

Company No. 51316-D

LEONG HUP HOLDINGS BERHAD
(Company No. 51316-D)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009
(In Ringgit Malaysia)

These Audited Financial Statements of the Company with *Qualified/Unqualified Auditors' Report for the year ended March 31, 2009 were tabled at the Annual General Meeting/Adjourned Annual General Meeting held on

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Name: Tan Sri Lau Tuang Nguang
Director

Company No. 51316-D

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

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LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of **LEONG HUP HOLDINGS BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended March 31, 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. It also derives income from the rental of its freehold land and the provision of management services.

The principal activities of the subsidiary companies are disclosed in Note 17 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There are no significant events other than those mentioned in Note 37 to the Financial Statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit before tax	45,831,388	4,549,576
Income tax expense	<u>(9,563,125)</u>	<u>(1,348,000)</u>
Profit for the year	<u>36,268,263</u>	<u>3,201,576</u>
Profit attributable to:		
Equity holders of the Company	16,868,505	3,201,576
Minority interests	<u>19,399,758</u>	<u>-</u>
	<u>36,268,263</u>	<u>3,201,576</u>

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

DIVIDENDS

A final dividend of 2 sen gross per ordinary share, less 25% income tax, amounting to RM2,500,873, proposed in respect of ordinary shares for the previous financial year and dealt with in the previous directors' report was declared and paid by the Company during the financial year.

An interim dividend of 2 sen gross per ordinary share, less 25% income tax, amounting to RM2,500,875, was declared by the Company in respect of ordinary shares during the financial year.

The directors do not propose any final dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) 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 had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

As of the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Lau Bong Wong
Dato' Lau Eng Guang
Tan Sri Lau Tuang Nguang
Major General (RTD) Datuk Haji Esa Bin Ahmad
Tan Sri Datuk Paduka Dr. Hajjah Saleha Bte Mohamad Ali
Mr. Lim Meng Bin
Mr. Koh Kim Chui (appointed on 21.08.2008)
Mr. Lau Joo Hong (appointed on 17.11.2008)
Datuk Lau Chong Wang (demised on 05.09.2008)
Mr. Ng Lee Sen (resigned on 21.08.2008)

In accordance with Article 100 of the Company's Articles of Association, Dato' Lau Eng Guang and Mr. Lim Meng Bin retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129 of the Companies Act, 1965, Major General (RTD) Datuk Haji Esa Bin Ahmad and Tan Sri Datuk Paduka Dr. Hajjah Saleha Bte Mohamad Ali retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Mr. Lau Joo Hong who was appointed to the Board since last Annual General Meeting, retires under Article 105 of the Company's Articles of Association and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

The shareholdings in the holding company and in the Company of those who were directors as of the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM1 each			Balance as of 31.3.2009
	Balance as of 1.4.2008 (or date of appointment)	Bought	(Sold)	
Shares in holding company, Leong Hup Management Sdn. Bhd.				
Indirect interest:				
Dato' Lau Eng Guang	12,000	-	-	12,000
Shares in the Company				
Direct interest:				
Dato' Lau Bong Wong	100,000	-	(100,000)	-
Dato' Lau Eng Guang	2,007,800	-	-	2,007,800
Tan Sri Lau Tuang Nguang	-	13,000	-	13,000
Tan Sri Datuk Paduka Dr. Hajjah Saleha Bte Mohamad Ali	58,000	-	(58,000)	-
Koh Kim Chui	-	505,600	(500,600)	5,000
Lau Joo Hong	-	619,666	(309,700)	309,966
Indirect interest:				
Dato' Lau Eng Guang	2,447,600	376,100	-	2,823,700
Dato' Lau Bong Wong	77,734,966	600,600	(35,000)	78,300,566
Tan Sri Lau Tuang Nguang	93,000	85,000	-	178,000

By virtue of the above directors' interests in the shares of the Company, Dato' Lau Bong Wong is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has interest.

None of the other directors in office as of the end of the financial year, held shares or had beneficial interest in the shares of the Company or its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for certain directors who received remuneration from subsidiary companies as directors and/or executives of the subsidiary companies and except for any benefits which may be deemed to have arisen by virtue of the transactions mentioned in Note 22 to the Financial Statements.

During and as of the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

HOLDING COMPANY

The immediate and ultimate holding company of the Company is Leong Hup Management Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

DATO' LAU ENG GUANG

TAN SRI LAU TUANG NGUANG

Johor Bahru
July 20, 2009

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LEONG HUP HOLDINGS BERHAD**
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Leong Hup Holdings Berhad, which comprise the balance sheets of the Group and of the Company as of March 31, 2009 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 77.

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 the Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control 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 and to report our opinion to you, 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 towards any other person for the contents of this report.

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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Company No. 51316-D

DELOITTE KASSIMCHAN

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 of March 31, 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;
- b) we have considered the accounts and auditors' report of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 17 to the financial statements, being accounts that have been included in the financial statements of the Group;
- c) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- d) the auditors' report on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act except as disclosed in Note 17 to the financial statements.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TAN BOON HOE
Partner - 1836/07/09(J)
Chartered Accountant

Johor Bahru
July 20, 2009

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

	Note	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	5	1,141,785,389	976,100,278	9,480,451	8,697,032
Investment revenue	7	222,542	171,462	4,559	1,536
Other operating income	8	7,542,619	7,260,553	1,766,144	3,466,928
Share of profit of associated companies		2,303,830	2,374,628	-	-
Net changes in inventories of processed chickens, hatching eggs, layer inventories, pullets, broiler inventories, poultry feeds, grandparent inventories and work-in-progress		(15,922,914)	(7,978,202)	-	-
Purchase of trading merchandise and raw materials, consumable supplies, poultry feeds and parent inventories used		(846,498,154)	(689,563,334)	-	-
Purchase of day-old chicks and hatching eggs		(2,839,118)	(9,626,465)	-	-
Directors' remuneration	9	(11,826,041)	(9,703,286)	(522,358)	(475,153)
Staff costs	8	(82,174,969)	(73,660,983)	(2,344,240)	(2,632,156)
Depreciation of:					
Property, plant and equipment		(25,350,827)	(23,284,312)	(574,229)	(347,124)
Investment properties		(646,829)	(324,396)	(550,258)	(93,970)
Impairment loss of:					
Goodwill		-	(883,359)	-	-
Investment in a subsidiary company		-	-	-	(1,218,000)
Amortisation of prepaid lease payments on leasehold land		(393,266)	(367,730)	-	-
Negative goodwill on consolidation		-	41,999	-	-
Finance costs	10	(10,549,935)	(10,449,764)	(47,716)	(15,767)
Other operating expenses	8	(109,820,939)	(105,989,547)	(2,662,777)	(1,236,294)

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

		The Group		The Company	
	Note	2009	2008	2009	2008
		RM	RM	RM	RM
Profit before tax		45,831,388	54,117,542	4,549,576	6,147,032
Income tax expense	11	<u>(9,563,125)</u>	<u>(9,014,801)</u>	<u>(1,348,000)</u>	<u>(1,998,859)</u>
Profit for the year		<u>36,268,263</u>	<u>45,102,741</u>	<u>3,201,576</u>	<u>4,148,173</u>
Attributable to:					
Equity holders of the Company		16,868,505	29,461,766	3,201,576	4,148,173
Minority interests		<u>19,399,758</u>	<u>15,640,975</u>	<u>-</u>	<u>-</u>
		<u>36,268,263</u>	<u>45,102,741</u>	<u>3,201,576</u>	<u>4,148,173</u>
Earnings per share					
Basic/ Diluted (sen)	12	<u>10.12</u>	<u>17.67</u>		

The accompanying Notes form an integral part of the Financial Statements.

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS
AS OF MARCH 31, 2009

	Note(s)	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	13	305,239,173	247,303,927	5,397,215	1,266,675
Land held for development	14	103,946,495	103,946,495	-	-
Investment properties	15	19,402,517	18,062,040	19,470,259	19,922,427
Prepaid lease payments on leasehold land - non-current portion	16	12,823,912	13,011,001	-	-
Investment in subsidiary companies	17	-	-	147,575,563	146,114,052
Investment in associated companies	18	55,711,242	20,218,412	46,385,641	12,485,641
Other investments	19	283,997	283,997	139,884	139,884
Deferred tax assets	20	1,017,620	586,164	-	-
Goodwill on consolidation	21	38,880,592	34,974,825	-	-
Amount owing by a subsidiary company	22	-	-	-	4,215,449
Amount owing by an associated company	22	-	2,408,969	-	-
Total Non-current Assets		<u>537,305,548</u>	<u>440,795,830</u>	<u>218,968,562</u>	<u>184,144,128</u>
Current Assets					
Inventories	23	95,016,691	77,711,035	-	-
Trade receivables	22 & 24	78,653,537	89,661,306	-	-
Other receivables, deposits and prepaid expenses	22 & 24	6,844,783	6,180,905	144,604	214,172
Amount owing by holding company	22	1,444,387	45,622,717	1,247,506	45,455,987
Amount owing by subsidiary companies	22	-	-	90,383,676	79,675,127
Amount owing by associated companies	22	6,345,633	6,729,664	5,411,834	5,411,834
Tax recoverable		3,802,661	880,259	1,007,811	880,259
Dividend receivable		-	-	-	1,288,911
Cash and bank balances	25	<u>33,805,261</u>	<u>29,855,896</u>	<u>2,285,538</u>	<u>2,136,585</u>
Total Current Assets		<u>225,912,953</u>	<u>256,641,782</u>	<u>100,480,969</u>	<u>135,062,875</u>
TOTAL ASSETS		<u><u>763,218,501</u></u>	<u><u>697,437,612</u></u>	<u><u>319,449,531</u></u>	<u><u>319,207,003</u></u>

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
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BALANCE SHEETS
AS OF MARCH 31, 2009

	Note(s)	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	26	166,725,000	166,725,000	166,725,000	166,725,000
Reserves	27	141,023,685	127,337,653	89,739,318	91,539,490
Equity attributable to equity holders of the Company		307,748,685	294,062,653	256,464,318	258,264,490
Minority interests		80,413,971	51,023,380	-	-
Total Equity		<u>388,162,656</u>	<u>345,086,033</u>	<u>256,464,318</u>	<u>258,264,490</u>
Non-current Liabilities					
Deferred tax liabilities	20	24,791,227	22,707,978	116,000	28,000
Finance lease payable - non-current portion	28	126,244	-	126,244	-
Hire-purchase payables - non-current portion	29	8,959,815	6,743,963	200,890	137,352
Bank borrowings - non-current portion	30	17,870,260	17,159,361	-	-
Total Non-current Liabilities		<u>51,747,546</u>	<u>46,611,302</u>	<u>443,134</u>	<u>165,352</u>
Current Liabilities					
Trade payables	22 & 31	26,604,372	30,378,688	-	-
Other payables and accrued expenses	22 & 31	38,528,621	31,312,108	567,734	1,155,165
Amount owing to subsidiary companies	22	-	-	58,692,153	59,550,321
Amount owing to associated companies	22	94,934,595	98,533,456	-	-
Amount owing to directors	22	40,538	795,553	-	-
Dividend payable		2,500,875	-	2,500,875	-
Finance lease payable - current portion	28	313,880	-	313,880	-
Hire-purchase payables - current portion	29	7,832,377	6,696,078	467,437	71,675
Bank borrowings - current portion	30	148,471,099	134,545,795	-	-
Tax liabilities		4,081,942	3,478,599	-	-
Total Current Liabilities		<u>323,308,299</u>	<u>305,740,277</u>	<u>62,542,079</u>	<u>60,777,161</u>
Total Liabilities		<u>375,055,845</u>	<u>352,351,579</u>	<u>62,985,213</u>	<u>60,942,513</u>
TOTAL EQUITY AND LIABILITIES		<u>763,218,501</u>	<u>697,437,612</u>	<u>319,449,531</u>	<u>319,207,003</u>

The accompanying Notes form an integral part of the Financial Statements.

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2009

The Group	Note	← Non-distributable Reserves →			Distributable Reserve Retained Earnings RM	Attributable to Equity Holders of the Company RM	Minority Interests RM	Total Equity RM	
		Share Capital RM	Share Premium RM	Assets Revaluation Reserve RM					Foreign Currency Translation Reserve RM
Balance as of April 1, 2007		<u>166,725,000</u>	<u>25,049,594</u>	<u>2,259,125</u>	<u>1,089,268</u>	<u>72,316,984</u>	<u>267,439,971</u>	<u>37,408,802</u>	<u>304,848,773</u>
Exchange differences arising on translation of foreign operations		-	-	-	668,210	-	668,210	-	668,210
Reversal of deferred tax liabilities from changes in tax rate		-	-	194,000	-	-	194,000	-	194,000
Income recognised directly into equity		-	-	194,000	668,210	-	862,210	-	862,210
Profit for the year		-	-	-	-	29,461,766	29,461,766	15,640,975	45,102,741
Total recognised income and expense for the year		-	-	194,000	668,210	29,461,766	30,323,976	15,640,975	45,964,951
Dividend paid to minority shareholders		-	-	-	-	-	-	(1,810,406)	(1,810,406)
Acquisition of additional equity interest in existing subsidiary companies		-	-	-	-	-	-	(215,991)	(215,991)
Dividends	32	-	-	-	-	(3,701,294)	(3,701,294)	-	(3,701,294)
Balance as of March 31, 2008		<u>166,725,000</u>	<u>25,049,594</u>	<u>2,453,125</u>	<u>1,757,478</u>	<u>98,077,456</u>	<u>294,062,653</u>	<u>51,023,380</u>	<u>345,086,033</u>

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2009

The Group	Note	← Non-distributable Reserves →				Distributable Reserve Retained Earnings RM	Attributable to Equity Holders of the Company RM	Minority Interests RM	Total Equity RM
		Share Capital RM	Share Premium RM	Assets Revaluation Reserve RM	Foreign Currency Translation Reserve RM				
Balance as of April 1, 2008		166,725,000	25,049,594	2,453,125	1,757,478	98,077,456	294,062,653	51,023,380	345,086,033
Exchange differences arising on translation of foreign operations		-	-	-	1,793,216	-	1,793,216	-	1,793,216
Reversal of deferred tax liabilities from changes in tax rate		-	-	26,059	-	-	26,059	-	26,059
Income recognised directly into Equity		-	-	26,059	1,793,216	-	1,819,275	-	1,819,275
Profit for the year		-	-	-	-	16,868,505	16,868,505	19,399,758	36,268,263
Total recognised income and expense for the year		-	-	26,059	1,793,216	16,868,505	18,687,780	19,399,758	38,087,538
Dividend paid to minority shareholders		-	-	-	-	-	-	(2,798,963)	(2,798,963)
Issue of shares to minority shareholders of existing subsidiary company		-	-	-	-	-	-	15,732,827	15,732,827
Redemption of preference shares		-	-	-	-	-	-	(1,558,182)	(1,558,182)
Accretion of minority interest in a subsidiary company		-	-	-	-	-	-	(1,599,060)	(1,599,060)
Acquisition of new subsidiary companies		-	-	-	-	-	-	214,211	214,211
Dividends	32	-	-	-	-	(5,001,748)	(5,001,748)	-	(5,001,748)
Balance as of March 31, 2009		<u>166,725,000</u>	<u>25,049,594</u>	<u>2,479,184</u>	<u>3,550,694</u>	<u>109,944,213</u>	<u>307,748,685</u>	<u>80,413,971</u>	<u>388,162,656</u>

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2009

		← Non-distributable Reserves Assets →			Distributable	
	Note	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Reserve Retained Earnings RM	Total Equity RM
The Company						
Balance as of April 1, 2007		166,725,000	25,049,594	138,314	65,904,703	257,817,611
Profit for the year, representing total income or expense recognised		-	-	-	4,148,173	4,148,173
Dividends	32	-	-	-	(3,701,294)	(3,701,294)
Balance as of March 31, 2008		<u>166,725,000</u>	<u>25,049,594</u>	<u>138,314</u>	<u>66,351,582</u>	<u>258,264,490</u>
Balance as of April 1, 2008		166,725,000	25,049,594	138,314	66,351,582	258,264,490
Profit for the year, representing total income or expense recognised		-	-	-	3,201,576	3,201,576
Dividends	32	-	-	-	(5,001,748)	(5,001,748)
Balance as of March 31, 2009		<u>166,725,000</u>	<u>25,049,594</u>	<u>138,314</u>	<u>64,551,410</u>	<u>256,464,318</u>

The accompanying Notes form an integral part of the Financial Statements.

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Profit for the year	36,268,263	45,102,741	3,201,576	4,148,173
Adjustments for:				
Depreciation of:				
Property, plant and equipment	25,350,827	23,284,312	574,229	347,124
Investment properties	646,829	324,396	550,258	93,970
Finance costs	10,549,935	10,449,764	47,716	15,767
Income tax expense recognised in profit or loss	9,563,125	9,014,801	1,348,000	1,998,859
Allowance for doubtful debts	4,497,843	8,918,288	-	-
Amortisation of prepaid lease payments on leasehold land	393,266	367,730	-	-
Property, plant and equipment written off	213,370	277,834	-	-
Allowance for slow moving inventories	150,000	-	-	-
Bad debts written off	91,152	-	-	-
Inventories written off	38,594	-	-	-
Unrealised gain on foreign exchange	(55,670)	(213,012)	-	-
Gain on disposal of:				
Property, plant and equipment	(1,331,019)	(1,094,055)	(35,400)	(10,000)
Prepaid lease payments on leasehold land	-	(160,412)	-	-
Investment property	-	-	-	(280,710)
Shares in subsidiary companies	-	-	(372,219)	-
Interest income	(1,470,048)	(3,132,235)	(1,363,084)	(3,177,754)
Gain on accretion of interest in subsidiary company	(1,599,060)	-	-	-
Share of profits of associated companies	(2,303,830)	(2,374,628)	-	-
Impairment loss of goodwill	-	883,359	-	-
Investment property written off	-	317,447	-	-
Dividend income	-	(3,913)	(6,765,371)	(7,888,542)
Negative goodwill on consolidation	-	(41,999)	-	-
Impairment loss of investment in a subsidiary company	-	-	-	1,218,000
	<u>81,003,577</u>	<u>91,920,418</u>	<u>(2,814,295)</u>	<u>(3,535,113)</u>

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Movements In Working Capital:				
(Increase) Decrease in:				
Inventories	(12,412,281)	(8,823,227)	-	-
Trade and other receivables	12,978,705	(2,541,130)	(37,598)	115,407
Decrease in trade and other payables	<u>(33,057,089)</u>	<u>(24,291,058)</u>	<u>(587,431)</u>	<u>(408,351)</u>
Cash From (Used In) Operations	48,512,912	56,265,003	(3,439,324)	(3,828,057)
Finance costs paid	(10,549,935)	(10,452,039)	(47,716)	(15,767)
Income tax (paid) refunded	<u>(13,035,421)</u>	<u>(9,563,303)</u>	<u>(29,414)</u>	<u>42,459</u>
Net Cash From (Used In) Operating Activities	<u>24,927,556</u>	<u>36,249,661</u>	<u>(3,516,454)</u>	<u>(3,801,365)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Net (advances to) repayment from:				
Amount owing by holding company	44,178,330	(1,040,780)	44,208,481	(935,288)
Amount owing by associated companies	(1,003,708)	191,388	-	-
Amount owing by subsidiary companies	-	-	(7,843,099)	2,768,547
Proceeds from disposal of:				
Property, plant and equipment	1,990,095	5,776,902	58,500	10,000
Prepaid lease payments on leasehold land	-	956,480	-	-
Investment property	-	-	-	500,000
Investment in subsidiary companies	-	-	184,307	-
Interest income received	1,577,213	474,935	1,470,249	520,454
Net dividend income received from an associated company	711,000	700,800	-	-
Acquisitions of:				
Investment properties 33b	(27,797)	(57,606)	(98,090)	-
Prepaid lease payment on leasehold land	(93,247)	-	-	-
Subsidiary companies 17	(9,278,414)	(173,993)	(1,395,417)	-
Property, plant and equipment 33a	(33,450,684)	(23,379,177)	(3,271,491)	(120,303)
Associated company	(33,900,000)	-	(33,900,000)	-
Other quoted shares	-	(1,377)	-	(1,377)
Proceeds from capital reduction in quoted shares	-	81,953	-	-
Dividend income received	-	3,913	6,546,144	6,599,631
Proceeds from redemption of preference shares	-	-	1,621,818	-
Net Cash (Used In) From Investing Activities	<u>(29,297,212)</u>	<u>(16,466,562)</u>	<u>7,581,402</u>	<u>9,341,664</u>

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

	Note	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Proceeds from:					
Long-term loans		13,426,095	4,466,064	-	-
Issue of shares to minority interest		15,732,827	-	-	-
Increase (Decrease) in:					
Short-term borrowings		12,474,712	5,803,999	-	-
Fixed deposits charged to licensed banks		1,955,228	(682,805)	-	-
Amount owing to subsidiary companies		-	-	(858,168)	-
Amount owing to directors		(755,015)	(1,864,883)	-	(240,245)
Redemption of preference shares		(1,558,182)	-	-	-
Dividends paid to:					
Shareholders		(2,500,873)	(3,701,294)	(2,500,873)	(3,701,294)
Minority shareholders of subsidiary company		(2,798,963)	(1,810,406)	-	-
Repayments of:					
Finance lease payables		(209,254)	-	(209,254)	-
Hire-purchase payables		(9,051,394)	(7,148,379)	(347,700)	(188,835)
Long-term loans		(13,965,232)	(9,327,314)	-	-
Net Cash (Used In) From Financing Activities		<u>12,749,949</u>	<u>(14,265,018)</u>	<u>(3,915,995)</u>	<u>(4,130,374)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,380,293	5,518,081	148,953	1,409,925
Cash and cash equivalents at beginning of year		(12,330,530)	(17,927,803)	2,136,585	726,660
Effect of exchange differences		131,532	79,192	-	-
		<u>(12,198,998)</u>	<u>(17,848,611)</u>	<u>2,136,585</u>	<u>726,660</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	33c	<u><u>(3,818,705)</u></u>	<u><u>(12,330,530)</u></u>	<u><u>2,285,538</u></u>	<u><u>2,136,585</u></u>

The accompanying Notes form an integral part of the Financial Statements.

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding. It also derives income from the rental of its freehold land and the provision of management services.

The principal activities of the subsidiary companies are disclosed in Note 17.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The registered office and the principal place of business of the Company are located at 2nd Floor, Wisma Westcourt, No. 126, Jalan Kelang Lama, 58000 Kuala Lumpur, Malaysia and No. 203, Jalan Abdullah, 84000 Muar, Johor, Malaysia respectively.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on July 20, 2009.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards (“FRS”) in Malaysia.

In the current financial year, the Group and the Company have adopted all the revised FRS, amendment to FRS and IC Interpretations (“IC Int.”) issued by Malaysian Accounting Standards Board (“MASB”) that are relevant to their operations and effective for annual periods beginning on or after April 1, 2008 as follows:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 121	Amendment 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 Int. 8	Scope of FRS 2

The adoption of these revised FRS and IC Int. have no material effect on the financial statements of the Group and of the Company.

Standards and Interpretations in issue but not yet effective

At the date of authorisation of issue of these financial statements, the following FRS and IC Int. were in issue but not yet effective:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations)
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an 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

Consequential amendments were also made to various FRS as a result of these new/revised FRS.

Except for FRS 8 which is effective for annual financial statements for periods beginning on or after July 1, 2009, the new/revised FRS and IC Int. are effective for annual periods beginning on or after January 1, 2010.

FRS 2, FRS 4, IC Int.11, IC Int. 13 and IC Int. 14 are not expected to be relevant to the operations of the Group and of the Company. The directors anticipate that the other FRS, amendments to FRS and IC Int. will be adopted in the annual financial statements of the Group and of the Company for the year commencing April 1, 2010 and that the adoption of these new/revised FRS, amendments to FRSs and IC Int. will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and processes for managing capital.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114₂₀₀₄ Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. Currently, the Group identifies two sets of segments (business and geographical) using a risks-and-rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 8, the identification of the Group's reportable segments may change.

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Group and the Company shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

3. **SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policy stated below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary companies). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets (excluding goodwill) of the consolidated subsidiary companies are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

Business Combinations

The acquisition of subsidiary companies is accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investment in Subsidiary Companies

A subsidiary company is an entity over which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less impairment, if any, in the Company's separate financial statements.

Investment in Associated Companies

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

The results and assets and liabilities of associated companies are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associated companies are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associated company, less any impairment in the value of individual investments. Losses of an associated company in excess of the Group's interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company) are recognised only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of that associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associated company of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associated company.

Investments in associated companies are stated at cost less impairment, if any, in the Company's separate financial statements.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue represent gross invoiced value of goods sold and services provided net of sales tax, trade discounts and allowances.

Sale of goods

Revenue from sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably

Service income

Income from rendering of services is recognised when services are rendered to the customers.

Dividend income

Dividend income represents gross dividends from quoted and unquoted investments and is recognised when the shareholder's right to receive payment is established.

Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will be accrued to the Group and to the Company.

Rental income

Rental income is accrued on a time basis, by reference to the agreements entered.

Other income

Other income is recognised on an accrual basis.

Employee Benefits

i. Short-term employee benefits

Wages, salaries, paid annual leaves, bonuses and social contributions are recognised in the period in which the associated services are rendered by employees of the Group and of the Company. 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.

ii. Defined contribution plans

The Group and the Company make statutory contributions to approved provident funds and the contributions are charged to profit or loss for the period. The approved provident funds are defined contribution plans. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, there are no further payment obligations.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all deductible temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The tax effects of the unutilised reinvestment allowances are recognised only upon actual realisation.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary companies and associated companies, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the 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 business combination.

Foreign Currencies

The individual financial statements of each entity in the Group are presented using the currency of the primary economic environment in which the entity operates (the 'functional currency'). For the purpose of the consolidated financial statements, the results and the financial position of each group entity are expressed in Ringgit Malaysia ("RM") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in RM using exchange rates prevailing at the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) and of borrowings, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Borrowing Costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases, other than leasehold properties classified as investment property, are classified as operating leases. Property interest held under an operating lease to earn rentals or for capital appreciation or both is classified as investment property.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to profit or loss to the extent that it offsets the previously recorded decrease.

Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in profit or loss. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when this asset is derecognised.

Freehold land and construction-in-progress are not depreciated. All other property, plant and equipment are depreciated on a straight line method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Buildings	1% - 12.5 %
Land improvement	2 % - 5 %
Plant and machinery	5 % - 20 %
Motor vehicles, furniture, fittings, equipment and renovations	5 % - 50 %

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The freehold land and buildings have not been revalued since they were first revalued in 1986, 1991, 1992 and 1993 as the directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions when the MASB first adopted International Accounting Standards (“IAS”) No. 16 (Revised), Property, Plant and Equipment, these assets continued to be stated at their 1986, 1991, 1992 and 1993 valuation less accumulated depreciation and accumulated impairment losses.

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

Investment Properties

Investment properties, consisting of freehold land and buildings, are held to earn rentals and/or for capital appreciation. These include land held for a currently undetermined future use. Properties that are occupied by the subsidiary companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost, including transaction costs, less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment. As permitted under the transitional provisions when the MASB first adopted IAS 16 (Revised), Property, Plant and Equipment, these assets continued to be stated at their valuation less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Freehold land is not depreciated. The annual depreciation rates for buildings ranging from 1% to 20% are calculated on the straight line basis based on the remaining estimated useful lives of the buildings.

The estimated useful lives, residual values and depreciation method of investment properties are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

Land Held for Development

Land held for future development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less impairment losses, if any.

Land held for future development will be reclassified to property development project when significant development work has been undertaken and is expected to be completed within the normal operating cycle of two to three years.

Prepaid Lease Payments on Leasehold Land

Lease of land where title is not expected to pass to the lessee by the end of the lease term is treated as operating lease as land normally has an indefinite useful life. The up-front payments made on entering into or acquiring a leasehold land that is an operating lease are accounted for as prepaid lease payments which are amortised on a straight-line basis over the lease term.

Other Investments

Investments in unquoted shares are stated at cost less allowance for diminution in value of investment to recognise any decline, other than a temporary decline, in the value of the investments.

Goodwill on Consolidation

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Impairment of Assets (Excluding Goodwill)

At each balance sheet date, the Group and the Company review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Broiler and pullet inventories are stated at cost (determined on “weighted-average” method). Grandparent, parent and layer inventories are stated at cost (determined on “weighted-average” method) adjusted for amortisation (calculated based on their economic egg-laying lives less net realisable value). Costs of grandparent, parent, layer, broiler and pullet inventories comprise the original purchase price plus growing costs which include costs of raw materials, direct labour and a proportion of farm overheads.

Costs of poultry feeds, trading inventories, raw materials (determined on ‘first-in, first-out’ method) and consumable supplies (determined on “weighted-average” method) comprise the original purchase price plus the costs incurred in bringing the inventories to their present location and condition.

Costs of hatching eggs, processed chickens and work-in-progress (determined on “weighted-average” method) include cost of raw materials, direct labour and an appropriate proportion of farm overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Borrowings

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

Payables

Payables are stated at nominal value of the consideration to be paid in the future for goods and services received.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that the Group will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the directors' best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of time value of money is material, the amount of the provision is determined by discounting expected future cash flows, using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

At each balance sheet date, provisions are reviewed by the directors and adjusted to reflect the current best estimate. Provision is reversed if it is no longer probable that the Group will be required to settle the obligation.

Financial Instruments

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Equity instruments are recorded at the proceeds received net of direct issue costs.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash and cash equivalents comprise cash and bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, against which bank overdrafts, if any, is deducted.

Contingent Liabilities

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group and of the Company's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Estimates and Assumptions

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences 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.

(ii) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation are based on the discounted net cash projections covering a five years period and a discount rate of 9.22% reflecting the weighted average cost of capital. The Group prepares cash flow forecasts derived from the recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on growth rate ranging from 13% to 29%, taking into account industry developments.

(iii) Estimated impairment of land held for development

The carrying amount of land held for development are reviewed at each balance sheet date to determine whether there is any indication of impairment in accordance with the accounting policy. The recoverable amount of land held for development are estimated by the directors based on the fair value less costs to sell.

(iv) *Allowance for doubtful debts*

The Group recognises an allowance for doubtful debts when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant judgement is required in the assessment of the recoverability of receivables, which have a financial impact on the amount of allowance for doubtful debts recognised.

5. **REVENUE**

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Sales of goods	1,140,237,555	975,075,020	-	-
Rental income	1,543,191	1,009,345	1,808,200	489,000
Rendering of services	-	12,000	906,880	319,490
Dividend income				
from:				
Subsidiary companies	-	-	5,800,811	6,924,629
Associated company	-	-	960,000	960,000
Other shares quoted in Malaysia	4,643	3,913	4,560	3,913
	<u>1,141,785,389</u>	<u>976,100,278</u>	<u>9,480,451</u>	<u>8,697,032</u>

6. **SEGMENT REPORTING**

Business segments

For management purposes, the Group is organised into the following operating divisions:

- Investment holdings;
- Manufacturing and trading of food products;
- Poultry farming and breeding, processing and marketing of chickens and related products; and
- Plantation owner, housing development, oil palm cultivation and property development.

Inter-segment sales are charged at cost plus a percentage profit mark-up.

	Investment holdings RM	Manufacturing and trading of food products RM	Poultry farming and breeding, processing and marketing of chickens and related products RM	Plantation owner, housing development, oil palm cultivation and property development RM	Eliminations RM	Consolidated RM
The Group						
2009						
Revenue						
External sales	728,989	64,364,723	1,075,843,368	848,309	-	1,141,785,389
Inter-segment sales	<u>8,751,462</u>	<u>6,044,587</u>	<u>271,172,406</u>	<u>-</u>	<u>(285,968,455)</u>	<u>-</u>
Total revenue	<u>9,480,451</u>	<u>70,409,310</u>	<u>1,347,015,774</u>	<u>848,309</u>	<u>(285,968,455)</u>	<u>1,141,785,389</u>
Results						
Segment results	<u>4,592,733</u>	<u>5,607,654</u>	<u>60,612,067</u>	<u>469,497</u>	<u>(17,427,000)</u>	53,854,951
Finance costs						(10,549,935)
Share of profit of associated companies						2,303,830
Investment revenue						<u>222,542</u>
Profit before tax						45,831,388
Income tax expense						<u>(9,563,125)</u>
Profit for the year						<u>36,268,263</u>

	Investment holdings RM	Manufacturing and trading of food products RM	Poultry farming and breeding, processing and marketing of chickens and related products RM	Plantation owner, housing development, oil palm cultivation and property development RM	Eliminations RM	Consolidated RM
Other information						
Capital additions:						
Property, plant and equipment	4,825,959	2,677,471	38,090,622	-	-	45,594,052
Investment properties	-	-	27,797	-	-	27,797
Prepaid lease payments on leasehold land	-	-	93,247	-	-	93,247
Non-cash expenses other than depreciation and amortisation	-	116,469	4,874,490	-	-	4,990,959
Depreciation:						
Property, plant and equipment	893,031	2,274,052	22,183,744	-	-	25,350,827
Investment properties	231,456	-	415,373	-	-	646,829
Amortisation:						
Prepaid lease payments on leasehold land	-	16,922	376,344	-	-	393,266
Assets						
Segment assets	66,055,011	30,439,086	484,413,543	115,505,797	-	696,413,437
Investment in associated companies	55,711,242	-	-	-	-	55,711,242
Unallocated corporate assets						11,093,822
						<u>763,218,501</u>
Liabilities						
Segment liabilities	3,068,609	7,971,054	141,923,096	9,646,242	-	162,609,001
Unallocated corporate liabilities						<u>212,446,844</u>
						<u>375,055,845</u>

	Investment holdings RM	Manufacturing and trading of food products RM	Poultry farming and breeding, processing and marketing of chickens and related products RM	Plantation owner, housing development, oil palm cultivation and property development RM	Eliminations RM	Consolidated RM
The Group						
2008						
Revenue						
External sales	79,408	57,728,705	917,131,551	1,160,614	-	976,100,278
Inter-segment sales	8,617,624	5,245,977	229,126,995	-	(242,990,596)	-
Total revenue	<u>8,697,032</u>	<u>62,974,682</u>	<u>1,146,258,546</u>	<u>1,160,614</u>	<u>(242,990,596)</u>	<u>976,100,278</u>
Results						
Segment results	<u>7,379,263</u>	<u>3,663,087</u>	<u>62,694,411</u>	<u>836,932</u>	<u>(12,552,477)</u>	62,021,216
Finance costs						(10,449,764)
Share of profit of associated companies						2,374,628
Investment revenue						<u>171,462</u>
Profit before tax						54,117,542
Income tax expense						<u>(9,014,801)</u>
Profit for the year						<u><u>45,102,741</u></u>

	Investment holdings RM	Manufacturing and trading of food products RM	Poultry farming and breeding, processing and marketing of chickens and related products RM	Plantation owner, housing development, oil palm cultivation and property development RM	Eliminations RM	Consolidated RM
Other information						
Capital additions:						
Property, plant and equipment	10,725,194	3,289,225	27,383,131	-	-	41,397,550
Investment properties	8,092,794	-	57,606	-	-	8,150,400
Non-cash expenses other than depreciation and amortisation	883,359	59,480	9,454,089	-	-	10,396,928
Depreciation:						
Property, plant and equipment	422,751	2,596,599	20,264,962	-	-	23,284,312
Investment properties	18,343	-	306,053	-	-	324,396
Amortisation:						
Prepaid lease payments on leasehold land	-	17,865	349,865	-	-	367,730
Assets						
Segment assets	83,859,074	29,622,572	450,987,377	104,054,544	-	668,523,567
Investment in associated companies	20,218,412	-	-	-	-	20,218,412
Unallocated corporate assets						8,695,633
						<u>697,437,612</u>
Liabilities						
Segment liabilities	1,155,165	15,213,029	135,142,103	9,509,508	-	161,019,805
Unallocated corporate liabilities						191,331,774
						<u>352,351,579</u>

Geographical Segments

The Group's operations are located in Malaysia and Singapore. The Group's processing and marketing of chicken foodstuff are located in Malaysia and Singapore, breeding of layer and broiler chickens, rearing of broiler chickens and broiler grandparent inventories farming and marketing of chickens are located in Malaysia. Others are located in Malaysia.

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2009 RM	2008 RM
Malaysia	894,543,261	793,951,980
Singapore	244,095,692	181,968,718
Others	3,146,436	179,580
	<u>1,141,785,389</u>	<u>976,100,278</u>

The following is an analysis of the carrying amounts of segment assets and capital additions by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2009 RM	2008 RM	2009 RM	2008 RM
Malaysia	612,060,467	595,600,724	39,308,973	43,555,172
Singapore	84,352,970	72,922,843	6,406,123	5,992,778
	<u>696,413,437</u>	<u>668,523,567</u>	<u>45,715,096</u>	<u>49,547,950</u>

7. INVESTMENT REVENUE

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest income from fixed deposits	<u>222,542</u>	<u>171,462</u>	<u>4,559</u>	<u>1,536</u>

8. OTHER OPERATING INCOME (EXPENSES) AND STAFF COSTS

Included in other operating income (expenses) are the following:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Gain on accretion of interest in subsidiary company	1,599,060	-	-	-
Gain on disposal of: Property, plant and equipment	1,331,019	1,094,055	35,400	10,000
Prepaid lease payments on leasehold land	-	160,412	-	-
Investment property	-	-	-	280,710
Shares in subsidiary companies	-	-	372,219	-
Interest income from:				
Holding company	1,247,506	2,960,773	1,247,506	2,960,773
A subsidiary company	-	-	111,019	215,445
Rental income	605,107	573,618	-	-
Bad debts recovered	26,375	5,592	-	-
Allowance for doubtful debt no longer required	9,000	-	-	-
Inventories written off	(38,594)	-	-	-
Bad debts written off	(91,152)	-	-	-
Allowance for slow moving inventories	(150,000)	-	-	-
Property, plant and equipment written off	(213,370)	(277,834)	-	-
Gain (Loss) on foreign exchange:				
Unrealised	55,670	213,012	-	-
Realised	(283,982)	532,166	-	-
Audit fee:				
Statutory	(387,325)	(321,262)	(45,000)	(36,000)
Special	(33,000)	-	-	-
Underprovision in prior year	(15,681)	(23,588)	(9,000)	(11,000)
Allowance for doubtful debts	(4,497,843)	(8,918,288)	-	-
Rental of:				
Premises	(6,943,619)	(5,705,544)	(167,640)	(330,710)
Equipment	(78,318)	(154,908)	(2,400)	(5,000)
Motor vehicles	(17,161)	(40,502)	-	-
Investment property written off	-	(317,447)	-	-

Staff costs includes salaries, bonuses, contributions to Employees' Provident Fund ("EPF") and all other staff related expenses.

Included in staff costs is EPF contributions for the Group and for the Company amounting to RM6,152,185 and RM289,672 (2008: RM5,678,370 and RM326,700) respectively.

9. DIRECTORS' REMUNERATION

The members of key management personnel of the Group and of the Company comprise of the executive directors, non-executive directors and directors of subsidiary companies. Details on the compensation for these key management personnel are disclosed as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors of the Company:				
Fees	30,000	30,000	30,000	30,000
Other emoluments	1,950,739	2,832,492	338,230	315,400
EPF contributions	349,558	412,702	54,128	53,753
	2,330,297	3,275,194	422,358	399,153
Directors of the subsidiary companies:				
Fees	2,565,862	1,160,720	-	-
Other emoluments	6,420,486	4,905,403	-	-
EPF contributions	409,396	285,969	-	-
	9,395,744	6,352,092	-	-
	11,726,041	9,627,286	422,358	399,153
Non-executive directors of the Company:				
Fees	90,000	66,000	90,000	66,000
Other emoluments	10,000	10,000	10,000	10,000
	100,000	76,000	100,000	76,000
	11,826,041	9,703,286	522,358	475,153

Key management personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Group and the Company whether directly or indirectly.

10. FINANCE COSTS

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Interest on:				
Bankers' acceptances	4,605,449	4,202,440	-	-
Bank overdrafts	2,365,137	2,602,132	-	-
Long-term loans	1,634,558	1,927,127	-	-
Hire-purchase and finance lease	965,106	1,065,114	47,716	15,767
Revolving credits	811,939	333,353	-	-
Others	167,746	319,598	-	-
	<u>10,549,935</u>	<u>10,449,764</u>	<u>47,716</u>	<u>15,767</u>

11. INCOME TAX EXPENSE

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current tax expense:				
Malaysian tax	6,773,450	10,349,357	1,260,000	1,636,000
Foreign tax	3,517,308	1,377,359	-	-
Under (Over)provision in prior years	522,972	(18,766)	-	362,859
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	(289,636)	(1,268,834)	88,000	-
Relating to changes in tax rate	-	(631,000)	-	-
Overprovision in prior years	<u>(960,969)</u>	<u>(793,315)</u>	<u>-</u>	<u>-</u>
	<u>9,563,125</u>	<u>9,014,801</u>	<u>1,348,000</u>	<u>1,998,859</u>

Malaysian income tax is calculated at the statutory tax rate of 25 % (2008: 26%) of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

As of March 31, 2009, the amount of unutilised reinvestment allowance, which is subject to approval by the tax authorities, amounted to RM22,497,000 (2008: RM24,953,000).

A numerical reconciliation of income tax expense at the applicable statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Profit before tax	45,831,388	54,117,542	4,549,576	6,147,032
Tax at the applicable statutory tax rate of 25% (2008: 26%)	(11,458,000)	(14,070,000)	(1,137,000)	(1,597,000)
Tax effects of:				
Expenses not deductible in determining taxable profit	(4,571,122)	(2,540,882)	(647,000)	(498,100)
Income that are not assessable in determining taxable profit	1,020,000	1,135,000	436,000	459,100
Differential of tax rates in foreign subsidiary companies	129,000	125,000	-	-
Reversal of deferred tax assets not recognised in prior years	2,911,000	3,362,000	-	-
Changes in tax rate	-	631,000	-	-
Utilisation of reinvestment allowances	1,968,000	1,531,000	-	-
	(10,001,122)	(9,826,882)	(1,348,000)	(1,636,000)
Overprovision in prior years:				
Current tax	(522,972)	18,766	-	(362,859)
Deferred tax	960,969	793,315	-	-
Income tax expense	<u>(9,563,125)</u>	<u>(9,014,801)</u>	<u>(1,348,000)</u>	<u>(1,998,859)</u>

12. EARNINGS PER SHARE

Basis earnings per share is calculated by dividing consolidated profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial year.

	2009	2008
	RM	RM
Basic		
Profit for the year attributable to equity holders of the Company	<u>16,868,505</u>	<u>29,461,766</u>
	Units	Units
Number of ordinary shares for the purpose of basic earnings per share	<u>166,725,000</u>	<u>166,725,000</u>
Basic earnings per share (sen)	<u>10.12</u>	<u>17.67</u>

Diluted

The basic and diluted earnings per share are the same as the Company has no dilutive potential ordinary shares.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Land improvement RM	Plant and machinery RM	Plant and machinery under hire- purchase RM	Motor vehicles, furniture, equipment and renovation RM	Motor vehicles, furniture, fittings equipment and renovation under hire- purchase RM	Construction- in-progress RM	Total RM
The Group									
Cost/Valuation:									
Balance as of April 1, 2007	40,266,767	188,948,839	317,499	125,876,936	6,709,073	87,244,131	13,832,245	3,955,982	467,151,472
Additions	5,110,880	10,314,170	-	6,373,641	3,145,556	6,269,555	5,077,921	5,105,827	41,397,550
Disposals/ Written-off	(54,000)	(5,421,500)	-	(606,759)	-	(3,178,240)	(59,477)	-	(9,319,976)
Transfer to investment properties	(733,479)	(4,677,435)	-	-	-	-	-	-	(5,410,914)
Reclassifications	-	736,717	-	8,304,205	(3,264,900)	4,546,706	(4,356,548)	(5,966,180)	-
Foreign currency fluctuations	-	475,434	-	413,520	5,354	125,105	85,027	-	1,104,440

	Freehold land RM	Buildings RM	Land improvement RM	Plant and machinery RM	Plant and machinery under hire- purchase RM	Motor vehicles, furniture, equipment and renovation RM	Motor vehicles, furniture, fittings equipment and renovation under hire- purchase RM	Construction -in-progress RM	Total RM
Balance as of March 31, 2008	44,590,168	190,376,225	317,499	140,361,543	6,595,083	95,007,257	14,579,168	3,095,629	494,922,572
Additions	4,649,558	4,753,407	52,900	9,358,407	1,981,184	8,239,196	4,791,965	11,767,435	45,594,052
Disposals/ Written-off	-	(554,200)	-	(818,282)	-	(6,478,878)	(104,213)	-	(7,955,573)
Transfer to investment properties	(1,277,212)	(3,010,753)	-	-	-	-	-	-	(4,287,965)
Reclassifications	23,800	4,736,810	-	3,600,340	670,144	5,088,514	(4,882,903)	(9,236,705)	-
Foreign currency fluctuations	-	1,164,036	-	1,077,750	37,413	350,663	184,641	-	2,814,503
Acquisition of subsidiary companies	15,895,768	20,691,151	-	5,925,801	-	2,315,447	-	68,926	44,897,093
Balance as of March 31, 2009	63,882,082	218,156,676	370,399	159,505,559	9,283,824	104,522,199	14,568,658	5,695,285	575,984,682

	Freehold land RM	Buildings RM	Land improvement RM	Plant and machinery RM	Plant and machinery under hire- purchase RM	Motor vehicles, furniture, fittings, equipment and renovation RM	Motor vehicles, furniture, fittings equipment and renovation under hire- purchase RM	Construction -in-progress RM	Total RM
Accumulated Depreciation:									
Balance as of March 31, 2007	-	71,901,536	113,909	83,119,848	1,518,068	68,467,218	5,321,594	-	230,442,173
Charge for the year	-	6,838,733	6,348	7,289,997	1,070,246	5,773,730	2,305,258	-	23,284,312
Disposals/ Written-off	-	(753,704)	-	(480,043)	-	(3,067,062)	(58,486)	-	(4,359,295)
Transfer to investment properties	-	(2,283,519)	-	-	-	-	-	-	(2,283,519)
Reclassifications	-	-	-	847,824	(847,824)	2,841,111	(2,841,111)	-	-
Foreign currency fluctuations	-	107,476	-	305,988	3,094	86,041	32,375	-	534,974
Balance as of March 31, 2008	-	75,810,522	120,257	91,083,614	1,743,584	74,101,038	4,759,630	-	247,618,645

	Freehold land RM	Buildings RM	Land improvement RM	Plant and machinery RM	Plant and machinery under hire- purchase RM	Motor vehicles, furniture, equipment and renovation under hire- purchase RM	Motor vehicles, furniture, fittings and equipment under hire- purchase RM	Construction -in-progress RM	Total RM
Balance as of March 31, 2008	-	75,810,522	120,257	91,083,614	1,743,584	74,101,038	4,759,630	-	247,618,645
Charge for the year	-	7,284,074	6,437	8,034,929	1,355,545	6,459,683	2,210,159	-	25,350,827
Disposals/ Written-off	-	(519,556)	-	(321,729)	-	(6,102,658)	(139,184)	-	(7,083,127)
Transfer to investment properties	-	(2,328,456)	-	-	-	-	-	-	(2,328,456)
Reclassifications	-	-	-	945,236	(918,931)	2,691,391	(2,717,696)	-	-
Foreign currency fluctuations	-	275,638	-	785,773	11,584	232,645	63,540	-	1,369,180
Acquisition of subsidiary companies	-	4,322,402	-	742,871	-	753,167	-	-	5,818,440
Balance as of March 31, 2009	-	84,844,624	126,694	101,270,694	2,191,782	78,135,266	4,176,449	-	270,745,509
Net Book Value:									
Balance as of March 31, 2008	<u>44,590,168</u>	<u>114,565,703</u>	<u>197,242</u>	<u>49,277,929</u>	<u>4,851,499</u>	<u>20,906,219</u>	<u>9,819,538</u>	<u>3,095,629</u>	<u>247,303,927</u>
Balance as of March 31, 2009	<u>63,882,082</u>	<u>133,312,052</u>	<u>243,705</u>	<u>58,234,865</u>	<u>7,092,042</u>	<u>26,386,933</u>	<u>10,392,209</u>	<u>5,695,285</u>	<u>305,239,173</u>

	Building RM	Motor vehicles, furniture, fittings equipment and renovation RM	Motor vehicles under hire- purchase RM	Constrution- in-progress RM	Total RM
The Company					
Cost:					
Balance as of April 1, 2007	699,972	2,483,737	951,727	-	4,135,436
Additions	-	10,863	324,440	-	335,303
Disposals/ Written off	-	(158,475)	-	-	(158,475)
Reclassifications	-	951,727	(951,727)	-	-
Balance as of March 31, 2008	699,972	3,287,852	324,440	-	4,312,264
Additions	-	682,537	1,021,425	3,023,907	4,727,869
Disposals/ Written off	-	(255,924)	-	-	(255,924)
Balance as of March 31, 2009	699,972	3,714,465	1,345,865	3,023,907	8,784,209
Accumulated Depreciation:					
Balance as of April 1, 2007	326,536	2,135,012	395,392	-	2,856,940
Charge for the year	31,499	304,810	10,815	-	347,124
Disposals/ Written off	-	(158,475)	-	-	(158,475)
Reclassifications	-	395,392	(395,392)	-	-
Balance as of March 31, 2008	358,035	2,676,739	10,815	-	3,045,589
Charge for the year	31,499	335,679	207,051	-	574,229
Disposals/ Written off	-	(232,824)	-	-	(232,824)
Balance as of March 31, 2009	389,534	2,779,594	217,866	-	3,386,994
Net Book Value:					
Balance as of March 31, 2008	341,937	611,113	313,625	-	1,266,675
Balance as of March 31, 2009	310,438	934,871	1,127,999	3,023,907	5,397,215

The revaluations of the Group's freehold land and buildings in 1986, 1991, 1992 and 1993 were based upon valuations carried out by an independent firm of professional valuers. The surplus arising from the revaluation was credited to revaluation reserve.

The carrying value of property, plant and equipment of the Group which is charged for securing bank borrowings is RM92,034,515 (2008: RM90,765,673) as mentioned in Note 30.

14. LAND HELD FOR DEVELOPMENT

	The Group	
	2009	2008
	RM	RM
Freehold land	78,141,537	78,141,537
Development expenditure	28,582,516	28,582,516
Less: Accumulated impairment loss	<u>(2,777,558)</u>	<u>(2,777,558)</u>
Total	<u>103,946,495</u>	<u>103,946,495</u>

The land held for development of the Group with a total carrying value of RM103,946,495 (2008: RM103,946,495) are charged for securing bank borrowings as disclosed in Note 30.

15. INVESTMENT PROPERTIES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cost:				
At beginning of year	21,444,082	8,380,963	20,775,665	2,613,595
Additions	27,797	8,150,400	98,090	18,482,685
Disposal/ Written off	-	(498,195)	-	(320,615)
Transfer from property, plant and equipment	<u>4,287,965</u>	<u>5,410,914</u>	<u>-</u>	<u>-</u>
At end of year	<u>25,759,844</u>	<u>21,444,082</u>	<u>20,873,755</u>	<u>20,775,665</u>

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Accumulated Depreciation:				
At beginning of year	(3,382,042)	(954,875)	(853,238)	(860,593)
Charge for the year	(646,829)	(324,396)	(550,258)	(93,970)
Disposal	-	180,748	-	101,325
Transfer from property, plant and equipment	(2,328,456)	(2,283,519)	-	-
At end of year	<u>(6,357,327)</u>	<u>(3,382,042)</u>	<u>(1,403,496)</u>	<u>(853,238)</u>
Net Book Value:				
At beginning of year	<u>18,062,040</u>	<u>7,426,088</u>	<u>19,922,427</u>	<u>1,753,002</u>
At end of year	<u>19,402,517</u>	<u>18,062,040</u>	<u>19,470,259</u>	<u>19,922,427</u>
Fair values	<u>20,748,000</u>	<u>18,813,000</u>	<u>22,400,000</u>	<u>22,400,000</u>

The fair values of the Group's and of the Company's investment properties was arrived at by reference to market indication of transactions prices for similar properties determined by Company's directors.

As of March 31, 2009, certain investment properties of the Group with a total carrying value of RM1,004,016 (2008: RM1,108,815) were charged to licensed banks to secure credit facilities granted to the Group as mentioned in Note 30.

The property rental income earned by the Group and by the Company from investment properties, certain of which are leased out under operating leases, amounted to RM1,231,744 and RM1,412,000 respectively (2008: RM353,519 and RM108,000). Direct operating expenses arising on the investment properties of the Group and of the Company amounted to RM113,437 and RM200,653 respectively (2008: RM47,752 and RM7,019).

16. **PREPAID LEASE PAYMENTS ON LEASEHOLD LAND**

	The Group	
	2009	2008
	RM	RM
Cost:		
At beginning of year	17,967,259	18,892,161
Additions	93,247	-
Disposals	-	(978,500)
Foreign currency fluctuations	136,817	53,598
	<u>18,197,323</u>	<u>17,967,259</u>
At end of year		
Cumulative amortisation:		
At beginning of year	4,956,258	4,761,782
Amortisation for the year	393,266	367,730
Disposals	-	(182,432)
Foreign currency fluctuations	23,887	9,178
	<u>5,373,411</u>	<u>4,956,258</u>
At end of year		
Unamortised prepaid lease payments on leasehold land:		
At beginning of year	<u>13,011,001</u>	<u>14,130,379</u>
At end of year	<u>12,823,912</u>	<u>13,011,001</u>

As of March 31, 2009, the unexpired lease periods of the leasehold land of the Group which are included under prepaid lease payments on leasehold land ranges from 4 to 96 years (2008: 5 to 97 years).

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2009	2008
	RM	RM
Unquoted shares, at cost	148,793,563	147,332,052
Less: Accumulated impairment losses	<u>(1,218,000)</u>	<u>(1,218,000)</u>
	<u>147,575,563</u>	<u>146,114,052</u>

The subsidiary companies (all incorporated in Malaysia unless otherwise indicated) are as follows:

Name of Company	Effective Percentage of Ownership		Principal Activities
	2009	2008	
Direct subsidiary companies			
Leong Hup Poultry Farm Sdn. Berhad	100.00%	100.00%	Breeding of layer and broiler day old chickens
Leong Hup Broiler Farm Sdn. Bhd.	100.00%	100.00%	Renting of broiler farms and rearing broiler chickens for sale
Leong Hup (G.P.S.) Farm Sdn. Bhd.	100.00%	100.00%	Broiler grandparent stock farming
Leong Hup Contract Farming Sdn. Bhd.	100.00%	100.00%	Trading of broiler chickens, day old chickens, ducks, poultry feed, medicine and renting of farm buildings
The Baker's Cottage Sdn. Bhd.	100.00%	100.00%	Manufacturing, trading and distribution of food products
Ayam A1 Food Corporation Sdn. Bhd. *	100.00%	100.00%	Processing and marketing of chickens and related products
Ayam A1 Chicken Shop Sdn. Bhd. *	100.00%	100.00%	Selling fresh and roasted chickens and related products through retail outlets
Pangkal Budiman Sdn. Bhd. *	90.10%	90.10%	Oil palm plantation and property development

Name of Company	Effective Percentage of Ownership		Principal Activities
	2009	2008	
Advantage Valuations Sdn. Bhd.	51.15%	51.15%	Investment holding
F. E. Venture Sdn. Bhd.	51.00%	51.00%	Trading of animal feeds and veterinary products
Lee Say Sugar Factory (Pte.) Ltd. (Incorporated in Singapore) *	51.00%	51.00%	Slaughtering and sales of poultry
Budaya Zaman Sdn. Bhd.	100.00%	-	Inactive
Pedoman Ikhlas Sdn. Bhd.	100.00%	-	Inactive
Aneka Flora Sdn. Bhd.	100.00%	-	Inactive
Indirect subsidiary companies			
Ayam A1 Food Processing Sdn. Bhd.	100.00%	100.00%	Processing chicken foodstuff
Goldkist Breeding Farms Sdn. Bhd.	100.00%	100.00%	Poultry farming
J.B. Kim Farm Sdn. Bhd. *	51.00%	-	Rearing of broiler chicken
BC Confectionery Sdn. Bhd.	100.00%	100.00%	Bakery and retailing of confectionery food products
The Baker's Cottage Restaurant Sdn. Bhd.	100.00%	100.00%	Restaurant dealing with food and beverages
F.E. Venture (AP) Sdn. Bhd.	51.00%	51.00%	Trading in health and beauty products
F.E. Venture Marketing Sdn. Bhd.	49.98%	49.98%	Multilevel marketing of consumer products
Laboratorios Reveex (Asia) Sdn. Bhd.	26.01%	26.01%	Trading in veterinary products

Name of Company	Effective Percentage of Ownership		Principal Activities
	2009	2008	
Teo Seng Capital Berhad	38.53%	-	Investment holding
Teo Seng Farming Sdn. Bhd.	38.53%	47.66%	Poultry farming and investment holding
Teo Seng Paper Products Sdn. Bhd.	38.53%	47.66%	Manufacturing and trading of egg trays
Teo Seng Feedmill Sdn. Bhd.	38.53%	47.66%	Manufacturing and marketing of animal feeds
Ritma Prestasi Sdn. Bhd. *	38.53%	47.66%	Distribution of pet food, medicine and other related products
Success Century Sdn. Bhd. *	38.53%	-	Poultry farming
Lee Say Poultry Industrial* (A sole proprietorship in Singapore)	51.00%	51.00%	Processing and marketing of chickens
Saudi Food Manufacturing Enterprise* (A sole proprietorship in Singapore)	51.00%	51.00%	Processing and marketing of chickens
Tasty Meat Products Pte. Ltd. * (Incorporated in Singapore)	40.80%	40.80%	Manufacturers, importers, exporters, storers and packers of processed meats
Kendo Trading Pte. Ltd. * (Incorporated in Singapore)	26.01%	26.01%	Slaughtering of poultry
One N One Investment Pte. Ltd. * (Incorporated in Singapore)	51.00%	51.00%	Dormant
Lee Say Food Holdings Pte. Ltd. * (Incorporated in Singapore)	51.00%	51.00%	Investment holding
PT Ayam Prima Esa * # (Incorporated in Indonesia)	51.00%	51.00%	Slaughtering and wholesale of poultry
Lee Say Trading Sdn. Bhd.	51.00%	51.00%	Dormant

* Audited by other firms of auditors.

The auditors' report on the financial statements of this subsidiary company have been modified with a disclaimer of opinion due to uncertainties on the ability to continue as a going concern.

Group Reorganisation

During the financial year, pursuant to the share purchase agreement and the option agreement entered into between Teo Seng Capital Berhad (“Teo Seng”) and the shareholders of Teo Seng Farming Sdn. Bhd. (“TSF”), on March 19, 2007:

- i. Teo Seng acquired the entire equity interest in TSF for a purchase consideration of RM32,277,900, which was fully satisfied by the issuance of 161,389,500 shares of Teo Seng at an issue price of RM0.20 per share. This acquisition was completed on June 18, 2008 and Teo Seng became a direct subsidiary company of Advantage Valuations Sdn. Bhd. (“AVSB”);
- ii. Upon the completion of the acquisition of TSF mentioned in (i), Teo Seng became the legal parent company of TSF. Due to the relative values of the shares of Teo Seng and TSF, the former TSF’s shareholders became the majority shareholders, controlling about 100% of the share capital of Teo Seng. Further, Teo Seng’s continuing operations and executive management are those of TSF. Accordingly, the substance of the business combination is a reverse acquisition of Teo Seng by TSF; and
- iii. Teo Seng had on June 18, 2008 entered into a share acquisition agreement with TSF to acquire the entire equity interest in Teo Seng Paper Products Sdn. Bhd. (“TSPP”), Teo Seng Feedmill Sdn. Bhd. (“TSFM”) and Ritma Prestasi Sdn. Bhd. (“Ritma”) for the aggregate purchase consideration equivalent to RM12,746,500 which was accounted for as an amount owing to TSF. These acquisitions were completed on June 19, 2008, and TSPP, TSFM, and Ritma became the direct subsidiary companies of Teo Seng;

The entire issued and paid up share capital of Teo Seng was officially listed on the Second Board of Bursa Malaysia Securities Berhad on October 29, 2008 after a public issue of 38,610,000 new ordinary shares at an issue price of RM0.45 per share. Upon the listing of Teo Seng, the Group’s effective equity interest in Teo Seng decreased from 47.66% to 38.44%.

Acquisition of Subsidiary Companies

During the financial year,

- i. An indirect subsidiary company, Teo Seng, acquired the entire equity interest in Success Century Sdn. Bhd. for a purchase consideration of RM7,500,000. This acquisition was completed on October 31, 2008;
- ii. The Company acquired the entire equity interest in Budaya Zaman Sdn. Bhd., Pedoman Ikhlas Sdn. Bhd. and Aneka Flora Sdn. Bhd. for a total purchase consideration of RM1,000,000. These acquisitions were completed on January 5, 2009; and
- iii. A direct subsidiary company, Leong Hup Contract Farming Sdn. Bhd., acquired 51% equity interest in J.B. Kim Farm Sdn. Bhd. for a purchase consideration of RM950,814. This acquisition was completed on January 21, 2009.

Additional/Partial Disposal of Investment in Subsidiary Companies

During the financial year,

- i. A direct subsidiary company, AVSB, disposed of 2.5% equity interest in Teo Seng for a cash consideration of RM2,250,000 on October 30, 2008;
- ii. The Company acquired additional 0.33% equity interest in Teo Seng for a purchase consideration of RM238,094 on November 3, 2008;
- iii. A direct subsidiary company, F.E. Venture Sdn. Bhd., acquired 0.5% equity interest in Teo Seng for a purchase consideration of RM450,000 on November 12, 2008; and
- iv. A direct subsidiary company, Lee Say Sugar Factory (Pte.) Ltd., and its subsidiary company, Kendo Trading Pte. Ltd., acquired 1% each equity interest in Teo Seng for a total purchase consideration of approximately RM1,821,340 on November 10, 2008.

The Group's effective interest in Teo Seng increased from 38.44% to 38.53% as a result of the above acquisitions and disposals in the shares of Teo Seng.

In 2008,

- i) A direct subsidiary company, F.E. Venture Sdn. Bhd., acquired additional 0.8% equity in its existing subsidiary company, F.E. Venture Marketing Sdn. Bhd. This acquisition was completed on December 3, 2007; and
- ii) A direct subsidiary company, Leong Hup Broiler Farm Sdn. Bhd., acquired the remaining 5.8% equity interest in its existing subsidiary company, Goldkist Breeding Farms Sdn. Bhd., for a purchase consideration of RM173,993. This acquisition was completed on April 30, 2007.

The fair values of the assets acquired and the goodwill arising are as follows:

	At date of acquisition	
	2009	2008
	RM	RM
Net assets acquired:		
Property, plant and equipment	39,078,653	132,751
Inventories	4,684,755	118,607
Trade receivables and other receivables	2,550,367	38,151
Tax recoverable	183,985	-
Cash and bank balances	1,690,562	41,120
Trade payables and other payables	(31,938,064)	(87,609)
Hire purchase payables	(835,923)	-
Bank borrowings	(4,752,496)	-
Bank overdrafts	(2,018,162)	-
Tax liabilities	(1,596)	-
Deferred tax liability	(2,839,673)	(27,028)
Minority interest	(214,211)	-
Negative goodwill credited to profit or loss	-	(41,999)
	<u>5,588,197</u>	<u>173,993</u>
Goodwill on consolidation	<u>3,862,617</u>	<u>-</u>
Total consideration satisfied by cash	9,450,814	173,993
Less: Amount outstanding include in other payables	<u>(500,000)</u>	<u>-</u>
Cash consideration paid	8,950,814	173,993
Cash and cash equivalents acquired	<u>327,600</u>	<u>-</u>
Net cash outflow arising on acquisition	<u><u>9,278,414</u></u>	<u><u>173,993</u></u>

The new acquisition of subsidiary companies contributed RM1,003,830 to the Group's profit after tax for the period between the date of acquisition and the balance sheet date.

18. INVESTMENT IN ASSOCIATED COMPANIES

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At cost:				
Unquoted shares	34,280,000	380,000	34,260,000	360,000
Shares quoted in Malaysia	12,125,641	12,125,641	12,125,641	12,125,641
Share of post- acquisition results, net of dividend received	9,325,601	7,732,771	-	-
Accumulated impairment losses	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
	<u>55,711,242</u>	<u>20,218,412</u>	<u>46,385,641</u>	<u>12,485,641</u>
Market value: Shares quoted in Malaysia	<u>11,760,000</u>	<u>12,960,000</u>	<u>11,760,000</u>	<u>12,960,000</u>

The Group's interest in the associated companies is analysed as follows:

	The Group	
	2009 RM	2008 RM
Total assets	313,186,000	312,191,000
Total liabilities	<u>(191,748,000)</u>	<u>(193,482,000)</u>
Net assets	<u>121,438,000</u>	<u>118,709,000</u>
Group's share of associated companies net assets	22,389,872	20,218,412
Goodwill on acquisition	<u>33,321,370</u>	<u>-</u>
	<u>55,711,242</u>	<u>20,218,412</u>
Revenue	<u>155,752,000</u>	<u>134,535,000</u>
Profit for the year	<u>11,519,152</u>	<u>11,873,140</u>
Group's share of associated companies for the year	<u>2,303,830</u>	<u>2,374,628</u>

The associated companies (all incorporated in Malaysia unless otherwise stated) are as follows:

Name of Company	Effective Percentage of Ownership		Principal Activities
	2009	2008	
Direct associated companies			
# Alam Muhibah Sdn. Bhd.	35%	-	Investment holding and operation of oil palm estate in Malaysia
# Emivest Berhad	20%	20%	Investment holding

Name of Company	Effective Percentage of Ownership		Principal Activities
	2009	2008	
*# Atlasprise Sdn. Bhd.	24%	24%	Plantation owner and housing developer
Indirect associated companies			
# Gymtech Feedmill (Malacca) Sdn. Bhd.	20%	20%	Manufacturing and marketing of animal feeds
# Sri Medan Duck Farm Sdn. Bhd.	20%	20%	Duck breeder, sale of poultry, eggs and others
# Beaming Agrotrade Sdn. Bhd.	20%	20%	Trading of materials and warehousing operation
# Emivest Vietnam Limited (Incorporated in Vietnam)	20%	20%	Operating of poultry hatcheries and breeder farms
# Kayangan Runding Sdn. Bhd.	20%	20%	Property investment holding
# Jaco Nutrimix Sdn. Bhd.	20%	20%	Dormant
# Ideal Multifeed (Malaysia) Sdn. Berhad	11.94%	11.94%	Manufacturing and marketing of animal feeds
*# Indahgrains Logistics Sdn. Bhd.	4%	4%	Operating of warehouse and warehouse management
# Prima Anjung Sdn. Bhd.	20%	10.2%	Sale of poultry and other related products and aquaculture
*# Hatchery (Malaysia) Sdn. Bhd.	3.98%	3.98%	Dormant
*# Phil-Malay Poultry Breeders Inc. (Incorporated in Philippines)	40%	40%	Poultry farming
*# Phil-Malay Development Company Inc. (Incorporated in Philippines)	40%	40%	Real properties

Audited by other firms of auditors.

* The Group discontinued applying the equity method of accounting for investment in these associated companies as the Group's share in attributable accumulated losses of these associated companies has exceeded the carrying amount of the investments. The unrecognised amounts of the Group's share of results of these associated companies for the current year are profit of RM141,724 and cumulative losses of RM3,155,852 (2008: loss of RM90,008 and cumulative losses of RM3,297,576).

During the year, the Company acquired 35% equity interest in Alam Muhibah Sdn. Bhd. for a purchase consideration of RM33,900,000. This acquisition was completed on March 26, 2009.

19. OTHER INVESTMENTS

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Quoted shares in Malaysia:				
At cost	1,620,784	1,620,784	1,240,511	1,240,511
Allowance for diminution in value of investments	<u>(1,336,787)</u>	<u>(1,336,787)</u>	<u>(1,100,627)</u>	<u>(1,100,627)</u>
	<u>283,997</u>	<u>283,997</u>	<u>139,884</u>	<u>139,884</u>
Market value of quoted shares	<u>353,000</u>	<u>384,000</u>	<u>144,000</u>	<u>177,000</u>

20. DEFERRED TAX ASSETS (LIABILITIES)

	The Group	
	2009	2008
	RM	RM
Deferred tax assets:		
At beginning of year	586,164	141,750
Transfer to income statements (Note 11)	431,296	438,981
Foreign currency fluctuations	160	5,433
	<u>1,017,620</u>	<u>586,164</u>
At end of year	<u>1,017,620</u>	<u>586,164</u>

The net deferred tax assets are in respect of the following:

	The Group	
	2009	2008
	RM	RM
Tax effects of:		
Temporary differences arising from		
Property, plant and equipment	(1,360,665)	(930,800)
Receivables	1,557,259	-
Unutilised tax losses	821,026	1,516,964
	<u>1,017,620</u>	<u>586,164</u>

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Deferred tax liabilities:				
At beginning of year	(22,707,978)	(25,123,682)	(28,000)	(28,000)
Acquisition of subsidiary company	(2,839,673)	-	-	-
Transfer to income statements (Note 11)	819,309	2,254,168	(88,000)	-
Charged to equity	26,059	194,000	-	-
Foreign currency fluctuations	(88,944)	(32,464)	-	-
At end of year	<u>(24,791,227)</u>	<u>(22,707,978)</u>	<u>(116,000)</u>	<u>(28,000)</u>

The net deferred tax liabilities are in respect of the following:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Tax effects of temporary differences arising from:				
Property, plant and equipment	(22,711,463)	(19,763,978)	(116,000)	(28,000)
Revaluation surplus on property, plant and equipment	(1,618,000)	(2,374,000)	-	-
Land held for development	(651,464)	(678,000)	-	-
Trade receivables	189,700	108,000	-	-
	<u>(24,791,227)</u>	<u>(22,707,978)</u>	<u>(116,000)</u>	<u>(28,000)</u>

At balance sheet date, net deferred tax assets of the Group has not been recognised in respect of the following items:

	The Group	
	2009	2008
	RM	RM
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	(155,000)	(2,352,000)
Trade receivables	1,520,000	2,865,000
Unabsorbed capital allowances	1,962,000	2,733,000
Unutilised tax losses	3,263,000	6,255,000
	<u>6,590,000</u>	<u>9,501,000</u>
Net Deferred Tax Assets	<u>6,590,000</u>	<u>9,501,000</u>

The unabsorbed capital allowances and unutilised tax losses, which are subject to the agreement of the tax authorities, are available for offset against future taxable profits.

21. GOODWILL ON CONSOLIDATION

	The Group	
	2009	2008
	RM	RM
Cost:		
At beginning of year	38,172,486	38,155,582
Acquisition of subsidiary companies	3,862,617	-
Foreign currency fluctuations	43,150	16,904
	<u>42,078,253</u>	<u>38,172,486</u>
Accumulative impairment losses:		
At beginning of year	(3,197,661)	(2,314,302)
Charge for the year	-	(883,359)
	<u>(3,197,661)</u>	<u>(3,197,661)</u>
Carrying amount:		
At end of year	<u>38,880,592</u>	<u>34,974,825</u>
At beginning of year	<u>34,974,825</u>	<u>35,841,280</u>

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2009	2008
	RM	RM
Manufacturing and trading activities:		
Trading of animals feeds and veterinary products	3,114,821	3,114,821
Trading of pet food, medicine and related products	1,696,291	1,696,291
	4,811,112	4,811,112
Poultry farming activities:		
Poultry farming and breeding	23,329,378	22,601,519
Processing and marketing of chickens and related products	4,436,866	4,393,716
Layer farming	3,371,631	1,983,511
	31,137,875	28,978,746
Plantation owner, housing development, oil palm cultivation and property development	<u>2,931,605</u>	<u>1,184,967</u>
	<u>38,880,592</u>	<u>34,974,825</u>

22. HOLDING COMPANY AND RELATED PARTIES TRANSACTIONS

The immediate and ultimate holding company of the Company is Leong Hup Management Sdn. Bhd., a company incorporated in Malaysia.

Amount owing by holding company arose mainly from non-trade transactions and advances which are unsecured and repayable on demand. The amount owing by holding company bears interest at a rate of 4% (2008: 5%) per annum.

The current portion of amounts owing by/(to) subsidiary companies arose mainly from trade transactions, non-trade transactions and advances which are unsecured, interest free and repayable on demand. The non-current portion of amount owing by a subsidiary company of RMNil (2008: RM4,215,449) bears interest at a rate of 3.17% (2008: 3.17%) per annum during the financial year.

Amount owing by associated companies consists of the following:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Amount owing by associated companies	11,886,608	12,382,900	5,411,834	5,411,834
Less: Allowance for doubtful debts	<u>(5,540,975)</u>	<u>(3,244,267)</u>	-	-
	6,345,633	9,138,633	5,411,834	5,411,834
Less: Amount due within 12 months (shown under current liabilities)	<u>(6,345,633)</u>	<u>(6,729,664)</u>	<u>(5,411,834)</u>	<u>(5,411,834)</u>
Non-current portion	<u>-</u>	<u>2,408,969</u>	<u>-</u>	<u>-</u>

The non-current portion is repayable as follows:

	The Group	
	2009	2008
	RM	RM
Financial years ending March 31:		
2010	-	1,800,000
2011	-	<u>608,969</u>
	<u>-</u>	<u>2,408,969</u>

Amount owing by associated companies arose mainly from non-trade transactions and advances which are unsecured, interest-free and repayable on demand other than the amount owing classified as non-current portion. Amount owing to associated companies arose mainly from trade transactions.

Amount owing to directors represents advances which are unsecured, interest free and repayable on demand.

During the financial year, the related party transactions are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Holding company				
Interest income received/ receivable	1,247,506	2,960,773	1,247,506	2,960,773
Purchase of property	-	18,000,000	-	18,000,000
Rental expense paid/ payable	-	800,344	-	169,420
	<u>-</u>	<u>800,344</u>	<u>-</u>	<u>169,420</u>

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other related companies⁽ⁱ⁾				
Sales of goods	2,336,555	2,086,239	-	-
Purchases of goods	54,993	276,165	32,260	39,075
	<u>54,993</u>	<u>276,165</u>	<u>32,260</u>	<u>39,075</u>

⁽ⁱ⁾ The above transactions were principally with Astaka Shopping Centre (Muar) Sdn. Bhd. and Astaka Shopping Centre (Terengganu) Sdn. Bhd. The credit periods granted for trade transactions range from 30 to 150 days (2008: 30 to 150 days).

	The Company	
	2009	2008
	RM	RM
Subsidiary companies⁽ⁱⁱ⁾		
Dividend income received/ receivable	5,800,811	6,924,629
Rental income received/receivable	1,083,771	425,500
Management fee income received/receivable	660,000	60,000
Information technology services received/receivable	225,130	226,130
Interest income received/receivable	111,019	215,445
Secretarial fee income received/receivable	21,750	21,360
	<u>21,750</u>	<u>21,360</u>

⁽ⁱⁱ⁾ The above transactions were principally with F.E. Venture Sdn. Bhd., Leong Hup Poultry Farm Sdn. Berhad, Leong Hup (G.P.S.) Farm Sdn. Bhd., Advantage Valuations Sdn. Bhd. and Teo Seng Farming Sdn. Bhd. The credit periods granted for trade transactions range from 30 to 60 days (2008: 30 to 60 days).

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Associated companies⁽ⁱⁱⁱ⁾				
Purchases of goods	368,101,175	259,467,551	-	-
Sales of goods	3,403,941	14,976,513	-	-
Sale of property, plant and equipment	-	6,000,000	-	-
Management fee paid/ payable	-	90,000	-	-
Dividend income received/ receivable	-	-	960,000	960,000
	<u>-</u>	<u>-</u>	<u>960,000</u>	<u>960,000</u>

- (iii) The above transactions were principally with Gymtech Feedmill (Malacca) Sdn. Bhd., Sri Medan Duck Farm Sdn. Bhd. and Ideal Multifeed (Malaysia) Sdn. Berhad. The credit periods granted for trade transactions range from 30 to 150 days (2008: 30 to 150 days).

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other related parties				
Acquisition of associated company	33,900,000	-	-	-
Sales of goods	32,090,954	38,315,559	-	-
Purchases of goods	22,886,076	24,674,531	-	-
Transportation charges paid/ payable	9,528,972	8,409,442	-	-
Rental income received/ receivable	792,004	538,299	284,898	63,500
Rental expense paid/ payable	706,920	1,091,704	167,640	161,290
Management fee income received/ receivable	-	12,000	-	12,000

Other than as disclosed elsewhere in the financial statements, the above other related parties are namely A'Famosa Resort Hotel Sdn. Bhd., A'Famosa Water Theme Park Sdn. Bhd., Amalan Tepat Sdn. Bhd., CN Lau & Sons Sdn. Bhd., CW Lau & Sons Sdn. Bhd., HN Lau & Sons Sdn. Bhd., Kumpulan Asita Sdn. Bhd., Ladang Ternakan Maju Sdn. Bhd., LCN & Family Sdn. Bhd., Leong Hup Corporation Sdn. Bhd., Leong Hup Pedagang Sayur, LTN Resources Sdn. Bhd., Safari Bird Park & Wonderland, Teratai Agriculture Sdn. Bhd., Pengangkutan Mekar Sdn. Bhd. and Kylene Enterprise Sdn. Bhd. in which Lau Brothers are directors and/ or shareholders, Sri Menawan Sdn. Bhd. in which spouses of Lau Brothers are directors and/ or shareholders and PT Leong Ayamsatu Primadona in which Lau Brothers are beneficial shareholders.

The Lau Brothers are Lau Chun Yuen, Dato' Lau Bong Wong, Lau Chia Nguang, Datuk Lau Chir Nguan, Dato' Lau Eng Guang, Lau Hai Nguan and Tan Sri Lau Tuang Nguang.

The above transactions were principally with A'Famosa Resort Hotel Sdn. Bhd., Amalan Tepat Sdn. Bhd., Kumpulan Asita Sdn. Bhd., Ladang Ternakan Maju Sdn. Bhd., Leong Hup Corporation Sdn. Bhd., Leong Hup Pedagang Sayur, Teratai Agriculture Sdn. Bhd., P.T. Malindo Feedmill, Kylene Enterprise Sdn. Bhd., Pengangkutan Mekar Sdn. Bhd., Sri Menawan Sdn. Bhd. and PT Leong Ayamsatu Primadona.

Included in the following accounts are balances owing by/ to the above related parties:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables	13,482,542	17,483,462	-	-
Other receivables	210,237	265,235	101,840	101,500
Trade payables	834,539	284,935	-	-
Other payables	1,735,134	1,658,119	13,970	13,970

23. INVENTORIES

	The Group	
	2009	2008
	RM	RM
Parent inventories	22,251,056	18,553,743
Processed chickens/ trading inventories	23,974,394	18,153,587
Layer inventories	13,607,521	10,688,387
Raw materials	5,631,838	6,215,983
Hatching eggs	5,823,915	5,041,408
Grandparent inventories	5,461,711	3,929,094
Consumable supplies	5,741,836	6,988,695
Pullets	4,855,691	2,763,806
Broiler inventories	4,792,257	3,005,679
Poultry feeds	2,586,526	2,022,854
Work-in-progress	289,946	347,799
	<u>95,016,691</u>	<u>77,711,035</u>
Total	<u>95,016,691</u>	<u>77,711,035</u>

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

Trade receivables consist of:

	The Group	
	2009	2008
	RM	RM
Gross amount	94,544,094	105,791,933
Less: Allowance for doubtful debts	<u>(15,890,557)</u>	<u>(16,130,627)</u>
	<u>78,653,537</u>	<u>89,661,306</u>

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other receivables	2,191,363	2,346,436	128,514	198,082
Deposits	2,813,314	2,491,837	16,090	16,090
Prepaid expenses	<u>2,301,723</u>	<u>1,804,249</u>	<u>-</u>	<u>-</u>
	7,306,400	6,642,522	144,604	214,172
Less: Allowance for doubtful debts	<u>(461,617)</u>	<u>(461,617)</u>	<u>-</u>	<u>-</u>
	<u>6,844,783</u>	<u>6,180,905</u>	<u>144,604</u>	<u>214,172</u>

The foreign currency exposure profile of receivables is as follows:

	The Group	
	2009	2008
	RM	RM
Singapore Dollar	22,581,878	20,230,823
United States Dollar	94,550	264,300
Indonesia Rupiah	-	667,847
	<u> </u>	<u> </u>

The credit periods granted on sales of goods range from 1 to 180 days (2008: 1 to 150 days).

Other receivables comprise mainly advances and expenses paid on behalf which are unsecured, interest free and repayable on demand.

25. CASH AND BANK BALANCES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Fixed deposits with licensed banks	5,989,544	6,945,213	-	-
Cash on hand and at banks	<u>27,815,717</u>	<u>22,910,683</u>	<u>2,285,538</u>	<u>2,136,585</u>
	<u>33,805,261</u>	<u>29,855,896</u>	<u>2,285,538</u>	<u>2,136,585</u>

The foreign currency exposure profile of cash and bank balances is as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Singapore Dollar:				
Fixed deposits	1,361,511	1,301,988	-	-
Cash on hand and at banks	<u>8,083,458</u>	<u>1,867,651</u>	<u>-</u>	<u>-</u>

Certain fixed deposits of the Group with a total carrying amount of RM4,979,888 (2008: RM6,935,116) are pledged with licensed banks as collaterals for certain loans and guarantees issued by the said banks.

The average effective interest rate of the deposits is 3.28% (2008: 3.8%) per annum. Deposits of the Group have maturity periods ranging from 90 to 365 days (2008: 90 to 365 days).

26. **SHARE CAPITAL**

	The Company	
	2009	2008
	RM	RM
Authorised:		
300,000,000 ordinary shares of RM1 each	<u>300,000,000</u>	<u>300,000,000</u>
Issued and fully paid:		
166,725,000 ordinary shares of RM1 each	<u>166,725,000</u>	<u>166,725,000</u>

27. **RESERVES**

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Non-distributable reserves:				
Share premium	25,049,594	25,049,594	25,049,594	25,049,594
Revaluation reserve	2,479,184	2,453,125	138,314	138,314
Translation reserve	3,550,694	1,757,478	-	-
	<u>31,079,472</u>	<u>29,260,197</u>	<u>25,187,908</u>	<u>25,187,908</u>
Distributable reserve:				
Retained earnings	<u>109,944,213</u>	<u>98,077,456</u>	<u>64,551,410</u>	<u>66,351,582</u>
	<u>141,023,685</u>	<u>127,337,653</u>	<u>89,739,318</u>	<u>91,539,490</u>

Share premium

Share premium of the Group and of the Company arose mainly from allotment of ordinary shares at premium net of share issue expenses and bonus issue.

Revaluation reserve

The revaluation reserve comprises the net surplus on revaluation properties, as described in the accounting policies.

Translation reserve

Exchange differences arising on translation of foreign controlled subsidiary companies are taken to the translation reserve, as described in the accounting policies.

Retained earnings

Distributable reserves are those available for distribution by way of dividends.

In accordance with the Finance Act, 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies without Section 108 tax credit balance will automatically move to the single tier tax system on January 1, 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier tax system and disregard the tax credit or to continue to use the tax credits under Section 108 account to frank the payment of cash dividends on ordinary shares for a period of 6 years ending December 31, 2013 or until the tax credits are fully utilised, whichever comes first. During the transitional period, any tax paid will not be added to the Section 108 account and any tax credits utilised will reduce the tax credit balance. All companies will be in the new system on January 1, 2014.

As of the balance sheet date, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable to dividend, the Company has sufficient Section 108 tax credits and tax exempt income to frank dividends out of its entire retained earnings as of March 31, 2009.

28. FINANCE LEASE PAYABLE

	The Group and the Company			
	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	2009	2008
	RM	RM	RM	RM
Amount payable under finance lease:				
Within one year	346,236	-	313,880	-
In the second to third years inclusive	115,411	-	126,244	-
	<u>461,647</u>	-	<u>440,124</u>	-
Less: Future finance charges	<u>(21,523)</u>	-	-	-
Present value of lease payables	<u>440,124</u>	<u>-</u>	440,124	-
Less: Amount due within 12 months (shown under current liabilities)			<u>(313,880)</u>	<u>-</u>
Non-current portion			<u>126,244</u>	<u>-</u>

The non-current portion is repayable as follows:

	2009	2008
	RM	RM
Later than one year but not later than two years	<u>126,244</u>	<u>-</u>

It is the Group's and Company's policy to lease certain of its property, plant and equipment under finance lease agreement. The average lease is about 2 years. For the financial year ended March 31, 2009, the average effective borrowing rate was 6.3% per annum. Interest rates are fixed at the inception of the lease. The finance lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

All lease obligations are denominated in Ringgit Malaysia.

The Group's and the Company's finance lease payable is secured by the lessor's title to the leased assets.

29. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Total outstanding	18,969,270	14,926,776	703,972	223,450
Less: Interest-in-suspense outstanding	<u>(2,177,078)</u>	<u>(1,486,735)</u>	<u>(35,645)</u>	<u>(14,423)</u>
Principal outstanding	16,792,192	13,440,041	668,327	209,027
Less: Amount due within 12 months (shown under current liabilities)	<u>(7,832,377)</u>	<u>(6,696,078)</u>	<u>(467,437)</u>	<u>(71,675)</u>
Non-current portion	<u>8,959,815</u>	<u>6,743,963</u>	<u>200,890</u>	<u>137,352</u>

The non-current portion is repayable as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Later than one year and not later than two years	5,004,865	4,526,088	200,890	71,675
Later than two years and not later than five years	<u>3,954,950</u>	<u>2,217,875</u>	<u>-</u>	<u>65,677</u>
	<u>8,959,815</u>	<u>6,743,963</u>	<u>200,890</u>	<u>137,352</u>

It is the Group's and the Company's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term for hire-purchase is about 1 to 7 years. As of March 31, 2009, the effective borrowing rates range from 3.00% to 8.75% (2008: 2.5% to 10.92%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's and the Company's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase. Certain hire-purchase payables of the Group are guaranteed by the Company.

The foreign currency exposure profile of hire-purchase payables is as follows:

	The Group	
	2009	2008
	RM	RM
Singapore Dollar	<u>2,805,163</u>	<u>1,774,389</u>

30. BANK BORROWINGS

	The Group	
	2009	2008
	RM	RM
Secured:		
Bankers' acceptances	63,130,585	46,286,514
Bank overdrafts	30,749,270	31,395,694
Long-term loans	24,604,155	24,126,474
Revolving credits	<u>12,000,000</u>	<u>12,000,000</u>
	130,484,010	113,808,682
Unsecured:		
Bankers' acceptances	32,263,000	31,724,000
Bank overdrafts	1,894,808	3,855,616
Long-term loans	<u>1,699,541</u>	<u>2,316,858</u>
	<u>35,857,349</u>	<u>37,896,474</u>
	166,341,359	151,705,156
Less: Amount due within 12 months (shown under current liabilities)	<u>(148,471,099)</u>	<u>(134,545,795)</u>
Non-current portion	<u>17,870,260</u>	<u>17,159,361</u>

The non-current portion of the bank borrowings of the Group is repayable as follows:

	The Group	
	2009	2008
	RM	RM
Later than one year and not later than two years	5,658,255	6,700,087
Later than two years and not later than five years	10,271,198	10,459,274
Later than five years	1,940,807	-
	<u>17,870,260</u>	<u>17,159,361</u>

Analysis of bank borrowings by currency:

The Group	Ringgit	Singapore	Total
	Malaysia	Dollar	
	RM	RM	RM
2009			
Bankers' acceptances	95,393,585	-	95,393,585
Bank overdrafts	31,379,516	1,264,562	32,644,078
Long-term loans	16,808,851	9,494,845	26,303,696
Revolving credits	12,000,000	-	12,000,000
	<u>155,581,952</u>	<u>10,759,407</u>	<u>166,341,359</u>
	Ringgit	Singapore	Total
	Malaysia	Dollar	RM
	RM	RM	RM
2008			
Bankers' acceptances	77,679,000	331,514	78,010,514
Bank overdrafts	31,826,868	3,424,442	35,251,310
Long-term loans	16,816,180	9,627,152	26,443,332
Revolving credits	12,000,000	-	12,000,000
	<u>138,322,048</u>	<u>13,383,108</u>	<u>151,705,156</u>

The secured bank borrowings are generally secured by legal charges over several landed properties and assets belonging to the Company and certain subsidiary companies with a total carrying value of RM196,985,026 (2008: RM195,820,983).

These borrowings are also guaranteed by the Company, certain directors of the Company and standby letters of credit from offshore banks.

The bankers' acceptances of the Group bear interest at rates ranging from 1.00% to 1.50% (2008: 1.00% to 1.50%) per annum above the lending banks' cost of funds. The Group's bank overdrafts bear interest at rates ranging from 1.25% to 1.50% (2008: 1.25% to 1.50%) per annum above the lending banks' base lending rates. The revolving credits of the Group bear interest at a rate of 2.25% (2008: 2.25%) per annum above the lending banks' cost of funds.

The bankers' acceptances of the Group as of March 31, 2009 are repayable within April 2009 to July 2009.

As of March 31, 2009, the effective interest rates are as follows:

	2009 %	2008 %
Bankers' acceptances	3.37 – 7.93	4.30 – 7.00
Bank overdrafts	6.30 – 8.75	7.00 – 9.25
Long-term loans	5.00 – 8.00	3.70 – 8.00
Revolving credits	<u>5.70 – 7.85</u>	<u>5.90 – 8.60</u>

31. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit periods granted to the Group for trade purchases range from 30 to 180 days (2008: 30 to 180 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	29,643,896	24,035,063	236,295	324,323
Accrued expenses	<u>8,884,725</u>	<u>7,277,045</u>	<u>331,439</u>	<u>830,842</u>
	<u>38,528,621</u>	<u>31,312,108</u>	<u>567,734</u>	<u>1,155,165</u>

The foreign currency exposure profile of payables is as follows:

	The Group	
	2009 RM	2008 RM
Singapore Dollar	8,315,557	11,373,090
United States Dollar	3,409,915	3,096,526
Euro Dollar	673,146	-
Sterling Pound	<u>-</u>	<u>142,386</u>

32. DIVIDENDS

	The Group and the Company	
	2009	2008
	RM	RM
Declared and paid/ payable:		
Interim dividend – 2 sen gross per ordinary share, less 25% income tax (2008: 2 sen gross per ordinary share, less 26% income tax)	2,500,875	2,467,530
Final dividend – 2 sen gross per ordinary share, less 25% income tax for 2008 (2008: 1 sen gross per ordinary share, less 26% income tax for 2007)	<u>2,500,873</u>	<u>1,233,764</u>
	<u><u>5,001,748</u></u>	<u><u>3,701,294</u></u>

33. CASH FLOW STATEMENTS**a. Addition of property, plant and equipment**

During the financial year, property, plant and equipment were acquired by the following means:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash payments	33,450,684	23,379,177	3,271,491	120,303
Setting off of amount owing by holding company	-	10,389,891	-	-
Financed by hire- purchase/ finance lease arrangements	<u>12,143,368</u>	<u>7,628,482</u>	<u>1,456,378</u>	<u>215,000</u>
	<u><u>45,594,052</u></u>	<u><u>41,397,550</u></u>	<u><u>4,727,869</u></u>	<u><u>335,303</u></u>

b. Addition of investment properties

During the financial year, investment properties were acquired by the following means:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash payments	27,797	57,606	98,090	-
Setting off of amount owing by holding company	-	8,092,794	-	18,482,685
	<u><u>27,797</u></u>	<u><u>8,150,400</u></u>	<u><u>98,090</u></u>	<u><u>18,482,685</u></u>

c. Cash and cash equivalents consist of the following:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fixed deposits with licensed banks	5,989,544	6,945,213	-	-
Cash on hand and at banks	27,815,717	22,910,683	2,285,538	2,136,585
Bank overdrafts	(32,644,078)	(35,251,310)	-	-
	1,161,183	(5,395,414)	2,285,538	2,136,585
Less: Fixed deposits pledged to banks	(4,979,888)	(6,935,116)	-	-
	<u>(3,818,705)</u>	<u>(12,330,530)</u>	<u>2,285,538</u>	<u>2,136,585</u>

34. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group and the Company have taken measures to minimise the Group's and the Company's exposure to risks and/ or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments. The Group and the Company do not utilise foreign currency forward contracts for trading and other speculative purposes.

Foreign currency risk

The Group and the Company manage their exposure to foreign currency risk by natural hedges of matching assets and liabilities in the same currency.

Interest rate risk

The Group enters into various interest rate risk management transactions for the purpose of reducing net interest costs and to achieve interest rates within predictable, desired ranges.

Market risk

The Group manages its exposure to fluctuation in the prices of key livestock, animal feeds and consumables used by ways of negotiation for the purchasing term to achieve efficiency and pricing objective and ensure a large number of suppliers so as to limit high concentration of risk in a particular supplier.

Credit risk

The Group and the Company are exposed to credit risk mainly from trade receivables, cash and bank balances and amount owing by holding company. The amount owing by holding company is monitored by the directors on an on-going basis via Group management reporting procedures. The Group and the Company extend credit to the customers based upon careful evaluation of the customer's financial condition and credit history. The Group and the Company also ensure a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

Management believes that the Group's and the Company's exposure on credit risk of bank balances is limited as it is placed with credit worthy financial institutions.

Liquidity risk

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Cash flow risk

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

Financial Assets and Financial Liabilities

The Group's and the Company's principal financial assets are investment in subsidiary companies and associated companies, other investments, fixed deposits, cash and bank balances, trade and other receivables and amounts owing by holding company, subsidiary companies and associated companies.

Significant financial liabilities of the Group and of the Company include trade and other payables, amounts owing to directors, subsidiary companies and associated companies, hire-purchase payables and bank borrowings.

Fair Values

The estimated fair values of the Group's and of the Company's financial instruments as of March 31, 2009 are as follows:

Other Investments

The market value of quoted shares as of balance sheet date approximates the fair value.

Cash and cash equivalents, trade and other receivables, trade and other payables, amount owing by holding company, amount owing by/ to subsidiary companies and associated companies, amount owing to directors and short-term borrowings

The fair values of these financial instruments approximate their carrying amounts due to the short-term maturities of these instruments.

Long-term loans, hire-purchase payables and finance lease payable

The carrying amounts approximate fair values. The fair values of these financial liabilities are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowings arrangements.

Contingent liabilities

The fair value of contingent liabilities is nil as the possibility of outflow of resources is remote.

35. CONTINGENT LIABILITIES

The Company is contingently liable for the following:

	The Company	
	2009	2008
	RM	RM
Secured:		
Properties charged to local banks for credit facilities granted to subsidiary companies	<u>576,000</u>	<u>565,000</u>
Unsecured:		
Corporate guarantees given to licensed banks for credit facilities granted to:		
Subsidiary companies	189,927,000	183,879,000
Associated companies	<u>4,656,000</u>	<u>7,054,000</u>
	<u>195,159,000</u>	<u>191,498,000</u>

36. COMMITMENTS

As of March 31, 2009, the Group and the Company have the following commitments:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Acquisition of property, plant and equipment:				
Contracted but not provided for	4,575,000	12,339,000	1,595,000	4,557,000
Approved but not contracted for	3,282,000	1,000,000	-	-
Lease of equipment and premises payable:				
Within one year	2,720,000	6,111,000	-	-
Within two to five years	3,136,000	3,584,000	-	-
After five years	<u>11,312,000</u>	<u>12,646,000</u>	<u>-</u>	<u>-</u>

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year relating to acquisitions and disposals of subsidiary companies and an associated company are disclosed in Note 17 and 18 respectively.

38. COMPARATIVE FIGURES

To conform with the current year's presentation, the following accounts have been restated:

The Group	As previously reported RM	As restated RM
Income statement for the year ended March 31, 2008		
Directors' remuneration	5,820,781	9,703,286
Staff costs	77,543,488	73,660,983
Balance sheet as of March 31, 2008		
Prepaid lease payments on leasehold land – non-current portion	12,643,271	13,011,001
Prepaid lease payments on leasehold land – current portion	<u>367,730</u>	<u>-</u>

Company No. 51316-D

LEONG HUP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **LEONG HUP HOLDINGS BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of March 31, 2009 and of the results of the businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

DATO' LAU ENG GUANG

TAN SRI LAU TUANG NGUANG

Johor Bahru
July 20, 2009

**DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE
FOR THE FINANCIAL MANAGEMENT OF THE COMPANY**

I, **TAN SRI LAU TUANG NGUANG**, the director primarily responsible for the financial management of **LEONG HUP HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and related statements of income, cash flows and changes in equity 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 **TAN SRI LAU TUANG**)
NGUANG at **JOHOR BAHRU** in the)
State of **JOHOR** on July 20, 2009)

Before me,

COMMISSIONER FOR OATHS