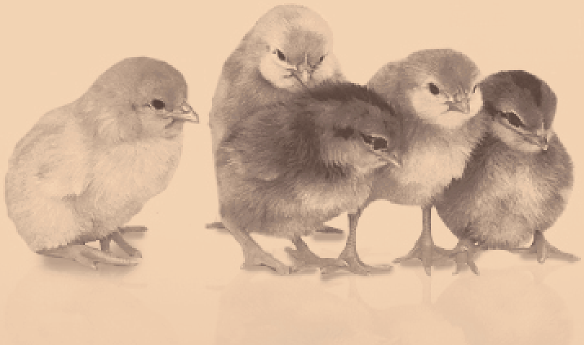
LAY HONG BERHAD

(107129-H) Incorporated in Malaysia

Annual Report 2009

we care for your health

contents




WISMA
LAY HONG

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 out products fresh on time to our partners and customers, and to be a responsible corporate citizen.

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.

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

Dato' Liew Yew Chung
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Liew Kuek Hin
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
(ALTERNATE DIRECTOR TO DATO LIEW YEW CHUNG)

Audit Committee

Abdul Hamid bin Mohamed Ghows
CHAIRMAN

Dato' Dr Abdul Aziz Bin Mangkat
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Liew Yew Chung
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Nomination Committee

Abdul Hamid bin Mohamed Ghows
Dato' Dr Abdul Aziz Bin Mangkat

Remuneration Committee

Yap Hoong Chai
Abdul Hamid bin Mohamed Ghows
Dato' Dr Abdul Aziz Bin Mangkat

Share Registrar

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

Company Secretaries

Lim King Hua
(MAICSA 0798613)

Lim Kui Suang
(MAICSA 0783327)

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, Galeri Empayar,
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

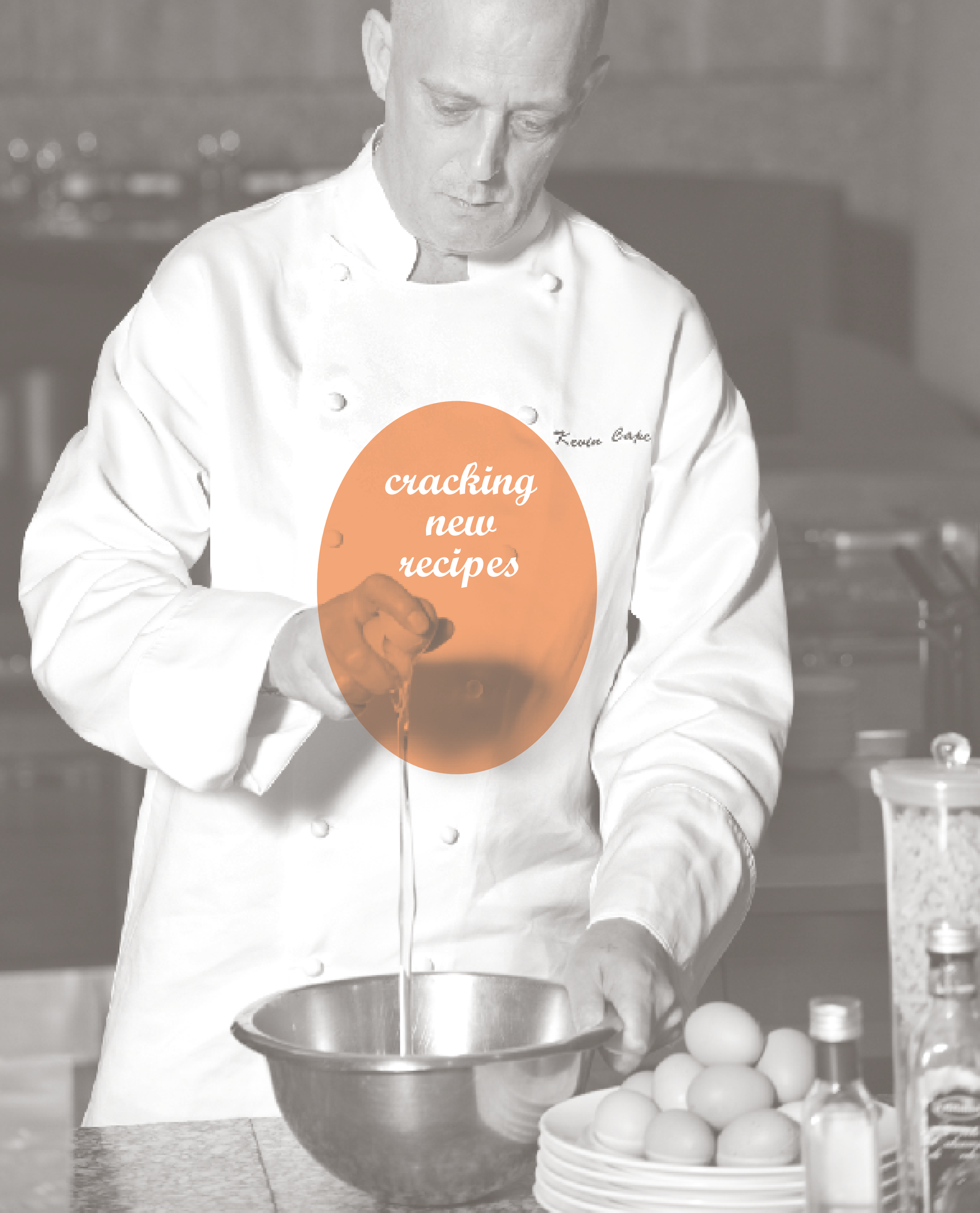
CIMB Bank Bhd
Malayan Banking Bhd
RHB Bank Berhad

Stock Exchange Listing

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

Website

www.layhong.com.my


cracking
new
recipes

Profile of Directors

Yap Hoong Chai
Malaysian, aged 59

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 34 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 was recently appointed Chairman, Layer Unit, Federation of Livestock Farmers' Association of Malaysia. He is the brother of Yip Kim Hoong, Yeap Weng Hong and Yeap Fock Hoong, who are also Directors of the Company.

He holds no direct shareholding in the Company. However, 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 51

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 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 61

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 2,836,657 shares of RM1/- each 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 55

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/- in Lay Hong Berhad. He is also a director and shareholder in Innofarm Sdn Bhd which is a substantial shareholder of the Company and Mackan Trading Sdn Bhd which are major shareholders of certain subsidiary companies of the Group. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Abdul Hamid Bin Mohamed Ghows

Malaysian, aged 58

was appointed Independent Non-Executive Director of Lay Hong Berhad on 11th October 2001. He was appointed Chairman of the Nomination & Remuneration Committees on March 18, 2005 and Chairman of Audit Committee on 30 November 2006. He is a fellow member of the Institute of Chartered Accountants in England and Wales, the Chartered Institute of Management Accountants, UK, and a member of the Malaysian Institute of Accountants. From 1974 to 2000, he served in various senior capacities with Price Waterhouse, Kenmore Asia Pte Ltd and Drexel Oilfield 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 59

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. Besides Lay Hong Berhad, Dato' Aziz also serves as Chairman and technical consultant to 2 private limited companies.

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' Liew Yew Chung

DIMP

Malaysian, aged 39

was appointed Non-Independent Non-Executive Director of Lay Hong Berhad on 8th December 2006. He graduated from Drexel University, Philadelphia in the United States in 1991 with a Bachelor of Science in Business Administration, majoring in Economics and Finance Accounting. In 1992, he obtained a Masters of Business Administration, majoring in Accounting Control. Presently, he serves as Managing Director cum Chief Executive Officer of both London Biscuits Berhad and Khee San Berhad.

He is the son of Dato' Liew Kuek Hin. He has an indirect interest in Lay Hong Berhad by virtue of being a director and shareholder in London Biscuits Berhad which is a substantial shareholder of the Company. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' Liew Kuek Hin

DIMP PJK, JP

Malaysian, aged 70

was appointed alternate director to Dato' Liew Yew Chung. He studied at Nanyang University of Singapore in 1965 subsequently joining his family-owned business which has major interests in timber logging, sawmilling, plywood manufacturing, transportation, oil palm plantation and milling and hotel operations, where he acquired vast business experience. Presently, he serves as Non-Executive Chairman in London Biscuits Berhad and as Non-Independent Non-Executive Chairman of Khee San Berhad.

He is the father of Dato' Liew Yew Chung. He has an indirect interest in Lay Hong Berhad by virtue of being a director and shareholder in London Biscuits Berhad which is a substantial shareholder of the Company. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

The summary of Directors' attendance at Board meetings is set out on page 19 of this Annual Report. None of the Directors have any conviction for any offence within the past 10 years.


serving
nutritious
meals

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' Liew Yew Chung
(appointed on 16 January 2009)
Non-Independent Non-Executive Director

Yap Hoong Chai
(resigned on 16 January 2009)
Non-Independent 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:-
   (a) with the external auditors, the audit plan;
   (b) with the external auditors, their evaluation of the system of internal controls;
   (c) with the external auditors, their audit report;
   (d) the assistance given by the employees of the company to the external auditors;
   (e) the adequacy of the scope, functions, competency and resources of the internal audit function who reports directly to the Audit Committee and that it has the necessary authority to carry out its work;
   (f) the internal audit programme, process the results of the internal audit programme process or investigation undertaken and whether or not and where appropriate, action is taken on the recommendations of the internal audit function;
   (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
   (i) changes in or implementation of major accounting policy changes;
   (ii) significant and unusual events; and
   (iii) compliance with accounting standards and other legal requirements;
   (h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions or management integrity;

Audit Committee Report *cont'd*

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

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

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

4. ***Procedure***

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

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

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

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

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

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

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

5. ***Report***

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

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

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

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

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

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

6. ***Reporting of Breaches to the Exchange***

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

7. ***Rights***

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

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

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

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

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

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

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

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

Summary of Activities of The Audit Committee for The Financial Year Ended 31 March 2009

During the financial year ended 31 March 2009, 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
Yap Hoong Chai (resigned on 16/1/2009)	4 of 4
Dato' Liew Yew Chung (appointed on 16/1/2009)	1 of 1

The activities of the Audit Committee during the financial year ended 31 March 2009 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 2009,

(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 2009,

(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

During the financial year, the Group's in-house internal audit function was established. 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. The resulting report of the audit undertaken was presented and reviewed by the Lay Hong Berhad Audit Committee and forwarded to the management for action.

Cost incurred for the external audit function amounted to RM78,600 for the financial year.

Chairman's Statement

Dear shareholders,

On behalf of the Board of Directors, I am happy to report that the Group recorded a pre-tax profit of RM11.8 million for the financial year ended 31 March 2009, a 130% increase from the RM5.1 million achieved in the previous year, with revenue increasing from RM317.5 million previously to RM350.5 million this year.

The Group's total shareholders' fund grew from RM75.6 million to RM82.6 million, resulting in net assets increasing from RM1.63 per share to RM1.79 per share.

The increase in the Group's profit was largely attributed to the higher selling prices for table eggs, dressed chicken and related chicken products and higher productivity at all farms plus the higher contributions from the diversification effort into liquid egg and food manufacturing business. The tapering down in raw material prices for chicken feed especially in the 3rd quarter of the financial year had further assisted the Group to lower production cost.

Business Review

Layers

The Group produced 492.2 million table eggs during the financial year compared to 470.9 million in the previous year.

The increase in egg production was due to re-flocking of layers into previously under utilized layer houses in the Ijok farm and higher productivity in other high tech farms. Sale of Nutriplus speciality eggs had increased from RM24.8 million to RM29.2 with the greater acceptance in the market place. Total revenue from sales of table eggs increased from RM99.8 million in 2008 to RM126.3 million in 2009, a 26.5% increase.

Broilers

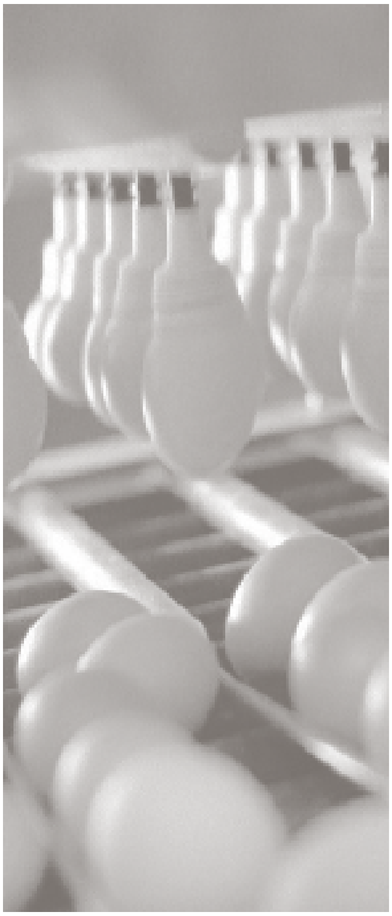
During the year, in the West Malaysian side, the Group discontinued its broiler contract farming operation. Resulted from this exercise, the quantity of live broilers produced decreased from 27.0 million kilograms last year to 25.9 million kilograms in current financial year. All live broilers harvested during the year were consumed by the Group's plant for added value food manufacturing.

Food Manufacturing

Revenue from sales of manufacturing food products increased from RM22.8 million in 2008 to RM34.6 million in 2009, an increase of 51.7%. The products consisting of frankfurter, nuggets and fried chicken are currently marketed under two anchor brands namely NUTRIPLUS and WISE CHOICE. In addition, the Group also contract packed custom frankfurters for certain fast food chains and third party brands.


sumptuous
variety
Cheese Chicken Frank
300g


Nutri Plus
timely
delivery



Retail Supermarket

On 03 December 2008, the Group acquired the assets of a chain of nine medium size retail supermarket outlets in sub-urban towns in Sabah for a total cash consideration of RM6,000,000. As at 31 July, 2009, the Group managed to open eight outlets. The balance of one outlet will be opened before the end of the current financial year. The retail supermarket operations is synergistic to the Group's current business activities as the Group is able to market its poultry and processed products directly to end consumers on cash basis, thus enjoying better margins from their sales and reduced cash flow risk.

Corporate Development

On 19 June 2008, Lay Hong Berhad acquired additional 880,000 ordinary shares of RM1.00 each in Innobrid Sdn Bhd for a nominal cash consideration of RM1.00 from a related party, resulting in the Group's equity interest increasing from 81% to 97%.

Consequently, the effective equity interest in its subsidiary, Innobrid Marketing Sdn Bhd also increased from 81% to 97.7% via the indirect shares held by Innobrid Sdn Bhd. This increased equity interest will increase the Group's effective control over the supply of live broilers from Innobrid Sdn Bhd.

Relocation of Group head office

On 1 August 2009, the Group's head office has moved to a centralized building in the heart of Klang. With this relocation, the Group support services like treasury, accounts, information technology, purchasing, veterinary and sales/marketing are now all housed under one roof for greater efficiency.

Prospects

Raw material prices have since increased slightly in tandem with the recovery in the global economy. To mitigate this increase, the Group will continuously look for alternative material and source of supply to reduce cost.

In addition, the food manufacturing division will continuously introduce new chicken related products to widen its existing range.

The Board is confident that the Group's new venture into the retail supermarket business in Sabah will augur well and will see positive contribution in the near term when all the outlets are open for business.

Chairman's Statement *cont'd*

Dividend

The Board is pleased to recommend a first and final dividend of 1.25% per share less Malaysian Income Tax at 25% for the financial year ended 31 March, 2009. Subject to approval by shareholders at the forthcoming Annual General Meeting, this dividend will be paid on 3rd November, 2009

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. I am confident that they will continue to strive to further improve their performance in order to face the challenges ahead.

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

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 seven (7) 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 seven (7) Directors, two (2) are executives and non-independent namely Mr Yap Hoong Chai & Mr Yeap Weng Hong, Three (3) are non-independent non-executive namely Dato' Liew Yew Chung, 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. 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 three (3) non-executive non-independent Directors, one is a professional pilot with a major airline, the other a businessman and the third a Board representative of a public-listed company which is a substantial shareholder of the Company.

The profile of each Director is presented on pages 6 to 7 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	3 of 5 meetings
Yeap Weng Hong	5 of 5 meetings
Yeap Fock Hoong	4 of 5 meetings
Abdul Hamid Bin Mohamed Ghows	5 of 5 meetings
Dato' Dr Abdul Aziz Bin Mangkat	5 of 5 meetings
Dato' Liew Yew Chung	5 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 9 to 11 of this Annual Report.

Supply of information

All scheduled meetings held during the years 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.

The breakdown of Directors remuneration during the financial year is presented on page 77 of this Annual Report.

Statement on Corporate Governance *cont'd*

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 as well as the Company's own 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 32 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 of Internal Control set out on page 22 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 2009 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 Akriditasi Ladang Ternakan (SALT or Good Farm Practices Scheme) certification for layer and broiler farms, Veterinary Health Mark (VHM) certification for chilled/frozen chicken, frankfurters & liquid egg, Hazard Analysis and Critical Control Point (HACCP) certification for liquid egg processing, HALAL certification for chilled chicken, frankfurters, liquid egg & nuggets and Good Manufacturing Practices (GMP) certification for feedmill. Our high-tech air-chilled chicken processing facilities reduces the hazard of cross contamination and 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 conformation to guidelines and standards for occupational health and safety at the workplace. The Group also 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.

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 27 July 2009.

Group Financial Highlights

In RM' 000	*2005*	*2006*	*2007*	*2008*	*2009*
Revenue	180,478	226,597	232,746	317,523	350,546
Profit/(loss) before tax	(3,811)	10,237	2,357	5,123	11,775
Total assets	192,487	219,273	242,543	270,370	289,863
Paid-up capital	42,000	42,000	46,240	46,240	46,240
Net Assets (NA)	51,076	67,888	74,086	75,554	82,640
NA per share (RM)	1.216	1.616	1.602	1.634	1.787
Earnings per share – sen	(7.37)	15.81	3.22	3.03	15.33

Group Structure & Operations

Lay Hong Berhad

Investment Holding and
Integrated Livestock Farming

- **EMINENT FARM SDN BHD** – Broiler Farm, Breeder Farm & Hatchery – *100%*
- **HING HONG SDN BERHAD** – Breeder Farm, Hatchery & Layer Farm – *100%*
- **EVERGREEN ORGANIC FERTILISERS SDN BERHAD** – Organic Fertiliser Production – *51%*
- **INNOFARM(KLANG) SDN BHD** – Layer Farm – *70%*
- **LAY HONG LIQUID EGG SDN BHD** – Liquid Egg Production – *100%*
- **LAY HONG FOOD CORPORATION SDN BHD** – Chicken Processing & Food Manufacturing – *100%*
- **INNOBRID MARKETING SDN BHD** – Retail Supermarket – *97.7%*
- **INNOBRID SDN BHD** – Broiler Farm – *97%*
- **EVERGROWTH MARKETING SDN BHD** – Processing & Distribution of Poultry Products – *30%*
- **STF AGRICULTURE SDN BHD** – Integrated Livestock Farming – *51%*
- **SRI TAWAU FARMING SDN BHD** – Investment Holding & Trading – *50%*

Financial Statements

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 2009.

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	11,016,252	1,175,724
Attributable to:		
Equity holders of the Company	7,086,776	1,175,724
Minority interests	3,929,476	–
	11,016,252	1,175,724

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

No dividends have been paid or declared by the Company since the end of the previous financial year. The directors propose a final dividend of 1.25% less 25% income tax for the current financial year, to be approved by shareholders at the forthcoming Annual General Meeting.

Directors' Report *cont'd*

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' Liew Yew Chung
Dato' Liew Kuek Hin (alternate to Dato' 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 25 to the financial statements or the fixed salary of a fulltime employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he 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.

Directors' Report *cont'd*

Executive Share Option Scheme *cont'd*

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

				No. of Share Options		
Name	Grant date	Expiry date	Exercise price	At 1 April 2008	Exercised	At 31 March 2009
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:

	At 1 April 2008	Bought	Sold	At 31 March 2009
The Company				
Direct Interest				
Yeap Fock Hoong	12,000	–	–	12,000
Yeap Weng Hong	7,200	–	–	7,200
Yip Kim Hoong	2,836,657	–	–	2,836,657
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' Liew Yew Chung	11,372,200	–	–	11,372,200
Dato' Liew Kuek Hin	11,372,200	–	–	11,372,200

Directors' Report *cont'd*

Executive Share Option Scheme *cont'd*

	Number of Ordinary Shares of RM1 Each			
	At 1 April 2008	Bought	Sold	At 31 March 2009
Subsidiaries:				
Evergreen Organic Fertilisers Sdn Berhad				
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
Innobrid Sdn Bhd				
Indirect Interest				
Yap Hoong Chai	880,000	–	880,000	–
Yeap Fock Hoong	880,000	–	880,000	–
Yeap Weng Hong	880,000	–	880,000	–
Yip Kim Hoong	880,000	–	880,000	–
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

Directors' Report *cont'd*

Executive Share Option Scheme *cont'd*

	Grant date	Expiry date	Number of Options Over Ordinary Shares of RM1 Each At 1 April 2008	Granted	Exercised	Lapsed	At 31 March 2009
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' Liew Yew Chung and Dato' 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.

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 stetements 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.

Directors' Report *cont'd*

Other Statutory Information *cont'd*

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant Event

Details of significant event during the year are as disclosed in Note 36 to the financial statements.

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 27 July 2009.

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 35 to 87 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 2009 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 27 July 2009.

Yap Hoong Chai
Director

Yeap Weng Hong
Director

Statement by Directors

pursuant to section 169(15) 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 35 to 87 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 27 July 2009.

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 accompanying financial statements of LAY HONG BERHAD, which comprises the balance sheets as at 31 March 2009 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 35 to 87.

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 audit 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 2009, and of their performance and cash flows for 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 aslo 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 by its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

(c) the audit reports on the financial statements of the subsidiaries did not contain any qualification or 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)
Partner of the Firm

Kuala Lumpur
27 July 2009

Balance Sheet

as at 31 March 2009

		Group		Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	3	157,891,965	140,615,417	61,849,061	59,454,072
Prepaid land lease payments	4	6,961,176	7,029,813	314,537	318,969
Investments	5	2,118,791	2,118,791	18,416,648	18,416,647
Intangible assets	6	2,768,726	2,866,348	–	–
Deferred tax assets	7	9,698,257	9,455,893	–	–
		179,438,915	162,086,262	80,580,246	78,189,688
Current assets					
Biological assets	8	21,938,499	20,796,950	11,948,521	11,404,157
Inventories	9	35,972,553	28,651,543	6,322,462	6,228,310
Trade receivables	10	41,468,808	47,841,471	9,496,556	9,289,280
Other receivables	11	7,415,075	4,528,106	3,545,318	1,700,532
Due from subsidiaries	12	–	–	62,529,123	62,342,703
Short term investment	13	1,212,260	4,213,750	1,212,260	4,213,750
Cash and bank balances	14	2,417,381	2,252,164	173,655	69,127
		110,424,576	108,283,984	95,227,895	95,247,859
Total assets		289,863,491	270,370,246	175,808,141	173,437,547
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		11,490,347	11,801,168	6,379,189	6,435,923
Retained earnings	16	24,910,135	17,512,538	15,091,812	13,859,354
		82,640,482	75,553,706	67,711,001	66,535,277
Minority interests		14,979,130	11,442,125	–	–
Total equity		97,619,612	86,995,831	67,711,001	66,535,277

Balance Sheet *cont'd*

as at 31 March 2009

		Group		Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Non-current liabilities					
Long term borrowings	17	42,743,415	42,270,291	33,358,128	31,811,423
Due to corporate shareholders	18	1,706,057	2,309,057	–	–
Deferred tax liabilities	7	20,071,127	18,930,818	7,021,449	6,524,110
		64,520,599	63,510,166	40,379,577	38,335,533
Current liabilities					
Trade payables	19	57,037,581	55,315,369	36,044,602	36,028,100
Other payables	20	14,777,517	11,770,663	1,848,399	5,172,729
Due to subsidiaries	12	–	–	2,448,835	2,389,235
Due to corporate shareholders	18	128,018	113,218	–	–
Income tax payable		11,262	–	–	–
Short term borrowings	17	55,768,902	52,664,999	27,375,727	24,976,673
		127,723,280	119,864,249	67,717,563	68,566,737
Total liabilities		192,243,879	183,374,415	108,097,140	106,902,270
Total Equity And Liabilities		289,863,491	270,370,246	175,808,141	173,437,547

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

Income Statements

for the year ended 31 March 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Revenue	22	350,545,615	317,522,797	214,501,380	186,419,687
Other operating income	23	3,543,297	1,584,216	2,778,261	2,631,891
Changes in inventories and biological assets		6,912,081	6,000,998	430,442	2,157,378
Raw materials, livestocks and consumables used		(251,200,159)	(234,710,419)	(183,902,181)	(160,913,006)
Employee benefits expense	24	(26,236,972)	(23,762,438)	(8,010,212)	(6,466,384)
Depreciation and amortisation		(12,919,522)	(12,714,006)	(5,431,232)	(5,436,300)
Other operating expenses	26	(52,697,182)	(42,017,932)	(15,052,926)	(14,035,783)
Operating profit		17,947,158	11,903,216	5,313,532	4,357,483
Finance costs	27	(6,172,502)	(6,780,045)	(3,882,167)	(3,487,044)
Profit before taxation		11,774,656	5,123,171	1,431,365	870,439
Income tax (expense)/credit	28	(758,404)	(409,231)	(255,641)	42,524
Profit for the year		11,016,252	4,713,940	1,175,724	912,963
Attributable to:					
Equity holders of the Company		7,086,776	1,400,215	1,175,724	912,963
Minority interests		3,929,476	3,313,725	–	–
		11,016,252	4,713,940	1,175,724	912,963
Earnings per share attributable to equity holders to the Company (sen)					
Basic	29	15.33	3.03		

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

Consolidated Statement of Changes in Equity

for the year ended 31 March 2009

	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 2007	46,240,000	12,056,356	15,789,598	74,085,954	7,817,979	81,903,933
Transfer to distributable reserve on realisation of revaluation reserve	–	(322,725)	322,725	–	–	–
Transfer from deferred tax arising from changes in tax rates	–	67,537	–	67,537	25,880	93,417
Net (expense)/income recognised directly in equity	–	(255,188)	322,725	67,537	25,880	93,417
Profit for the year	–	–	1,400,215	1,400,215	3,313,725	4,713,940
Dividends paid to minority interests by subsidiaries	–	–	–	–	(1,014,300)	(1,014,300)
Additional investment in subsidiaries by minority shareholders	–	–	–	–	980,000	980,000
Accretion of equity interest in subsidiaries	–	–	–	–	318,841	318,841
At 31 March 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 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

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

Company Statement of Changes in Equity

for the year ended 31 March 2009

	Share Capital RM	Non-Distributable Revaluation Reserve RM	Distributable Retained Earnings RM	Total RM
At 1 April 2007	46,240,000	6,479,057	12,890,414	65,609,471
Transfer from deferred tax arising from changes in tax rates	–	12,843	–	12,843
Transfer to distributable reserve on realisation of revaluation reserve	–	(55,977)	55,977	–
Net (expense)/income recognised directly in equity	–	(43,134)	55,977	12,843
Profit for the year	–	–	912,963	912,963
At 31 March 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 year	–	–	1,175,724	1 ,175,724
At 31 March 2009	46,240,000	6,379,189	15,091,812	67,711,001

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

Cash Flow Statements

for the year ended 31 March 2009

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Profit before taxation	11,774,656	5,123,171	1,431,365	870,439
Adjustments for:				
Amortisation of prepaid land lease payments	68,637	70,595	4,432	4,432
Amortisation of intangible assets	97,622	85,374	–	–
Depreciation of property, plant and equipment	12,753,263	12,558,037	5,426,798	5,431,868
Dividend income	(250)	(500)	(250)	(3,195,500)
Net (gain)/loss on disposal of property, plant and equipment	(8,551)	(202,097)	8,735	(132,635)
Property, plant and equipment written off	112,002	11,083	13,356	4,906
Interest expense	6,172,502	6,780,045	3,882,167	3,487,044
Interest income	(114,118)	(271,567)	(98,510)	(256,076)
Net unrealised foreign exchange (gains)/losses	(114,693)	207,485	(80,086)	166,638
Allowance for doubtful debts	1,033,282	619,368	79,530	64,594
Bad debts written off	11,847	46,495	–	46,495
Allowance for doubtful debts written back	(913,449)	(154,158)	–	(145,571)
Excess of fair value of net assets acquired over consideration paid	(392,470)	–	–	–
Operating profit before working capital changes	30,480,280	24,873,331	10,667,537	6,346,634
Increase in inventories and biological assets	(8,462,559)	(12,215,642)	(638,516)	(3,423,080)
Decrease/(increase) in trade and other receivables	3,408,256	(14,251,315)	(2,028,888)	(2,040,585)
Increase/(decrease) in trade and other payables	4,843,758	25,701,752	(3,227,742)	17,318,200
Decrease in intercompany balances	–	–	(126,820)	(9,693,230)
Decrease in amount due to corporate shareholders	(588,200)	(691,000)	–	–
Cash generated from operations	29,681,535	23,417,126	4,645,571	8,507,939
Interest paid	(6,172,502)	(6,780,045)	(3,882,167)	(3,487,044)
Taxes refunded	96,561	77,608	138,994	31,393
Net cash inflow from operating activities	23,605,594	16,714,689	902,398	5,052,288

Cash Flow Statements *cont'd*

for the year ended 31 March 2009

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	(17,542,801)	(12,458,145)	(1,197,019)	(6,388,281)
Additions to prepaid land lease payments	–	(383,407)	–	–
Proceeds from disposal of property, plant and equipment	346,079	448,294	117,681	283,000
Additional investment in a subsidiary	–	–	(1)	(3,019,997)
Additional investment in subsidiaries by minority shareholders	–	980,000	–	–
Interest received	114,118	271,567	98,510	256,076
Increase in deposits pledged to licensed bank	(15,384)	(415,520)	–	–
Dividend paid to minority shareholders by subsidiaries	–	(1,014,300)	–	–
Dividend received	250	500	250	500
Net cash outflow from investing activities	(17,097,738)	(12,571,011)	(980,579)	(8,868,702)
Cash Flows From Financing Activities				
Drawdown of bankers' acceptances	3,442,000	2,559,000	666,000	1,344,000
Repayment of term loans	(8,814,460)	(7,665,624)	(3,525,061)	(1,701,044)
Repayment of hire purchase financing	(4,522,705)	(2,859,969)	(1,133,259)	(1,184,152)
Net cash outflow from financing activities	(9,895,165)	(7,966,593)	(3,992,320)	(1,541,196)
Net Decrease In Cash And Cash Equivalents	(3,387,309)	(3,822,915)	(4,070,501)	(5,357,610)
Cash And Cash Equivalents At Beginning Of The Year	(411,312)	3,411,603	2,056,416	7,414,026
Cash And Cash Equivalents At End Of The Year (Note 14)	(3,798,621)	(411,312)	(2,014,085)	2,056,416

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

Notes to the Financial Statements

31 March 2009

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board 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 27 July 2009.

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 basis, unless otherwise should be in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

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.

Notes to the Financial Statements *cont'd*

31 March 2009

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.

(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.

Notes to the Financial Statements cont'd

31 March 2009

2. *Significant Accounting Policies* cont'd

2.2 Summary of Significant Accounting Policies cont'd

(b) Intangible Assets cont'd

(ii) Research and development costs

All research costs are recognised in the profit or loss 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. 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 and Depreciation

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 period in which they are incurred.

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

Freehold land and 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 undertaken by professional qualified valuers

Revaluation 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 revalution reserve relating to the particular asset is transferred directly to retained earnings.

Notes to the Financial Statements cont'd

31 March 2009

2. Significant Accounting Policies cont'd

2.2 Summary of Significant Accounting Policies cont'd

(c) Property, Plant and Equipment and Depreciation cont'd

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%

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.

Notes to the Financial Statement cont'd

31 March 2009

2. Significant Accounting Policies cont'd

2.2 Summary of Significant Accounting Policies cont'd

(d) Biological Assets cont'd

(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.

(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 cost of purchases and other directly attributable cost 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 costs of completion and the estimated costs necessary to make the sale.

(iv) Trading merchandise

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

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

Notes to the Financial Statement cont'd

31 March 2009

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 term.

(g) Impairment of Non-financial Assets

The carrying amounts of the Group's assets, other than 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.

Notes to the Financial Statement cont'd

31 March 2009

2. Significant Accounting Policies cont'd

2.2 Summary of Significant Accounting Policies cont'd

(g) Impairment of Non-financial Assets

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 is 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 CGUs 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 Tax

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.

Deferred tax is provided for, using the liability method. 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.

Notes to the Financial Statement cont'd

31 March 2009

2. Significant Accounting Policies cont'd

2.2 Summary of Significant Accounting Policies cont'd

(h) Income Tax cont'd

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 of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

(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.

(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 reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(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.

Notes to the Financial Statement cont'd

31 March 2009

2. Significant Accounting Policies cont'd

2.2 Summary of Significant Accounting Policies cont'd

(j) Revenue Recognition cont'd

(ii) Dividend Income

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

(iii) Rental Income and Interest Income

Rental income and interest income are recognised on the accrual basis.

(iv) Management Fees

Management fees are recognised 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 recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either 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.

Notes to the Financial Statement cont'd
31 March 2009

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 when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(v) Payables

Payables are stated at 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.

(l) 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. 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.

Notes to the Financial Statement cont'd

31 March 2009

2. Significant Accounting Policies cont'd

2.2 Summary of Significant Accounting Policies cont'd

(l) Employee Benefits cont'd

(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 Executive 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.

(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.

Notes to the Financial Statement cont'd

31 March 2009

2. Significant Accounting Policies cont'd

2.3 Changes in Accounting Policies Arising from Adoption of New and Revised FRSs

On 1 April 2008, the Group and the Company adopted the following revised FRSs, Amendments to FRS and IC Interpretations:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The adoption of FRSs 107, 112, 118, 134 and 137 did not have any significant financial impact on the results and the financial position of the Group and of the Company upon their initial application. FRSs 111 and 120, Amendments to FRS 121 and IC Interpretations 1, 2, 5, 6, 7 and 8 are not relevant to the Group and the Company's operations.

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
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	01 January 2010
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations	01 January 2010
FRS 4	Insurance Contracts	01 January 2010
FRS 7	Financial Instruments: Disclosures	01 January 2010
FRS 8	Operating Segments	01 July 2009
FRS 123	Borrowing Costs	01 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	01 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	01 January 2010

Notes to the Financial Statement cont'd
31 March 2009

2. Significant Accounting Policies cont'd

2.3 Changes in Accounting Policies Arising from Adoption of New and Revised FRSs cont'd

FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
IC Interpretation 9	Reassessment of Embedded Derivatives	01 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	01 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	01 January 2010
IC Interpretation 13	Customer Loyalty Programmes	01 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01 January 2010

FRS 4 is not relevant to the Group's and Company's operations. The other 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 FRSs 7 and 8.

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

(a) Impairment of goodwill

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

Notes to the Financial Statement cont'd

31 March 2009

2. Significant Accounting Policies cont'd

2.4 Critical Accounting Estimates and Judgements cont'd

(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.

(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 unabsorbed 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 therecoverability 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 Statement *cont'd*

31 March 2009

3. Property, Plant And Equipment

	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
Group							
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	–	29,991,189	41,291,764	7,604,627	2,863,042	–	81,750,622
Reclassification	–	(34,027)	34,027	–	–	–	–
	–	29,957,162	41,325,791	7,604,627	2,863,042	–	81,750,622
Charge for the year	–	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 Statement *cont'd*

31 March 2009

3. Property, Plant And Equipment *cont'd*

	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
Group							
2008							
Cost/Valuation							
At 1 April 2007							
Cost	–	14,517,662	92,677,203	9,922,956	5,293,317	448,901	122,860,039
Valuation	16,838,096	65,239,368	–	–	–	–	82,077,464
	16,838,096	79,757,030	92,677,203	9,922,956	5,293,317	448,901	204,937,503
Additions	–	1,910,221	6,425,154	1,995,199	782,978	7,954,259	19,067,811
Disposals	–	–	(153,983)	(981,767)	(4,330)	–	(1,140,080)
Transfers	–	413,187	–	–	–	(413,187)	–
Write offs	–	(5,100)	(443,220)	(400)	(50,475)	–	(499,195)
At 31 March 2008	16,838,096	82,075,338	98,505,154	10,935,988	6,021,490	7,989,973	222,366,039
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
Accumulated depreciation							
At 1 April 2007	–	26,989,014	34,583,551	6,734,318	2,267,697	–	70,574,580
Charge for the year	–	3,007,275	7,302,501	1,611,037	637,224	–	12,558,037
Disposals	–	–	(152,973)	(740,329)	(581)	–	(893,883)
Write offs	–	(5,100)	(441,315)	(399)	(41,298)	–	(488,112)
At 31 March 2008	–	29,991,189	41,291,764	7,604,627	2,863,042	–	81,750,622
Cost	–	4,238,991	41,291,764	7,604,627	2,863,042	–	55,998,424
Valuation	–	25,752,198	–	–	–	–	25,752,198
	–	29,991,189	41,291,764	7,604,627	2,863,042	–	81,750,622
Net carrying amounts							
Cost	–	12,602,080	57,213,390	3,331,361	3,158,448	7,989,973	84,295,252
Valuation	16,838,096	39,482,069	–	–	–	–	56,320,165
At 31 March 2008	16,838,096	52,084,149	57,213,390	3,331,361	3,158,448	7,989,973	140,615,417

Notes to the Financial Statement *cont'd*

31 March 2009

3. Property, Plant And Equipment *cont'd*

	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
Company							
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
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
	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	–	7,318,112	20,142,188	4,555,967	2,277,667	–	34,293,934
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 Statement *cont'd*

31 March 2009

3. Property, Plant And Equipment *cont'd*

	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
Company							
2008							
Cost/Valuation							
At 1 April 2007							
Cost	–	911,111	41,486,557	5,568,118	3,487,365	15,238	51,468,389
Valuation	9,758,097	23,078,102	–	–	–	–	32,836,199
	9,758,097	23,989,213	41,486,557	5,568,118	3,487,365	15,238	84,304,588
Additions	–	93,850	2,966,810	772,193	153,664	6,508,549	10,495,066
Disposals	–	–	–	(737,632)	–	–	(737,632)
Write offs	–	–	(284,899)	(400)	(28,717)	–	(314,016)
At 31 March 2008	9,758,097	24,083,063	44,168,468	5,602,279	3,612,312	6,523,787	93,748,006
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
Accumulated depreciation							
At 1 April 2007	–	6,464,861	17,236,322	4,207,997	1,849,263	–	29,758,443
Charge for the year	–	853,251	3,190,639	935,636	452,342	–	5,431,868
Disposals	–	–	–	(587,267)	–	–	(587,267)
Write offs	–	–	(284,773)	(399)	(23,938)	–	(309,110)
At 31 March 2008	–	7,318,112	20,142,188	4,555,967	2,277,667	–	34,293,934
Cost	–	102,058	20,142,188	4,555,967	2,277,667	–	27,077,880
Valuation	–	7,216,054	–	–	–	–	7,216,054
	–	7,318,112	20,142,188	4,555,967	2,277,667	–	34,293,934
Net carrying amounts							
Cost	–	902,903	24,026,280	1,046,312	1,334,645	6,523,787	33,833,927
Valuation	9,758,097	15,862,048	–	–	–	–	25,620,145
At 31 March 2008	9,758,097	16,764,951	24,026,280	1,046,312	1,334,645	6,523,787	59,454,072

Notes to the Financial Statement *cont'd*

31 March 2009

3. Property, Plant And Equipment *cont'd*

(a) Freehold land of certain subsidiaries with net carrying amounts of RM4,640,000 (2008: 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 RM5,286,713 (2008: RM5,591,399).

(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	
	2009 RM	2008 RM	2009 RM	2008 RM
Freehold land	9,005,070	9,005,070	4,371,979	4,371,979
Buildings	31,779,095	33,458,923	13,911,560	14,653,362
	40,784,165	42,463,993	18,283,539	19,025,341

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Motor vehicles	2,479,759	1,847,129	1,335,871	632,397
Office equipment	243,684	348,129	243,684	348,120
Plant and machinery	17,351,342	14,024,138	4,550,271	2,280,723

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash	17,542,801	12,458,145	1,197,019	6,388,281
Hire purchase	7,017,800	6,609,666	845,800	4,106,785
Term loan	5,918,740	–	5,918,740	–
	30,479,341	19,067,811	7,961,559	10,495,066

Notes to the Financial Statement *cont'd*

31 March 2009

4. Prepaid Land Lease Payments

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cost				
At beginning of year	7,029,813	6,717,001	318,969	323,401
Additions during the year	–	383,407	–	–
Amortisation during the year	(68,637)	(70,595)	(4,432)	(4,432)
At end of year	6,961,176	7,029,813	314,537	318,969
Analysed as :				
Long term leasehold land	6,521,047	6,574,926	314,537	318,969
Short term leasehold land	440,129	454,887	–	–
	6,961,176	7,029,813	314,537	318,969

Leasehold land of the Group with an aggregate carrying amounts of RM1,460,943 (2008: RM1,478,725) are pledged as securities for borrowings as at balance sheet date as disclosed in Note 17.

5. Investments

	Company 2009 RM	Company 2008 RM
(a) Subsidiaries		
Unquoted shares at cost	16,298,252	16,298,251

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
(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 shares	118,001	118,001	118,001	118,001
Unquoted bonds (note ii)	2,000,000	2,000,000	2,000,000	2,000,000
	2,118,791	2,118,791	2,118,396	2,118,396
Total investments	2,118,791	2,118,791	18,416,648	18,416,647
Market value of shares quoted in Malaysia	440	1,040	220	520

Notes to the Financial Statement *cont'd*

31 March 2009

5. Investments *cont'd*

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Share Capital	Effective Interest Held (%) 2009	Effective Interest Held (%) 2008	Principal Activities
Hing Hong Sdn Berhad	Malaysia	2,000,000	100	100	Poultry farming
Innofarm (Klang) Sdn Bhd	Malaysia	400,000	70	70	Poultry farming
Evergreen Organic Fertilisers Sdn Bhd	Malaysia	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	81	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 (formerly known as Lay Hong Poultry Processing 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

(i) Acquisition of additional equity interest in a subsidiary

During the year, the Company acquired 880,000 ordinary shares of RM1.00 each in Innobrid Sdn Bhd for a nominal cash consideration of RM1.00, resulting in the Company's equity interest in Innobrid Sdn. Bhd. increasing from 75% in 2008 to 97% in the current year. Consequently, the effective equity interest of the Company in Innobrid Marketing Sdn. Bhd. also increased from 81% to 97.7%.

(ii) Unquoted bonds

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

Notes to the Financial Statement cont'd

31 March 2009

6. Intangible Assets

	Goodwill RM	Development Costs RM	Total RM
Group			
Cost			
At 1 April 2007	1,918,832	714,049	2,632,881
Acquisition of additional equity interest in a subsidiary	318,841	–	318,841
At 31 March 2008 / 31 March 2009	2,237,673	714,049	2,951,722
Accumulated impairment losses and amortisation			
At 1 April 2007	–	–	–
Additions	–	85,374	85,374
At 31 March 2008	–	85,374	85,374
Additions	–	97,622	97,622
At 31 March 2009	–	182,996	182,996
Net carrying amount			
At 31 March 2009	2,237,673	531,053	2,768,726
At 31 March 2008	2,237,673	628,675	2,866,348

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:

	2009	2008
Budgeted gross margin	5%	5%
Growth rate	6%	6%
Discount rate	7.5%	7.5%

Notes to the Financial Statement *cont'd*

31 March 2009

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	
	2009 RM	2008 RM	2009 RM	2008 RM
At beginning of year	9,474,925	9,480,079	6,524,110	7,520,649
Recognised in income statement (Note 28)	897,945	88,263	497,339	(983,696)
Recognised in equity	–	(93,417)	–	(12,843)
At end of year	10,372,870	9,474,925	7,021,449	6,524,110
Presented after offsetting as follows:				
Deferred tax liabilities	20,071,127	18,930,818	7,701,095	7,561,503
Deferred tax assets	(9,698,257)	(9,455,893)	(679,646)	(1,037,393)
	10,372,870	9,474,925	7,021,449	6,524,110

Notes to the Financial Statement *cont'd*

31 March 2009

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 2007	16,808,345	2,533,762	185,653	19,527,760
Recognised in income statement	598,115	(1,072,919)	(28,721)	(503,525)
Recognised in equity	–	(93,417)	–	(93,417)
At 31 March 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

	Accelerated Capital Allowances RM	Revaluation Reserve RM	Total RM
Deferred Tax Liabilities of the Company:			
At 1 April 2007	7,291,486	333,928	7,625,414
Recognised in income statement	(32,157)	(18,911)	(51,068)
Recognised in equity	–	(12,843)	(12,843)
At 31 March 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

Notes to the Financial Statement cont'd

31 March 2009

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 2007	(9,651,189)	(396,492)	(10,047,681)
Recognised in income statement	682,023	(90,235)	591,788
At 31 March 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)
Deferred Tax Assets of the Company:			
At 1 April 2007	(46,795)	(57,970)	(104,765)
Recognised in income statement	(948,939)	16,311	(932,628)
At 31 March 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)

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. The deferred tax assets that have not been recognised at the Group level relate to 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	
	2009 RM	2008 RM	2009 RM	2008 RM
At cost:				
Layer breeders	619,939	758,782	–	–
Broiler breeders	4,945,537	4,186,236	–	–
Layers	16,373,023	15,851,932	11,948,521	11,404,157
	21,938,499	20,796,950	11,948,521	11,404,157

Notes to the Financial Statement *cont'd*

31 March 2009

9. Inventories

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
At cost:				
Livestocks	4,189,233	4,741,002	–	–
Eggs	2,479,703	2,502,673	987,900	950,586
Raw materials	9,937,024	8,468,549	4,124,046	3,828,535
Organic fertilisers	803,558	639,445	–	–
Processed and frozen products	10,064,594	4,507,097	–	–
Retail merchandise	3,899,593	–	–	–
Consumables and packing materials	4,598,848	7,792,777	1,210,516	1,449,189
	35,972,553	28,651,543	6,322,462	6,228,310

10. Trade Receivables

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Trade receivables	44,045,859	52,002,086	9,715,855	9,429,050
Allowance for doubtful debts	(2,577,051)	(4,160,615)	(219,299)	(139,770)
	41,468,808	47,841,471	9,496,556	9,289,280

The Group's normal credit term ranges from 30 days to 60 days (2008: 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	
	2009	2008
	RM	RM
London Biscuits Berhad Group	2 75,652	820,960

Notes to the Financial Statement cont'd

31 March 2009

11. Other Receivables

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Prepayments	2,235,520	1,689,077	634,673	529,348
Sundry receivables	928,957	935,375	323,977	363,670
Deposits	3,417,056	1,124,354	1,802,535	126,085
Tax recoverable	833,542	779,300	784,133	681,429
	7,415,075	4,528,106	3,545,318	1,700,532

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 RM23,268,781 (2008: RM21,694,482) and other receivables balances of RM24,491,957 (2008: RM40,648,221).

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 RM7.8 million (2008: 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 2.58% (2008: 2.68%).

Notes to the Financial Statement *cont'd*

31 March 2009

14. Cash And Cash Equivalents

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash on hand and at banks	1,986,477	1,836,644	173,655	69,127
Deposits with licensed bank	430,904	415,520	–	–
Cash and bank balances	2,417,381	2,252,164	173,655	69,127
Short term investment (Note 13)	1,212,260	4,213,750	1,212,260	4,213,750
Less: Bank overdrafts (Note 17)	(6,997,358)	(6,461,706)	(3,400,000)	(2,226,461)
Cash and cash equivalents	(3,367,717)	4,208	(2,014,085)	2,056,416
Deposits pledged to licensed bank	(430,904)	(415,520)	–	–
	(3,798,621)	(411,312)	(2,014,085)	2,056,416

The fixed deposits with licensed bank of the Group amounting to RM430,904 (2008: RM415,520) have been pledged to licensed bank for guarantee facilities to third parties.

The weighted average effective interest rate of deposits of the Group at the balance sheet date is 3.88% (2008: 3.60%).

The maturity of deposit with licensed bank as at the end of the financial year was 365 days (2008: 365 days).

15. Share Capital

	Number of Ordinary Shares of RM1 each		Amount	
	2009	2008	2009	2008
			RM	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

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

Notes to the Financial Statement cont'd

31 March 2009

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

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

		Number of options over ordinary shares of RM1 each			
	Exercise price	At 1 April	During the year		At 31 March
Grant date	RM	2008	Granted	Exercised	2009
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.

Notes to the Financial Statement *cont'd*

31 March 2009

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 end, the Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2009, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

17. Borrowings

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Short Term Borrowings				
Secured:				
Bank overdrafts	3,597,358	4,235,245	–	–
Bankers' acceptances	17,688,000	14,912,000	–	–
Term loans	7,238,194	8,489,468	3,502,130	2,942,894
Hire purchase payables (Note 21)	4,491,409	3,960,607	1,119,656	1,180,233
	33,014,961	31,597,320	4,621,786	4,123,127
Unsecured:				
Bank overdrafts	3,400,000	2,226,461	3,400,000	2,226,461
Bankers' acceptances	18,789,000	18,123,000	18,789,000	18,123,000
Term loans	564,941	718,218	564,941	504,085
	22,753,941	21,067,679	22,753,941	20,853,546
	55,768,902	52,664,999	27,375,727	24,976,673

Notes to the Financial Statement *cont'd*

31 March 2009

17. Borrowings *cont'd*

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Long Term Borrowings				
Secured:				
Term loans	12,122,197	13,044,850	9,340,141	6,998,038
Hire purchase payables (Note 21)	9,497,216	7,532,923	2,893,985	3,120,867
	21,619,413	20,577,773	12,234,126	10,118,905
Unsecured:				
Term loans	21,124,002	21,692,518	21,124,002	21,692,518
	42,743,415	42,270,291	33,358,128	31,811,423
Total Borrowings				
Bank overdrafts (Note 14)	6,997,358	6,461,706	3,400,000	2,226,461
Bankers' acceptances	36,477,000	33,035,000	18,789,000	18,123,000
Term loans	41,049,334	43,945,054	34,531,214	32,137,535
Hire purchase payables (Note 21)	13,988,625	11,493,530	4,013,641	4,301,100
	98,512,317	94,935,290	60,733,855	56,788,096
Maturity of borrowings (excluding hire purchase) :				
Within one year	51,277,493	48,704,392	26,256,071	23,796,440
More than 1 year and less than 2 years	5,585,278	7,105,833	4,183,091	4,009,887
More than 2 years and less than 5 years	23,205,358	27,631,535	21,825,489	24,680,669
5 years or more	4,455,563	–	4,455,563	–
	84,523,692	83,441,760	56,720,214	52,486,996

Notes to the Financial Statement cont'd

31 March 2009

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	
	2009	2008	2009	2008
	%	%	%	%
Bank overdrafts	6.97	8.19	6.77	7.95
Bankers' acceptances	4.32	5.34	4.15	5.34
Term loans	7.21	7.90	7.50	8.01

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 (2008: 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, fixed deposits as disclosed in Note 14, subordination of corporate shareholders' loan as disclosed in Note 18, and amount due from subsidiaries of RM7.8 million (2008: 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	
	2009	2008
	RM	RM
Amounts due to corporate shareholders	1,834,075	2,422,275
Less : current portion due within one year	(128,018)	(113,218)
Non–current portion due after one year	1,706,057	2,309,057

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 Statement cont'd

31 March 2009

19. Trades 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 (2008: 30 days to 90 days).

20. Other Payables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Accruals	7,692,602	4,265,559	1,310,722	1,351,824
Sundry payables	7,084,915	7,505,104	537,677	3,820,905
	14,777,517	11,770,663	1,848,399	5,172,729

21. Hire Purchase And Finance Lease Liabilities

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Future minimum lease payments				
Not later than 1 year	5,301,286	4,659,248	1,365,622	1,464,321
Later than 1 year and not later than 2 years	4,213,376	3,656,661	1,242,103	1,143,706
Later than 2 years and not later than 5 years	6,079,054	4,613,872	1,772,816	2,339,083
Later than 5 years	179,453	–	179,453	–
	15,773,169	12,929,781	4,559,994	4,947,110
Less: Future finance charges	(1,784,544)	(1,436,251)	(546,353)	(646,010)
Present value of finance leases (Note 17)	13,988,625	11,493,530	4,013,641	4,301,100
Analysis of present value of finance lease liabilities:				
Not later than 1 year	4,491,409	3,960,607	1,119,656	1,180,233
Later than 1 year and not later than 2 years	3,676,177	3,235,521	1,077,962	954,717
Later than 2 years and not later than 5 years	5,649,751	4,297,402	1,644,735	2,166,150
Later than 5 years	171,288	–	171,288	–
	13,988,625	11,493,530	4,013,641	4,301,100
Analysed as:				
Amount due within 12 months (Note 17)	4,491,409	3,960,607	1,119,656	1,180,233
Amount due after 12 months (Note 17)	9,497,216	7,532,923	2,893,985	3,120,867
	13,988,625	11,493,530	4,013,641	4,301,100

Notes to the Financial Statement *cont'd*

31 March 2009

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	2009 %	2008 %	Maturity	Fair value 2009 RM	Fair value 2008 RM
Group						
Hire purchase and finance lease liabilities	Fixed	4.26 - 8.61	4.26 - 8.76	2009 to 2015	13,810,010	11,579,030
Company						
Hire purchase and finance lease liabilities	Fixed	4.39 - 8.41	4.39 - 8.41	2009 to 2015	3,997,959	4,407,688

22. Revenue

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

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Eggs	126,183,000	99,815,608	127,018,581	102,750,924
Livestocks	29,763,023	38,064,198	3,897,584	2,907,940
Ready feed	8,961,682	23,442,846	81,132,309	76,335,760
Processed and frozen products	176,172,733	153,492,707	–	–
Others	9,465,177	2,707,438	2,452,906	1,230,063
Dividend income from subsidiaries	–	–	–	3,195,000
	350,545,615	317,522,797	214,501,380	186,419,687

Notes to the Financial Statement *cont'd*

31 March 2009

23. Other Operating Income

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Gain on disposal of property, plant and equipment	28,021	202,097	–	1 32,635
Rental income:				
- Subsidiary	–	–	3,600	3,600
- Others	193,805	72,670	85,031	–
Dividend from unquoted investments (gross)	250	500	250	500
Interest income	114,118	271,567	98,510	256,076
Insurance claim	962,538	81,661	962,538	–
Management fees from subsidiaries	–	–	876,000	1,558,775
Allowance for doubtful debts written back	913,449	154,158	–	145,571
Excess of fair value of net assets acquired over consideration paid	392,470	–	–	–
Gain on foreign exchange:				
- Realised	199,528	168,000	103,999	89,401
- Unrealised	114,693	2,537	80,086	–

24. Employee Benefits Expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Salaries, wages and bonus	18,051,523	14,992,819	5,089,995	4,144,916
Defined contribution plans	1,587,109	1,371,941	570,129	501,337
Other employee benefits	6,598,340	7,397,678	2,350,088	1,820,131
	26,236,972	23,762,438	8,010,212	6,466,384

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors' remuneration	1,155,690	993,090	879,050	716,450

Notes to the Financial Statement cont'd

31 March 2009

25. Directors' Remuneration

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	771,050	627,450	771,050	627,450
Fees	40,000	76,000	40,000	28,000
Bonus	108,000	89,000	108,000	89,000
Benefits-in-kind	30,157	44,950	30,157	44,950
	949,207	837,400	949,207	789,400
Non-executive:				
Fees	98,000	103,000	98,000	55,000
	98,000	103,000	98,000	55,000
Other Directors				
Salaries and other emoluments	221,640	221,640	–	–
Fees	–	24,000	–	–
Bonus	55,000	55,000	–	–
	276,640	300,640	–	–
Total	1,323,847	1,241,040	1,047,207	844,400
Analysis of directors' remuneration excluding benefits-in-kind:				
Executive directors	919,050	792,450	919,050	744,450
Non-executive directors	374,640	403,640	98,000	55,000
Total	1,293,690	1,196,090	1,017,050	799,450

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

	Number of Directors 2009	Number of Directors 2008
Executive directors:		
RM600,001 – RM650,000	1	–
RM500,001 – RM550,000	–	1
RM300,001 – RM350,000	1	1
Non-Executive directors:		
RM1 to RM50,000	5	5
NIL	1	1

Notes to the Financial Statement *cont'd*

31 March 2009

26. Other Operating Expenses

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Directors' fees:				
- Current year	138,000	129,000	138,000	95,000
- Under/(over) provision in prior year	42,000	(76,000)	42,000	(36,000)
Statutory audits:				
- Current year	102,700	92,050	30,000	20,000
- Under/(over) provision in prior year	18,050	(50)	18,550	3,000
- Other services	6,000	6,000	6,000	6,000
Amortisation of prepaid land lease payments	68,637	70,595	4,432	4,432
Amortisation of intangible assets	97,622	85,374	–	–
Depreciation of property, plant and equipment	12,753,263	12,558,037	5,426,798	5,431,868
Property, plant and equipment written off	112,002	11,083	13,356	4,906
Loss on disposal of property, plant and equipment	19,470	–	8,735	–
Hire of plant and machinery	259,770	330,006	39,963	76,040
Loss on foreign exchange:				
- Realised	23,220	62,343	–	–
- Unrealised	–	210,022	–	166,638
Allowance for doubtful debts	1,033,282	619,368	79,530	64,594
Bad debts written off	11,847	46,495	–	46,495
Rental:				
- Third parties	1,574,906	1,871,224	187,181	194,833
- A subsidiary	–	–	30,000	30,000
Operating lease payments for office equipment	14, 253	55,147	14,253	55,147

27. Finance Costs

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Interest expenses on:				
- Bank borrowings	5,036,375	5,046,311	3,566,226	3,202,026
- Hire purchase liabilities	919,865	796,913	315,941	285,018
- Others	216,262	936,821	–	–
	6,172,502	6,780,045	3,882,167	3,487,044

Notes to the Financial Statement *cont'd*

31 March 2009

28. Income Tax Expenses/(Credit)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Tax expense for the year	645,145	269,720	514,642	941,013
(Over)/underprovision of tax in prior year	(784,686)	51,248	(756,340)	159
	(139,541)	320,968	(241,698)	941,172
Deferred tax (Note 7):				
Relating to origination and reversal of deferred tax	124,396	589,483	(71,627)	(546,229)
Relating to changes in tax rates	–	(245,538)	–	(269,970)
Under/(over) provision in prior years	773,549	(255,682)	568,966	(167,497)
	897,945	88,263	497,339	(983,696)
	758,404	409,231	255,641	(42,524)

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:

	2009	2008
	RM	RM
Group		
Profit before taxation	11,774,656	5,123,171
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	2,943,664	1,332,024
Effect of lower tax rate applicable to small and medium scale companies	–	(37,545)
Effect on changes in tax rates on opening balance of deferred tax	–	(245,538)
Income not subject to tax	(2,409,503)	(272,418)
Deferred tax recognised at different tax rates	–	(43,829)
Relating to origination and reversal of deferred tax arising from control transfer of property, plant and equipment	–	(453,772)
Utilisation of previously unrecognised unutilised reinvestment allowances	–	(364,259)
Expenses not deductible for tax purposes	235,380	699,002
(Over)/underprovision of income tax in prior years	(784,686)	51,248
Under/(over)provision of deferred tax in prior year	773,549	(255,682)
Income tax expense for the year	758,404	409,231

Notes to the Financial Statement cont'd

31 March 2009

28. Income Tax Expenses/(Credit) cont'd

	2009 RM	2008 RM
Company		
Profit before taxation	1,431,365	870,439
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	357,841	226,314
Effect on changes in tax rates on opening balance of deferred tax	–	(269,970)
Expenses not deductible for tax purposes	85,174	168,470
(Over)/underprovision of tax in prior years	(756,340)	159
Under/(over)provision of deferred tax in prior years	568,966	(167,497)
Income tax expense/(credit) for the year	255,641	(42,524)

The applicable tax rate has been reduced from 26% to 25% following changes in legislation under Budget 2008. The computation of deferred tax as at 31 March 2009 was made based on these tax rates.

As gazetted in the Finance Act 2003, income tax rate for the first RM500,000 of chargeable income in respect of small and medium scale companies with a paid up share capital of RM2,500,000 and below is reduced to 20% However, with effect from the year of assessment 2009, certain subsidiaries will no longer qualify for the preferential tax rate due to a change in the definition of small and medium scale companies.

29. Earning Per Shares

(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.

	2009 RM	2008 RM
Profit attributable to ordinary equity holders of the Company	7,086,776	1,400,215
Weighted average number of ordinary shares in issue	46,240,000	46,240,000
Basic earnings per share (sen)	15.33	3.03

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

Notes to the Financial Statement cont'd

31 March 2009

30. Operating Lease Arrangements

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Future minimum rentals payments:				
Not later than 1 year	364,764	372,862	12,155	26,253
Later than 1 year and not later than 5 years	1,331,837	1,378,792	48,000	48,155
Later than 5 years	1,017,039	1,129,848	2,000	13,000
	2,713,640	2,881,502	62,155	87,408

31. Capital Commitments

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Approved and contracted for				
- Property, plant and equipment	2,931,000	6,083,000	2,804,000	5,757,600

32. Contingent Liabilities

	Company	
	2009 RM	2008 RM
Unsecured		
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiaries	32,038,305	30,873,930

Notes to the Financial Statement *cont'd*

31 March 2009

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
2009				
Revenue				
External sales	345,799,049	4,746,566	–	350,545,615
Inter-segment sales	766,818	–	(766,818)	–
	346,565,867	4,746,566	(766,818)	350,545,615
Results				
Operating profit	18,985,446	(1,038,288)	–	17,947,158
Finance costs				(6,172,502)
				11,774,656
Taxation				(758,404)
Profit for the year				11,016,252
Other information				
Total segment assets	264,301,934	13,094,574	–	277,396,508
Unallocated corporate assets				12,466,983
Total assets				289,863,491
Total segment liabilities	156,951,084	15,210,406	–	172,161,490
Unallocated corporate liabilities				20,082,389
Total liabilities				192,243,879
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

No comparative segment information is provided as the Group's activities in prior year were primarily only in one business segment - integrated livestock farming.

Notes to the Financial Statement cont'd

31 March 2009

34. Significant Related Party Transactions

	2009 RM	2008 RM
Group		
Sales to London Biscuits Berhad Group in which certain directors of the Company have interests	4,352,584	7,038,526
Company		
Purchases from subsidiaries:		
- Innofarm (Klang) Sdn Bhd	13,788,362	12,874,657
- Hing Hong Sdn Berhad	19,581,410	17,960,702
Sales to subsidiaries:		
- Innofarm (Klang) Sdn Bhd	12,206,977	10,586,137
- Innobrid Sdn Bhd	30,850,791	25,395,366
- Evergreen Organic Fertilisers Sdn Berhad	1,320,000	360,000
- Eminent Farm Sdn Bhd	21,817,834	26,720,812
- Hing Hong Sdn Berhad	17,077,581	14,627,424
- Lay Hong Liquid Egg Sdn Bhd	10,808,934	14,224,038
- Lay Hong Food Corporation Sdn Bhd (formerly known as Lay Hong Poultry Processing Sdn Bhd)	1,972,243	1,209,975
- Sri Tawau Farming Sdn Bhd	5,998	163,854
- Evergrowth Marketing Sdn Bhd	–	6,480
- STF Agriculture Sdn Bhd	261,203	16,300
Management fees receivable from subsidiaries :		
- Innofarm (Klang) Sdn Bhd	120,000	120,000
- Evergreen Organic Fertilisers Sdn Berhad	36,000	36,000
- Hing Hong Sdn Berhad	180,000	180,000
- Eminent Farm Sdn Bhd	–	180,000
- Evergrowth Marketing Sdn Bhd	180,000	180,000
- Lay Hong Food Corporation Sdn Bhd (formerly known as Lay Hong Poultry Processing Sdn Bhd)	180,000	180,000
- STF Agriculture Sdn Bhd	180,000	226,605
- Sri Tawau Farming Sdn Bhd	–	456,170
Rental income receivable from a subsidiary		
- Evergreen Organic Fertilisers Sdn Berhad	3,600	3,600
Rental expenses payable to a subsidiary		
- Hing Hong Sdn Berhad	30,000	30,000

Notes to the Financial Statement cont'd
31 March 2009

34. Significant Related Party Transactions cont'd

London Biscuit Berhad is a major shareholder of the Company, Dato' Liew Yew Chung and Dato' 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 are disclosed in Note 12 and Note 18.

Compensation of key management personnel

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

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 2009. 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 Statement *cont'd*

31 March 2009

35. Financial Instruments *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 United Stated Dollars (USD) and Singapore Dollars (SGD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptance level.

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 on-Functional Currencies		
	United States Dollars	Singapore Dollars	Total
Functional Currency of the Group			
At 31 March 2009			
Ringgit Malaysia	115,905	1,210,200	1,326,105
At 31 March 2008			
Ringgit Malaysia	591,600	777,623	1,369,223
Functional Currency of the Company			
At 31 March 2009			
Ringgit Malaysia	49,128	1,210,200	1,259,328
At 31 March 2008			
Ringgit Malaysia	161,721	785,277	946,998

(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.

Notes to the Financial Statement cont'd

31 March 2009

35. Financial Instruments 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:

		Group		Company	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
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
31 March 2008					
Financial Assets					
Due from subsidiaries	12	–	–	6,342,703	*
Financial Liabilities					
Due to subsidiaries	12	–	–	2,389,235	*
Term loans	17	43,945,054	42,440,846	32,137,535	30,594,608
Due to corporate shareholders	18	2,422,275	*	–	–
		46,367,329	42,440,846	34,526,770	30,594,608

* 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 Statement cont'd

31 March 2009

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. Significant Event

On 3 December 2008, the Group had acquired the assets of a chain of supermarket outlets in Sabah for a total cash consideration of RM6,000,000.

Analysis of Shareholders

as at 10 August 2009

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.	London Biscuits Berhad	11,372,200	24.59
2.	Innofarm Sdn Bhd	11,236,000	24.30
3.	CIMB Group Nominees (Tempatan) Sdn Bhd - pledged securities account for Innofarm Sdn Bhd	7,664,000	16.57
4.	Yip Kim Hoong	2,836,657	6.13
5.	Ong Har Hong	1,605,100	3.47
6.	Poo Choo @ Ong Poo Choi	1,274,400	2.76
7.	Mayban Securities Nominees (Tempatan) Sdn Bhd -pledged securities account for Ong Huey Peng	1,116,400	2.41
8.	Lai Kum Sim	648,000	1.40
9.	Lai Kum Sim	459,000	0.99
10.	Cheng Ying Ying	261,143	0.56
11.	Ban Seng Guan Sdn Bhd	189,600	0.41
12.	Axiom Enterprises (M) Sdn Bhd	183,200	0.40
13.	Desa Potensi Sdn Bhd	141,400	0.31
14.	Tawakar Enterprise Sdn Bhd	120,000	0.26
15.	Low Saw Tin	112,000	0.24
16.	Ong Wah Seng	110,400	0.24
17.	Tan Choo Mit	107,600	0.23
18.	Teoh Hunt Thuim	103,400	0.22
19.	Si Hong Kuan	100,800	0.22
20.	Malaysia Nominees (Tempatan) Sendirian Berhad - pledged securities account for Wan Holdings Sdn Bhd	86,400	0.19
21.	Alliance Group Nominees (Tempatan) Sdn Bhd -pledged securities account for Lim Yoke Sim	83,000	0.18
22.	Low Fatt Chye	67,200	0.15
23.	Lee You Long	64,900	0.14
24.	Sing Kong Wey	62,400	0.14
25.	Yeap Wan Keng	62,400	0.14
26.	Chan Seng Cheong	60,000	0.13
27.	Chew Weng Khak @ Chew Weng Kiak	57,600	0.13
28.	Lee Tze Yong	51,600	0.11
29.	Wah Keng Sen	51,000	0.11
30.	Tan Poay Teik	50,000	0.11
	Total	40,337,800	87.24

Analysis of Shareholders cont'd

as at 10 August 2009

Distribution Of Shareholdings

Size of Shareholding	No. of Shareholders	% Shareholders	No. of Shares Held	% of Issued Share Capital
1 – 99	78	5.59	1,127	0.00
100 – 1,000	104	7.46	61,950	0.14
1,001 – 10,000	1,061	76.11	3,653,849	7.90
10,001 – 100,000	132	9.47	2,881,774	6.23
100,001 – 2,311,999 *	15	1.08	6,532,443	14.13
2,312,000 and above *	4	0.29	33,108,857	71.60
	1,394	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 No. of shares held	Direct %	Indirect No. of shares held	Indirect %
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 Hoong	2,836,657	6.13	–	–
Dato' Liew Yew Chung	–	–	11,372,200	24.59
Dato' Liew Kuek Hin	–	–	11,372,200	24.59
Innofarm Sdn Bhd	18,900,000	40.87	–	–
London Biscuits Berhad	11,372,200	24.59	–	–

List of Directors' Shareholdings

(as per Register of Directors' Shareholdings)

Name of Director	Direct No. of shares held	Direct %	Indirect No. of shares held	Indirect %
Yap Hoong Chai	–	–	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	2,836,657	6.13	–	–
Dato' Liew Yew Chung	–	–	11,372,200	24.59
Dato' Liew Kuek Hin	–	–	11,372,200	24.59
Abdul Hamid bin Mohamed Ghows	–	–	–	–
Dato' Dr. Abdul Aziz bin Mangkat	–	–	–	–

Properties Owned by Lay Hong Berhad Group of Companies

as at 31 March 2009

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition / Revaluation
Selangor						
Nos. 39 & 41 Jalan 5, Kawasan 16 Taman Intan, 41300 Klang	Office Building	9111 sq. ft.	Freehold	24	1,046	28/3/06
Lot Nos. 4857 Mukim of Jeram District of Kuala Selangor	Layer Farm & Feedmill	25	Freehold	10-25	3,100	28/3/06
Lot No. 559 Mukim of Ijok Kuala Selangor	Layer Farm, fertiliser plant & building	34	Freehold	10-17	8,855	28/3/06
Lot No. 1640 Mukim of Ijok Kuala Selangor	Chick Farm	5	Freehold	7-18	778	28/3/06
Lot No. 1954 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	7	3,264	28/3/06
Lot No. 3095 Mukim of Jeram District of Kuala Selangor	Pullet Farm	5	Freehold	7	2,050	28/3/06
Lot No. 1555 Mukim of Jeram District of Kuala Selangor	Layer Farm	6	Freehold	5	3,609	24/2/04
Lot 1933 Mukim of Jeram District of Kuala Selangor	Pullet Farm	5	Land Under Tenant's Lease	5	662	16/3/05
Lot No. 1868 Mukim of Jeram District of Kuala Selangor	Layer Farm	5	Freehold	1-4	3,268	28/3/06
Lot Nos. 16458/9 Mukim of Tanjung Karang District of Kuala Selangor	Vacant Land	2	Leasehold Aug 2080	-	315	31/3/06
Lot Nos. 4847/8 Mukim of Jeram District of Kuala Selangor	Layer Farm	26	Land Under Tenant's Lease	10-22	368	1/9/86

Properties Owned by Lay Hong Berhad Group of Companies *cont'd*

as at 31 March 2009

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition / Revaluation
Lot No. 4859 Mukim of Jeram District of Kuala Selangor	Fertiliser Plant & Building	4	Land Under Tenant's Lease	1-15	1,329	1/12/94
Lot No. 1942 Mukim of Jeram District of Kuala Selangor	Fertiliser Plant & Building	3	Land under Tenant's Lease	6	271	1/10/02
Lot Nos. 1632/3 Mukim of Ijok Kuala Selangor	Breeder Farm & Hatchery	10	Freehold	8-17	1,313	28/3/06
Lot No. 807 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	10-14	905	28/3/06
Lot No. 681 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	10-14	994	28/3/06
Lot Nos. 708/9 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	10	Freehold	10-13	1,998	28/3/06
Lot No. 969 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	5	Freehold	10-12	1,002	28/3/06
Lot Nos. 683/4 & 685 Mukim Ujong Permatang Kuala Selangor	Broiler Farm	15	Land Under Tenant's Lease	9-12	1,981	19/5/97
Lot Nos. 1475/6 Lot Nos. 253 & 244 Mukim Pasangan Kuala Selangor	Breeder Farm & Hatchery	18.5	Freehold	7-11	935	28/3/06
Lot No. 1011 Mukim Pasangan Kuala Selangor	Vacant Land	3	Freehold	-	180	28/3/06
Lot Nos.16456/7&16486 Mukim Tanjong Karang District of Kuala Selangor	Processing Plant	3	Leasehold Nov 2080 (16456/7) July 2080 (16486)	1-5	196	14/6/00 (16456/7) 6/12/04 (16486)

Properties Owned by Lay Hong Berhad Group of Companies *cont'd*

as at 31 March 2009

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition / Revaluation
Lot Nos. 739/40 & 741 Mukim Api-Api District of Kuala Selangor	Breeder Farm	15	Freehold	6	5,556	28/3/06
No. 29, Jalan Perindustrian 5 Off Jalan Haji Abdul Manan Batu 5 1/2, Jalan Meru 41050 Klang Selangor	Liquid Egg Plant	1158 m2	Freehold	6	1,497	28/3/06
Lot No. 16465 Mukim Tanjong Karang District of Kuala Selangor	Vacant Land	1	Leasehold Nov 2080	-	99	4/7/05
Perak						
Lot 2394/2554 Mukim Hulu Bernam Timor District of Batang Padang Perak	Broiler Farm	3.8 hectare	Freehold	1	2,652	1/12/08
Melaka						
Lot Nos. 1717/8/9 & 1720 Mukim of Ayer Panas Jasin, Melaka	Layer Farm, Fertiliser Plant & Building	40	Freehold	15-24	2,802	28/3/06
Sabah						
CL 045169248 Kampung Indai Tuaran, Sabah	Broiler Farm	11	Leasehold Jan 2060	12	952	28/3/06
NT No. 043176030 Lubok Bagiang Tuaran, Sabah	Broiler Farm	6	Leasehold June 2094	13	1,205	28/3/06
NT No. 043171651 Kampung Serusup Tuaran, Sabah	Vacant Land	9	Leasehold June 2094	-	249	28/3/06
CL 045115928 Tuaran, Sabah	Layer Farm & Feedmill	89	Leasehold Jan 2938	1-18	3,760	28/3/06

Properties Owned by Lay Hong Berhad Group of Companies *cont'd*

as at 31 March 2009

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition / Revaluation
CL 025308043 Papar, Sabah	Breeder Farm	19	Leasehold Jan 2063	1-11	5,369	28/3/06
CL 025166714 Papar, Sabah	Vacant Land	19	Leasehold Jan 2056	-	471	28/3/06
CL 025166705 Papar, Sabah	Vacant Land	20	Leasehold Jan 2056	-	471	28/3/06
NT No. 043140905 Kampung Serusop Tuaran, Sabah	Broiler Farm	5	Leasehold Feb 2099	6	941	28/3/06
NT No. 043140914 Kampung Lok Bagiang Tuaran, Sabah	Broiler Farm	3	Leasehold Aug 2098	6	508	28/3/06
CL 015580104 (KKIP) Kota Kinabalu, Sabah	Feedmill	3	Leasehold Dec 2096	1-6	2,951	28/3/06
NT. No. 044018224 Tuaran, Sabah	Broiler Farm	4	Leasehold Jul 2031	6	746	28/3/06
NT. No. 043081625 Tamparuli, Sabah	Vacant Land	9	Leasehold Feb 2037	-	357	5/4/07
NT. No. 173069308 Bongawan, Sabah	Broiler Farm	5	Land Under Tenant's Lease	1	7	20/8/07
CL 045311706 Kg Kauluan Tuaran, Sabah	Broiler Farm	37	Land Under Tenant's Lease	3	463	4/1/06
CL 30450 Kg Timbok Tuaran, Sabah	Broiler Farm	0.2	Land Under Tenant's Lease	3	49	3/1/06
CL 105479105, Mile 8 ½ Jalan Tiku, Tawau	Broiler Farm	3	Land Under Tenant's Lease	1	255	30/4/08

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIFTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT BERKELEY BALLROOM, PRESCOTT HOTEL, 18A LEBUH ENGGANG, OFF PERSIARAN SULTAN IBRAHIM, 41050 KLANG, SELANGOR ON MONDAY, SEPTEMBER 28, 2009 AT 11.30 AM FOR THE FOLLOWING PURPOSES:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31st March 2009 together with the Reports of the Directors and Auditors thereon.

2. To declare a Final Dividend of 1.25% less tax at 25% for the year ended 31st March 2009. Resolution 1

3. To approve Directors' Fees for the year ended 31st March 2009. Resolution 2

4. To re-elect Mr Yeap Fock Hoong as a Director of the Company in accordance with Article 71 of the Company's Articles of Association. Resolution 3

5. To re-elect Dato' Dr. Abdul Aziz Bin Mangkat DIMP KMN ASK as a Director of the Company in accordance with Article 71 of the Company's Articles of Association. Resolution 4

6. To re-appoint Messrs Ong Boon Bah & Co. as Auditors to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Directors. Resolution 5

Special Business

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

Ordinary Resolution

7. Proposed Shareholders' Mandate for Recurrent Related Party Transactions (RRPT)

   "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 RRPT (all defined terms shall bear the meaning set out in the Circular to Shareholders of LAY HONG BERHAD dated September 4 2009, hereinafter referred to as "the Circular"), namely to allow the RRPT, 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:

Notice of Annual General Meeting *cont'd*

(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 RRPT) in such manner as they may deem expedient or necessary in connection with this Ordinary Resolution." Resolution 6

Notice of Annual General Meeting cont'd

Notice Of Books Closure

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 1.25% less tax at 25% per share of RM1/- each will be payable on November 3, 2009 to depositors who are registered in the Record of Depositors at the close of business on October 3, 2009 if approved by members at the Twenty-Fifth Annual General Meeting on September 28, 2009.

A depositor shall qualify for entitlement only in respect of:

a) shares transferred into the depositors Securities Account before 4.00 pm on October 13, 2009 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

September 4, 2009
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 of Shareholders' Mandate For Recurrent Related Party Transactions (RRPT) (Resolution 6).

   The proposed Resolution 6, if passed, will enable the Company and/or its subsidiaries to enter into RRPT 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

Statement Accompanying the Notice of Twenty-Fifth Annual General Meeting of Lay Hong Berhad

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

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

(b) Dato' Dr. Abdul Aziz Bin Mangkat DIMP KMN ASK (retiring pursuant to Article 71 of the Company's Articles of Association).

B. Details of attendance of directors at board meetings

5 Board Meetings were held during the financial year ended 31st March 2009. All meetings were held at the Office Premises, No 41-B Jalan 5, Kawasan 16, Taman Intan, 41300 Klang, Selangor.

The attendance record of each Director is as follows:

	Attendance	Percentage
Executive Director		
Yap Hoong Chai	5/5	100%
Yeap Weng Hong	5/5	100%
Non-Executive Director		
Yip Kim Hoong	3/5	60%
Yeap Fock Hoong	4/5	80%
Abdul Hamid Bin Mohamed Ghows	5/5	100%
Dato' Dr Abdul Aziz Bin Mangkat DIMP KMN ASK	5/5	100%
Dato' Liew Yew Chung DIMP	5/5	100%

C. The Twenty-Fifth Annual General Meeting will be held at the Berkeley Ballroom, Prescott Hotel, 18A Lebuh Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor on Monday, September 28, 2009 at 11.30 am.

Statement Accompanying the Notice of Twenty-Five Annual General Meeting of Lay Hong Berhad cont'd

D. Further details of the individuals who are standing for election as directors.

1. (a) Yeap Fock Hoong, a Singaporean, aged 55, 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.

   (b) He has been a commercial pilot since 1973 and currently holds the position of a management pilot for a major airline.

   (c) He sits on the Board of Directors of several private limited companies and does not hold any other directorship of public companies.

   (d) He is the brother of Yap Hoong Chai, Yip Kim Hoong and Yeap Weng Hong, who are also Directors of the Company.

   (e) He holds 12,000 shares of RM1/- each and has indirect interest via the substantial shareholder of the Company, Innofarm Sdn Berhad.

   (f) He has no conflict of interest with the Company.

   (g) He has no conviction for any offence within the past 10 years.

2. (a) Dato' Dr Abdul Aziz Bin Mangkat DIMP KMN ASK,a Malaysian, aged 59, is an Independent Non-Executive Director of Lay Hong Berhad and was appointed to the Board of Directors of Lay Hong Berhad on 3rd July 2006.

   (b) He was the Deputy Director General 1 at Department of Veterinary Services from 2005 to May 2006.

   (c) He has no shareholding in the Company or the Company's subsidiaries.

   (d) He is not related to any director or major shareholder of the Company.

   (e) He has no conflict of interest with the Company.

   (f) He has no conviction for any offence within the past 10 years.

Proxy Form

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-Fifth Annual General Meeting of the Company to be held at the Berkeley Ballroom, Prescott Hotel, 18A Lebuh Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor on Monday, September 28, 2009 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 1.25% less tax at 25% for the year ended 31st March 2009.		
2.	To approve Directors' fees for the financial year ended 31st March 2009.		
3.	To re-elect Mr Yeap Fock Hoong as Director.		
4.	To re-elect Dato' Dr. Abdul Aziz Bin Mangkat DIMP KMN ASK 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.		

(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 2009.

No. of shares held:

Signature of Shareholder or Common Seal

NOTES

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

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

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

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

fold here

STAMP

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

fold here

www.layhong.com.my