

LEONG HUP HOLDINGS BERHAD (51316-D)

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

A. SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD NO. 134 - INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard No. 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 March 2009 and the accompanying explanatory notes attached. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

The significant accounting policies and methods of computation adopted by the Group are consistent with those of the audited financial statements for the year ended 31 March 2009. The following Financial Reporting Standards ("FRSs") and Interpretations were issued but not yet effective and have not been applied by the Group:

FRS 1	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards
FRS 2	Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 127	Amendments to FRS 127 Consolidated and Separate Financial Statements: Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 139	Financial Instruments: Recognition and Measurement
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 11	FRS 2 – Group and Treasury Share Transactions
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoptions of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the interim financial statements of the Group.

A2 Auditors' Report

There was no qualification on the audited financial statements of the Company for the financial year ended 31 March 2009.

A3 Seasonal or Cyclical Factors

The principal business operations of the Group were not significantly affected by seasonal or cyclical factors.

A4 Unusual Items

There was no items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence.

A5 Changes in Estimates

There were no significant changes in the estimates reported in prior financial year, which have a material effect in the current period.

A6 Issuances, Cancellation, Repurchases, Resale & Repayments Of Debts And Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current financial year to date.

A7 Dividend Paid

The Company has on 20 May 2009 paid an interim dividend of 2% less 25% tax amounting to RM2,500,875 in respect of the previous financial year ended 31 March 2009.

A8 Segmental Reporting

The segment revenue and results for business segments for the current financial year to date are as follows:

Segmental Analysis - By Activities	Segment Revenue (RM'000)	Profit / (Loss) Before Taxation (RM'000)
a) Poultry Farming & Breeding, Processing & Marketing of Chickens & Related Products and Manufacturing & Trading of Food Products	583,079	56,265
b) Plantation Owner & Investment Property	349	(162)
Total	583,428	56,103

A9 Valuation of Property, Plant & Equipment

The valuations of property, plant and equipment of the Group have been brought forward without amendments from the previous annual financial statements.

A10 Material Subsequent Events

There were no material events subsequent to the end of the current quarter that have not been reflected in the current financial statements except for the followings:-

- a) Lee Say Sugar Factory Pte. Ltd., a 51% subsidiary of Leong Hup Holdings Berhad has on 1 October 2009 subscribed additional 89,900 ordinary shares of SGD1.00 (approximately RM2.45) each in Lee Say Egg Products Pte. Ltd. (formerly known as One N One Investment Pte. Ltd.) for a total consideration of SGD89,900 (approximately RM220,255) together with two new additional shareholders, each subscribed 5,000 ordinary shares. With the new shareholders, the equity holdings of Lee Say Sugar Factory Pte. Ltd. in Lee Say Egg Products Pte. Ltd. has correspondently reduced from 100% to 90%.
- b) The acquisition of 229,500 ordinary shares of SGD1.00 (approximately RM2.45) each, representing of 51% equity interest in Wong Xiang Shun Food Industry Pte. Ltd. for a total cash consideration of SGD229,500 (approximately RM562,275) by Kendo Trading Pte. Ltd., 26.01% sub-subsiary of LHH through Lee Say Sugar Factory Pte. Ltd. was completed on 1 October 2009

- c) Lee Say Trading Sdn. Bhd., a 51% sub-subsidiary of LHH through Lee Say Sugar Factory Pte. Ltd. has on 28 August 2009 announced to acquire of 1,050,000 ordinary shares of RM1.00 each, representing 100% equity interest in Heng Kai Hock Farm Sdn. Bhd. for a total consideration of RM2,454,400. The acquisition was completed on 6 November 2009.

A11 Effects of Changes in the Composition of the Group

There were no other significant changes in the composition of the Group during the current quarter including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations except for the followings:-

- a) The disposal of 3,500,000 ordinary shares of RM1.00 each, representing 100% equity interest in F.E.Venture Marketing Sdn. Bhd. for a total cash consideration of RM900,000 by F.E.Venture Sdn. Bhd., 51% subsidiary of LHH was completed on 18 August 2009.
- b) The disposal of 40,000,000 ordinary shares of RM0.20 each, representing 20% equity interest in Teo Seng Capital Berhad for a cash consideration of RM18,600,000 by Advantage Valuations Sdn. Bhd., 51.15% subsidiary of LHH was completed on 17 September 2009.

A12 Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities and contingent assets other than the corporate guarantee of RM213.1million given to the financial institutions, which upon becoming enforceable may have a material effect on the net assets, profits or financial position of our Group for the quarter under review.

B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B)

B1 Review of Performance of the Company and its principal subsidiaries

The Group has recorded a higher profit before taxation of RM56.1million on the back of revenue of RM583.4million for the period under review, representing an increase of 54% and 1% respectively, as compared with the profit before taxation of RM36.4million from the revenue of RM576.8million.

It was mainly due to higher demand for our poultry products, better farming performance and coupled with the lower feed cost.

B2 Comparison with the Immediate Preceding Quarter's Results

	Current Quarter ended 30 Sept 2009 RM'000	Preceding Quarter ended 30 June 2009 RM'000	Variance RM'000	%
Revenue	302,821	280,607	22,214	7.9
Profit Before Tax	29,873	26,230	3,643	13.8

Despite the Group recorded a moderate increase in revenue to RM302.8million for the current quarter as compared with the revenue of RM280.6million in the previous quarter, the higher profit before taxation of RM29.8million representing an increase of 13.8% in the current quarter was mainly due to better selling price for poultry products, coupled with lower feed cost and lower operation cost of our farming operations.

B3 Current Year Prospects

In view of the recent stable selling price of day-old chicks & broiler chickens coupled with the higher demand for our poultry products, the Board of Directors is remain optimistic with the Group's prospects for the remaining six (6) months period ending 31 March 2010.

B4 Variance from Profit Forecast and Profit Guarantee

This note is not applicable to the Group.

B5 Taxation

Major components of tax expense:

	Current Quarter Ended 30/9/2009 (RM'000)	Current Year To Date Ended 30/9/2009 (RM'000)
Current Year Provision	5,124	10,916
Under/(Over) Provision in respect of prior years	(227)	(227)
Deferred Taxation	166	518
Total	5,063	11,207

The Group's income tax for the current quarter and financial period to date reflects an effective tax rate which is lower than the statutory income tax rate due to the utilization of unabsorbed capital allowance and reinvestment allowance.

B6 Profit/(Losses) on Sales of Unquoted Investments and/or Properties

During the financial year to date, the Group has derived a gain of RM147,638 on the disposal of properties.

B7 Particulars Of Purchase Or Disposal Of Quoted Securities

a) During the financial year to date, the Group has derived a gain of RM 104,911 on the disposal of quoted shares.

b) Investment in quoted shares as at the end of the reporting period:

	RM'000
Investment at Cost	1,479
Investment at Carrying Value / Book Value	184
Investment at Market Value	187

B8 Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report except where the Company has on 13 October 2009 announced and entered into two (2) separate share acquisition agreements in relation to the proposed acquisition of the followings:-

- a) 744,813 ordinary shares of RM1.00 each, representing approximately 21.25% equity interest in Alam Muhibah Sdn. Bhd. for a purchase consideration of RM21,300,000 to satisfy by the issuance of 20,285,714 new LHH Shares at an issue price of RM1.05 each. Upon completion of the acquisition, Alam Muhibah Sdn. Bhd. will become 56.25% LHH's subsidiary.
- b) 5,090,000 ordinary shares of RM1.00 each, representing 100% equity interest in Ladang Ternakan Maju Sdn. Bhd. for a purchase consideration of RM12,750,000 to satisfy by the issuance of 12,142,857 new LHH Shares at an issue price of RM1.05 each.

B9 Group's Borrowings and Debt Securities

Detailed of Group's borrowings as at the end of reporting period:

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Short-term borrowings	109,614	12,761	122,375
Hire Purchase – Current	7,827	-	7,827
Hire Purchase – Non-current	9,422	-	9,422
Long-term borrowings – Current	8,566	706	9,272
Long-term borrowings – Non-current	18,280	655	18,935
Total	153,709	14,122	167,831

Denominated in	RM'000
Ringgit Malaysia	154,567
Singapore Dollar	13,264
Total	167,831

The foreign currency borrowings were converted into Ringgit Malaysia at the exchange rate prevailing as at 30 September 2009.

B10 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the reporting date.

B11 Material Litigations

There were no pending material litigations at the date of this report.

B12 Dividend Payable

The board of directors has declared an interim dividend of 2.5% less tax for the current financial quarter under review.

B13 Earnings per Share

The basic earnings per share are computed by dividing the profit or loss for the period by the number of ordinary shares in issue during the period.

	Current Quarter Ended 30/9/2009	Preceding Year Corresponding Quarter 30/9/2008	Current Year To Date 30/9/2009	Preceding Year To Date 30/9/2008
Profit attributable to Ordinary Equity Holders of the Parent (RM'000)	16,834	16,293	30,056	22,906
Number of ordinary shares in issue (000)	166,725	166,725	166,725	166,725
Basic earnings per share (Sen)	10.10	9.77	18.03	13.74

B14 Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors on 23 November 2009.