LTKM Berhad (442942-H)

LTK Omega Plus!

2006 Annual Report

Your Healthier Choice

LTK Omega Plus

Always better with ***MORE ...***

Organic Selenium
5 times Omega-3
4 times Vitamin E
Natural Carotenoids

- **5 times Omega-3** (200 - 400mg per egg) and **4 times Vitamin E** compared to regular eggs
- Added with **organic selenium & natural carotenoids**
- NO synthetic colouring in yolk
- Chickens fed with 100% natural vegetarian feed
- The ONLY chicken eggs produced under licence from **MARDITECH**, the commercial arm of **MARDI** (Malaysia Agriculture Research and Development Institute)

LTK

LTK (Melaka) Sdn Bhd (156852-X) *A wholly-owned subsidiary of LTKM Berhad*
Head Office: 102, Batu 1½, Jalan Meru, 41050 Klang, Selangor, Malaysia
Tel: 03-3342 2831 Fax: 03- 3341 1967
www.LTKM.com.my

under licence from
MARDITECH
MARDI TECHNOLOGY

CONTENTS
2006

2 Notice of Annual General Meeting

5 Profile of Directors

7 Chairman's Statement

9 Financial Highlights

11 Corporate Information

12 Audit Committee Report

15 Statement on Corporate Governance

19 Financial Statements

60 List of Properties

61 Analysis of Shareholdings

Form of Proxy

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of the Company will be held at Kelab Golf Sultan Abdul Aziz Shah, 1 Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Monday, 28 August 2006 at 10.00 a.m. for the purpose of transacting the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2006 together with the Directors' and Auditors' Reports thereon. *Resolution 1*

2. To approve a final dividend of 7% less 28% income tax for the financial year ended 31 March 2006. *Resolution 2*

3. To approve the payment of Directors' fees for the financial year ended 31 March 2006. *Resolution 3*

4. To re-elect the following Directors who are retiring in accordance with Article 83 of the Company's Articles of Association:

   i. Madam Lim Hooi Tin *Resolution 4*
   ii. Mr. Tan Kark Bin *Resolution 5*
   iii. Mr. Ooi Chee Seng *Resolution 6*

5. To re-appoint Messrs. Ernst & Young as Auditors, and to authorise the Board of Directors to fix their remuneration. *Resolution 7*

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company at the time of issue, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues." *Resolution 8*

ANY OTHER BUSINESS

7. To transact any other business of the Company for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a final dividend of 7% less 28% income tax in respect of the financial year ended 31 March 2006, if approved by the members, will be payable on 15 September 2006 to Depositors registered in the Record of Depositors at the close of business on 4 September 2006.

A Depositor shall qualify for entitlement only in respect of:

a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 4 September 2006 in respect of ordinary transfers;

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

By Order Of The Board
LTKM BERHAD

NG YIM KONG
OOI HOY BEE @ OOI HOOI BEE
Company Secretaries

Selangor Darul Ehsan
Dated: 4 August 2006

Notes:

a) A member of the Company entitled to attend and vote at the meeting is entitled to appoint Proxy/Proxies to attend and vote on his(her) behalf. Where a member appoints two (2) or more Proxies to attend the same meeting, the appointment shall be invalid unless he(she) specifies the proportion of his(her) holdings to be represented by each Proxy.

b) A Proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

c) A Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.

d) The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Unit 07-02, Level 7, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of Proxy shall not be treated as valid.

Explanatory Notes On Special Business

The Ordinary Resolution No. 8 proposed under item (6) above, if passed, will give powers to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Ninth Annual General Meeting of the Company.

i. Madam Lim Hooi Tin	*Resolution 4*
ii. Mr. Tan Kark Bin	*Resolution 5*
iii. Mr. Ooi Chee Seng	*Resolution 6*

2. Details of attendance of Directors at Board Meetings.

There were six (6) Board of Directors' meetings held during the financial year ended 31 March 2006. Attendance for each Director is shown below:

Name of Director	Attendance
Encik Ahmad Khairuddin bin Ilias	6/6
Mr. Tan Kok	6/6
Mr. Tan Kark Bin	6/6
Mr. Tan Kim Hock	6/6
Mr. Tan Wah	6/6
Madam Lim Hooi Tin	6/6
Encik Kamarudin bin Md Derom	6/6
Mr. Ooi Chee Seng	6/6

3. Place, date and time of the Ninth Annual General Meeting.

Date of Meeting	Time of Meeting	Place of Meeting
28 August 2006	10.00 a.m.	Kelab Golf Sultan Abdul Aziz Shah 1 Rumah Kelab Jalan Kelab Golf 13/6 40100 Shah Alam Selangor Darul Ehsan

PROFILE OF DIRECTORS

Ahmad Khairuddin bin Ilias
Chairman, Independent Non-Executive Director, Chairman of Audit Committee & Member of Nomination Committee

A Malaysian, aged 48, he was appointed to the Board on 23 December 1999. He graduated with a Diploma in Architeture from University Teknologi Malaysia. Prior to joining the Company, he had his own business related to oil palm industry. Currently, he also sits on the board of several private limited companies.

Tan Kok
Managing Director, Chairman of Remuneration Committee & Chairman of Employees' Share Option Scheme (ESOS) Committee

A Malaysian, aged 55, he was appointed to the Board on 23 December 1999. He has more than 30 years of experience in poultry sector, particularly in the layer farming. He participated actively in the development of the layer industry and was appointed as the Chairman of the Sub-Committee of Layer Division of the Selangor Livestock Farmers' Association. He is also a Committee Member of the Selangor Livestock Farmers' Association. He also sits on the Board of several private limited companies.

Tan Kark Bin
Executive Director, Member of Audit Committee & Member of ESOS Committee

A Malaysian, aged 56, he was appointed to the Board on 24 December 1999. He graduated with a degree in Accounting from the University of Western Australia and is a Chartered Accountant with the Malaysian Institute of Accountants and with the Institute of Chartered Accountants in Australia. He has his own public accounting firm and also sits on the Board of several private companies.

Tan Kim Hock
Non-Independent Non-Executive Director & Member of Nomination Committee

A Malaysian, aged 52, he was appointed to the Board on 23 December 1999. He has more than 20 years experience in poultry farming. He also sits on the Board of various private companies.

Tan Wah
Non-Independent Non-Executive Director

A Malaysian, aged 58, he was appointed to the Board on 23 December 1999. He has more than 20 years experience in poultry farming. He also sits on the Board of several private limited companies.

Lim Hooi Tin
Non-Independent Non-Executive Director

A Malaysian, aged 54, she was appointed to the Board on 23 December 1999. She has wide experience in the administration and management of layer farm. She also sits on the Board of several private limited companies.

Kamarudin bin Md Derom
Independent Non-Executive Director, Chairman of Nomination Committee, Member of Audit Committee & Member of Remuneration Committee

A Malaysian, aged 48, he was appointed to the Board on 23 December 1999. He graduated with a degree in Civil and Environmental Engineering from University of Wisconsin in Madison, United States of America. Prior to joining the Company, he worked as a civil engineer, sales manager and project manager in several private limited companies. Currently, he is also the Executive Chairman of Haisan Resources Berhad and sits on the Board of several private limited companies.

Ooi Chee Seng
Independent Non-Executive Director, Member of Audit Committee & Member of Remuneration Committee

A Malaysian, aged 60, he was appointed to the Board on 20 June 2001. He graduated with a degree in Science (Hons.) and Master in Agriculture Science from University of Malaya. Prior to joining the Company, he was an Associate Professor in the Institute of Biological Sciences, University of Malaya. He has wide technical knowledge in animal breeding and improvement, population and quantitative genetics, ecological and evolutionary genetics.

General Information

Mr. Tan Kok, Mr. Tan Wah and Mr. Tan Kim Hock (Directors and substantial shareholders of the Company) are brothers. Madam Lim Hooi Tin is the wife of Mr. Tan Kok. Other than as disclosed, none of the other Directors have any family relationship with any Directors and/or substantial shareholders of the Company.

None of the Directors have:
a. any conflict of interest with the Company and
b. any convictions for offences within the past 10 years other than traffic offences.

All Directors attended all the six Board meetings held during the financial year ended 31 March 2006.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of LTKM Berhad, I am pleased to present to you our Annual Report and the Audited Financial Statements of the Company and its subsidiaries (the Group) for the financial year ended 31 March 2006.

FINANCIAL REVIEW

The Group completed its financial year with a turnover of RM89.67 million, an increase of 17.6% above the previous year's RM76.28 million. Profit before tax increased to an impressive RM16.75 million, a significant increase of 202% from last year's RM5.55 million. The increase in profit was mainly due to the increase in the production of eggs, higher average selling prices of eggs and lower feed costs.

Exports to Singapore increased marginally again this year. Our premium eggs, branded under LTK Omega Plus, continue to receive positive response from the consumers, as reflected by a 10% increase in the sales of such eggs over 2005 figures. We intend to explore the possibility of increasing the production of this LTK Omega Plus eggs further, as we feel that the demand for this enriched Omega-3 eggs is very encouraging. We will be monitoring the sales mix for the normal and the premium eggs in the coming year, so as to maximize the profit contribution from all our products.

Profit after tax was RM14.83 million as compared to only RM4.81 million achieved last year. The Group's net earnings per share rose to 36.83 sen as against 11.98 sen achieved in the financial year ended 2005. The net tangible asset backing per share rose to RM2.04 as compared to RM1.76 as at 31 March 2005. The Group's net borrowings amounted to 14% of the shareholders' funds as at 31 March 2006.

DIVIDEND

In view of our excellent performance, the Board of Directors has recommended a final dividend of 7 sen per share, less 28% tax for the financial year ended 31 March 2006. This is subject to the approval of the shareholders at the forthcoming Annual General Meeting. An interim dividend of 3 sen tax exempt was paid on 15 February 2006, which meant that upon the Board's recommendation being approved at the forthcoming Annual General Meeting, the Company would have declared a total dividend payout of 10 sen for the financial year ended 2006. The Company will endeavour to pursue a progressive dividend policy to reward its shareholders whilst conserving adequate funds for new investment opportunities as well as to meet contingencies.

PROSPECTS FOR THE FINANCIAL YEAR ENDING 2007

We will continue with disciplined approach to ensure effective financial management and good farm husbandry practices. Every attempt will be made to ensure operational efficiency at every level of our organization.

We expect the costs of feeds to increase slightly during the coming financial year. We also anticipate the average selling prices of eggs to remain competitive. Prospects for our organic fertilizers for the next financial year should remain favourable. The isolated outbreaks of Avian Flu in Selangor and Perak underline the fundamental importance of bird health control and guidance and also serve as a stark reminder to ensure that we continue with our implementation of stringent farm-health practices and take all other necessary precautions. We are continuing discussions with the relevant authorities to explore further preventive measures. Discussions with the Singaporean authorities are also being conducted by our Egg Association. Barring any unforeseen circumstances, we expect to remain profitable during 2007 and would like to continue to maintain our good dividend policies.

NOTE OF APPRECIATION

On behalf of the Board of Directors, I wish to express my sincere appreciation and gratitude to the Management and Staff, whose tireless contribution, dedication and commitment have resulted in the Group's excellent achievement.

I would also like to extend our sincere appreciation and gratitude to the dedicated staff at the Department of Veterinary Services, Malaysian Agriculture Research and Development Institute (MARDI), Marditech Corporation Sdn Bhd, and SIRIM Berhad, including those at the various other government authorities for their continuing support and guidance. Last but not least, I would like to thank our valued customers, suppliers, financiers and our shareholders for their confidence and continued support to our Group.

Thank you,

AHMAD KHAIRUDDIN BIN ILIAS
Chairman

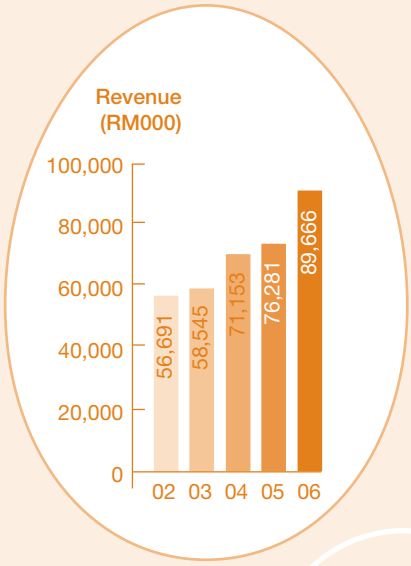
FINANCIAL HIGHLIGHTS

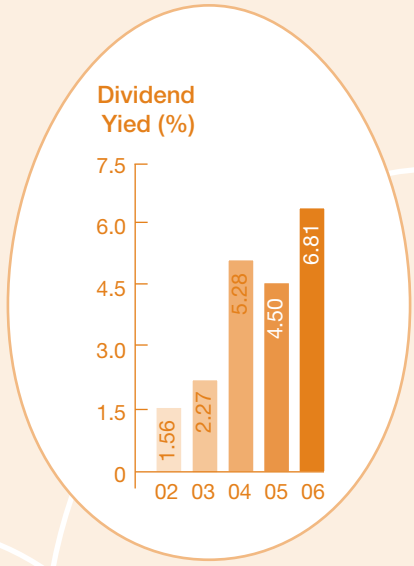
Year Ended 31 March		2006 RM000	2005 RM000	2004 RM000	2003 RM000	2002 RM000
Revenue		89,666	76,281	71,153	58,545	56,691
Profit from operations		17,413	6,148	8,996	2,637	2,571
Finance costs		(662)	(600)	(794)	(744)	(814)
Profit before tax		16,751	5,548	8,202	1,893	1,757
Profit after tax		14,827	4,806	7,249	1,221	1,138
Share capital		40,962	40,116	40,116	40,116	40,099
Shareholders' fund		83,636	70,867	64,600	58,957	59,318
Net earnings per share - basic and diluted	sen	36.83	11.98	18.07	3.04	2.84
Net dividend per share	sen	8.04 #	4.32	5.60	2.00	2.00
Dividend yield	%	6.81 #	4.50	5.28	2.27	1.56
Net tangible asset	RM	2.04	1.77	1.61	1.47	1.48
Price-earnings ratio *	times	3.20	8.01	5.87	28.95	45.07
Net debt / shareholders' fund **	%	14.20	8.43	18.28	15.63	13.95
Closing share price	RM	1.18	0.96	1.06	0.88	1.28

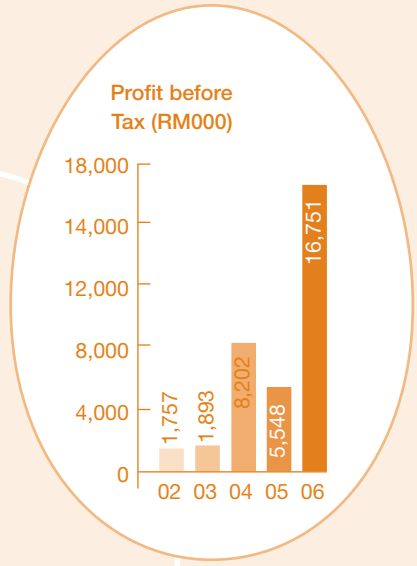
\# includes final dividend which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

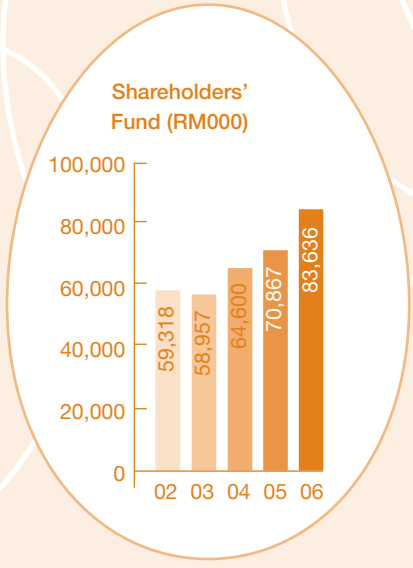
* represents share price as at 31 Mar / net earnings per share.

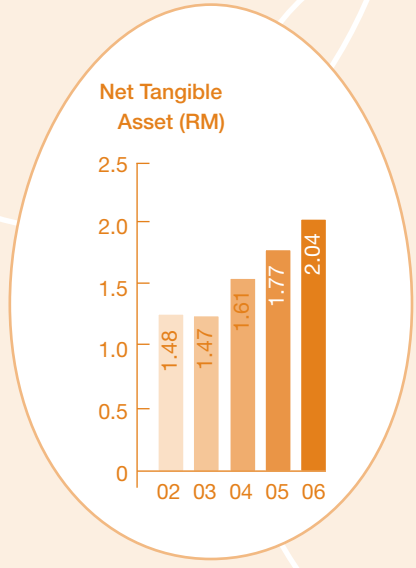
** net debt represents total borrowings (incl. Hire purchase payables) from financial institutions - cash and bank balance - short term deposits.


Revenue
(RM000)
100,000
80,000
60,000
40,000
20,000
0
56,691
58,545
71,153
76,281
89,666
02 03 04 05 06


Dividend
Yied (%)
7.5
6.0
4.5
3.0
1.5
0
1.56
2.27
5.28
4.50
6.81
02 03 04 05 06


Profit before
Tax (RM000)
18,000
14,000
12,000
8,000
4,000
0
1,757
1,893
8,202
5,548
16,751
02 03 04 05 06


Shareholders'
Fund (RM000)
100,000
80,000
60,000
40,000
20,000
0
59,318
58,957
64,600
70,867
83,636
02 03 04 05 06


Net Tangible
Asset (RM)
2.5
2.0
1.5
1.0
0.5
0
1.48
1.47
1.61
1.77
2.04
02 03 04 05 06

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ahmad Khairuddin bin Ilias
(Chairman)

Tan Kok
(Managing Director)

Tan Kark Bin
(Executive Director)

Tan Kim Hock

Tan Wah

Lim Hooi Tin

Kamarudin bin Md Derom

Ooi Chee Seng

AUDIT COMMITTEE

Ahmad Khairuddin bin Ilias
(Chairman & Independent Non-Executive Director)

Kamarudin bin Md Derom
(Independent Non-Executive Director)

Ooi Chee Seng
(Independent Non-Executive Director)

Tan Kark Bin
(Executive Director)

REMUNERATION COMMITTEE

Tan Kok
(Chairman & Managing Director)

Ooi Chee Seng
(Independent Non-Executive Director)

Kamarudin bin Md Derom
(Independent Non-Executive Director)

NOMINATION COMMITTEE

Kamarudin bin Md Derom
(Chairman & Independent Non-Executive Director)

Ahmad Khairuddin bin Ilias
(Independent Non-Executive Director)

Tan Kim Hock
(Non-Independent Non-Executive Director)

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Tan Kok *(Chairman)*
Loo Leng Fong *(Secretary)*
Tan Kark Bin *(Member)*
Tan Boon In *(Member)*

COMPANY SECRETARIES

Ng Yim Kong
Ooi Hoy Bee @ Ooi Hooi Bee

REGISTERED OFFICE

Unit 07-02, Level 7, Menara Luxor
6B Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7804 5929
Fax : 03-7805 2559

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2721 2222
Fax : 03-2721 2530

CORPORATE OFFICE & PLACE WHERE REGISTER OF OPTIONS IS KEPT

102, Batu 1 1/2 Jalan Meru
41050 Klang
Selangor Darul Ehsan
Tel : 03-3342 2830
Fax : 03-3341 1967
www.ltkm.com.my

AUDITORS

Ernst & Young

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

AUDIT COMMITTEE REPORT

COMPOSITION

Members of The Committee	Designation in The Company
Ahmad Khairuddin bin Ilias *(Chairman)*	Chairman / Independent Non-Executive Director
Kamarudin bin Md Derom *(Member)*	Independent Non-Executive Director
Ooi Chee Seng *(Member)*	Independent Non-Executive Director
Tan Kark Bin *(Member)*	Executive Director

TERMS OF REFERENCE

Objective

The committee shall:

a) assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices of the Company and the Group
b) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors
c) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authorities and responsibilities
d) determine the adequacy of the Group's administrative, operating and accounting controls.

Members

a) The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise not less than three members, of whom a majority shall be independent directors.
b) At least one member of the Committee:
   i) must be a member of the Malaysian Institute of Accountants; or
   ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience and:
      · he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      · he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
c) No alternate director shall be appointed as a member of the Committee.
d) The members of the Committee shall elect a Chairman from among their number who shall be an independent director.
e) The Board of Directors shall review the term of office and performance of the Committee and each of its members at least once every three years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.
f) If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

Rights

The Committee shall, whenever necessary and reasonable for its performance and in accordance with a procedure to be determined by the Board of Directors and at the Company's cost:

a) have authority to investigate any matter within its terms of reference
b) have resources which are required to perform its duties
c) have full and unrestricted access to any information pertaining to the Company

d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any)
e) be able to obtain independent professional advice or other advice
f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

Functions

The Committee shall discharge the following functions:
a) review the following and report the same to the Board of Directors of the Company:
   i) with the external auditor, the audit plan
   ii) with the external auditor, his evaluation of the system of internal controls
   iii) with the external auditor, his audit report
   iv) the assistance given by the employees of the Group to the external auditor
   v) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work
   vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function
   vii) the quarterly results and year end financial statements focusing particularly on the changes in accounting policy, significant unusual events, and compliance with the requirements of the applicable approved accounting standards, Bursa Malaysia Securities Berhad (BMSB) and other statutory authorities
   viii) any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity
   ix) any letter of resignation from the external auditors of the Group
   x) whether there is reason (supported by grounds) to believe that the Group's external auditor is not suitable for re-appointment.
b) recommend the nomination of a person or persons as external auditors
c) prepare an audit committee report at the end of each financial year
d) report promptly to the BMSB where the Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the BMSB's Listing Requirements
e) any other functions as may be agreed to by the Committee and the Board of Directors.

Attendance and Meeting

a) The quorum of the Committee shall be two of whom the majority of members present shall be independent directors.
b) Apart from the members of the Committee who will be present at the meetings, the Committee may invite any member of the management, employees, other directors and representatives of the external auditors to be present at meetings of the Committee.
c) The Committee shall meet at least four times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting of the Committee if a request is made by any Committee member, the Company's Managing Director, or the internal or external auditors.

Minutes

Minutes of each Committee meeting are to be prepared and sent to its members. The Secretary shall also circulate the minutes of meetings of the Committee to all members of the Board of Directors.

Secretary

The Company Secretary or his assistant shall be the Secretary of the Committee.

Statement on ESOS

The Committee hereby verifies that the additional options allocated during the financial year under review to eligible employees had been made in accordance with the criteria of basis of allotment and maximum allowable allotment of shares set out in the By-Laws governing the ESOS.

General Information

The Committee, through the assistance of the Group internal audit department, has carried out the above functions during the year under review.

Please refer to the Statement of Corporate Governance for the Group internal audit department's functions and activities during the year under review.

Summary of attendance of Audit Committee meetings for the financial year ended 31 March 2006.

Members	No. of meeting attended
Ahmad Khairuddin bin Ilias	5 of 5
Kamarudin bin Md Derom	5 of 5
Ooi Chee Seng	5 of 5
Tan Kark Bin	5 of 5

STATEMENT ON CORPORATE GOVERNANCE

The Directors are accountable to shareholders for the business and affairs of the Company. The Directors support high standard of corporate behaviour and accountability. Set out herewith is the manner in which the Board has applied the Principles (the Principles) and Best Practices (the Best Practices) of the Malaysian Code on Corporate Governance (the Code).

A. BOARD OF DIRECTORS

(i) The Board

The Board consists of persons of various professional fields, business and commercial experience. The information of all the Directors is set out in the Profile of Directors.

The Board has eight Directors, three of whom are Independent Non-Executive Directors. The Independent Non-Executive Directors are independent of management and free from any business which could interfere with their independent judgment and their ability to act in the Group's best interest.

The Board has nominated Mr. Ooi Chee Seng, a senior Independent Non-Executive Director, to whom any concern may be conveyed.

(ii) Board Responsibilities

The Board is responsible for the following:

- Reviewing and adopting a strategic plan for the Group
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management
- Developing and implementing an investor relations program or shareholder communications policy for the Company
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The role of Chairman and the Managing Director are distinct and separate; the Chairman being the non-executive, is not involved in the management and day-to-day operations of the Company.

(iii) Appointments of the Board and Re-election

The Board has appointed a Nomination Committee comprising two Independent Non-Executive Directors and a Non-Executive Director.

The Nomination Committee's function, amongst others, is to recommend to the Board candidates for all directorship to be filled. In addition, the Committee reviews the profile of the required skills of each individual Director and assesses the effectiveness of the Board as a whole. This is to ensure that the Board has an appropriate balance of expertise and abilities.

One-third of the Board members are required to retire at every Annual General Meeting (AGM) and be subject to re-election by shareholders. Newly appointed Directors shall hold office until the next following AGM and shall then be eligible for re-election by shareholders. All Directors, including the Managing Director shall retire from office at least once in every three years but shall be eligible for re-election.

(iv) Board Meeting and Supply of Information

The Board held six meetings during the financial year to control and monitor the development of the Group. The agenda for each Board meeting is circulated to all the Directors for their perusal well in advance of the Board meeting date. They are given sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

Further, all Directors have access to all information within the Company and the advice and services of the Company Secretaries. This is augmented by regular informal dialogue between Independent Directors and management on matters pertaining to the state of the Group's affair. Where necessary, the Directors may engage independent professionals in discharging their duties at the Group's expense, provided that the Director concerned seek the Board's prior consent before incurring such expense.

(v) Directors' Training

All Directors have successfully completed the Mandatory Accreditation Programme conducted by Bursatra Sdn Bhd (formerly known as the Research Institute of Investment Analyst Malaysia) and the Continuing Education Programme (CEP) imposed by BMSB.

The Board is pleased to confirm that all the Directors had accumulated the requisite CEP points up to 31 December 2005 in compliance with the requirements of CEP pursuant to Paragraph 15.09 of the Listing Requirements. Directors are encouraged to attend various professional programmes deemed beneficial to them in discharging their duties and keep abreast with current issues.

During the financial year under review, the Board members had attended seminars and trainings involving a wide spectrum of topics ranging from the New Financial Reporting Standards, Public Rulings of Inland Revenue Director General to Issue and Challenges of Insider Trading. Training was also conducted in-house for the Board in order to further enhance their knowledge. On 23 February 2006, the Company had organized a seminar on Good Farm Husbandry Practice.

B. BOARD COMMITTEES

The Board has set up Board Committees with clear terms of reference and specific authority delegated by the Board.

Board Committees

Audit Committee (AC)
The terms of reference of the AC are set out under the AC Report. The AC meets at least four times a year.

Remuneration Committee (RC)
The responsibilities of the RC are set out in this Statement on Corporate Governance. The RC meets whenever necessary.

Nomination Committee (NC)
The responsibilities of NC are set out in this Statement on Corporate Governance. The NC meets whenever necessary.

ESOS Committee (EC)
The EC is responsible for the administration of the Company's ESOS in accordance with its approved By-Laws. The EC comprises the Managing Director, an Executive Director and two senior management staff. The EC meets whenever necessary.

C. DIRECTORS' REMUNERATION

The Board has appointed the RC comprising two Independent Non-Executive Directors and the Managing Directors. The RC reviews and recommends to the Board the remuneration of the Executive and Non-Executive Directors.The respective Director would abstain from participating in decisions regarding his/her own remuneration package.

The remuneration of Executive Director is linked to corporate and individual performance. The remunerations of Non-Executive Directors are related to their experience and level of responsibilities and would be subject to the approval of the Board.

The details of the remuneration of Directors on Group basis for the financial year ended 31 March 2006 are as follows:

	Fees	Salaries*	Benefit-in-Kind	Total
	RM	RM	RM	RM
Executive Directors	100,000	912,688	61,456	1,074,144
Non-Executive Directors	69,000	-	-	69,000
Total	169,000	912,688	61,456	1,143,144

** Salaries include defined contribution plan and bonus*

Range of Aggregate Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	2	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	1	-
	5	3

D. ACCOUNTABILITY AND AUDIT

(i) Internal Control

Internal Control Statement in respect of the state of Internal Control of the Company pursuant to Paragraph 15.27 (b) of the Listing Requirements

The Board acknowledges its responsibilities for establishing a sound system of internal control to safeguard shareholders' investment and the Group's assets, and to provide reasonable assurance on the reliability of the financial statements. However, any such system can only provide reasonable but not absolute assurance against material misstatement or loss. The components of the Group's internal financial control include:

- Business system
  The information systems operated within the Group have been developed with controls to safeguard the integrity of financial data.

- Financial and operational reporting
  The Group undertakes a detailed budgeting process each year. Financial and operational reports are reported monthly to the Executive Directors and to the Board on a quarterly basis. The Group's management team communicates regularly to monitor performance.

- Authorisation limits
  The Group has a well-defined organizational structure with a clear line of accountability, segregation of duties and strict authorization, approval and control procedures within which senior management operate.

- Financial controls and procedural compliance reporting
  The Group Internal Audit regularly reports on the compliance with the internal financial control and procedures to the AC. The department also ensures that recommendations to improve controls are followed through by management.

The AC, through the Group internal audit department, regularly reviews and reveals to the Board on the adequacy and effectiveness of the accounting and operating control systems. There were no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year.

(ii) Financial Reporting

Directors' Responsibility Statement in respect of Audited Financial Statements pursuant to Paragraph 15.27 (a) of the Listing Requirements

The Board of Directors is responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results and cash flows of the Group and of the Company for the year then ended. The Board of Directors is also responsible in ensuring that the financial statements of the Group and the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, consistently applied and supported by reasonable and prudent judgments and estimates.

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the financial statements present a fair assessment of the Group's position and prospects.

(iii) Relationship with Auditors

The Company has always maintained a transparent relationship with both the internal and external auditors in seeking professional advice and towards ensuring compliance with the accounting standards in Malaysia.

E. RELATIONSHIP WITH SHAREHOLDERS

The annual report and the quarterly announcements are the primary modes of communication to report on the Group's business activities and financial performance.

The AGM is the main forum where dialogue with shareholders can be effectively conducted. Shareholders are notified of the meeting with a copy of the Company's Annual Report sent to the shareholders at least 21 days before the meeting. At each AGM, shareholders are given ample time and opportunity to ask for more information, without limiting the type of queries asked, prior to seeking approval from the shareholders. During the meeting, the Managing Director and the Executive Director are prepared to provide responses to queries and to receive feedback from the shareholders during the meeting. The external auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

F. OTHER INFORMATION

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

FINANCIAL STATEMENTS
2006

20 Directors' Report

25 Statement by Directors

25 Statutory Declaration

26 Auditors' Report

27 Income Statements

28 Balance Sheets

29 Consolidated Statement of Changes in Equity

30 Company Statement of Changes in Equity

31 Cash Flow Statements

33 Notes to the Financial Statements

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are the operation of a poultry farm for the production and sale of chicken eggs, chickens and organic fertilizers.

There have been no significant changes in the nature of the principal activities during the financial year under review.

RESULTS

	Group RM	Company RM
Net profit for the year	14,827,306	8,031,924

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

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

DIVIDEND

The dividends paid by the Company since 31 March 2005 were as follows:	RM
In respect of the financial year ended 31 March 2005 as reported in the directors' report of that year:	
Final dividend of 6% less 28% taxation, on 40,116,002 ordinary shares, declared on 29 August 2005 and paid on 15 September 2005	1,733,011
In respect of the financial year ended 31 March 2006:	
Interim dividend of 3% tax exempt, on 40,541,002 ordinary shares, declared on 11 January 2006 and paid on 15 February 2006	1,216,230
	2,949,241

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 March 2006, of 7% less 28% taxation on 40,962,002 ordinary shares, amounting to a dividend payable of RM2,064,485 (5.04 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2007.

DIRECTORS

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

Ahmad Khairuddin bin Ilias
Tan Kok
Tan Kark Bin
Tan Kim Hock
Tan Wah
Lim Hooi Tin
Kamarudin bin Md Derom
Ooi Chee Seng

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 4 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 23 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			
	1.4.2005	Acquired	Sold	31.3.2006
The Company				
Direct Interest:				
Tan Kim Hock	65,000	-	-	65,000
Tan Kark Bin	458,000	75,000	-	533,000
Lim Hooi Tin	-	200,000	-	200,000
Ahmad Khairuddin bin Ilias	801,000	-	-	801,000
Indirect Interest:				
Tan Kok*	23,070,602	784,300	-	23,854,902
Lim Hooi Tin^	23,070,602	784,300	-	23,854,902
Tan Wah*	23,070,602	784,300	-	23,854,902
Tan Kim Hock*	23,070,602	784,300	-	23,854,902

DIRECTORS' INTERESTS (CONTD.)

	Number of Ordinary Shares of RM1 Each			
	1.4.2005	Acquired	Sold	31.3.2006
Holding Company				
- Ladang Ternakan Kelang Sdn. Bhd.				
Direct Interest:				
Tan Kok	5,579,200	-	-	5,579,200
Tan Kim Hock	3,366,000	-	-	3,366,000
Tan Wah	3,366,000	-	-	3,366,000
Lim Hooi Tin	1,152,800	-	-	1,152,800

	Number of Options Over Ordinary Shares of RM1 Each			
	1.4.2005	Granted	Exercised	31.3.2006
The Company				
Tan Kok	400,000	-	-	400,000
Lim Hooi Tin	200,000	-	(200,000)	-
Tan Wah	200,000	-	-	200,000
Tan Kim Hock	200,000	-	-	200,000
Tan Kark Bin	180,000	-	(75,000)	105,000

* Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through his substantial shareholdings in holding company, Ladang Ternakan Kelang Sdn. Bhd.

^ Deemed interest by virtue of being the spouse of Mr. Tan Kok, a substantial shareholder of Ladang Ternakan Kelang Sdn. Bhd., which is a substantial shareholder of LTKM Berhad.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The LTKM Berhad Employees' Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 25 September 2001. The ESOS is in force for a period of 5 years and expires on 17 October 2006.

At an Extraordinary General Meeting held on 23 February 2006, the shareholders have approved to extend the duration of the said ESOS for an additional 5 years from 17 October 2006 to 17 October 2011, without changing its salient features and other terms.

The salient features and other terms of the ESOS are disclosed in Note 19(a) to the financial statements.

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

OTHER STATUTORY INFORMATION

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

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

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

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

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

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

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

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

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

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

(f) In the opinion of the directors:

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

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

DIRECTORS' REPORT

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN KOK **TAN KARK BIN**

Klang, Selangor Darul Ehsan
18 July 2006

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, TAN KOK and TAN KARK BIN, being two of the directors of LTKM BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 27 to 59 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN KOK **TAN KARK BIN**

Klang, Selangor Darul Ehsan
18 July 2006

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, TAN KARK BIN, being the Director primarily responsible for the financial management of LTKM BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 27 to 59 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 KARK BIN at
Klang in the State of Selangor
Darul Ehsan on 18 July 2006 **TAN KARK BIN**

Before me,

LEE PEI NAM (B186)
Commissioner of Oaths
Klang

AUDITORS' REPORT TO THE MEMBERS OF LTKM BERHAD

We have audited the financial statements set out on pages 27 to 59. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

    (i) the financial position of the Group and of the Company as at 31 March 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

    (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

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

We are satisfied that the financial statements of the subsidiaries 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Yeo Eng Seng
No. 1212/12/06(J)
Partner

Kuala Lumpur, Malaysia
18 July 2006

INCOME STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Revenue	3	**89,666,464**	76,281,429	**9,360,000**	3,060,000
Cost of sales		**(65,623,087)**	(65,232,692)	**-**	-
Gross profit		**24,043,377**	11,048,737	**9,360,000**	3,060,000
Other operating income		**358,528**	320,783	**320,401**	243,191
Distribution costs		**(1,875,228)**	(1,318,701)	**-**	-
Administrative expenses		**(5,113,275)**	(3,902,325)	**(496,462)**	(361,058)
Profit from operations	4	**17,413,402**	6,148,494	**9,183,939**	2,942,133
Finance costs	5	**(661,959)**	(599,977)	**-**	-
Profit before taxation		**16,751,443**	5,548,517	**9,183,939**	2,942,133
Taxation	6	**(1,924,137)**	(742,072)	**(1,152,015)**	(823,200)
Profit attributable to shareholders		**14,827,306**	4,806,445	**8,031,924**	2,118,933
Earnings per share (sen):	7	**36.8**	12.0		
Net dividend per ordinary share in respect of the year (sen):	8	**7.3**	3.6	**7.3**	3.6

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

BALANCE SHEETS AS AT 31 MARCH 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
NON-CURRENT ASSETS					
Property, plant and equipment	9	**80,040,245**	71,258,981	**42,087**	53,191
Investments in subsidiaries	10	**-**	-	**31,003,002**	31,003,002
Other investments	11	**10,310,633**	1,300,000	**6,210,633**	1,000,000
		90,350,878	72,558,981	**37,255,722**	32,056,193
CURRENT ASSETS					
Inventories	12	**14,791,897**	12,537,473	**-**	-
Trade receivables	13	**4,988,044**	4,081,425	**-**	-
Other receivables		**734,872**	426,108	**48,779**	7,400
Tax recoverable		**56,684**	109,010	**29,709**	1,224
Amount due from subsidiaries	14	**-**	-	**9,488,996**	8,935,759
Cash and bank balances	15	**7,347,236**	6,552,445	**4,939,135**	4,755,808
		27,918,733	23,706,461	**14,506,619**	13,700,191
CURRENT LIABILITIES					
Trade payables		**6,355,324**	5,433,448	**-**	-
Other payables	16	**1,097,327**	677,951	**129,289**	96,715
Amount due to holding company	14	**-**	10,237	**-**	-
Hire purchase payables	17	**1,617,574**	825,659	**-**	-
Borrowings	18	**7,029,910**	7,262,402	**-**	-
Taxation		**437,373**	18,000	**-**	-
		16,537,508	14,227,697	**129,289**	96,715
NET CURRENT ASSETS		**11,381,225**	9,478,764	**14,377,330**	13,603,476
		101,732,103	82,037,745	**51,633,052**	45,659,669
FINANCED BY:					
Share capital	19	**40,962,002**	40,116,002	**40,962,002**	40,116,002
Share premium		**2,053,251**	2,008,551	**2,053,251**	2,008,551
Asset revaluation reserve	20	**2,904,965**	2,904,965	**-**	-
Retained profits	21	**37,715,814**	25,837,749	**8,617,799**	3,535,116
SHAREHOLDERS' FUNDS		**83,636,032**	70,867,267	**51,633,052**	45,659,669
LONG TERM LIABILITIES					
Hire purchase payables	17	**1,580,673**	822,462	**-**	-
Borrowings	18	**8,993,469**	3,616,785	**-**	-
Deferred taxation	22	**7,521,929**	6,731,231	**-**	-
		101,732,103	82,037,745	**51,633,052**	45,659,669

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2006

		(Non-Distributable)			(Distributable)	
	Note	Share Capital RM	Share Premium RM	Asset Revaluation Reserve RM	Retained Profits RM	Total RM
At 1 April 2004		40,116,002	2,008,551	-	22,475,480	64,600,033
Revaluation surplus: Freehold land, short leasehold land and buildings		-	-	2,904,965	-	2,904,965
Net profit for the year		-	-	-	4,806,445	4,806,445
Dividends	8	-	-	-	(1,444,176)	(1,444,176)
At 31 March 2005		40,116,002	2,008,551	2,904,965	25,837,749	70,867,267
At 1 April 2005		40,116,002	2,008,551	2,904,965	25,837,749	70,867,267
Issue of ordinary shares	19	846,000	44,700	-	-	890,700
Net profit for the year		-	-	-	14,827,306	14,827,306
Dividend	8	-	-	-	(2,949,241)	(2,949,241)
At 31 March 2006		**40,962,002**	**2,053,251**	**2,904,965**	**37,715,814**	**83,636,032**

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

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2006

	Note	Share Capital RM	(Non-Distributable) Share Premium RM	(Distributable) Retained Profits RM	Total RM
At 1 April 2004		40,116,002	2,008,551	2,860,359	44,984,912
Net profit for the year		-	-	2,118,933	2,118,933
Dividends	8	-	-	(1,444,176)	(1,444,176)
At 31 March 2005		40,116,002	2,008,551	3,535,116	45,659,669
At 1 April 2005		40,116,002	2,008,551	3,535,116	45,659,669
Issue of ordinary shares	19	846,000	44,700	-	890,700
Net profit for the year		-	-	8,031,924	8,031,924
Dividend	8	-	-	(2,949,241)	(2,949,241)
At 31 March 2006		**40,962,002**	**2,053,251**	**8,617,799**	**51,633,052**

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

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**16,751,443**	5,548,517	**9,183,939**	2,942,133
Adjustment for:				
Depreciation of property, plant and equipment	**6,059,076**	4,426,529	**11,104**	11,105
Bad debts written off	**65,677**	-	**-**	-
Write off of property, plant and equipment	**694**	343,684	**-**	-
Gain on disposal of property, plant and equipment	**(70,473)**	(11,876)	**-**	-
Gain on disposal of other investment	**(140,505)**	-	**(127,634)**	-
Interest expense	**661,959**	599,977	**-**	-
Interest income	**(121,143)**	(119,380)	**(184,367)**	(234,791)
Operating profit before working capital changes	**23,206,728**	10,787,451	**8,883,042**	2,718,447
(Increase)/decrease in inventories	**(2,254,424)**	4,840,705	**-**	-
(Increase)/decrease in receivables	**(1,281,060)**	360,210	**(41,379)**	(6,360)
Increase/(decrease) in payables	**1,341,252**	727,767	**32,574**	(10,262)
(Increase)/decrease in intercompany indebtedness	**(10,237)**	10,237	**(5,553,237)**	(2,059,123)
Cash generated from operations	**21,002,259**	16,726,370	**3,321,000**	642,702
Dividend paid	**(2,949,241)**	(1,444,176)	**(2,949,241)**	(1,444,176)
Income tax paid	**(745,209)**	(99,164)	**(1,180,500)**	(826,924)
Income tax recovered	**83,470**	-	**-**	-
Interest paid	**(926,125)**	(729,305)	**-**	-
Interest received	**121,143**	119,380	**184,367**	234,791
Net cash generated from/(used in) operating activities	**16,586,297**	14,573,105	**(624,374)**	(1,393,607)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of a subsidiary company (Note 10)	**-**	-	**-**	(2)
Purchase of property, plant and equipment (Note A)	**(11,852,983)**	(7,629,773)	**-**	-
Purchase of other investment	**(16,500,000)**	(300,000)	**(7,700,000)**	-
Proceeds from disposal of property, plant and equipment	**70,500**	12,050	**-**	-
Proceeds from disposal of other investment	**7,629,872**	-	**2,617,001**	-
Dividend received	**-**	-	**5,000,000**	1,944,000
Net cash (used in)/generated from investing activities	**(20,652,611)**	(7,917,723)	**(82,999)**	1,943,998

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	**890,700**	-	**890,700**	-
Drawdown of term loan	**8,000,000**	-	**-**	-
Repayment of term loans	**(2,173,137)**	(1,858,022)	**-**	-
Net repayment of other bank borrowings	**(1,503,000)**	(2,695,000)	**-**	-
Repayment of hire purchase	**(1,173,787)**	(712,996)	**-**	-
Net cash generated from/(used in) financing activities	**4,040,776**	(5,266,018)	**890,700**	-
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	**(25,538)**	1,389,364	**183,327**	550,391
CASH AND CASH EQUIVALENTS AT 1 APRIL	**6,547,951**	5,158,587	**4,755,808**	4,205,417
CASH AND CASH EQUIVALENTS AT 31 MARCH (Note 15)	**6,522,413**	6,547,951	**4,939,135**	4,755,808

Note to the Cash Flow Statements

(A) Property, plant and equipment acquired during the year were financed by:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash	**11,852,983**	7,629,773	**-**	-
Hire purchase	**2,723,912**	822,444	**-**	-
	14,576,895	8,452,217	**-**	-
Add: Interest expense capitalised in freehold land (Note 9(d))	**264,166**	129,328	**-**	-
	14,841,061	8,581,545	**-**	-

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

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are the operation of a poultry farm for the production and sale of chicken eggs, chickens and organic fertilizers.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 7-02, Level 7, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan. The principal place of business is located at 102, Batu 1 1/2, Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

The holding company of the Company is Ladang Ternakan Kelang Sdn. Bhd., a company incorporated in Malaysia.

The number of employees in the Group and in the Company at the end of the financial year were 385 (2005: 366) and 2 (2005: 2) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 July 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment, (unless stated otherwise in the summary of significant accounting policies below), and comply with the provisions of the Companies Act 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated, where appropriate using the merger method of accounting or the acquisition method of accounting. Under the merger method of accounting, the results of the subsidiary company are presented as if the subsidiary had been owned by the Company throughout the current and previous accounting periods. The excess in the carrying value of the investment over the nominal value of the share capital of the subsidiary is treated as a reduction of reserves. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the financial year are included in the consolidated financial statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Basis of Consolidation (contd.)

Subsidiaries (contd.)

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

(c) Investment in Subsidiaries

The Company's investment in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(d) Other Investments

Other investments, which are held on a long term basis, are stated at cost less provision for any permanent impairment losses. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(e) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

Freehold land, leasehold land and buildings are stated at cost or valuation less impairment losses. Revaluations of freehold land and buildings are made at least once in every five years on an existing use basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Freehold land is not depreciated. Leasehold land is depreciated over the remaining period of the respective leases which ranges from 36 years to 52 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Farm buildings	2% - 7%
Renovation	10%
Plant and machinery	10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Property, Plant and Equipment, and Depreciation (contd.)

Capital work-in-progress is stated at cost. Cost includes earthworks and other direct costs incurred during the period of expansion of the poultry farm and is not depreciated until the expansion is significantly completed and ready for use.

(f) Inventories

Consumable goods, produce inventories and spare parts are valued at the lower of cost and net realisable value on the weighted average basis.

Cost includes actual cost of materials and incidentals in bringing the items to its present location and condition. In arriving at net realisable value, due allowance has been made for obsolete and slow moving items.

Livestocks are valued at the original cost of purchase, plus the cost of bringing the inventories to its present location and condition.

(g) Cash and Cash Equivalents

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

(h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(i) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Employee Benefits (contd.)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sales of produce inventories, livestocks, organic fertilizers and consumable goods

Revenue from sales of produce inventories, livestocks, organic fertilizers and consumable goods is recognised when goods are delivered based on the invoiced value of goods sold less returns and discounts allowed.

(ii) Interest income

Interest income on short term deposits is recognised on an accrual basis.

(iii) Dividend income

Dividend income from subsidiaries is included in the income statement of the Company when the Company's right to receive the payment is established.

(iv) Rental income

Rental income is recognised on an accrual basis.

(v) Management fee income

Management fee income from subsidiaries is recognised on an accrual basis.

(k) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. All exchange rate differences are taken to the income statement.

The principal exchange rate used for each unit of foreign currency ruling at the balance sheet date is as follows:

	2006 RM	2005 RM
Singapore Dollars	**2.247**	2.303

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(l) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

(m) Financial Instruments

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

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

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

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

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

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

(v) Equity Instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Financial Instruments (contd.)

(v) Equity Instruments (contd.)

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(n) Finance Lease

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(e).

3. REVENUE

	Group		Company	
	2006 RM	2005 RM	**2006 RM**	2005 RM
Sales of produce inventories, livestocks and consumable goods, less returns and discounts allowed	**89,666,464**	76,281,429	**-**	-
Dividend income from a subsidiary company	**-**	-	**9,000,000**	2,700,000
Management fee from a subsidiary company	**-**	-	**360,000**	360,000
	89,666,464	76,281,429	**9,360,000**	3,060,000

4. PROFIT FROM OPERATIONS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit from operations is stated after charging/(crediting):				
Staff costs (excluding directors) (Note a)	**6,870,684**	5,615,759	**241,765**	151,332
Directors' remuneration (Note b)	**1,143,144**	844,052	**69,000**	69,000
Auditors' remuneration	**32,000**	32,000	**9,000**	9,000
Depreciation of property, plant and equipment	**6,059,076**	4,426,529	**11,104**	11,105
Bad debts written off	**65,677**	-	**-**	-
Rental of farm paid to holding company	**262,080**	262,080	**-**	-
Rental of office	**38,400**	38,400	**38,400**	38,400
Write off of property, plant and equipment	**694**	343,684	**-**	-
Goodwill on consolidation of subsidiary written off	**-**	9,370	**-**	-
Realised gain on foreign exchange	**(244,589)**	(237,750)	**-**	-
Gain on disposal of other investment	**(140,505)**	-	**(127,634)**	-
Gain on disposal of property, plant and equipment	**(70,473)**	(11,876)	**-**	-
Rental income	**(23,560)**	(73,960)	**(8,400)**	(8,400)
Interest income on:				
- fixed deposits	**(121,143)**	(119,380)	**(118,466)**	(116,854)
- loan to subsidiary companies	**-**	-	**(65,901)**	(117,937)

(a) Staff costs

Wages and salaries	**5,924,109**	4,820,481	**209,410**	129,782
Social security costs	**47,186**	43,995	**1,205**	820
EPF	**515,876**	415,838	**25,596**	15,945
Other staff related expenses	**383,513**	335,445	**5,554**	4,785
	6,870,684	5,615,759	**241,765**	151,332

(b) Directors' remuneration

Fees	**169,000**	169,000	**69,000**	69,000
Salaries and other emoluments	**814,900**	548,300	**-**	-
EPF	**97,788**	65,796	**-**	-
Benefits-in-kind	**61,456**	60,956	**-**	-
	1,143,144	844,052	**69,000**	69,000

5. FINANCE COSTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest				
- bank overdrafts	**11,273**	15,483	**-**	-
- bankers' acceptances	**102,470**	154,518	**-**	-
- revolving credits	**81,766**	93,071	**-**	-
- bank term loans	**618,567**	395,000	**-**	-
- hire purchase	**112,049**	71,233	**-**	-
	926,125	729,305	**-**	-
Less: Interest expense capitalised in freehold land (Note 9(d))	**(264,166)**	(129,328)	**-**	-
	661,959	599,977	**-**	-

6. TAXATION

Income tax:				
Malaysian income tax	**1,153,209**	384,232	**1,150,000**	823,200
(Over)/underprovision in prior years:				
Malaysian income tax	**(19,770)**	(16,264)	**2,015**	-
	1,133,439	367,968	**1,152,015**	823,200
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	**1,108,316**	604,551	**-**	-
Overprovision in prior years	**(317,618)**	(230,447)	**-**	-
	790,698	374,104	**-**	-
	1,924,137	742,072	**1,152,015**	823,200

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year.

6. TAXATION (CONTD.)

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit before taxation	**16,751,443**	5,548,517	**9,183,939**	2,942,133
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	**4,690,404**	1,553,585	**2,571,503**	823,797
Effect of different tax rate for qualified small and medium enterprises	**(41,679)**	(55,144)	**-**	-
Effect of income not subject to tax	**(44,959)**	-	**(1,435,738)**	-
Effect of expenses not deductible for tax purposes	**213,865**	222,411	**14,235**	2,997
Utilisation of tax incentives	**(2,559,913)**	(732,069)	**-**	(3,594)
Effect of tax losses for the year not available for offset against future taxable profits	**3,807**	-	**-**	-
(Over)/underprovision of income tax expense in prior years	**(19,770)**	(16,264)	**2,015**	-
Overprovision of deferred tax expense in prior years	**(317,618)**	(230,447)	**-**	-
Tax expense for the year	**1,924,137**	742,072	**1,152,015**	823,200

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2006	2005
Net profit for the year (RM)	**14,827,306**	4,806,445
Weighted average number of ordinary shares in issue	**40,254,287**	40,116,002
Basic earnings per share (sen)	**36.8**	12.0

There is no dilutive effect on the earnings per share of the Group arising from the assumed exercise of the share options into new ordinary shares.

8. DIVIDENDS

	Group/Company			
	Amount		Net Dividends Per Ordinary Share	
	2006 RM	2005 RM	2006 Sen	2005 Sen
Interim				
Tax exempt dividend of 3%, on 40,541,002 ordinary shares, declared on 11 January 2006 and paid on 15 February 2006	**1,216,230**	-	**3.0**	-
Final				
Dividend of 5% less 28% taxation, on 40,116,002 ordinary shares, declared on 16 August 2004 and paid on 15 September 2004	**-**	1,444,176	**-**	3.6
Dividend of 6% less 28% taxation, on 40,116,002 ordinary shares, declared on 29 August 2005 and paid on 15 September 2005	**1,733,011**	-	**4.3**	-
	2,949,241	1,444,176	**7.3**	3.6

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 March 2006, of 7% less 28% taxation on 40,962,002 ordinary shares, amounting to a dividend payable of RM2,064,485 (5.04 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2007.

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM	Long Leasehold Land RM	Short Leasehold Land RM	Farm Buildings RM	Renovation RM	Plant and Machinery RM	Furniture, Fittings and Equipment RM	Motor Vehicles RM	Capital Work-in-Progress RM	Total RM
Group										
Cost/Valuation										
At 1 April	24,311,357	1,160,641	568,000	33,723,375	73,334	13,025,533	1,487,716	3,377,392	4,907,345	82,634,693
Additions	1,539,228	29,779	-	315,436	-	1,767,424	225,405	331,553	10,632,236	14,841,061
Reclassifications	372,680	-	-	11,304,352	-	596,849	188,720	95,063	(12,557,664)	-
Write-offs	-	-	-	-	-	-	(1,826)	(25,000)	-	(26,826)
Disposals	-	-	-	-	-	-	-	(133,528)	-	(133,528)
At 31 March	26,223,265	1,190,420	568,000	45,343,163	73,334	15,389,806	1,900,015	3,645,480	2,981,917	97,315,400
Accumulated Depreciation										
At 1 April	-	3,708	1,444	278,099	36,666	7,546,676	963,204	2,545,915	-	11,375,712
Charge for the year	-	22,249	17,344	4,139,772	7,333	1,305,349	154,720	412,309	-	6,059,076
Write-offs	-	-	-	-	-	-	(1,133)	(24,999)	-	(26,132)
Disposals	-	-	-	-	-	-	-	(133,501)	-	(133,501)
At 31 March	-	25,957	18,788	4,417,871	43,999	8,852,025	1,116,791	2,799,724	-	17,275,155
Net Book Value										
At 31 March 2006:										
At cost	1,844,538	1,164,463	-	10,814,858	29,335	6,537,781	783,224	845,756	2,981,917	25,001,872
At valuation	24,378,727	-	549,212	30,110,434	-	-	-	-	-	55,038,373
	26,223,265	1,164,463	549,212	40,925,292	29,335	6,537,781	783,224	845,756	2,981,917	80,040,245
At 31 March 2005:										
At cost	-	1,156,933	-	47,977	36,668	5,478,857	524,512	831,477	4,907,345	12,983,769
At valuation	24,311,357	-	566,556	33,397,299	-	-	-	-	-	58,275,212
	24,311,357	1,156,933	566,556	33,445,276	36,668	5,478,857	524,512	831,477	4,907,345	71,258,981
Details at 1 April 2004										
Cost	6,383,303	-	582,943	37,371,469	73,334	11,564,197	1,493,353	3,418,142	2,746,762	63,633,503
Valuation	15,743,472	-	-	9,170,287	-	-	-	-	-	24,913,759
Accumulated depreciation	-	-	39,041	14,927,850	29,333	6,500,366	842,576	2,250,498	-	24,589,664
Depreciation charge for 2005	-	3,708	16,254	2,860,867	7,333	1,046,310	127,720	364,337	-	4,426,529

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Renovation RM	Furniture, Fittings and Equipment RM	Total RM
Company			
Cost			
At 1 April/ 31 March	73,334	31,119	104,453
Accumulated Depreciation			
At 1 April	36,666	14,596	51,262
Charge for the year	7,333	3,771	11,104
At 31 March	43,999	18,367	62,366
Net Book Value			
At 31 March 2006	**29,335**	**12,752**	**42,087**
At 31 March 2005	36,668	16,523	53,191
Details at 1 April 2004			
Cost	73,334	31,119	104,453
Accumulated depreciation	29,333	10,824	40,157
Depreciation charge for 2005	7,333	3,772	11,105

Analysis of cost and valuation:-

	At February 2005		
	At Cost RM	Valuation RM	Total RM
Group			
At 31 March 2006			
Freehold land	1,911,908	24,311,357	26,223,265
Long leasehold land	1,190,420	-	1,190,420
Short leasehold land	-	568,000	568,000
Farm buildings	11,619,788	33,723,375	45,343,163
Renovation	73,334	-	73,334
Plant and machinery	15,389,806	-	15,389,806
Furniture, fittings and equipment	1,900,015	-	1,900,015
Motor vehicles	3,645,480	-	3,645,480
Capital work-in-progress	2,981,917	-	2,981,917
	38,712,668	58,602,732	97,315,400

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Analysis of cost and valuation:- (contd.)

	At February 2005		
	At Cost RM	Valuation RM	Total RM
At 31 March 2005			
Freehold land	-	24,311,357	24,311,357
Long leasehold land	1,160,641	-	1,160,641
Short leasehold land	-	568,000	568,000
Farm buildings	-	33,723,375	33,723,375
Renovation	73,334	-	73,334
Plant and machinery	13,025,533	-	13,025,533
Furniture, fittings and equipment	1,487,716	-	1,487,716
Motor vehicles	3,377,392	-	3,377,392
Capital work-in-progress	4,907,345	-	4,907,345
	24,031,961	58,602,732	82,634,693

(a) Freehold land, short leasehold land and buildings were revalued based on present market values on 28 February 2005 by an independent valuer, Lee Thiam Sing, a partner with Colliers Jordan Lee & Jaafar (M'cca) Sdn Bhd and also a member of Institution of Surveyors, Malaysia.

Had the revalued property, plant and equipment been carried at historical cost less accumulated depreciation and impairment losses, the net book value of each class of property, plant and equipment that would have been included in the financial statements of the Group as at 31 March 2006 would be as follows:

	Group	
	2006 RM	2005 RM
Freehold land	**14,619,284**	12,774,747
Short leasehold land	**511,589**	527,745
Buildings	**25,101,482**	29,091,802
	40,232,355	42,394,294

(b) Net book values of property, plant and equipment held under hire purchase arrangements are as follows:

	Group	
	2006 RM	2005 RM
Buildings	**3,034,421**	4,299,570
Plant and machinery	**1,640,103**	371,181
	4,674,524	4,670,751

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(c) The net book values of property, plant and equipment pledged for borrowings (Note 18(c)(i) and 18(c)(ii)) are as follows:

	Group	
	2006 RM	2005 RM
Freehold land	**25,888,515**	24,311,357
Buildings	**8,321,200**	3,128,979
Plant and machinery	**-**	1,323,431
	34,209,715	28,763,767

(d) Interest expense capitalised during the financial year under freehold land of the Group amounted to RM264,166 (2005: RM129,328), as disclosed in Note 5.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006 RM	2005 RM
Unquoted shares, at cost	**31,003,002**	31,003,002

(a) Details of the subsidiary companies, which are all incorporated and domiciled in Malaysia, are as follows:-

	Equity Interest Held		
Name of Company	2006 %	2005 %	Principal Activities
LTK (Melaka) Sdn. Bhd.	**100**	100	Production and sale of chicken eggs and chickens
LTK Bio-Fer Sdn. Bhd.	**100**	100	Manufacturing and trading of organic fertilizers
LTK Breeder Farm Sdn. Bhd.	**100**	100	Dormant
LTK Omega Plus Sdn. Bhd.	**100**	100	Dormant
LTK Bukit Senggeh Sdn. Bhd. (formerly known as LTK Jasin Sdn. Bhd.)	**100**	100	Dormant

(b) Acquisition of a subsidiary company in the previous financial year

On 22 December 2004, the Group acquired 100% equity interest in LTK Bukit Senggeh Sdn. Bhd. (formerly known as LTK Jasin Sdn. Bhd.), a company incorporated in Malaysia, for a total cash consideration of RM2. The subsidiary company has not commenced operations during the financial year.

10. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(b) Acquisition of a subsidiary company in the previous financial year (contd.)

(i) The acquisition had the following effect on the Group's financial results in the prior year:-

	2005 RM
Revenue	-
Administrative expenses	(2,425)
Loss for the year	(2,425)

(ii) The acquisition had the following effect on the financial position of the Group as at the end of the prior year:-

Amount due to holding company	(10,237)
Other payables and accruals	(500)
Group's share of net liability	(10,737)

(iii) The fair value of the liability assumed from the acquisition of the subsidiary was as follows:-

	RM
Amount due to immediate holding company	(1,056)
Amount due to ultimate holding company	(10,237)
Other payables and accruals	(500)
Current year loss	2,425
Goodwill on consolidation	9,370
Total purchase consideration	2
Net cash payment on acquisition of a subsidiary company	2

There were no acquisitions in the financial year ended 31 March 2006.

11. OTHER INVESTMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
In Malaysia:				
Quoted unit trust, at cost	**10,010,633**	1,000,000	**6,210,633**	1,000,000
Guaranteed return savings plan (Note a)	**300,000**	300,000	**-**	-
	10,310,633	1,300,000	**6,210,633**	1,000,000
In Malaysia:				
Market value of quoted unit trust	**10,075,793**	1,106,000	**6,273,016**	1,106,000

11. OTHER INVESTMENTS (CONTD.)

(a) This is a non-participating endowment policy with a guaranteed return at a rate of 5.25% per annum at the end of ten (10) years, maturing on 2 September 2014. The capital value of the single premium is guaranteed throughout the term of the policy. A withdrawal benefit is payable from the first year onwards based on a prescribed accumulated value.

12. INVENTORIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cost:				
Livestocks	**10,716,377**	9,047,868	**-**	-
Consumable goods	**3,476,267**	3,209,964	**-**	-
Produce inventories	**430,505**	168,580	**-**	-
Spare parts	**168,748**	111,061	**-**	-
	14,791,897	12,537,473	**-**	-

13. TRADE RECEIVABLES

Trade receivables	**5,461,037**	4,668,159	**-**	-
Less: Provision for doubtful debts	**(472,993)**	(586,734)	**-**	-
	4,988,044	4,081,425	**-**	-

14. AMOUNT DUE FROM/TO SUBSIDIARIES AND HOLDING COMPANY

The amount due from LTK (Melaka) Sdn. Bhd. is unsecured, has no fixed term of repayment and interest is charged at a rate of 2% (2005: 2%) per annum.

The amount due from LTK Breeder Farm Sdn. Bhd. is unsecured, has no fixed term of repayment and interest is charged at a rate of 2% (2005: 2%) per annum.

The amount due to holding company is unsecured, interest free and has no fixed term of repayment.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Fixed deposits with:				
Licensed banks	**5,777,324**	1,867,496	**4,307,151**	1,800,000
Licensed finance companies	**-**	2,792,884	**-**	2,792,884
	5,777,324	4,660,380	**4,307,151**	4,592,884
Cash on hand and at bank	**1,569,912**	1,892,065	**631,984**	162,924
Cash and bank balances	**7,347,236**	6,552,445	**4,939,135**	4,755,808
Bank overdrafts (Note 18)	**(824,823)**	(4,494)	**-**	-
Cash and cash equivalents	**6,522,413**	6,547,951	**4,939,135**	4,755,808

Fixed deposits with a licensed bank of a subsidiary company amounting to RM70,173 (2005: RM67,496) are pledged to the licensed bank as security for a bank guarantee facility granted to a subsidiary company.

The interest rates of fixed deposits at the balance sheet date were as follows:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Licensed banks	**1.80 - 3.70**	2.70 - 3.70	**2.60 - 3.70**	2.70 - 3.70
Licensed finance companies	**-**	3.00	**-**	3.00

The maturities of fixed deposits as at the end of the financial year were as follows:

	Group		Company	
	2006 Days	2005 Days	2006 Days	2005 Days
Licensed banks	**3 - 365**	30 - 365	**30 - 365**	30 - 365
Licensed finance companies	**-**	30	**-**	30

16. OTHER PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	**95,204**	79,780	**29,506**	16,188
Accruals	**1,002,123**	598,171	**99,783**	80,527
	1,097,327	677,951	**129,289**	96,715

17. HIRE PURCHASE PAYABLES

Minimum hire purchase payments:				
Not later than 1 year	**1,766,664**	907,416	**-**	-
Later than 1 year and not later than 2 years	**1,110,418**	779,664	**-**	-
Later than 2 years and not later than 5 years	**608,473**	123,417	**-**	-
	3,485,555	1,810,497	**-**	-
Less: Future finance charges	**(287,308)**	(162,376)	**-**	-
Present value of hire purchase payables	**3,198,247**	1,648,121	**-**	-
Present value of hire purchase payables:				
Not later than 1 year	**1,617,574**	825,659	**-**	-
Later than 1 year and not later than 2 years	**1,020,896**	709,567	**-**	-
Later than 2 years and not later than 5 years	**559,777**	112,895	**-**	-
	3,198,247	1,648,121	**-**	-
Analysed as:				
Due within 12 months	**1,617,574**	825,659	**-**	-
Due after 12 months	**1,580,673**	822,462	**-**	-
	3,198,247	1,648,121	**-**	-

The hire purchase payables bore interest at the balance sheet date at rates ranging from 2.90% to 3.35% (2005: 3.10% - 3.35%) per annum.

18. BORROWINGS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Short Term Borrowings				
Secured:				
Bank overdrafts	**824,442**	-		
Revolving credits	**1,500,000**	2,500,000	**-**	-
Bank term loans	**1,398,087**	1,308,129	**-**	-
	3,722,529	3,808,129	**-**	-
Unsecured:				
Bank overdrafts	**381**	4,494	**-**	-
Bankers' acceptances	**2,707,000**	3,210,000	**-**	-
Bank term loans	**600,000**	239,779	**-**	-
	3,307,381	3,454,273	**-**	-
	7,029,910	7,262,402	**-**	-
Long Term Borrowings				
Secured:				
Bank term loans	**6,743,469**	3,616,785	**-**	-
Unsecured:				
Bank term loans	**2,250,000**	-	**-**	-
	8,993,469	3,616,785	**-**	-
Total Borrowings				
Bank overdrafts	**824,823**	4,494	**-**	-
Revolving credits	**1,500,000**	2,500,000	**-**	-
Bank term loans	**10,991,556**	5,164,693	**-**	-
Bankers' acceptances	**2,707,000**	3,210,000	**-**	-
	16,023,379	10,879,187	**-**	-

18. BORROWINGS (CONTD.)

Details of borrowings are as follows:-

(a) Maturity periods

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Within one year	**7,029,910**	7,262,402	**-**	-
More than 1 year and less than 2 years	**2,138,978**	595,912	**-**	-
More than 2 years and less than 5 years	**6,450,924**	1,993,651	**-**	-
5 years or more	**403,567**	1,027,222	**-**	-
	16,023,379	10,879,187	**-**	-

(b) Interest rates

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Bank overdrafts	**7.50**	7.00 - 7.50	**-**	-
Revolving credits	**4.56**	4.60	**-**	-
Bankers' acceptances	**4.50 - 4.55**	2.91 - 3.20	**-**	-
Bank term loans	**5.90 - 8.50**	5.00 - 8.50	**-**	-

(c) Security

(i) charges over the freehold land of the subsidiary companies as disclosed in Note 9(c);

(ii) charges over buildings and plant and machinery of a subsidiary company as disclosed in Note 9(c); and

(iii) corporate guarantees of a subsidiary company and of the Company.

19. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2006	2005	2006 RM	2005 RM
Authorised:				
At 1 April	**50,000,000**	50,000,000	**50,000,000**	50,000,000
Created during the year	**50,000,000**	-	**50,000,000**	-
At 31 March	**100,000,000**	50,000,000	**100,000,000**	50,000,000

19. SHARE CAPITAL (CONTD.)

	Number of Ordinary Shares of RM1 Each		Amount	
	2006	2005	2006 RM	2005 RM
Issued and fully paid:				
At 1 April	**40,116,002**	40,116,002	**40,116,002**	40,116,002
Issued during the year :				
Pursuant to ESOS	**846,000**	-	**846,000**	-
At 31 March	**40,962,002**	40,116,002	**40,962,002**	40,116,002

(a) Employees' Share Option Scheme ("ESOS")

The LTKM Berhad Employees' Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 25 September 2001. The ESOS is in force for a period of 5 years and expires on 17 October 2006.

At an Extraordinary General Meeting held on 23 February 2006, the shareholders have approved to extend the duration of the said ESOS for an additional 5 years from 17 October 2006 to 17 October 2011, without changing its salient features and other terms.

The salient features of the ESOS are as follows:-

(i) The total number of shares to be offered shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.

(ii) Eligible persons who are confirmed employees (including executive directors) of the Group who have been employed for periods as prescribed by the By-Laws before the date of offer. The eligibility for participation in the ESOS shall be at the discretion of the ESOS committee appointed by the Board of Directors.

(iii) No option shall be granted for less than 1,000 shares nor more than 400,000 shares to any eligible employee.

(iv) The option price for each share shall be at the weighted average market price of the shares for the 5 market days preceding the offer date less a discount of not more than 10%. The price so determined shall not be less than the par value of the shares.

(v) An option granted under the ESOS shall be capable of being accepted by the grantee by notice in writing to the Company before the expiry of 30 days period from the date of offer.

(vi) No more than 50% of the shares to be offered are allotted to eligible employees who are Executive Directors and members of the Senior Management of the LTKM Berhad Group of companies.

(vii) No more than 10% of the shares to be offered are allotted to eligible employees who, either singly or collectively through his associates, holds 20% or more of the issued and paid-up share capital of the Company.

19. SHARE CAPITAL (CONTD.)

(a) Employees' Share Option Scheme ("ESOS") (contd.)

The terms of share options outstanding as at the end of the financial year are as follows:

Grant Date	Expiry Date	Exercise Price RM	Number of Share Options At 1 April	Granted	Exercised	Waived *	At 31 March
2006							
26.11.2001	17.10.2011	**1.05**	**3,484,000**	**-**	**(786,000)**	**(297,000)**	**2,401,000**
15.12.2005	17.10.2011	**1.09**	**-**	**490,000**	**(60,000)**	**-**	**430,000**
			3,484,000	**490,000**	**(846,000)**	**(297,000)**	**2,831,000**
2005							
26.11.2001	17.10.2006	1.05	3,484,000	-	-	-	3,484,000

* These were share options unexercised by resigned eligible employees.

Details of share options exercised during the financial year are as follows:

Exercise Date	Exercise Price	Number of Share Options	Consideration Received RM
2006			
December - March 2006	**1.05**	**786,000**	**825,300**
January - March 2006	**1.09**	**60,000**	**65,400**
		846,000	**890,700**
Less : Par value of ordinary shares			**(846,000)**
Share premium			**44,700**

20. ASSET REVALUATION RESERVE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Revaluation Reserve				
- Freehold land, short leasehold land and buildings				
Balance at 1 April	**2,904,965**	-	**-**	-
Revaluation increase, net of deferred tax	**-**	2,904,965	**-**	-
Balance at 31 March	**2,904,965**	2,904,965	**-**	-

20. ASSET REVALUATION RESERVE (CONTD.)

The asset revaluation reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of freehold land, short leasehold land and buildings above their cost.

21. RETAINED PROFITS

The Company has sufficient tax credit under Section 108 of the Income Tax 1967 to frank the payment of dividends up to a maximum of RM4.54 million (2005: RM3.24 million) out of its entire retained profits as at 31 March 2006 without incurring additional tax liability subject to agreement of the Inland Revenue Board.

In addition, the Company has a tax exempt account balance available for distribution as tax exempt dividends up to a maximum of RM5.49 million (2005: RM0.49 million) subject to agreement of the Inland Revenue Board.

22. DEFERRED TAXATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At 1 April	**6,731,231**	5,771,867	**-**	-
Recognised in income statement (Note 6)	**790,698**	374,104	**-**	-
Recognised in equity	**-**	585,260	**-**	-
At 31 March	**7,521,929**	6,731,231	**-**	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(112,000)**	(488,440)	**-**	-
Deferred tax liabilities	**7,633,929**	7,219,671	**-**	-
	7,521,929	6,731,231	**-**	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Revaluation Surplus RM	Property, Plant and Equipment RM	Total RM
At 1 April 2005	1,688,556	5,531,115	7,219,671
Recognised in income statement	(81,967)	496,225	414,258
At 31 March 2006	**1,606,589**	**6,027,340**	**7,633,929**
At 1 April 2004	1,151,495	4,937,761	6,089,256
Recognised in income statement	(48,199)	593,354	545,155
Recognised in equity	585,260	-	585,260
At 31 March 2005	1,688,556	5,531,115	7,219,671

22. DEFERRED TAXATION (CONTD.)

Deferred Tax Assets of the Group:

	Property, Plant and Equipment RM	Provision for Doubtful Debts RM	Unutilised Reinvestment Allowances RM	Total RM
At 1 April 2005	(250,445)	(112,000)	(125,995)	(488,440)
Recognised in income statement	250,445	-	125,995	376,440
At 31 March 2006	**-**	**(112,000)**	**-**	**(112,000)**
At 1 April 2004	(19,998)	(112,000)	(185,391)	(317,389)
Recognised in income statement	(230,447)	-	59,396	(171,051)
At 31 March 2005	(250,445)	(112,000)	(125,995)	(488,440)

Deferred tax assets have not been recognised in respect of the following item:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unutilised reinvestment allowances	**3,121,598**	5,031,988	**-**	-

The unutilised reinvestment allowances are available indefinitely for offset against future taxable profits of the subsidiary company.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Rental of farm paid to holding company	**262,080**	262,080	**-**	-
Rental of office paid to a director, Lim Hooi Tin	**36,800**	36,800	**36,800**	36,800
Dividend income received from a subsidiary company, LTK (Melaka) Sdn. Bhd.	**-**	-	**(7,880,000)**	(2,700,000)
Management fee received from a subsidiary company, LTK (Melaka) Sdn. Bhd.	**-**	-	**(360,000)**	(360,000)
Interest income from subsidiary companies				
- LTK (Melaka) Sdn. Bhd.	**-**	-	**(54,003)**	(106,132)
- LTK Breeder Farm Sdn. Bhd.	**-**	-	**(11,898)**	(11,805)
Office rental income received from holding company	**(8,400)**	(8,400)	**(8,400)**	(8,400)

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

24. CAPITAL COMMITMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Authorised and contracted for Property, plant and equipment	**-**	243,406	**-**	-
Authorised but not contracted for Property, plant and equipment	**8,000,000**	15,000,000	**-**	-
	8,000,000	15,243,406	**-**	-

25. CONTINGENT LIABILITIES - UNSECURED

Guarantees to licensed financial institutions in respect of credit facilities granted to subsidiary companies				
- LTK (Melaka) Sdn. Bhd.	**-**	-	**14,222,672**	8,121,200
- LTK Bio-Fer Sdn. Bhd.	**-**	-	**1,372,051**	239,779
- LTK Omega Plus Sdn. Bhd.	**-**	-	**3,626,903**	4,166,329
	-	-	**19,221,626**	12,527,308

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

27. FINANCIAL INSTRUMENTS

(i) Financial Risk Management

The Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate, credit, currency and liquidity risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

(ii) Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities.

The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

27. FINANCIAL INSTRUMENTS (CONTD.)

(iii) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. The Group does not have any significant concentration of credit risk that may arise from exposures to a single debtor.

(iv) Currency Risk

The Group is not exposed to significant foreign currency risk as majority of the Group's transactions are denominated in Ringgit Malaysia.

The Group does not use any forward contracts to hedge against its exposure to foreign currency risk.

(v) Liquidity Risk

The Group ensures that there are adequate funds to meet all their obligations in a timely and cost-effective manner.

(vi) Fair Value

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate their respective net fair values.

28. SEGMENT INFORMATION

The Group is organised into two major business segments:

(i) Production and Sale of Poultry and Related Products

This segment consists of the subsidiary companies which are engaged in the production and sales of chicken eggs, chickens and organic fertilisers.

(ii) Investment Holding

This segment refers to investment activities in quoted and unquoted securities held by the Group on a long term basis.

Other business segment refers to inactive companies.

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

There is no disclosure of geographical segment as the Group operates principally within Malaysia.

28. SEGMENT INFORMATION (CONTD.)

	Production and Sale of Poultry and Related Products		Investment Holding		Other		Elimination		Group	
	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM
Revenue										
External sales	**89,666,464**	76,281,429	**-**	-	**-**	-	**-**	-	**89,666,464**	76,281,429
Inter-segment sales	**-**	-	**9,360,000**	3,060,000	**-**	-	**(9,360,000)**	(3,060,000)	**-**	-
Total revenue	**89,666,464**	76,281,429	**9,360,000**	3,060,000	**-**	-	**(9,360,000)**	(3,060,000)	**89,666,464**	76,281,429
Result										
Segment results	**17,354,109**	5,916,755	**9,183,939**	2,942,133	**(58,745)**	116,913	**(9,065,901)**	(2,827,307)	**17,413,402**	6,148,494
Profit from operations									**17,413,402**	6,148,494
Finance cost, net									**(661,959)**	(599,977)
Taxation									**(1,924,137)**	(742,072)
Net profit									**14,827,306**	4,806,445
Assets										
Segment assets	**96,181,145**	81,360,038	**51,732,632**	45,755,160	**10,791,148**	8,979,995	**(40,491,998)**	(39,938,761)	**118,212,927**	96,156,432
Unallocated corporate assets									**56,684**	109,010
Consolidated total assets									**118,269,611**	96,265,442
Liabilities										
Segment liabilities	**10,762,689**	11,350,233	**129,289**	96,715	**6,049,669**	3,610,447	**(9,488,996)**	(8,935,759)	**7,452,651**	6,121,636
Unallocated corporate liabilities									**27,180,928**	19,276,539
Consolidated total liabilities									**34,633,579**	25,398,175
Other Information										
Capital expenditure	**12,966,744**	7,239,474	**-**	-	**1,874,317**	1,342,071			**14,841,061**	8,581,545
Depreciation	**6,008,379**	4,395,462	**11,104**	11,105	**39,593**	19,962			**6,059,076**	4,426,529
Non-cash expenses other than depreciation and impairment losses	**66,371**	343,684	**-**	-	**-**	-			**66,371**	343,684

LIST OF PROPERTIES AS AT 31 MARCH 2006

Location	Existing use & Description	Approximate Area (Acres)	Tenure	Remaining Lease Period (Expired Date)	Age of buildings	Net Book Value As At 31.3.06 (RM000)	Date of Revaluation / Acquisition
Lot Nos. 372, 1378 (new lot No. 3268) and 3266, Mukim of Durian Tunggal, District of Alor Gajah, Melaka	Poultry Farm	266.8	Freehold	-	Less than 20 years	58,293*	February 2005 (Revaluation)
Lot Nos.863 and 864, Mukim of Ayer Pa'abas, District of Alor Gajah, Melaka	Rubber estate leased out	23.7	Leasehold	31 years (29.11.2037)	-	549	February 2005 (Revaluation)
Lot Nos 105, 106, 233, 758, 150, 1333, Mukim of Bukit Senggeh, District of Jasin, Melaka	Vacant Land	199.8	Freehold	-	-	8,264	February 2005 (Revaluation)
Lot Nos. 270, 271 and 272, Mukim Jus, District of Jasin, Melaka	Vacant Land	32.3	Leasehold	51 years (21.03.2057)	-	1,164	October 2004 (Acquisition)
Lot No. 165, Mukim Jus, District of Jasin, Melaka	Vacant Land	8.51	Freehold	-	-	591	May 2005 (Acquisition)

* *Net book value of both land and farm buildings*

ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2006

CLASS OF SHARES : ORDINARY SHARES OF RM1.00 EACH
NUMBER OF HOLDERS : 2,115
VOTING RIGHTS : ONE VOTE PER ORDINARY SHARE

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 JUNE 2006

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2	0.09	100	0.00
100 to 1,000	1,041	49.22	1,032,636	2.52
1,001 to 10,000	868	41.04	3,773,000	9.21
10,001 to 100,000	180	8.51	5,670,864	13.84
100,001 to 2,048,349(*)	20	0.95	7,972,202	19.46
2,048,350 and above (**)	4	0.19	22,518,200	54.97
Total	**2,115**	**100.00**	**40,967,002**	**100.00**

* Less than 5% of issued and paid-up shares capital
** 5% and above of issued and paid-up shares capital

SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2006

Name	Shareholdings			
	Direct	%	Indirect	%
Ladang Ternakan Kelang Sdn. Berhad	23,854,902	58.23	-	-
Tan Kok	-	-	*23,854,902	58.23
Lim Hooi Tin	200,000	0.49	**23,854,902	58.23
Tan Wah	-	-	*23,854,902	58.23
Tan Kim Hock	65,000	0.16	*23,854,902	58.23

* Deemed interest by virtue of his substantial shareholdings in Ladang Ternakan Kelang Sdn. Berhad under Section 6A(4) of the Companies Act, 1965.
** Deemed interest by virtue of being the spouse of Tan Kok, a substantial shareholder of Ladang Ternakan Kelang Sdn. Berhad, which is a substantial shareholder of LTKM Berhad.

DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2006

Name	Shareholdings			
	Direct	%	Indirect	%
Ahmad Khairuddin bin Ilias	# 801,000	1.96	-	-
Tan Kok	-	-	* 23,854,902	58.23
Tan Kark Bin	539,000	1.32	-	-
Tan Kim Hock	65,000	0.16	* 23,854,902	58.23
Tan Wah	-	-	* 23,854,902	58.23
Lim Hooi Tin	200,000	0.49	** 23,854,902	58.23
Kamarudin bin Md Derom	-	-	-	-
Ooi Chee Seng	-	-	-	-

As beneficial owner held through OSK Nominees (Tempatan) Sdn. Berhad.

* Deemed interest by virtue of his substantial shareholdings in Ladang Ternakan Kelang Sdn. Berhad under Section 6A(4) of the Companies Act, 1965.

** Deemed interest by virtue of being the spouse of Tan Kok, a substantial shareholder in Ladang Ternakan Kelang Sdn. Berhad, which is a substantial shareholder of LTKM Berhad.

DIRECTORS' SHAREHOLDINGS IN RELATED CORPORATION AS AT 30 JUNE 2006

Name	Shareholdings			
	Direct	%	Indirect	%
LADANG TERNAKAN KELANG SDN. BERHAD				
Tan Kok	5,579,200	41.4	-	-
Tan Kim Hock	3,366,000	25.0	-	-
Tan Wah	3,366,000	25.0	-	-
Lim Hooi Tin	1,152,800	8.6	-	-

OPTIONS ALLOCATED TO THE DIRECTORS PURSUANT TO THE EMPLOYEES' SHARE OPTION SCHEME

Name	Granted	Exercised as at 30 June 2006	Balance as at 30 June 2006	Percentage*
Tan Kok	400,000	-	400,000	0.98
Tan Kark Bin	180,000	75,000	105,000	0.26
Tan Kim Hock	200,000	-	200,000	0.49
Tan Wah	200,000	-	200,000	0.49
Lim Hooi Tin	200,000	200,000	-	-

* Derives from balance as at 30 June 2006 / paid-up share capital as at 30 June 2006

ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2006

THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 JUNE 2006

NAME	NO. OF SHARES	PERCENTAGE(%)
1. Ladang Ternakan Kelang Sdn. Berhad	7,081,000	17.28
2. Ladang Ternakan Kelang Sdn. Berhad	6,000,000	14.65
3. Ladang Ternakan Kelang Sdn. Berhad	6,000,000	14.65
4. Ladang Ternakan Kelang Sdn. Berhad	3,437,200	8.39
5. Pui Cheng Wui	1,494,000	3.65
6. OSK Nominees (Tempatan) Sdn. Berhad -OSK Capital Sdn. Bhd. For Ahmad Khairuddin Bin Ilias	801,000	1.96
7. Ladang Ternakan Kelang Sdn. Berhad	750,002	1.83
8. Teh Hean It	634,300	1.55
9. Phuah Chai Tin	588,200	1.44
10. Mayban Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Ladang Ternakan Kelang Sdn. Berhad	586,700	1.43
11. Tan Kark Bin	539,000	1.32
12. Chua Sim Neo @ Diana Chua	360,500	0.88
13. Kok Chiew Heng	350,000	0.85
14. Koperasi Polis Diraja Malaysia Berhad	301,000	0.73
15. Lim Hooi Tin	200,000	0.49
16. Lee Chee Gaip	177,000	0.43
17. Tan Ah Moi	176,000	0.43
18. Siew Gaik Hong	170,000	0.42
19. Chen Lai Fun	168,300	0.41
20. Lim Sze Ying	154,000	0.38
21. Yong Nget Min	142,000	0.35
22. HLG Nominee (Tempatan) Sdn. Bhd. - Pledged Securities Account For Tan Yee Boon	140,700	0.34

NAME	NO. OF SHARES	PERCENTAGE(%)
23. Calibre Portfolio Sdn. Bhd.	130,000	0.32
24. Tan Yee Boon	109,500	0.27
25. Ooi Hoy Bee @ Ooi Hooi Bee	100,000	0.24
26. KE-ZAN Nominees (Asing) Sdn. Bhd. - Kim Eng Securities Pte. Ltd. for Sng Tong Yew	100,000	0.24
27. Tan How Yap	100,000	0.24
28. Chia Keok Keong	99,500	0.24
29. Tan Boon In	96,000	0.23
30. Pui Cheng Wui	95,500	0.23
TOTAL	**31,081,402**	**75.87**

FORM OF PROXY

LTKM BERHAD
(Company No.: 442942-H)

I/We _____ (NRIC No.) _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a Member of LTKM BERHAD, do hereby appoint _____
(Full Name in Capital Letters)

_____ (NRIC No.) _____

of _____
(Full Address)

or failing him/her, _____ (NRIC No.) _____
(Full Name in Capital Letters)

of _____
(Full Address)

or failing him/her, the CHAIRMAN OF MEETING, as *my / our proxy to attend and vote for *me / us and on *my / our behalf at the Ninth Annual General Meeting to be held at Kelab Golf Sultan Abdul Aziz Shah, 1 Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Monday, **28 August 2006** at **10.00 a.m.** and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

No	Resolution	For	Against
1	**Ordinary Resolution 1**		
2	**Ordinary Resolution 2**		
3	**Ordinary Resolution 3**		
4	**Ordinary Resolution 4**		
5	**Ordinary Resolution 5**		
6	**Ordinary Resolution 6**		
7	**Ordinary Resolution 7**		
8	**Ordinary Resolution 8**		

* Strike out whichever is not applicable.

Dated this _____ day of _____ 2006

_____
Signature of Member/Common Seal

Number of shares held

Notes :

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint Proxy/Proxies to attend and vote on his(her) behalf. Where a member appoints two (2) or more Proxies to attend the same meeting, the appointment shall be invalid unless he(she) specifies the proportion of his(her) holdings to be represented by each Proxy.*
2. *A Proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
3. *A Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officers.*
4. *The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Unit 07-02, Level 7, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of Proxy shall not be treated as valid.*

Please fold along this line (1)

Stamp

The Company Secretary

LTKM BERHAD
(442942-H)
Unit 07-02, Level 7
Menara Luxor
6B Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan

Please fold along this line (2)

The most *egg*straordinary thing you can do for your family

more **Nutritious**

more **Natural**

Organic Selenium
5 times Omega-3
4 times Vitamin E
Natural Carotenoids

LTK Omega Plus

Selenium Plus

LTK

LTK (Melaka) Sdn Bhd (156852-X) *A wholly-owned subsidiary of LTKM Berhad*
Head Office: 102, Batu 1½, Jalan Meru, 41050 Klang, Selangor, Malaysia
Tel: 03-3342 2831 Fax: 03- 3341 1967
www.LTKM.com.my

under licence from
MARDITECH
MARDI TECHNOLOGY

LTKM Berhad (442942-H)
102, Batu 1 1/2, Jalan Meru, 41050 Klang, Malaysia
Tel: 03 - 3342 2830 Fax: 03 - 3341 1967
Website: www.ltkm.com.my