	9,530,524	4,430,311	109,960,829
Valuation	16,423,096	35,397,902	-	-	-	-	51,820,998
At 31 March 2010	17,609,368	64,755,320	60,841,871	4,614,433	9,530,524	4,430,311	161,781,827

3 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold 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
2009							
Cost/Valuation							
At 1 April 2008							
Cost	-	16,841,071	98,505,154	10,935,988	6,021,490	7,989,973	140,293,676
Valuation	16,838,096	65,234,267	-	-	-	-	82,072,363
	16,838,096	82,075,338	98,505,154	10,935,988	6,021,490	7,989,973	222,366,039
Additions	533,772	3,220,655	9,450,742	2,524,260	3,209,393	11,540,519	30,479,341
Disposals	-	-	(48,000)	(586,291)	(25,083)	-	(659,374)
Transfers	-	2,203,147	5,778,089	-	13,540	(7,994,776)	-
Write offs	-	(99,325)	(16,703)	(118,272)	(25,218)	(9,730)	(269,248)
At 31 March 2009	17,371,868	87,399,815	113,669,282	12,755,685	9,194,122	11,525,986	251,916,758
Cost	533,772	22,165,547	113,669,282	12,755,685	9,194,122	11,525,986	169,844,394
Valuation	16,838,096	65,234,268	-	-	-	-	82,072,364
	17,371,868	87,399,815	113,669,282	12,755,685	9,194,122	11,525,986	251,916,758
Accumulated depreciation							
At 1 April 2008							
Reclassification	-	29,991,189	41,291,764	7,604,627	2,863,042	-	81,750,622
	-	(34,027)	34,027	-	-	-	-
Charge for the year	-	29,957,162	41,325,791	7,604,627	2,863,042	-	81,750,622
Disposals	-	2,757,858	7,993,618	1,286,072	715,715	-	12,753,263
Disposals	-	-	(16,320)	(295,516)	(10,010)	-	(321,846)
Write offs	-	(14,290)	(12,700)	(117,146)	(13,110)	-	(157,246)
At 31 March 2009	-	32,700,730	49,290,389	8,478,037	3,555,637	-	94,024,793
Cost	-	5,026,846	49,290,389	8,478,037	3,555,637	-	66,350,909
Valuation	-	27,673,884	-	-	-	-	27,673,884
	-	32,700,730	49,290,389	8,478,037	3,555,637	-	94,024,793
Net carrying amounts							
Cost	533,772	17,138,701	64,378,893	4,277,648	5,638,485	11,525,986	103,493,485
Valuation	16,838,096	37,560,384	-	-	-	-	54,398,480
At 31 March 2009	17,371,868	54,699,085	64,378,893	4,277,648	5,638,485	11,525,986	157,891,965

notes to the financial statements (cont'd)

31 March 2010

3 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold 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	–	1,990,543	47,449,003	6,193,618	3,773,743	9,037,978	68,444,885
Valuation	9,758,097	23,078,102	–	–	–	–	32,836,199
Additions	9,758,097	25,068,645	47,449,003	6,193,618	3,773,743	9,037,978	101,281,084
Disposals	65,250	1,541,405	348,491	942,497	1,159,180	4,834,846	8,891,669
Transfers	(415,000)	(900,400)	–	(326,606)	(88,496)	–	(1,730,502)
Write offs	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	34,741,148	47,784,824	6,809,509	4,197,035	4,249,096	107,777,209
Cost	652,500	12,563,446	47,784,824	6,809,509	4,197,035	4,249,096	76,256,410
Valuation	9,343,097	22,177,702	–	–	–	–	31,520,799
	9,995,597	34,741,148	47,784,824	6,809,509	4,197,035	4,249,096	107,777,209
Accumulated depreciation							
At 1 April 2009							
Charge for the year	–	8,195,450	23,705,016	4,834,317	2,697,240	–	39,432,023
Disposals	–	1,076,778	3,583,187	549,676	331,188	–	5,540,829
Write offs	–	(282,930)	–	(306,606)	(60,590)	–	(650,126)
Write offs	–	–	(2,006)	–	(491,083)	–	(493,089)
At 31 March 2010	–	8,989,298	27,286,197	5,077,387	2,476,755	–	43,829,637
Cost	–	425,782	27,286,197	5,077,387	2,476,755	–	35,266,121
Valuation	–	8,563,516	–	–	–	–	8,563,516
	–	8,989,298	27,286,197	5,077,387	2,476,755	–	43,829,637
Net carrying amounts							
Cost	652,500	12,137,664	20,498,627	1,732,122	1,720,280	4,249,096	40,990,289
Valuation	9,343,097	13,614,186	–	–	–	–	22,957,283
At 31 March 2010	9,995,597	25,751,850	20,498,627	1,732,122	1,720,280	4,249,096	63,947,572

3 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold 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
2009							
Cost/Valuation							
At 1 April 2008							
Cost	-	1,004,961	44,168,468	5,602,279	3,612,312	6,523,787	60,911,807
Valuation	9,758,097	23,078,102	-	-	-	-	32,836,199
	9,758,097	24,083,063	44,168,468	5,602,279	3,612,312	6,523,787	93,748,006
Additions	-	295,543	547,869	909,220	211,349	5,997,578	7,961,559
Disposals	-	-	(48,000)	(222,709)	(24,700)	-	(295,409)
Transfers	-	690,039	2,793,348	-	-	(3,483,387)	-
Write offs	-	-	(12,682)	(95,172)	(25,218)	-	(133,072)
At 31 March 2009	9,758,097	25,068,645	47,449,003	6,193,618	3,773,743	9,037,978	101,281,084
Accumulated depreciation							
At 1 April 2008							
Charge for the year	-	877,338	3,590,584	516,190	442,686	-	5,426,798
Disposals	-	-	(16,320)	(142,669)	(10,004)	-	(168,993)
Write offs	-	-	(11,436)	(95,171)	(13,109)	-	(119,716)
At 31 March 2009	-	8,195,450	23,705,016	4,834,317	2,697,240	-	39,432,023
Cost	-	161,947	23,705,016	4,834,317	2,697,240	-	31,398,520
Valuation	-	8,033,503	-	-	-	-	8,033,503
	-	8,195,450	23,705,016	4,834,317	2,697,240	-	39,432,023
Net carrying amounts							
Cost	-	1,828,596	23,743,987	1,359,301	1,076,503	9,037,978	37,046,365
Valuation	9,758,097	15,044,599	-	-	-	-	24,802,696
At 31 March 2009	9,758,097	16,873,195	23,743,987	1,359,301	1,076,503	9,037,978	61,849,061

notes to the financial statements (cont'd)

31 March 2010

3 PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) Freehold land of certain subsidiaries with net carrying amounts of RM4,640,000 (2009: RM4,640,000) have been pledged to financial institutions as security for bank borrowings as disclosed in Note 17.
- (b) Specific debenture has been created on certain poultry equipment with net carrying amounts of RM4,540,352 (2009: RM5,286,713).
- (c) The land and buildings were revalued on 28 March 2006 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Freehold land	8,773,070	9,005,070	4,139,979	4,371,979
Buildings	35,243,326	31,779,095	12,919,236	13,911,560
	44,016,396	40,784,165	17,059,215	18,283,539

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Motor vehicles	3,580,215	2,479,759	1,677,780	1,335,871
Office equipment	242,820	243,684	–	243,684
Plant and machinery	17,963,709	17,351,342	5,960,190	4,550,271

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash	13,324,124	17,542,801	4,894,569	1,197,019
Hire purchase	5,749,874	7,017,800	2,697,100	845,800
Term loan	1,300,000	5,918,740	1,300,000	5,918,740
	20,373,998	30,479,341	8,891,669	7,961,559

4 PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cost				
At beginning of year	6,961,177	7,029,813	314,537	318,969
Additions during the year	232,500	–	–	–
Amortisation during the year	(73,720)	(68,637)	(4,432)	(4,432)
At end of year	7,119,957	6,961,176	310,105	314,537
Analysed as:				
Long term leasehold land	6,469,824	6,521,047	310,105	314,537
Short term leasehold land	650,133	440,129	–	–
	7,119,957	6,961,176	310,105	314,537

Leasehold land of the Group with an aggregate carrying amounts of RM1,443,166 (2009: RM1,460,943) are pledged as securities for borrowings as at balance sheet date as disclosed in Note 17.

5 INVESTMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
(a) Subsidiaries				
Unquoted shares at cost	–	–	16,298,252	16,298,252
(b) 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	(1,000,000)	–	(1,000,000)	–
	1,000,000	2,000,000	1,000,000	2,000,000
Unquoted shares	118,001	118,001	118,001	118,001
Total investments	1,118,791	2,118,791	17,416,648	18,416,648
Market value of shares quoted in Malaysia	980	440	490	220

notes to the financial statements (cont'd)

31 March 2010

5 INVESTMENTS (cont'd)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Share Capital	Effective Interest Held (%)		Principal Activities
			2010	2009	
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	300,000	51	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	1,000,000	30	30	Poultry processing and marketing
Innobrid Sdn Bhd and its subsidiary	Malaysia	4,000,000	97	75	Poultry farming
– Innobrid Marketing Sdn Bhd	Malaysia	1,600,000	97.7	97.7	Retail supermarket
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	2,000,000	51	51	Integrated livestock farming

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

Unquoted bonds

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

6 INTANGIBLE ASSETS

Group	Development		Total RM
	Goodwill RM	Cost RM	
Cost			
At 1 April 2008/31 March 2009/31 March 2010	2,237,673	714,049	2,951,722
Accumulated impairment losses and amortisation			
At 1 April 2008	–	85,374	85,374
Additions	–	97,622	97,622
At 31 March 2009	–	182,996	182,996
Additions	–	97,622	97,622
At 31 March 2010	–	280,618	280,618
Net carrying amount			
At 31 March 2010	2,237,673	433,431	2,671,104
At 31 March 2009	2,237,673	531,053	2,768,726

The goodwill arising on consolidation is attributable to the acquisition of Sri Tawau Farming Sdn Bhd, Innobrid Sdn Bhd and Innobrid Marketing Sdn Bhd in prior years.

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

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:

	2010	2009
Budgeted gross margin	5%	5%
Growth rate	6%	6%
Discount rate	7.5%	7.5%

notes to the financial statements (cont'd)

31 March 2010

6 INTANGIBLE ASSETS (cont'd)

(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.

7 DEFERRED TAXATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At beginning of year	10,372,870	9,474,925	7,021,449	6,524,110
Recognised in income statement (Note 26)	1,666,314	897,945	198,555	497,339
At end of year	12,039,184	10,372,870	7,220,004	7,021,449
Presented after offsetting as follows:				
Deferred tax liabilities	18,369,852	20,071,127	7,240,675	7,701,095
Deferred tax assets	(6,330,668)	(9,698,257)	(20,671)	(679,646)
	12,039,184	10,372,870	7,220,004	7,021,449

7 DEFERRED TAXATION (cont'd)

	Accelerated Capital Allowances RM	Revaluation Reserve RM	Others RM	Total RM
Deferred Tax Liabilities of the Group:				
At 1 April 2008	17,406,460	1,367,426	156,932	18,930,818
Recognised in income statement	1,261,489	(97,345)	(23,835)	1,140,309
At 31 March 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

	Accelerated Capital Allowances RM	Revaluation Reserve RM	Total RM
Deferred Tax Liabilities of the Company:			
At 1 April 2008	7,259,329	302,174	7,561,503
Recognised in income statement	195,706	(56,114)	139,592
At 31 March 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

notes to the financial statements (cont'd)

31 March 2010

7 DEFERRED TAXATION (cont'd)

	Unutilised Tax Losses and Unabsorbed Capital Allowances RM	Others RM	Total RM
Deferred Tax Assets of the Group:			
At 1 April 2008	(8,969,166)	(486,727)	(9,455,893)
Recognised in income statement	(38,249)	(204,115)	(242,364)
At 31 March 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)
Deferred Tax Assets of the Company:			
At 1 April 2008	(995,734)	(41,659)	(1,037,393)
Recognised in income statement	336,109	21,638	357,747
At 31 March 2009	(659,625)	(20,021)	(679,646)
Recognised in income statement	659,625	(650)	658,975
At 31 March 2010	-	(20,671)	(20,671)

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.

8 BIOLOGICAL ASSETS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At cost:				
Layer breeders	792,370	619,939	-	-
Broiler breeders	5,193,439	4,945,537	-	-
Layers	15,137,820	16,373,023	11,014,855	11,948,521
	21,123,629	21,938,499	11,014,855	11,948,521

9 INVENTORIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At cost:				
Livestocks	4,803,815	4,189,233	-	-
Eggs	1,997,193	2,479,703	717,126	987,900
Raw materials	9,071,447	9,937,024	4,417,415	4,124,046
Organic fertilisers	733,596	803,558	-	-
Processed and frozen products	9,154,230	10,064,594	1,203	-
Retail merchandise	11,484,596	3,899,593	-	-
Consumables and packing materials	4,274,978	4,598,848	1,662,557	1,210,516
	41,519,855	35,972,553	6,798,301	6,322,462

10 TRADE RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	41,297,451	44,045,859	8,754,446	9,715,855
Allowance for doubtful debts	(3,267,551)	(2,577,051)	(98,837)	(219,299)
	38,029,900	41,468,808	8,655,609	9,496,556

The Group's normal credit term ranges from 30 days to 60 days (2009: 30 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables above is the following amount due to companies connected to certain Directors of the Company:

	Group	
	2010 RM	2009 RM
London Biscuits Berhad Group	872,888	275,652

notes to the financial statements (cont'd)

31 March 2010

11 OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Prepayments	1,264,264	2,235,520	607,748	634,673
Sundry receivables	634,850	928,957	382,312	323,977
Deposits	2,439,810	3,417,056	436,051	1,802,535
Tax recoverable	584,142	833,542	487,152	784,133
	4,923,066	7,415,075	1,913,263	3,545,318

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

12. DUE FROM/(TO) SUBSIDIARIES

Included in the net amount due from/(to) subsidiaries, is trade receivables balances of RM8,700,920 (2009: RM11,522,069) and other receivables balances of RM44,181,358 (2009: RM51,007,054).

The amounts due from/(to) subsidiaries are mainly from inter-company trade transactions, advances and payments made on behalf. The amounts 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 RM9.8 million (2009: RM7.8 million) are pledged to the financial institution as securities for credit facilities granted to certain subsidiaries as disclosed in Note 17.

13 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% (2009: 2.58%).

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash on hand and at banks	2,024,396	1,986,477	35,581	173,655
Deposits with licensed bank	3,430,904	430,904	-	-
Cash and bank balances	5,455,300	2,417,381	35,581	173,655
Short term investment (Note 13)	10,031,353	1,212,260	10,031,353	1,212,260
Less: Bank overdrafts (Note 17)	(7,815,003)	(6,997,358)	(1,964,181)	(3,400,000)
Cash and cash equivalents	7,671,650	(3,367,717)	8,102,753	(2,014,085)
Deposits pledged to licensed bank	(3,430,904)	(430,904)	-	-
	4,240,746	(3,798,621)	8,102,753	(2,014,085)

The deposits with licensed bank of the Group amounting to RM3,430,904 (2009: RM430,904) have been pledged to licensed bank for banking facilities used by certain subsidiaries. RM2.7 million 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% (2009: 3.88%).

The deposits with licensed bank as at the end of the financial year have a maturity of 365 days (2009: 365 days).

15 SHARE CAPITAL

	Number of Ordinary Shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 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/end of year	46,240,000	46,240,000	46,240,000	46,240,000

notes to the financial statements (cont'd)

31 March 2010

15 SHARE CAPITAL (cont'd)

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.

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.
- (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 allotted 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.

15 SHARE CAPITAL (cont'd)

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

Grant date	Exercise price RM	Number of options over ordinary shares of RM1 each			At 31 March 2010
		At 1 April 2009	Granted	During the year Exercised	
23 Nov 2005	1.00	6,260,000	–	–	6,260,000

* The share options were granted on 23 November 2005 and will expire on 10 November 2010.

16 RETAINED PROFITS

Prior to the year of assessment 2009, Malaysian companies adopted the full imputation tax system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

As at the financial year, 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 2010, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

notes to the financial statements (cont'd)

31 March 2010

17 BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Short Term Borrowings				
Secured:				
Bank overdrafts	5,850,822	3,597,358	-	-
Bankers' acceptances	19,054,000	17,688,000	-	-
Term loans	5,125,006	7,238,194	3,749,250	3,502,130
Hire purchase payables (Note 21)	4,473,332	4,491,409	1,553,301	1,119,656
	34,503,160	33,014,961	5,302,551	4,621,786
Unsecured:				
Bank overdrafts	1,964,181	3,400,000	1,964,181	3,400,000
Bankers' acceptances	19,254,000	18,789,000	19,254,000	18,789,000
Term loans	507,894	564,941	507,894	564,941
	21,726,075	22,753,941	21,726,075	22,753,941
	56,229,235	55,768,902	27,028,626	27,375,727
Long Term Borrowings				
Secured:				
Term loans	8,398,994	12,122,197	6,933,040	9,340,141
Hire purchase payables (Note 21)	10,116,335	9,497,216	3,908,686	2,893,985
	18,515,329	21,619,413	10,841,726	12,234,126
Unsecured:				
Term loans	20,619,930	21,124,002	20,619,930	21,124,002
	39,135,259	42,743,415	31,461,656	33,358,128
Total Borrowings				
Bank overdrafts (Note 14)	7,815,003	6,997,358	1,964,181	3,400,000
Bankers' acceptances	38,308,000	36,477,000	19,254,000	18,789,000
Term loans	34,651,824	41,049,334	31,810,114	34,531,214
Hire purchase payables (Note 21)	14,589,667	13,988,625	5,461,987	4,013,641
	95,364,494	98,512,317	58,490,282	60,733,855
Maturity of borrowings (excluding hire purchase):				
Within one year	51,846,430	51,277,493	25,565,852	26,256,071
More than 1 year and less than 2 years	22,271,481	5,585,278	21,202,401	4,183,091
More than 2 years and less than 5 years	2,059,726	23,205,358	1,694,423	21,825,489
5 years or more	4,597,190	4,455,563	4,565,619	4,455,563
	80,774,827	84,523,692	53,028,295	56,720,214

17 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	
	2010	2009	2010	2009
Bank overdrafts	7.13	6.97	7.00	6.77
Bankers' acceptances	3.55	4.32	3.68	4.15
Term loans	7.52	7.21	7.55	7.50

The credit facilities of the Company are secured by way of negative pledges on the assets of the Company, specific debentures on poultry equipment and subordination of an investment bond of RM2 million (2009: 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 and prepaid land lease payments as disclosed in Note 3 and Note 4 respectively, deposits as disclosed in Note 14, subordination of corporate shareholders' loan as disclosed in Note 18, and amount due from subsidiaries of RM9.8 million (2009: RM7.8 million) as disclosed in Note 12.

18 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	
	2010 RM	2009 RM
Amounts due to corporate shareholders	1,221,075	1,834,075
Less: current portion due within one year	(128,018)	(128,018)
Non-current portion due after one year	1,093,057	1,706,057

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.

notes to the financial statements (cont'd)

31 March 2010

19 TRADE PAYABLES

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 (2009: 30 days to 90 days).

20 OTHER PAYABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Accruals	5,641,261	7,692,602	2,126,909	1,310,722
Sundry payables	9,659,347	7,084,915	2,508,884	537,677
	15,300,608	14,777,517	4,635,793	1,848,399

21 HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Future minimum lease payments				
Not later than 1 year	5,317,184	5,301,286	1,876,723	1,365,622
Later than 1 year and not later than 2 years	5,718,256	4,213,376	1,794,672	1,242,103
Later than 2 years and not later than 5 years	5,292,151	6,079,054	2,454,923	1,772,816
Later than 5 years	73,294	179,453	61,325	179,453
	16,400,885	15,773,169	6,187,643	4,559,994
Less: Future finance charges	(1,811,218)	(1,784,544)	(725,656)	(546,353)
Present value of finance leases (Note 17)	14,589,667	13,988,625	5,461,987	4,013,641
Analysis of present value of finance lease liabilities:				
Not later than 1 year	4,473,332	4,491,409	1,553,301	1,119,656
Later than 1 year and not later than 2 years	4,056,653	3,676,177	1,585,682	1,077,962
Later than 2 years and not later than 5 years	5,987,916	5,649,751	2,262,829	1,644,735
Later than 5 years	71,766	171,288	60,175	171,288
	14,589,667	13,988,625	5,461,987	4,013,641
Analysed as:				
Amount due within 12 months (Note 17)	4,473,332	4,491,409	1,553,301	1,119,656
Amount due after 12 months (Note 17)	10,116,335	9,497,216	3,908,686	2,893,985
	14,589,667	13,988,625	5,461,987	4,013,641

21 HIRE PURCHASE AND FINANCE LEASE LIABILITIES (cont'd)

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

	Type	2010	2009	Maturity	Fair Value	
		%	%		2010 RM	2009 RM
Group						
Hire purchase and finance lease liabilities	Fixed	4.26 – 8.61	4.26 -8.61	2010 to 2016	14,607,807	13,810,010
Company						
Hire purchase and finance lease liabilities	Fixed	4.39 – 7.68	4.39 -8.41	2010 to 2016	5,444,966	3,997,959

22 REVENUE

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Eggs	119,394,984	126,183,000	123,297,287	127,018,581
Livestocks	25,762,053	29,763,023	2,367,349	3,897,584
Ready feed	25,600	8,961,682	67,889,918	81,132,309
Processed and frozen products	167,823,176	176,172,733	19,852	–
Others	75,747,780	9,465,177	1,415,860	2,452,906
	388,753,593	350,545,615	194,990,266	214,501,380

notes to the financial statements (cont'd)

31 March 2010

23 OTHER OPERATING INCOME

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Gain on disposal of property, plant and equipment	151,325	28,021	140,545	-
Rental income:				
- Subsidiary	-	-	3,600	3,600
- Others	701,319	193,805	269,059	85,031
Dividend from unquoted investments (gross)	300	250	300	250
Interest income	45,650	114,118	37,438	98,510
Insurance claim	11,938	962,538	11,938	962,538
Management fees from subsidiaries	-	-	876,000	876,000
Allowance for doubtful debts written back	127,781	913,449	120,462	-
Bad debts recovered	24,691	-	-	-
Excess of fair value of net assets acquired over consideration paid	-	392,470	-	-
Gain on foreign exchange:				
- Realised	11,497	199,528	-	103,999
- Unrealised	71,894	114,693	-	80,086

24 PROFIT FROM OPERATIONS

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors' fees:				
– Current year	138,000	138,000	138,000	138,000
– Underprovision in prior years	–	42,000	–	42,000
Statutory audits:				
– Current year	66,200	102,700	20,000	30,000
– (Over)/underprovision in prior years	(30,550)	18,050	(10,000)	18,550
– Other services	(6,000)	6,000	(6,000)	6,000
Amortisation of prepaid land lease payments	73,720	68,637	4,432	4,432
Amortisation of intangible assets	97,622	97,622	–	–
Depreciation of property, plant and equipment	14,296,801	12,753,263	5,540,829	5,426,798
Property, plant and equipment written off	777,756	112,002	171,953	13,356
Loss on disposal of property, plant and equipment	20,775	19,470	–	8,735
Hire of plant and machinery	232,865	259,770	25,324	39,963
Loss on foreign exchange:				
– Realised	394,919	23,220	275,375	–
– Unrealised	116,569	–	82,682	–
Allowance for doubtful debts	876,673	1,033,282	–	79,530
Bad debts written off	17,261	11,847	–	–
Rental:				
– Third parties	2,734,097	1,574,906	150,324	187,181
– A subsidiary	–	–	30,000	30,000
Impairment losses on unquoted bonds	1,000,000	–	1,000,000	–
Operating lease payments for office equipment	7,407	14,253	7,407	14,253

25 FINANCE COSTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expenses on:				
– Bank borrowings	4,280,001	5,036,375	3,284,839	3,566,226
– Hire purchase liabilities	981,921	919,865	296,633	315,941
– Others	164,554	216,262	–	–
	5,426,476	6,172,502	3,581,472	3,882,167

notes to the financial statements (cont'd)

31 March 2010

26 INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Tax expense for the year	687,508	645,145	595,510	514,642
Under/(over) provision in prior years	24,387	(784,686)	2,512	(756,340)
	711,895	(139,541)	598,022	(241,698)
Deferred tax (Note 7):				
Relating to origination and reversal of deferred tax	2,932,005	124,396	296,753	(71,627)
(Over)/underprovision of tax in prior year	(1,265,691)	773,549	(98,198)	568,966
	1,666,314	897,945	198,555	497,339
	2,378,209	758,404	796,577	255,641

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		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before taxation	15,192,840	11,774,656	1,802,291	1,431,365
Taxation at Malaysian statutory tax rate of 25%	3,798,210	2,943,664	450,573	357,841
Income not subject to tax	(1,197,516)	(2,409,503)	-	-
Expenses not deductible for tax purposes	1,674,120	235,380	441,690	85,174
Under/(over) provision in prior years:				
- Income tax	24,387	(784,686)	2,512	(756,340)
- Deferred tax	(1,265,691)	773,549	(98,198)	568,966
Derecognition of deferred tax assets	66,333	-	-	-
Utilisation of previously unrecognised deferred tax asset	(721,634)	-	-	-
Income tax expense for the year	2,378,209	758,404	796,577	255,641

27 EARNINGS PER SHARE

- (a) Basic earnings per share amounts are 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.

	2010 RM	2009 RM
Profit attributable to ordinary equity holders of the Company	10,325,438	7,086,776
Weighted average number of ordinary shares in issue	46,240,000	46,240,000
Basic earnings per share (sen)	22.33	15.33

- (b) The fully diluted earnings per share for the Group assuming full conversion of the ESOS is not presented as it is anti-dilutive.

28 EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Salaries, wages and bonus	20,686,850	18,051,523	6,086,363	5,089,995
Defined contribution plans	1,857,843	1,587,109	577,358	570,129
Other employee benefits	7,647,667	6,598,340	2,226,952	2,350,088
	30,192,360	26,236,972	8,890,673	8,010,212

Included in employee benefits expense are Directors' remuneration (excluding Directors' fees and benefits-in-kind) as follows (further disclosed in Note 29):

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors' remuneration	1,112,440	1,155,690	869,400	879,050

notes to the financial statements (cont'd)

31 March 2010

29 DIRECTORS' REMUNERATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	761,400	771,050	761,400	771,050
Fees	39,000	40,000	39,000	40,000
Bonus	108,000	108,000	108,000	108,000
Benefits-in-kind	41,325	30,157	41,325	30,157
	949,725	949,207	949,725	949,207
Non-executive:				
Fees	99,000	98,000	99,000	98,000
Other emoluments	48,000	37,000	48,000	37,000
	147,000	135,000	147,000	135,000
Other Directors				
Salaries and other emoluments	218,040	221,640	-	-
Bonus	25,000	55,000	-	-
	243,040	276,640	-	-
Total	1,339,765	1,360,847	1,096,725	1,084,207
Analysis of Directors' remuneration excluding benefits-in-kind:				
Executive Directors	908,400	919,050	908,400	919,050
Non-executive Directors	390,040	411,640	147,000	135,000
Total	1,298,440	1,330,690	1,055,400	1,054,050

29 DIRECTORS' REMUNERATION (cont'd)

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

	Number of Directors	
	2010	2009
Executive Directors:		
RM600,001 – RM650,000	1	1
RM300,001 – RM350,000	1	1
Non-Executive Directors:		
RM50,001 – RM 100,000	1	1
RM1 to RM50,000	4	4

30 OPERATING LEASE ARRANGEMENTS

The lease commitment as at balance sheet date is as follows:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Future minimum rentals payments:				
Not later than 1 year	459,833	459,833	107,224	107,224
Later than 1 year and not later than 5 years	1,460,931	1,587,331	247,894	303,494
Later than 5 years	1,092,824	1,358,157	57,894	109,518
	3,013,588	3,405,321	413,012	520,236

31 CAPITAL COMMITMENTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Approved and contracted for				
– Property, plant and equipment	839,000	2,931,000	121,500	2,804,000

notes to the financial statements (cont'd)

31 March 2010

32 CONTINGENT LIABILITIES

	Company	
	2010	2009
	RM	RM
Unsecured		
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiaries	30,835,788	32,038,305

33 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.

	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)	-
	<u>322,959,914</u>	<u>72,510,071</u>	<u>(6,716,392)</u>	<u>388,753,593</u>
Results				
Profit from operations	20,279,386	339,930	-	20,619,316
Finance costs				<u>(5,426,476)</u>
Taxation				15,192,840
				<u>(2,378,209)</u>
Profit for the financial year				<u>12,814,631</u>
Other information				
Total segment assets	260,437,609	27,146,826	-	287,584,435
Unallocated corporate assets				<u>12,521,015</u>
Total assets				<u>300,105,450</u>
Total segment liabilities	133,972,616	28,494,043	-	162,466,659
Unallocated corporate liabilities				<u>27,638,048</u>
Total liabilities				<u>190,104,707</u>
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

33 SEGMENT INFORMATION (cont'd)

	Integrated livestock farming	Retail supermarket	Elimination	Consolidated
2009				
Revenue				
External sales	345,799,049	4,746,566	-	350,545,615
Inter-segment sales	766,818	-	(766,818)	-
	<u>346,565,867</u>	<u>4,746,566</u>	<u>(766,818)</u>	<u>350,545,615</u>
Results				
Profit from operations	18,985,446	(1,038,288)	-	17,947,158
Finance costs				<u>(6,172,502)</u>
				11,774,656
Taxation				<u>(758,404)</u>
Profit for the financial year				<u>11,016,252</u>
Other information				
Total segment assets	264,301,934	13,094,574	-	277,396,508
Unallocated corporate assets				<u>12,466,983</u>
Total assets				<u>289,863,491</u>
Total segment liabilities	156,951,084	15,210,406	-	172,161,490
Unallocated corporate liabilities				<u>20,082,389</u>
Total liabilities				<u>192,243,879</u>
Depreciation and amortisation	12,839,323	80,199	-	12,919,522
Capital expenditure	23,046,088	7,433,253	-	30,479,341
Non-cash expenses other than depreciation and amortisation	1,169,677	6,924	-	1,176,601

notes to the financial statements (cont'd)

31 March 2010

34 SIGNIFICANT RELATED PARTY TRANSACTIONS

	2010 RM	Group 2009 RM
Group		
Sales to London Biscuits Berhad Group in which certain Directors of the Company have interests	7,259,028	4,352,584
Company		
Purchases from subsidiaries:		
– Innofarm (Klang) Sdn Bhd	12,630,096	13,788,362
– Hing Hong Sdn Bhd	17,518,438	19,581,410
– Lay Hong Food Corporation Sdn Bhd	4,275	–
Sales to subsidiaries:		
– Innofarm (Klang) Sdn Bhd	11,525,056	12,206,977
– Innobrid Sdn Bhd	28,307,155	30,850,791
– Evergreen Organic Fertilisers Sdn Bhd	720,000	1,320,000
– Eminent Farm Sdn Bhd	14,662,181	21,817,834
– Hing Hong Sdn Bhd	14,572,182	17,077,581
– Lay Hong Liquid Egg Sdn Bhd	12,146,022	10,808,934
– Lay Hong Food Corporation Sdn Bhd	50,459	1,972,243
– Sri Tawau Farming Sdn Bhd	–	5,998
– STF Agriculture Sdn Bhd	21,496	261,203
Management fees receivable from subsidiaries:		
– Innofarm (Klang) Sdn Bhd	120,000	120,000
– Evergreen Organic Fertilisers Sdn Bhd	36,000	36,000
– Hing Hong Sdn Bhd	180,000	180,000
– Eminent Farm Sdn Bhd	180,000	–
– Evergrowth Marketing Sdn Bhd	–	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 Bhd	3,600	3,600
Rental expenses payable to a subsidiary		
– Hing Hong Sdn Bhd	30,000	30,000

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

London Biscuit Berhad owns 24.59% equity interest in Lay Hong Berhad. Dato' Sri Liew Yew Chung and Dato' Sri Liew Kuek Hin are deemed interested by virtue of being Directors and major shareholders of London Biscuits Berhad.

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 2009/2010 are disclosed in Note 12 and Note 18.

(b) Compensation of key management personnel

The members of key management are also the Directors of the Company. Directors remuneration is disclosed in Note 29.

35 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 2010. 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.

notes to the financial statements (cont'd)

31 March 2010

35 FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(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 States 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.

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			Total
	Euro	United States Dollars	Singapore Dollars	
Functional currency of the Group				
At 31 March 2010				
Ringgit Malaysia	367,032	(85,749)	799,514	1,080,797
At 31 March 2009				
Ringgit Malaysia	–	115,905	1,210,200	1,326,105
Functional currency of the Company				
At 31 March 2010				
Ringgit Malaysia	95,432	(102,013)	799,514	792,932
At 31 March 2009				
Ringgit Malaysia	–	49,128	1,210,200	1,259,328

(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.

35 FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(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.

Fair values

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

	Note	Group		Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
31 March 2010					
Financial assets					
Due from subsidiaries	12	–	–	52,882,278	*
Financial liabilities					
Due to subsidiaries	12	–	–	2,381,170	*
Term loans	17	34,651,824	33,040,893	31,810,114	30,199,645
Due to corporate shareholders	18	1,221,075	*	–	–
		35,872,899	33,040,893	34,191,284	30,199,645
31 March 2009					
Financial assets					
Due from subsidiaries	12	–	–	62,529,123	*
Financial liabilities					
Due to subsidiaries	12	–	–	2,448,835	*
Term loans	17	41,049,334	39,535,304	34,531,214	33,017,603
Due to corporate shareholders	18	1,834,075	*	–	–
		42,883,409	39,535,304	36,980,049	33,017,603

* 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.

notes to the financial statements (cont'd)

31 March 2010

35 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.

36 COMPARATIVE FIGURES

Certain comparative figures have been reclassified, where necessary to comply with current year's presentation as follows:

	Group		Company	
	As restated	As previously stated	As restated	As previously stated
	RM	RM	RM	RM
Income statement				
Cost of sales	(301,317,734)	–	(199,787,858)	–
Selling and distribution expenses	(23,188,108)	–	(6,352,398)	–
Administrative expenses	(11,635,912)	–	(5,825,853)	–
Changes in inventories and biological assets	–	6,912,081	–	430,442
Raw materials, livestocks and consumables used	–	(251,200,159)	–	(183,902,181)
Employee benefits expense	–	(26,236,972)	–	(8,010,212)
Depreciation and amortisation	–	(12,919,522)	–	(5,431,232)
Other operating expenses	–	(52,697,182)	–	(15,052,926)

analysis of shareholders

as at 13 August 2010

Authorised Shared Capital : RM 100,000,000
 Issued & Fully Paid-up Capital : RM 46,240,000
 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	40.87
2. London Biscuits Berhad	11,272,200	24.38
3. Yip Kim Hoong	2,601,657	5.63
4. Ong Har Hong	1,605,100	3.47
5. Poo Choo @ Ong Poo Choi	1,274,400	2.76
6. Mayban Securities Nominees (Tempatan) Sdn Bhd pledged securities account for Ong Huey Peng	1,116,400	2.41
7. Lai Kum Sim	648,000	1.40
8. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lai Kum Sim (PB)	459,000	0.99
9. Axiom Enterprise (M) Sdn Bhd	414,300	0.90
10. Cheng Ying Ying	261,143	0.56
11. Ban Seng Guan Sdn Bhd	189,600	0.41
12. Tawakar Enterprise Sdn Bhd	120,000	0.26
13. Low Saw Tin	112,000	0.24
14. Ong Wah Seng	110,400	0.24
15. Tan Choo Mit	107,600	0.23
16. Teoh Hunt Thuim	103,400	0.22
17. Yap Mui Cheng, Angela	96,200	0.21
18. OSK Nominees (Tempatan) Sdn Berhad pledged securities account for Yap Yee Huat	96,000	0.21
19. Malaysia Nominees (Tempatan) Sendirian Berhad pledged securities account for Wan Holdings Sdn Bhd	86,400	0.19
20. Alliance Group Nominees (Tempatan) Sdn Bhd pledged securities account for Lim Yoke Sim	83,000	0.18
21. Tan Leng Mooi	68,000	0.15
22. Low Fatt Chye	67,200	0.15
23. Ang Ai Hooi	67,000	0.14
24. Lee You Long	64,900	0.14
25. Alliancegroup Nominees (Tempatan) Sdn Bhd pledged securities account for Ooi Chin Hock	63,700	0.14
26. Sing Kong Wey	62,400	0.13
27. Yeap Wan Keng	62,400	0.13
28. Chan Seng Cheong	60,000	0.13
29. Chew Weng Khak @ Chew Weng Kiak	57,600	0.13
30. Lee Tze Yong	51,600	0.11
Total	40,281,600	87.11

analysis of shareholders (cont'd)

as at 13 August 2010

Size of Shareholding	No. of Shareholders	% Shareholders	No. of Shares Held	% of Issued Share Capital
1 – 99	87	6.42	1,327	0.00
100 – 1,000	112	8.27	67,550	0.15
1,001 – 10,000	995	73.43	3,452,849	7.47
10,001 – 100,000	145	10.70	3,423,074	7.40
100,001 – 2,311,999 *	13	0.96	6,521,343	14.10
2,312,000 and above *	3	0.22	32,773,857	70.88
	1,355	100.00	46,240,000	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		Indirect	
	No. of shares held	%	No. of shares held	%
Yap Hoong Chai	–	–	18,900,000	40.87
Yeap Fock Hoong	12,000	0.03	18,900,000	40.87
Yeap Weng Hong	7,200	0.02	18,900,000	40.87
Yip Kim Hong	2,601,657	5.63	–	–
Dato' Sri Liew Yew Chung	–	–	11,272,200	24.38
Dato' Sri Liew Kuek Hin	–	–	11,272,200	24.38
Innofarm Sdn Bhd	18,900,000	40.87	–	–
London Biscuits Berhad	11,272,200	24.38	–	–

List of Directors' Shareholdings

(as per Register of Directors' Shareholdings)

Name of Director	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Yap Hoong Chai	–	–	18,900,000	40.87
Yeap Fock Hoong	12,000	0.03	18,900,000	40.87
Yeap Weng Hong	7,200	0.02	18,900,000	40.87
Yip Kim Hong	2,601,657	5.63	–	–
Dato' Sri Liew Yew Chung	–	–	11,272,200	24.38
Dato' Sri Liew Kuek Hin	–	–	11,272,200	24.38
Abdul Hamid bin Mohamed Ghows	–	–	–	–
Dato' Dr. Abdul Aziz bin Mangkat	–	–	–	–

properties owned by Iay hong berhad group of companies

as at 31 March 2010

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	11-26	2,932	28/3/2006
Lot No.559 Mukim of Ijok Kuala Selangor	Layer Farm & fertiliser plant & building	34	Freehold	11-18	9,123	28/3/2006
Lot No.1640 Mukim of Ijok Kuala Selangor	Chick Farm	5	Freehold	8-19	731	28/3/2006
Lot No.1954 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	8	3,189	28/3/2006
Lot No.3095 Mukim of Jeram District of Kuala Selangor	Pullet Farm	5	Freehold	8	1,993	28/3/2006
Lot No.1555 Mukim of Jeram District of Kuala Selangor	Layer Farm	6	Freehold	6	3,490	24/2/2004
Lot 1933 Mukim of Jeram District of Kuala Selangor	Pullet Farm	5	Land under Tenant's Lease	6	636	16/3/2005
Lot No.1868 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	2-5	3,185	28/3/2006
Lot Nos.16458/9 Mukim of Tanjung Karang District of Kuala Selangor	Vacant Land	2	Leasehold Aug 2080	-	310	31/3/2006

properties owned by lay hong berhad
group of companies (cont'd)

as at 31 March 2010

Location	Description & Existing Use	Approximate Area (acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition/ Revaluation
Lot 26 & 27 Jalan Empayar off Persiaran Sultan Ibrahim, 41150 Klang	Office Building	31,212 sq.ft.	Freehold	1	10,256	2007
GM2040, Lot 1847 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	1	653	22/4/2009
Lot Nos. 4847/8 Mukim of Jeram District of Kuala Selangor	Layer Farm	26	Land under Tenant's Lease	11-23	321	1/9/1986
Lot No. 4859 Mukim of Jeram District of Kuala Selangor	Fertiliser Plant & Building	4	Land under Tenant's Lease	1-16	1,430	1/12/1994
Lot No.1942 Mukim of Jeram District of Kuala Selangor	Fertiliser Plant & Building	3	Land under Tenant's Lease	1-7	294	1/10/2002
Lot Nos.1632/3 Mukim of Ijok Kuala Selangor	Breeder Farm & Hatchery	10	Freehold	9-18	1,241	28/3/2006
Lot No. 807 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	11-15	874	28/3/2006
Lot No. 681 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	11-15	958	28/3/2006
Lot Nos. 708/9 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	10	Freehold	11-14	1,930	28/3/2006
Lot No. 969 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	11-13	969	28/3/2006

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	10-13	1,980	19/5/1997
Lot Nos.1475/6 Lot Nos.253 & 244 Mukim Pasangan Kuala Selangor	Breeder Farm & Hatchery	19	Freehold	8-12	4,658	28/3/2006
Lot No.1011 Mukim Pasangan Kuala Selangor	Vacant Land	3	Freehold	-	180	28/3/2006
Lot Nos.16456/7&16486 Mukim Tanjung Karang District of Kuala Selangor	Processing Plant	3	Leasehold Nov 2080 (16456/7) July 2080 (16486)	2-6	5,235	14/6/2000 (16456/7) 6/12/2004 (16486)
Lot Nos. 739/40 & 741 Mukim Api-Api District of Kuala Selangor	Breeder Farm	15	Freehold	7	5,414	28/3/2006
No.29, Jalan Perindustrian Off Jalan Haji Abdul Manan Batu 5 1/2, Jalan Meru 41050 Klang Selangor	Liquid Egg Plant	1158 m2	Freehold	7	1,472	28/3/2006
Lot No.16465 Mukim Tanjung Karang District of Kuala Selangor	Vacant Land	1	Leasehold Nov 2080	-	97	4/7/2005
Perak Lot 2394/2554 Mukim Hulu Bernam Timor District of Batang Padang Perak	Broiler Farm	9	Freehold	1-2	2,973	1/12/2008
Melaka Lot Nos. 1717/8/9 & 1720 Mukim of Ayer Panas Jasin, Melaka	Layer Farm, Fertiliser Plant & Building	40	Freehold	16-25	2,803	28/3/2006

properties owned by lay hong berhad
group of companies (cont'd)

as at 31 March 2010

Location	Description & Existing Use	Approximate Area (acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition/Revaluation
Sabah						
CL 045169248 Kampung Indai Tuaran, Sabah	Broiler Farm	11	Leasehold Jan 2060	13	947	28/3/2006
NT No.043176030 Lubok Bagiang Tuaran, Sabah	Broiler Farm	6	Leasehold June 2094	14	1,429	28/3/2006
NT No.043171651 Kampung Serusop Tuaran, Sabah	Vacant Land	9	Leasehold June 2094	–	247	28/3/2006
CL 045115928 Tuaran, Sabah	Layer Farm & Feedmill	89	Leasehold Jan 2938	2-19	3,711	28/3/2006
CL 025308043 Papar, Sabah	Breeder Farm	19	Leasehold Jan 2063	2-12	5,292	28/3/2006
CL 025166714 Papar, Sabah	Vacant Land	19	Leasehold Jan 2056	–	467	28/3/2006
CL 025166705 Papar, Sabah	Vacant Land	20	Leasehold Jan 2056	–	467	28/3/2006
NT No.043140905 Kampung Serusop Tuaran, Sabah	Broiler Farm	5	Leasehold Feb 2099	1-7	1,115	28/3/2006
NT No.043140914 Kampung Lok Bagiang Tuaran, Sabah	Broiler Farm	3	Leasehold Aug 2098	1-7	602	28/3/2006
CL 015580104 (KKIP) Kota Kinabalu, Sabah	Feedmill	3	Leasehold Dec 2096	2-7	2,862	28/3/2006
NT.No.044018224 Tuaran, Sabah	Broiler Farm	4	Leasehold Jul 2031	1-7	886	28/3/2006

Location	Description & Existing Use	Approximate Area (acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition/ Revaluation
NT.No.043081625 Tamparuli, Sabah	Vacant Land	9	Leasehold Feb 2037	-	419	5/4/2007
NT.No.173069308 Bongawan, Sabah	Broiler Farm	5	Land Under Tenant's Lease	2	7	20/8/2007
CL 045311706 Kg Kauluan Tuaran, Sabah	Broiler Farm	37	Land Under Tenant's Lease	4	408	4/1/2006
CL 105479105 Mile 8 1/2 Jalan Tikau Tawau, Sabah	Broiler Farm	3	Land Under Tenant's Lease	2	227	30/4/2008
NT.No.04398018 Kg Kiwatu, Sabah	Land with warehouse	1	Leasehold 2038	6-7	611	29/4/2009
CL 753200295 Miles 13 Jln Labuk Sandakan, Sabah	Land with warehouse	12	Leasehold 2908	1	230	1/4/2009

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SIXTH 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 TUESDAY, SEPTEMBER 28 2010 AT 11.30 AM FOR THE FOLLOWING PURPOSES:

Ordinary Business

- 1 To receive the Audited Financial Statements for the financial year ended 31st March 2010 together with the Reports of the Directors and Auditors thereon.
- 2 To declare a Final Dividend of 3.0% less tax at 25% for the year ended 31st March 2010. **Resolution 1**
- 3 To approve Directors' Fees for the year ended 31st March 2010 **Resolution 2**
- 4 To re-elect the following Directors who are retiring under Article 71 of the Company's Articles of Association
 - (a) Mr Yap Hoong Chai **Resolution 3**
 - (b) Mr Yeap Weng Hong **Resolution 4**
- 5 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 5**

Special Business

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

- 6 Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs")

"THAT pursuant to Paragraph 10.09 of the Bursa Securities Main Market Listing Requirements, the Proposed Mandate be and is hereby granted in respect of the existing and new RRPTs (all defined terms shall bear the meaning set out in the Circular to Shareholders of LAY HONG BERHAD dated 4 September 2010, hereinafter referred to as "the Circular"), namely to allow the recurrent related party transactions, which are necessary for the day-to-day operations of the LAY HONG Group, to be entered into by relevant companies in the LAY HONG Group in the ordinary course of business, at anytime during the Mandate Period, provided that such transactions are entered into at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company, the particulars of such RRPTs are set out in Section 5 of the Circular AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be effective and in force until:-

- (a) the conclusion of the next annual general meeting of the Company ("AGM") (following the general meeting at which the Proposed Mandate is passed), at which time it shall lapse unless by an ordinary resolution passed at the forthcoming AGM, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier,

AND THAT the Directors of the Company or any one of them be authorised to complete and do all such acts, deeds and things (including without limitation, to execute such documents as may be required to give effect to the RRPTs) in such manner as they may deem expedient or necessary in connection with this Ordinary Resolution.

Resolution 6

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

"THAT, subject always to the Companies Act, 1965, Articles of Association of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next annual general meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital for the time being of the Company and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad".

Resolution 7

8 Proposed Share Buy-Back of up to ten percent (10%) of the issued and paid-up share capital of the Company

THAT, subject to the provisions of the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad and any applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force or as may be amended, modified or re-enacted from time to time and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such number or ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of shares purchased pursuant to this resolution shall not exceed 10% of the total issued and paid-up capital of the Company at any point in time of the said purchase(s); and that the Directors of the Company shall allocate an amount of funds not exceeding the retained profits and/or share premium of the Company for the Proposed Share Buy-back;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to decide at their discretion to cancel all or part the shares so purchased and/or to retain all or part the shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the market of Bursa Malaysia Securities Berhad and/or to retain part thereof as treasury shares and cancel the remainder;

AND THAT the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authority or authorities;

notice of annual general meeting (cont'd)

AND THAT the Directors be and are hereby empowered immediately upon the passing of this Ordinary Resolution until the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or the earlier revocation or variation of their authority through a general meeting whichever is the earliest, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date.

Resolution 8

9 Proposed Amendments to the Articles of Association of the Company:

(i) Number Of Directors

"THAT Article 70 (a) of the Company's Articles of Association be deleted in its entirety and substituted by the following new Article 70 (a):

"Until the Company determines otherwise, there must be at least 2 but not more than 15 Directors"

Resolution 9

(ii) E-Dividend

"THAT Article 107 of the Company's Articles of Association be deleted in its entirety and substituted by the following new Article 107:

Existing Provision

Any Dividend, Interest, or other money payable in cash in respect of shares may be paid by cheque sent through the post directed to:

- a) the address of the holder as shown in the register of members; or
- b) to such other address as the holder in writing directs.

Revised Provisions

- a) Subject to the provision of the Act, The Central Depositories Act and The Rules, The Listing Requirements and / or Regulatory Authorities, payment of Dividend may be made by direct transfer or such other mode of electronic means to the bank account of the holder whose name appear in the record of depositors or, if more than one (1) person entitled thereto in consequence of the death or bankruptcy of the holder, payment in such manner to the bank may by writing direct. The payment of any dividend by such electronic means shall constitute a good and full discharge to the Company of the Dividend to which it relates regardless of any discrepancy given by the member in the details of Bank Account(s).
- b) Subject to the provision of the Act, the Central Depositories Act and The Rules, any Dividend, Interest or other money payable in cash in respect of shares may be paid by Banker's Draft, Money Order, Cheque or Warrant sent through the post to the address of the holder. Every such Draft, Money Order, Cheque or Warrant shall be made payable to the order of the persons to whom it is sent and payment of same if purporting to be endorsed shall be a good discharge to the Company, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such Draft, Money Order, Cheque or Warrant shall be sent at the risk of the persons entitled to the money represented thereby.

Resolution 10

Notice of Books Closure

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 3.0% less tax at 25% per share of RM1/- each will be payable on 3 November 2010 to depositors who are registered in the Record of Depositors at the close of business on 20 October 2010, if approved by members at the Twenty-Sixth Annual General Meeting on 28 September 2010.

A depositor shall qualify for entitlement only in respect of:

- (a) shares transferred into the depositors Securities Account before 4.00 pm on 20 October 2010 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

4 September 2010

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

- 5 Proposed Shareholders' Mandate For Recurrent Related Party Transactions ("RRPTs") (Resolution 6)

The proposed Resolution 6, if passed, will enable the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions which are necessary for the Group's day-to-day operations. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.
- 6 Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 7)

The proposed Resolution 7, if passed, will give the Directors of the Company from the date of the Annual General Meeting, authority to allot and issue ordinary shares from the unissued capital of the Company up to an amount not exceeding in total 10% of the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting of the Company.
7. Proposed Share Buy-back of up to ten percent (10%) of the issued and paid-up share capital of the Company (Resolution 8)

The proposed Resolution 8, if passed, will enable the Company to purchase and/or hold up to 10% of its own shares. This authority will commence from the date of this AGM and, unless earlier revoked or varied by the shareholder at a general meeting, expires at the next AGM. Detailed information on the Proposed Share Buy-back is set out in the Circular on Proposed Shareholders Mandate on Share Buy-back dated September 4 2010 which is dispatched together with this Annual Report.
- 8 Proposed Amendments to Articles of the Articles of Association
 - (i) The Special Resolution proposed under Resolution 9, if passed, will allow the Company to increase the size of the Board from a maximum number of 9 to 15 in line with the Company's future plans.
 - (ii) The Special Resolution proposed under Resolution 10, if passed, will allow the Company to incorporate the amendment to Article 107 of the Company's Articles of Association. The Proposed Amendment is to streamline the Company's Articles of Association with the provisions of the Companies Act, 1965 and the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

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

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

- (a) Yap Hoong Chai (retiring pursuant to Article 71 of the Company's Articles of Association).
- (b) Yeap Weng Hong (retiring pursuant to Article 71 of the Company's Articles of Association).

The details of the two (2) Directors seeking re-election and/or re-appointment are set out in the Directors' Profile from pages 8 to 10 and the Directors' current shareholdings in the Company are as follows:

	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Yap Hoong Chai	600,000	1.27	18,900,000	40.01
Yeap Weng Hong	12,000	0.03	18,900,000	40.01

B. Details of attendance of Directors at board meetings

5 Board Meetings were held during the financial year ended 31st March 2010. All meetings were held at the office premises, No. 2 Levels 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	5/5	100%
Abdul Hamid Bin Mohamed Ghows	5/5	100%
Dato' Dr Abdul Aziz Bin Mangkat DIMP KMN ASK	5/5	100%
Dato' Liew Yew Chung SSAP, DIMP (resigned 23 August 2010)	4/5	80%

C. The Twenty-Sixth Annual General Meeting will be held at the Berkeley Ballroom, Prescott Hotel, 18A Lebuhr Enggang, off Persiaran Sultan Ibrahim, 41050 Klang, Selangor on Tuesday, 28th September 2010 at 11.30 AM.

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-Sixth Annual General Meeting of the Company to be held at the Berkeley Ballroom, Prescott Hotel, 18A Lebuhr Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor on Tuesday, September 28 2010 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 3.0% less tax at 25% for the year ended 31st March 2010.		
2.	To approve Directors' fees for the financial year ended 31st March 2010.		
3.	To re-elect Mr Yap Hoong Chai as Director.		
4.	To re-elect Mr Yeap Weng Hong as Director.		
5.	To re-appoint Messrs Ong Boon Bah & Co. as auditors.		
6.	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions.		
7.	To approve the authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
8.	To approve the Proposed Share Buy-back of up to ten percent (10%) of the issued and paid-up share capital of the Company		
9.	To approve the proposed amendments to Articles of Association pertaining to Article 70(a) – number of Directors		
10.	To approve the approve the proposed amendments to Articles of Association pertaining to Article 107 – E-Dividend		

(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 _____ 2010.

No. of shares held: _____

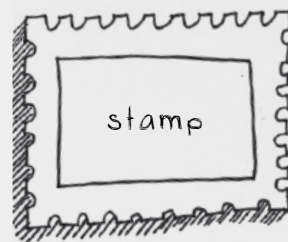
Signature of Shareholder or Common Seal

NOTES

- 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.
- 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.
- 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.
- 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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